Y4.Ap6/1:481/2
Y4.Ap6/1
481/2
Pt. 3

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATIONS FOR 1981

KSU LIBRARIES
A11900 457962

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON HUD—INDEPENDENT AGENCIES

EDWARD P. BOLAND, Massachusetts, *Chairman*

BOB TRAXLER, Michigan
LOUIS STOKES, Ohio
TOM BEVILL, Alabama
LINDY (MRS. HALE) BOGGS, Louisiana
MARTIN OLAV SABO, Minnesota
BENNETT M. STEWART, Illinois
LAWRENCE COUGHLIN, Pennsylvania
JOSEPH M. McDADE, Pennsylvania
C. W. BILL YOUNG, Florida

RICHARD N. MALOW, PAUL E. THOMSON, and DELACROIX DAVIS III, *Staff Assistants*

PART 3

VETERANS ADMINISTRATION

Printed for the use of the Committee on Appropriations

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATIONS FOR 1981

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON HUD—INDEPENDENT AGENCIES

EDWARD P. BOLAND, Massachusetts, *Chairman*

BOB TRAXLER, Michigan
LOUIS STOKES, Ohio
TOM BEVILL, Alabama
LINDY (MRS. HALE) BOGGS, Louisiana
MARTIN OLAV SABO, Minnesota
BENNETT M. STEWART, Illinois
LAWRENCE COUGHLIN, Pennsylvania
JOSEPH M. McDADE, Pennsylvania
C. W. BILL YOUNG, Florida

RICHARD N. MALOW, PAUL E. THOMSON, and DELACROIX DAVIS III, *Staff Assistants*

PART 3

VETERANS ADMINISTRATION

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE

59-500 O WASHINGTON : 1980

COMMITTEE ON APPROPRIATIONS

JAMIE L. WHITTEN, Mississippi, *Chairman*

EDWARD P. BOLAND, Massachusetts
WILLIAM H. NATCHER, Kentucky
TOM STEED, Oklahoma
JOHN M. SLACK, West Virginia
NEAL SMITH, Iowa
ROBERT N. GIAIMO, Connecticut
JOSEPH P. ADDABBO, New York
EDWARD J. PATTEN, New Jersey
CLARENCE D. LONG, Maryland
SIDNEY R. YATES, Illinois
DAVID R. OBEY, Wisconsin
EDWARD R. ROYBAL, California
LOUIS STOKES, Ohio
GUNN McKAY, Utah
TOM BEVILL, Alabama
BILL CHAPPELL, Florida
BILL D. BURLISON, Missouri
BILL ALEXANDER, Arkansas
JOHN P. MURTHA, Pennsylvania
BOB TRAXLER, Michigan
ROBERT B. DUNCAN, Oregon
JOSEPH D. EARLY, Massachusetts
CHARLES WILSON, Texas
LINDY (MRS. HALE) BOGGS, Louisiana
ADAM BENJAMIN, JR., Indiana
NORMAN D. DICKS, Washington
MATTHEW F. McHUGH, New York
BO GINN, Georgia
WILLIAM LEHMAN, Florida
JACK HIGHTOWER, Texas
JOHN W. JENRETTE, JR., South Carolina
MARTIN OLAV SABO, Minnesota
JULIAN C. DIXON, California
BENNETT M. STEWART, Illinois
VIC FAZIO, California

SILVIO O. CONTE, Massachusetts
ROBERT H. MICHEL, Illinois
JOSEPH M. McDADE, Pennsylvania
MARK ANDREWS, North Dakota
JACK EDWARDS, Alabama
ROBERT C. McEWEN, New York
JOHN T. MYERS, Indiana
J. KENNETH ROBINSON, Virginia
CLARENCE E. MILLER, Ohio
LAWRENCE COUGHLIN, Pennsylvania
C. W. BILL YOUNG, Florida
JACK F. KEMP, New York
RALPH S. REGULA, Ohio
CLAIR W. BURGENER, California
GEORGE M. O'BRIEN, Illinois
VIRGINIA SMITH, Nebraska
ELDON RUDD, Arizona
CARL D. PURSELL, Michigan

KEITH F. MAINLAND, *Clerk and Staff Director*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1981

TUESDAY, FEBRUARY 19, 1980.

VETERANS' ADMINISTRATION

WITNESSES

MAX CLELAND, ADMINISTRATOR
R. H. WILSON, DEPUTY ADMINISTRATOR
J. J. LEFFLER, ASSOCIATE DEPUTY ADMINISTRATOR
M. S. CRALLE, JR., ASSISTANT DEPUTY ADMINISTRATOR
R. D. VAUGHN, ASSISTANT DEPUTY ADMINISTRATOR
R. S. SWEET, ASSISTANT DEPUTY ADMINISTRATOR
C. R. HOFFMAN, CONTROLLER
C. E. MEADE, JR., ACTING DIRECTOR, BUDGET SERVICE
G. H. McMICHAEL III, GENERAL COUNSEL
H. D. BURGE, DIRECTOR, OFFICE OF MANPOWER
M. D. CARLIN, ASSISTANT ADMINISTRATOR FOR PLANNING AND PROGRAM EVALUATION
A. L. REYNOLDS, INSPECTOR GENERAL
S. J. SHUMAN, CHAIRMAN, BOARD OF VETERANS' APPEALS
F. R. HOOD, ASSISTANT ADMINISTRATOR FOR INFORMATION SERVICE
C. E. CLARK, ASSISTANT ADMINISTRATOR FOR HUMAN GOALS
A. W. BRAND, JR., ACTING DEPUTY ASSISTANT ADMINISTRATOR FOR PERSONNEL

OFFICE OF CONSTRUCTION

V. P. MILLER, ASSISTANT ADMINISTRATOR
W. A. SALMOND, DEPUTY ASSISTANT ADMINISTRATOR
G. E. NEUMANN, DIRECTOR, PROGRAM CONTROL AND ANALYSIS STAFF

OFFICE OF DATA MANAGEMENT AND TELECOMMUNICATIONS

W. R. MARTIN, ASSISTANT ADMINISTRATOR
T. H. ACKLEN, DIRECTOR, BENEFITS DELIVERY SYSTEMS SUPPORT SERVICE
H. J. MULQUEEN, DIRECTOR, HEALTH CARE DELIVERY SUPPORT SERVICE

DEPARTMENT OF MEMORIAL AFFAIRS

C. T. NOLL, CHIEF, MEMORIAL AFFAIRS DIRECTOR

B. R. WALTHALL, DIRECTOR, BUDGET STAFF
V. L. CORRADO, DEPUTY CHIEF, MEMORIAL AFFAIRS DIRECTOR

DEPARTMENT OF VETERANS BENEFITS

D. L. STARBUCK, CHIEF BENEFITS DIRECTOR
A. S. KRAUT, DIRECTOR, BUDGET STAFF
J. C. PECKARSKY, DIRECTOR, COMPENSATION AND PENSION SERVICE
C. L. DOLLARHIDE, ACTING DIRECTOR, EDUCATION AND REHABILITATION SERVICE
H. M. JACKSON, DIRECTOR, ADMINISTRATIVE SERVICE
A. W. GLASS, DIRECTOR, LOAN GUARANTY SERVICE
J. J. COX, DIRECTOR, VETERANS' ASSISTANCE SERVICE
S. W. MELIDOSIAN, DIRECTOR OF PHILADELPHIA CENTER (INSURANCE)

DEPARTMENT OF MEDICINE AND SURGERY

DR. D. L. CUSTIS, CHIEF MEDICAL DIRECTOR
DR. W. J. JACOBY, JR., DEPUTY CHIEF MEDICAL DIRECTOR
D. B. THOMPSON, EXECUTIVE ASSISTANT TO DEPUTY CHIEF MEDICAL DIRECTOR
DR. T. J. FITZGERALD, ASSOCIATE DEPUTY CHIEF MEDICAL DIRECTOR
DR. J. W. DITZLER, DIRECTOR, RESOURCES MANAGEMENT STAFF
DR. L. M. KLAINER, DIRECTOR, COMPUTERIZED MEDICAL SYSTEMS STAFF
D. A. PABST, DIRECTOR, FACILITY MANAGEMENT STAFF
DR. P. A. HABER, ASSISTANT CHIEF MEDICAL DIRECTOR FOR PROFESSIONAL SERVICES
M. R. QUANDT, ASSISTANT CHIEF MEDICAL DIRECTOR FOR ADMINISTRATION
M. L. PHILLIPS, ACTING ASSISTANT CHIEF MEDICAL DIRECTOR FOR ACADEMIC AFFAIRS
DR. M. T. HAYS, ASSISTANT CHIEF MEDICAL DIRECTOR FOR RESEARCH AND DEVELOPMENT
DR. A. J. AARONIAN, ASSISTANT CHIEF MEDICA IRECTOR FOR DENTISTRY
DR. H. M. BAGANZ, ASSISTANT CHIEF MEDICAL DIRECTOR FOR PLANNING AND PROGRAM DEVELOPMENT
DR. R. GOLDMAN, ASSISTANT CHIEF MEDICAL DIRECTOR FOR EXTENDED CARE
C. C. COOK, DIRECTOR, SUPPLY SERVICE
R. P. FALCO, DIRECTOR, PLANNING SERVICE

Fiscal Year	Appropriation	Average employment
1979 actual	$19,901,414,000	214,926
1980 estimate	20,331,055,000	217,466
Supplemental:		
Program	71,624,000	475
Pay costs	202,348,000	
Total, 1980	20,605,027,000	217,941
1981 request	21,268,570,000	217,681
Change from 1980	+663,543,000	−260
Change from 1979	+1,367,156,000	+2,755

Mr. BOLAND. The Committee will come to order.

Today we will begin to consider the budget of the Veterans Administration. We want to welcome all of you here. We have a long list of witnesses which we will place in the record. I understand we have a new Chief Medical Director, Dr. Don Custis. It is nice to have you with us.

You have also appointed as the Deputy Chief Medical Director, Dr. William Jacoby. We will place the biographical sketches of Dr. Custis and Dr. Jacoby in the record at this point.

[The biographical sketches follow:]

DR. DONALD L. CUSTIS

Dr. Donald L. Custis was appointed Chief Medical Director of the Veterans Administration in January 1980.

Since joining the Veterans Administration's Department of Medicine and Surgery in 1976, he has served in the staff office for academic affairs until October 6, 1978, when he was appointed Deputy Chief Medical Director, the number two position in the Nation's largest medical system.

Dr. Custis is a graduate of Wabash College and Northwestern University Medical School. He joined the Navy in 1944 after completing his internship at Presbyterian Hospital in Chicago.

From 1946 to 1956, Dr. Custis was a surgical resident at Virginia Mason Hospital in Seattle, a Surgical Fellow at the Mason Clinic, a surgeon in private practice and a clinical associate in surgery at the University of Washington Medical School. He is certified by the American Board of Surgery.

In 1956, Dr. Custis joined the staff of the American Medical Association Council on Medical Education, and in that same year returned to the Navy as a staff surgeon at the Portsmouth, Virginia Naval Hospital.

Subsequent assignments of increasing responsibility included two years as Executive Officer at the Philadelphia Naval Hospital, a year in Vietnam as Commanding Officer of the Naval Hospital in Danang and three years as Commanding Officer of the Bethesda Naval Hospital.

He was selected Surgeon General of the Navy in 1973 where he served until his retirement in July 1976.

He has written and lectured in this country and abroad on graduate medical education and American health care delivery systems.

WILLIAM J. JACOBY, JR., M.D.

Joined the Veterans Administration in July, 1978, as Director of Medical Service and was later promoted to head of the Program Management function within the Office of the Associate Deputy Chief Medical Director. The assignment to Deputy Chief Medical Director was effective January 3, 1980, when the incumbent, Dr. Donald L. Custis, stepped up to become the Chief Medical Director.

Shortly before joining the VA, retired as Rear Admiral in the U.S. Navy Medical Corps. The first Medical Corps Officer promoted to Flag Rank for clinical medical duties, served as Chief of the Navy's Medical Service and Director of Education and Research for the National Naval Medical Center, Bethesda, Maryland. Final military assignment was Commanding Officer of the Navy Regional Medical Center, Portsmouth, Virginia.

Native of Mt. Carmel, Pennsylvania, graduated from Emory University, Atlanta, Georgia, and received M.D. Degree from Jefferson Medical College in Philadelphia in 1950. Completed Internship, Internal Medicine Residency, and American Heart Association Fellowship at the Jefferson Medical College Hospital. Served as a Fellow in Cardiovascular Disease at the National Naval Medical Center.

Diplomate of the American Board of Internal Medicine and held appointments at several Medical Schools.

Mr. BOLAND. We want to welcome both of you here. We are delighted to have you.

We want to express our good will to John Binford, who was with the Veterans' Administration for some 34 years before his retirement. I understand that he was honored recently by the VA, and that he was presented with an award for outstanding service. This Subcommittee wants to join you in the best wishes of the entire VA staff, and we extend the same from this Subcommittee. He was in our judgment an outstanding budget officer, and I am sure that you will miss him.

We still have the Controller around, don't we? You have been here as long as I have, almost. Anyway, we want to welcome all of you here.

The fiscal year 1981 request for the Veterans' Administration is $21,268,570,000. The amount requested is $663,543,000 above the fiscal year 1980 budget, and $1,367,156,000 above the appropriation for fiscal year 1979. The figures in the budget indicate the average employment changes from 214,926 in 1979 to 217,941 in 1980 to 217,681 in 1981.

As you have noted, this is the 50th anniversary of the founding of the Veterans' Administration. On July 21, 1930, the VA was established as an independent agency by Executive Order 5398. Of course, that marked a very significant change in the manner in which veteran's problems were to be handled. It combined a number of activities relating to veterans into one independent agency and for the past 50 years it has been operating in that capacity. The 10-year period from 1971 to 1980 reflects total appropriations of $164.5 billion.

Connie, what has it been over the past 50 years, do you know?

Mr. HOFFMAN. I would say twice that.

Mr. BOLAND. You can supply the total amount appropriated to VA for the record.

[The information follows:]

TOTAL VA APPROPRIATIONS OVER 50 YEARS

For the past 50 years Veterans Administration has been appropriated a total of $319,015,449,000.

VA 50TH ANNIVERSARY

Mr. BOLAND. I presume, Mr. Administrator, you will be setting up certain activities to commemorate the founding of the Veterans' Administration?

Mr. CLELAND. Yes, sir.

Mr. BOLAND. The budget justifications, of course, clearly indicate why an independent agency was necessary. The figures are really mind-boggling when you look at them, and when you figure that 41 percent of the entire population of the United States is a potential recipient of veterans benefits from the Federal government, 30.1 million veterans and 57.8 million dependents, and some 3.6 million survivors of deceased veterans, bringing the total to about 91.5 million.

The outpatient visits are mind-boggling, being projected at about 18 million for 1981, as are the numbers of inpatient treatments with 1.35 million estimated.

The work that the VA has done over the past 50 years clearly reflects the concern this nation has for its veterans, and during that period of time it has fulfilled that expectation I think in a very commendable manner, as it is doing now.

We have a few things to discuss with the Administrator about the budget. There are many difficulties involving veterans. We will be asking questions about these issues in the next few days, and one of them will target in on the Congressional add-on to the fiscal year 1980 medical care account, in addition there is the construction program, computer activities, and the employment situation. Others, of course, will arise during the hearing, and we will be making inquiry about them.

We want to commend you, Mr. Administrator, in the way you are handling the very difficult and sometimes very controversial but very essential program on behalf of the veterans.

If you have a prepared statement, we will be delighted to hear you.

General Statement

Mr. Cleland. Mr. Chairman, thank you very much. May I say that your prelude to our hearings gets us off to a very fine start, and I appreciate especially your reference to the VA's 50th anniversary. We in the Veterans Administration are indeed proud of our heritage, and we hope to make the coming years even better. A special word of thanks to you and your Committee for the day-to-day and month-to-month and year-to-year cooperation that we get from you. We appreciate that very much.

Mr. Chairman, I would like to, if I may, summarize our request, and focus on the highlights of our appropriations. Mr. Chairman, as you mentioned, our appropriation request totals in excess of $21 billion. This is well over $600 million over the amount for 1980, which includes a supplemental appropriation request of almost $300 million.

Appropriation requirements based on proposed legislation are not included in these amounts. I will highlight our legislative proposals in a moment.

This budget will enable the VA to continue a high level of benefits and services to veterans and their dependents and, at the same time, recognizes our obligation to help control the cost of government and the size of the Federal work force.

Total average employment for the VA envisioned in this budget is 217,681, down 260 from the 1980 level which includes the 475 average employment increase requested in 1980 supplemental. The 3,800 average employment added to the Medical Care appropriation by the Congress is reflected in full in both 1980 and 1981 and the Department of Medicine and Surgery's average employment in 1981 will increase 76 above the 1980 level. The net decrease of 260 average employment as a result of employment savings attributable to the automated Target system and a decline in education workloads.

The Medical Care appropriation request for 1981 is $6,154,802,000, an increase of $299,832,000 over 1980. The appropriation will support an estimated 1.35 million inpatients treated and over 18 million outpatient medical visits. This funding level is an all-time high and includes two new alcohol treatment centers, five new psychological readjustment counseling centers and activation funds for five new nursing home care units and one new outpatient clinic.

VA hospital turnover rates and length of stay will improve in 1981 and the ratio of inpatient staff to hospital census will reach a record 2.15 staff per census. The Medical and Prosthetic Research programs will emphasize high priority programs particularly for the service-connected and aging veterans such as alcoholism, spinal cord injury, delayed stress, and rehabilitation with the 1981 appropriation request of $134.8 million, up $8.4 million over 1980.

A record appropriation of $659.8 million is requested for construction programs. The Medical Construction request provides design funds for a replacement hospital at Minneapolis and major hospital modernizations at Denver, New Orleans, and Chillicothe, Ohio. Seven new nursing homes are requested for construction with a total of 720 beds and major outpatient clinic improvements are asked for Altoona, Pennsylvania; Bath, New York; Memphis, Tennessee; and Miami, Florida. To support this increased construction program and in preparation for sustained high program levels in the future, funding for the Advanced Planning Fund is requested at $11 million, and average employment in the Office of Construction will increase by 93, with 18 additional staff-years in other construction-related offices.

Mr. Chairman, I might say that that record high request of in excess of $600 million presents a great challenge to the Veterans Administration, and we are working very hard to meet it.

The budget request proposes splitting the Compensation and Pensions appropriation into three separate accounts to better represent and justify these programs in the budget process. We are asking a Compensation appropriation of $7.5 billion, an increase of $171 million over our adjusted 1980 appropriation, and are proposing legislation for a 13 percent compensation rate increase which will cost an additional $923.1 million. Pensions are estimated at $4,073,700,000 including an automatic cost-of-living increase estimated at 13 percent and Burial Benefits and Miscellaneous Assistance will require $191 million, up $5 million over 1980 requirements.

Readjustment Benefits will continue to decline in 1981 and we are requesting $1.82 billion. This is $456 million below 1980 requirements reflecting a drop in the number of GI Bill trainees, due to the declining number of eligible veterans.

Although I might say, Mr. Chairman, we still have almost a million Vietnam Era veterans in training under the GI Bill.

Additional employment is included in the budget to allow the Department of Veterans Benefits to improve the Vocational Rehabilitation program and to support other initiatives.

This has been of special interest to me since I have been Administrator, and our vocational rehabilitation improvements are quite

special, and I think I am correct in saying that the House has passed those and are now being considered by the Senate.

Added emphasis will be placed on assisting disabled veterans to secure meaningful employment. These employment increases are offset by the 1981 increment of Target system savings (-533 work-years), and other workload adjustments.

Included in the estimates are funds to operate 107 National Cemeteries, including the new Regional Cemetery at Bourne, Massachusetts, to be opened in October 1980; to make 44,000 interments in the system; and to procure 220,000 headstones and grave markers.

Several legislative actions to improve certain benefit areas are proposed in the 1981 budget. These are:

A 13 percent compensation rate increase to be effective October 1, 1980;

A 10 percent rate increase for education and training benefits for Vietnam Era veterans effective October 1, 1980;

To extend the period of training eligibility from 10 to 12 years for certain educationally disadvantaged veterans;

To enhance the Vocational Rehabilitation Program;

To extend eligibility for housing grants to certain disabled veterans; and

To increase the maximum no-interest educational loan authority for disabled veterans.

In addition, several cost-saving legislative proposals are reflected in the budget. We are proposing the elimination of the flight and correspondence training programs in Readjustment Benefits, and in Medical Care we wish to limit over-the-counter drugs and beneficiary travel for non-service-connected care, eliminate the one-year presumption of service connection for dental treatment and effect collection from insurance carriers for the cost of treatment to veterans with non-service-connected disabilities. These proposals total 1981 savings of $413 million.

Mr. Chairman, this concludes my statement. It is a short statement on something in excess of $22 billion, but we will be getting into the details, and I am sure we will be glad to respond to your questions.

LEGISLATIVE PROPOSALS

Mr. BOLAND. Thank you very much, Mr. Administrator. We find that the shorter the statement the more money we recommend.

In the last page of your statement you indicate that there are several legislative actions to improve certain benefits. I would think that the 6 recommendations—you won't have any trouble with those, will you? Those are all increases, aren't they?

Mr. CLELAND. Yes, sir. We don't really anticipate any problem. The Congress has been very responsive.

Mr. BOLAND. You may have trouble with the cost-saving legislative proposals. How many of those have been before the Congress that you list here? I remember the elimination of the flight and correspondence training programs.

Mr. CLELAND. It has been before the Congress a number of years, Mr. Chairman.

Mr. BOLAND. Do you really press for it when you go before the legislative committee?

Mr. MCMICHAEL. Mr. Chairman, we do, and I might say that although our progress is slow, we seem to be making some steps. The Senate in its recent action on the GI Bill did cut back on funding for flight and correspondence training. They didn't eliminate it as requested but this is the first year in which they have actually voted to cut it back.

Mr. BOLAND. What about the Medical Care proposals for over-the-counter drugs and beneficiary travel for non-service-connected care? That was a little controversial last year, as I remember.

Mr. MCMICHAEL. It was very controversial, in part because we pressed hard for it last year. The problem basically comes down to this. Care for non-service-connected veterans under the age 65 is available only if they are unable to defray the expense of medical care. We have some of these veterans who in fact have some form of health insurance. That at least raises presumption that they may be able to defray the cost of their care.

As you know, the law presently does not permit us to look behind the oath filed by a veteran. We thus have attempted to recoup some of that money by saying that we ought to be able to collect from insurance policies just as we collect today from workmen's compensation and in third-party tort situations.

This is opposed very much by insurance companies. A number of people on the Hill also have serious questions about whether we aren't going to have to enlarge the bureaucracy in order to collect these insurance payments. Nevertheless we do think that there is an important point here, that we ought to be able to collect on those insurance policies or, in the alternative, be able to reexamine those people who are filing oaths saying they are unable to defray the cost when in fact they do have health insurance.

We have been unable to convince Congress to date, although there has been considerable interest in this by the Budget Committees.

Mr. BOLAND. Of course, the problem is from the insurance carriers as it is so difficult at times to collect from them. There is all kinds of paperwork, and the delays are oftentimes horrendous. I suppose this is one of the reasons why you have some difficulty in getting the Congress to enact that legislation. But if all those proposals are put into effect, then you are going to save something like $413 million, which is no small amount, even in a budget of $21,268,570,000. Anyway, you will do your best again this year, I am sure.

Mr. CLELAND. Mr. Chairman, I might say that when we consider these proposals, we do not consider them lightly. When we articulate them, we mean it, and we think it is in the best interests of our program to do so. There are some trade-offs, but these are serious proposals.

MEDICAL CARE STAFFING INCREASE

Mr. BOLAND. Let's get into the VA's health care system. Last year there was a great concern over the VA's health care system—primarily with the number of staff-years requested. The Adminis-

tration did not intend to release any of the 2,375 staff-years added above the budget for medical care in fiscal year 1979, and proposed a reduction of 443 staff-years in fiscal year 1980. Accordingly, this Subcommittee added $76,380,000 above the 1980 Medical Care appropriation request to fund an additional 3,800 Medical Care personnel staff-years. Subsequent to the House action, the Administration amended the 1980 medical care budget request to include 2,000 additional staff-years for health care personnel, and 346 staff-years to implement Public Law 96-22, the Veteran's Health Care Amendments of 1979.

Congress approved one-half of the estimated cost of implementing Public Law 96-22. The 1980 conference report stated and I quote,"The conferees further agree that an additional $12,581,000 shall be available for new medical programs as approved in the Veteran's Health Care Amendments of 1979."

But it appears that the VA has added the entire 346 staff-years requested, is that correct?

Mr. CLELAND. To fulfill the requirements of the law, we have added an additional 346 people for our psychological readjustment counseling program. The preventive health care program is another issue, Mr. Chairman. May I ask Dr. Custis if he might want to add something to that statement.

Mr. BOLAND. It leads to the question that if the cost of implementing Public Law 96-22 in 1980 is still $25 million, where did the VA get the money? Where did VA reprogram monies from to get the additional $12.5 million?

Dr. CUSTIS. The money will come from the Medical Care budget, from supplies and materials. The full cost of our 1980 commitment fulfilling the Public Law 96-22 programs is not completely known yet in that the preventive health care portion will not be fully implemented until 1981.

Mr. BOLAND. Off the top of your head, what will be the figure to implement Public Law 96-22?

Dr. CUSTIS. Fully?

Mr. BOLAND. Yes.

Dr. CUSTIS. Fully implemented in 1981, it would be $38 million.

Dr. DITZLER. Mr. Chairman, the preventive health portion alone I guess you are addressing, because the Public Law 96-22 has several functions, one of which was the development of a halfway house with respect to alcohol and another which was preventive health in general and the other portion is psychological readjustment counseling. That portion which we can implement this year we plan to implement with existing resources. For fiscal year 1981 we are proposing that we will have to seek additional help for that.

IMPLEMENTATION OF PUBLIC LAW 96-22

Mr. BOLAND. Is the cost of implementing Public Law 96-22 going to be $25 million in fiscal year 1980?

Dr. DITZLER. I think it will be just about that, assuming that we go out with the preventive health study, yes.

Dr. CUSTIS. It will be less than that, Mr. Chairman, because we will not be implementing the preventive health project in any degree costing $2.3 million. We will have a pilot project in preven-

tive health that will require approximately 10 FTE, and something in the neighborhood of $200,000. In 1981 we hope to have it fully implemented.

Mr. BOLAND. As I recall, the Cranston amendment, which was a floor amendment added in the Senate, provided funds for 450 staff-years to implement Public Law 96-22, not 346. The additional 104 staff-years was to be assigned to the preventive health care program. Is that correct?

Dr. CUSTIS. That is correct, sir.

Mr. BOLAND. Let me ask, what the VA is doing regarding implementation of the preventive health care program?

Dr. CUSTIS. We have submitted to OMB and, also to the Senate Veterans' Affairs Committee staff, a research protocol which calls for a 3-phase implementation. The first: cohort studies involving prototype preventive health care programming are in the San Francisco area in an HMO-type setting of about 600 veterans, and a second cohort study is in the Boston area along the same nature under a concurrent enrollment system.

The second part of the protocol will fund previously approved but unfunded research programs, all of them having to do with preventive health care projects.

The third portion of it, and the most costly in the long run, will be some requests for research proposals in directed preventive health care research that will probably not be implemented until late in 1981.

Mr. BOLAND. Let me ask you, what is the cost in fiscal year 1980 of the preventive health care program—both in funds and staff-years?

Dr. CUSTIS. We could only approximate it, Mr. Chairman. We think it will be 10 FTE and $200,000 for 1980.

Mr. BOLAND. What about 1981?

Dr. CUSTIS. 1981 we hope to utilize the full previously requested 104 FTE, and $2.4 million.

Mr. BOLAND. The legislation authorized, as I understand it, $10 million in 1980 and $12 million in 1981. Is that correct?

Dr. CUSTIS. That was for all Public Law 96-22. If we were to completely implement all of the provisions of Public Law 96-22, it is my understanding that it would take $25 million.

Mr. BOLAND. Reading from Section 105, it provides for a 5-year preventive health care service pilot program, and the indication is that it would cost $10 million in 1980 and $12 million in 1981. Is that correct? You may supply that for the record.

[The information follows:]

PREVENTIVE HEALTH CARE SERVICE PILOT PROGRAM

The VA pilot program in preventive health care is expected to cost only $200,000 and to require 10 FTE in 1980. It is projected to cost $2.3 to $2.4 million dollars with about 90 FTE in 1981 when the various portions can actually begin. Section 105 states that "the Administrator may not expend more than $10 million in fiscal year 1980 (or) more than $12 million in fiscal year 1981." The pilot program as planned will cost less than that.

LIMITING PREVENTIVE HEALTH CARE COSTS

Mr. BOLAND. The question which follows is: How will the VA limit the cost for preventive health care, if all veterans rated at 50 percent, or more disabled are eligible? Under the law they are eligible for preventive health care. How can you actually limit the cost in this particular program?

Dr. CUSTIS. I think it would be very difficult to limit the cost if you have a full-blown preventive health care program for all eligible veterans. What we have been shooting at, and what we have been encouraged to do by Senator Cranston's staff is a pilot program, and those are the figures that I gave you.

Mr. BOLAND. Yes.

Dr. CUSTIS. As a matter of fact, I think it is not generally appreciated that in the course of the health care we give every day, there is considerable preventive health care provided. But it is true, and I think your question is very pertinent, Mr. Chairman, preventive health care can be a bottomless pit in terms of resources. It depends on how far one would go.

MEDICAL CARE STAFF IN FISCAL YEAR 1980

Mr. BOLAND. While the Administration did not significantly increase medical care staff-years in 1979, it did add 3,800 staff-years for additional health care personnel and 346 staff-years to implement Public Law 96-22 in 1980. Have all the staff-years for medical care been distributed to the field?

Dr. CUSTIS. All?

Mr. BOLAND. Of those that have been added, have they been distributed to the field?

Dr. CUSTIS. All of the 3,800 have been distributed to the field. Of that number, as of late January something just over 3,000 had been hired. As regards the 346 for psychological readjustment counseling, at the current time 333 have been hired.

Mr. BOLAND. What particular criteria did the VA use to allocate the additional staff-years? Were they added to facilities with low staffing ratios, and if they were not, why not?

Dr. CUSTIS. There was some readjustment based on several criteria, including low staffing ratios. It was divided into 3 categories. Before I go into this any further, I will ask Dr. Ditzler to respond. He was very much involved in distribution of the FTE.

Dr. DITZLER. Mr. Chairman, the 3,800 were divided into 3 groups. The first group consisted primarily of those situations that required improvement because of either low staffing ratios or because of changes in their missions. The second group was primarily awarded where they had done well with what they had, and showed every evidence of being able to produce even further. In other words, it was a productivity calculation rather than a pure staffing ratio.

The third group, as you mentioned earlier, the 1980 budget initially suggested that there would be further absorption of 443, so that, in part, the 3,800 went to those institutions who were activating facilities for which there was less personnel to activate them than would have been required.

Of the total number, 1,000 went to those areas where the requirement was strictly for improvement of the quality as well as the quantity of care; two thousand of them went where there was a program activity and workload demand; and the remaining 800 were divided between those requiring activation of projects not fully funded in previous times or because of the shortfall of the 1980 budget.

Mr. BOLAND. Those figures and where they have gone clearly indicate that you weren't providing the rich with greater riches.

Dr. DITZLER. No. As a matter of fact, one could observe in both situations that a so-called rich institution, which I don't think we really have, in one case may have been rewarded because they were productive, and in another like institution they were not because they had not been productive with what they had.

Mr. BOLAND. I suppose if that is used as the yardstick, where they have been more productive, doesn't that mean the rich get richer?

Dr. DITZLER. Not necessarily. We have several that are highly productive that are relatively poor, so to speak.

EMPLOYMENT BY FACILITY

Mr. BOLAND. Can you provide for the record a listing by facility of the average employment for 1979 and the estimates for 1980 and 1981? In addition, will you also provide for the record the core staffing ratio for all hospitals immediately before the 3,800 staff-years were allocated to the field—and how many staff-years of the 3,800 were allocated to each hospital?

[The information follows:]

MEDICAL CARE
FULL-TIME EQUIVALENT EMPLOYMENT

	FY 1979 Actual	Core Ratio	Add-on 3800	1980 Rec.	1980 NR	1980 Total	FY 1981* Rec.
DISTRICT #1							9,309.1
Bedford, Mass.	1,266.9	1.16	30.0	1,263.8	9.1	1,272.9	
Boston, Mass.	1,646.0	1.51	33.0	1,546.4	81.1	1,627.5	
Boston, Mass.(OPC)	370.2	-	18.0	381.2	(6.6)	374.6	
Brockton, Mass.	1,332.9	1.10	18.0	1,313.4	6.5	1,319.9	
Manchester, N.H.	592.1	2.08	16.0	598.1	3.5	601.6	
Northampton, Mass.	957.2	1.20	5.0	943.2	16.7	959.9	
Providence, R.I.	863.2	1.82	17.0	853.6	28.8	882.4	
Togus, Maine	1,040.2	1.53	15.0	1,024.8	19.4	1,044.2	
West Roxbury, Mass.	836.7	2.28	10.0	799.4	26.0	825.4	
White River Jct., VT.	554.4	2.13	12.0	570.0	(1.0)	569.0	
DISTRICT #2							6,356.7
Albany, N.Y.	1,514.7	1.72	23.0	1,442.0	41.6	1,483.6	
Batavia, N.Y.	461.3	1.38	4.0	450.9	4.5	455.4	
Bath, N.Y.	683.4	1.31	-	668.1	6.3	674.4	
Buffalo, N.Y.	1,680.9	1.57	32.0	1,660.2	46.7	1,706.9	
Canandaigua, N.Y.	1,298.8	1.24	8.0	1,323.4	(16.9)	1,306.5	
Syracuse, N.Y.	900.4	1.97	15.0	848.1	35.0	883.1	
DISTRICT #3							13,790.1
Bronx, N.Y.	1,889.7	2.22	37.0	1,850.1	82.0	1,932.1	
Brooklyn, N.Y.	2,252.9	1.54	43.0	2,177.3	60.6	2,237.9	
Brooklyn, N.Y. (OPC)	206.4	-	10.0	206.9	7.4	214.3	
Castle Point, N.Y.	678.3	1.78	-	656.9	25.3	682.2	
Montrose, N.Y.	1,617.5	1.16	15.0	1,618.8	1.0	1,619.8	
Newington, Conn.	572.0	2.57	-	525.3	36.6	561.9	
New York, N.Y.	2,187.8	1.85	34.0	2,031.9	93.5	2,125.4	
Northport, N.Y.	1,848.2	1.51	26.0	1,786.9	51.1	1,838.0	
San Juan, P.R.	1,696.1	1.57	37.0	1,641.6	59.7	1,701.3	
West Haven, Conn.	1,372.2	1.58	21.0	1,294.4	78.0	1,372.4	
DISTRICT #4							9,118.6
Coatesville, Pa.	1,573.3	1.18	18.0	1,545.5	16.0	1,561.5	
East Orange, N.J.	1,967.4	1.52	26.0	1,933.4	54.6	1,988.0	
Lebanon, Pa.	1,090.7	1.00	15.0	1,090.8	6.6	1,097.4	
Lyons, N.J.	1,705.7	1.36	20.0	1,698.3	9.3	1,707.6	
Philadelphia, Pa.	1,380.9	1.70	25.0	1,304.4	67.8	1,372.2	
Wilkes-Barre, Pa.	902.9	1.51	25.0	922.1	15.8	937.9	
Wilmington, Del.	622.0	1.70	30.0	629.3	10.3	639.6	
DISTRICT #5							4,242.3
Altoona, Pa.	327.4	1.87	-	321.9	2.0	323.9	
Butler, Pa.	612.0	1.66	-	595.1	11.7	606.8	
Clarksburg, W. Va.	431.6	1.63	40.0	441.5	3.5	445.0	
Erie, Pa.	335.3	1.67	-	327.0	5.4	332.4	
Pittsburgh, Pa.(UD)	1,673.5	1.85	36.0	1,621.5	41.3	1,662.8	
Pittsburgh, Pa.(HD)	951.8	1.15	20.0	937.9	9.8	947.7	
DISTRICT #6							5,200.0
Baltimore, Md.	783.6	1.57	22.0	726.1	36.6	762.7	
Ft. Howard, Md.	514.4	1.94	-	491.3	6.9	498.2	
Martinsburg, W.Va.	1,116.2	1.48	30.0	1,179.5	4.9	1,184.4	
Perry Point, Md.	1,235.8	1.32	16.0	1,223.4	11.4	1,234.8	
Washington, D.C.	1,747.1	1.50	29.0	1,591.1	129.8	1,720.9	

MEDICAL CARE
FULL-TIME EQUIVALENT EMPLOYMENT

	FY 1979 Actual	Core Ratio	Add-on 3800	1980 Rec.	1980 NR	1980 Total	FY 1981* Rec.
DISTRICT #7							5,247.0
Beckley, W.Va.	368.8	1.77	15.0	369.0	4.8	373.8	
Hampton, Va.	1,159.5	1.61	40.0	1,211.4	27.4	1,238.8	
Huntington, W.Va.	429.0	2.39	33.0	460.8	7.4	468.2	
Richmond, Va.	1,703.4	1.48	46.0	1,638.0	55.1	1,693.1	
Salem, Va.	1,589.2	1.81	30.0	1,592.3	24.4	1,616.7	
DISTRICT #8							5,081.5
Asheville, N.C.	1,037.6	1.58	30.0	1,035.3	15.3	1,050.6	
Durham, N.C.	1,195.9	1.88	28.0	1,122.7	59.5	1,182.2	
Fayetteville, N.C.	627.0	1.70	17.0	624.0	8.8	632.8	
Mt. Home, Tenn.	1,135.7	1.58	45.0	1,148.7	8.0	1,156.7	
Salisbury, N.C.	1,204.0	1.14	18.0	1,193.0	13.3	1,206.3	
DISTRICT #9							5,856.7
Atlanta, Ga.	1,272.6	1.72	50.0	1,220.0	54.3	1,274.3	
Augusta, Ga.	1,693.7	1.68	47.0	1,951.0	52.0	2,003.0	
Charleston, S.C.	824.0	1.75	25.0	796.6	40.1	836.7	
Columbia, S.C.	1,086.9	2.03	33.0	1,240.9	17.9	1,258.8	
Dublin, Ga.	789.3	1.60	10.0	757.2	8.5	765.7	
DISTRICT #10							6,250.5
Biloxi, Miss.	1,350.1	1.33	20.0	1,349.4	12.1	1,361.5	
Birmingham, Ala.	1,104.6	2.37	28.0	1,040.5	62.2	1,102.7	
Jackson, Miss.	1,098.2	1.94	43.0	1,120.9	26.6	1,147.5	
Montgomery, Ala.	452.5	2.12	-	464.1	-	464.1	
Tuscaloosa, Ala.	930.0	1.29	15.0	908.9	23.2	932.1	
Tuskegee, Ala.	1,393.3	1.38	23.0	1,393.5	12.2	1,405.7	
DISTRICT #11							6,574.6
Lexington, Ky.	1,744.9	1.74	29.0	1,717.3	47.4	1,764.7	
Louisville, Ky.	868.0	1.78	32.0	846.4	40.7	887.1	
Memphis, Tenn.	1,866.1	1.46	62.0	1,847.1	62.9	1,910.0	
Murfreesboro, Tenn.	1,004.3	1.20	45.0	1,020.4	4.8	1,025.2	
Nashville, Tenn.	1,186.7	1.77	38.0	1,144.9	47.7	1,192.6	
DISTRICT #12							6,956.9
Bay Pines, Fla.	1,545.7	1.23	48.0	1,590.3	2.2	1,592.5	
Gainesville, Fla	1,227.3	1.93	60.0	1,208.5	59.2	1,267.7	
Lake City, Fla.	605.0	1.50	15.0	584.8	14.0	598.8	
Miami, Fla.	1,807.9	1.48	56.0	1,850.2	23.1	1,873.3	
Tampa, Fla.	1,752.8	1.90	45.0	1,777.4	49.9	1,827.3	
DISTRICT #13							7,066.9
Chillicothe, Ohio	1,404.8	1.51	20.0	1,420.3	7.3	1,427.6	
Cincinnati, Ohio	1,223.5	1.88	34.0	1,176.0	56.0	1,232.0	
Cleveland, Ohio	2,725.5	1.61	60.0	2,712.8	44.4	2,757.2	
Columbus, Ohio (OPC)	83.8	-	25.0	112.7	(4.0)	108.7	
Dayton, Ohio	1,631.8	1.42	50.0	1,684.7	(2.0)	1,682.7	

MEDICAL CARE
FULL-TIME EQUIVALENT EMPLOYMENT

	FY 1979 Actual	Core Ratio	Add-on 3800	1980 Rec.	1980 NR	1980 Total	FY 1981* Rec.
DISTRICT #14							4,124.3
Allen Park, Mich.	1,521.3	1.91	36.0	1,477.2	38.9	1,516.1	
Ann Arbor, Mich.	894.7	2.30	23.0	899.2	48.3	947.5	
Battle Creek, Mich.	1,395.0	1.16	15.0	1,370.0	5.6	1,375.6	
Saginaw, Mich.	359.5	2.31	25.0	384.3	(6.7)	377.6	
DISTRICT #15							4,412.4
Danville, Ill.	1,392.2	1.41	23.0	1,438.0	(4.1)	1,433.9	
Ft. Wayne, Ind.	372.7	2.03	-	364.0	17.7	381.7	
Indianapolis, Ind.	1,457.8	2.00	28.0	1,397.7	45.9	1,443.6	
Marion, Ind.	1,222.7	1.27	15.0	1,212.7	15.3	1,228.0	
DISTRICT #16							4,394.2
Iron Mt., Mich.	405.8	2.00	5.0	401.2	1.0	402.2	
Madison, Wisc.	844.5	2.27	33.0	862.9	34.8	897.7	
Tomah, Wis.	1,003.6	1.10	5.0	993.7	19.0	1,012.7	
Wood, Wis.	2,200.6	1.61	38.0	2,152.7	62.0	2,214.7	
DISTRICT #17							7,275.1
Chicago, Ill. (LS)	1,093.5	1.91	20.0	1,037.0	44.5	1,081.5	
Chicago, Ill. (WS)	1,464.9	1.86	22.0	1,394.4	70.5	1,464.9	
Hines, Ill.	2,992.1	1.62	37.0	2,858.9	119.5	2,978.4	
North Chicago, Ill.	2,002.2	1.47	37.0	1,992.9	19.7	2,012.6	
DISTRICT #18							4,089.5
Fargo, N.D.	456.1	2.17	32.0	492.1	8.5	500.6	
Minneapolis, Mn.	2,118.6	1.95	45.0	2,017.2	124.0	2,141.2	
St. Cloud, Mn.	1,070.6	1.17	15.0	1,040.2	5.1	1,045.3	
Sioux Falls, S.D.	513.0	1.83	42.0	540.0	7.5	547.5	
DISTRICT #19							5,856.9
Alexandria, La.	716.4	1.57	9.0	693.1	12.9	706.0	
Fayetteville, Ark.	404.0	1.86	9.0	418.0	6.0	424.0	
Little Rock, Ark.	2,594.2	1.53	56.0	2,510.8	62.5	2,573.3	
New Orleans, La.	1,410.6	1.86	39.0	1,369.7	44.9	1,414.6	
Shreveport, La.	882.7	2.29	26.0	877.6	18.4	896.0	
DISTRICT #20							11,236.2
Bonham, Texas	324.7	1.48	-	320.7	4.0	324.7	
Dallas, Texas	1,705.4	1.80	36.0	1,653.6	74.9	1,728.5	
Houston, Texas	2,471.4	1.59	42.0	2,380.2	81.8	2,462.0	
Kerrville, Texas	524.0	1.63	-	507.5	3.0	510.5	
Marlin, Texas	313.2	1.81	-	308.2	-	308.2	
Muskogee, Okla.	575.9	2.66	10.0	661.9	7.8	669.7	
Oklahoma City, Okla.	1,162.6	1.70	29.0	1,109.4	50.9	1,160.3	
San Antonio, Texas	1,713.8	1.93	34.0	1,666.8	69.6	1,736.4	
Temple, Texas	1,245.6	1.72	50.0	1,254.0	22.2	1,276.2	
Waco, Texas	1,401.1	1.11	17.0	1,389.7	5.0	1,394.7	
DISTRICT #21							3,712.1
Columbia, Mo.	930.9	2.02	27.0	878.3	42.7	921.0	
Marion, Ill.	385.8	1.91	5.0	374.5	18.1	392.6	
Poplar Bluff, Mo.	380.9	1.62	-	357.0	22.1	379.1	
St. Louis, Mo.	2,157.4	1.67	50.0	2,101.3	57.9	2,159.2	

59-500 O - 80 - 2

MEDICAL CARE
FULL-TIME EQUIVALENT EMPLOYMENT

	FY 1979 Actual	Core Ratio	Add-on 3800	1980 Rec.	1980 NR	1980 Total	FY 1981* Rec.
DISTRICT #22							3,749.4
Kansas, City, Mo.	1,088.5	1.80	32.0	1,075.6	40.9	1,116.5	
Leavenworth, Ks.	1,058.4	1.65	17.0	1,023.7	20.1	1,043.8	
Topeka, Ks.	1,225.4	1.24	15.0	1,204.6	17.8	1,222.4	
Wichita, Ks.	454.2	2.84	18.0	455.5	15.5	471.0	
DISTRICT #23							5,211.1
Des Moines, Ia.	782.2	2.56	19.0	778.5	13.4	791.9	
FT Meade, S.D.	568.2	1.29	11.0	565.7	.2	565.9	
Grand Island, Neb.	298.7	1.73	-	294.0	3.3	297.3	
Hot Springs, S.D.	491.7	1.43	11.0	491.0	2.0	493.0	
Iowa City, Iowa	862.4	2.13	20.0	783.0	50.3	833.3	
Knoxville, Ia.	1,015.8	1.56	10.0	1,011.6	2.9	1,014.5	
Lincoln, Neb.	440.3	2.29	10.0	430.6	3.9	434.5	
Omaha, Neb.	935.5	1.91	22.0	864.4	42.3	906.7	
DISTRICT #24							4,360.3
Cheyenne, Wyo.	281.4	1.73	5.0	292.3	1.3	293.6	
Denver, Co.	1,126.7	1.72	33.0	1,091.4	67.6	1,159.0	
Ft. Harrison, Mt.	309.6	1.94	5.0	304.0	1.1	305.1	
Ft. Lyon, Co.	706.9	1.66	-	650.0	7.5	657.5	
Grand Jct., Co.	257.2	1.72	-	261.2	3.7	264.9	
Miles City, Mt.	201.5	2.12	-	201.6	1.0	202.6	
Salt Lake City, Ut.	1,128.9	1.91	27.0	1,082.7	53.5	1,136.2	
Sheridan, Wyo.	497.0	1.42	-	477.1	4.7	481.8	
DISTRICT # 25							4,402.1
Albuquerque, N.M.	1,077.6	2.14	31.0	1,079.2	16.6	1,095.8	
Amarillo, Texas	291.6	1.77	5.0	284.7	8.6	293.3	
Big Spring, Texas	374.6	1.69	-	373.5	9.1	382.6	
El Paso, Texas	93.7	-	-	95.0	-	95.0	
Lubbock, Texas	81.2	-	-	82.2	.3	82.5	
Phoenix, Az.	1,210.2	2.13	30.0	1,194.3	28.9	1,223.2	
Prescott, Az.	462.9	1.76	-	455.1	9.3	464.4	
Tucson, Az.	895.6	1.83	21.0	842.6	37.8	880.4	
DISTRICT #26							11,802.2
Brentwood, Calif.	995.2	1.69	7.0	1,123.0	25.9	1,148.9	
Henderson, Nev.	54.2	-	12.0	95.0	3.0	98.0	
Loma Linda, Calif.	1,118.7	3.10	20.0	1,325.3	30.2	1,355.5	
Long Beach, Calif.	3,298.5	1.78	42.0	3,195.3	105.5	3,300.8	
Los Angeles, Ca.(OPC)	315.7	-	26.0	343.2	7.9	351.1	
San Diego, Calif.	1,738.9	2.19	20.0	1,629.5	82.9	1,712.4	
Sepulveda, Calif.	1,804.9	2.09	24.0	1,720.7	58.3	1,779.0	
Wadsworth, Calif.	2,695.8	2.77	41.0	2,414.6	149.1	2,563.7	
DISTRICT # 27							6,370.9
Fresno, Calif.	590.3	1.90	40.0	619.0	7.1	626.1	
Honolulu, Hawaii	71.0	-	6.0	80.3	4.0	84.3	
Livermore, Calif.	415.6	2.23	-	411.0	6.1	417.1	
Manila, PI.	92.0	-	-	93.0	.6	93.6	
Martinez, Calif.	1,099.5	1.84	22.0	1,039.9	52.0	1,091.9	
Palo Alto, Calif.	2,485.3	1.59	33.0	2,371.4	93.4	2,464.8	
Reno, Nev.	461.4	2.34	42.0	496.2	9.1	505.3	
San Francisco, Ca.	1,270.2	2.30	21.0	1,274.0	17.6	1,291.6	

MEDICAL CARE
FULL-TIME EQUIVALENT EMPLOYMENT

	FY 1979 Actual	Core Ratio	Add-on 3800	1980 Rec.	1980 NR	1980 Total	FY 1981* Rec.
DISTRICT #28							5,615.8
American Lake, Wa.	778.4	1.34	20.0	790.2	6.3	796.5	
Boise, ID.	428.2	2.66	30.0	449.1	5.2	454.3	
Juneau, Alaska	20.3	-	1.0	22.2	4.0	26.2	
Portland, OR.	1,162.1	2.25	43.0	1,118.4	55.5	1,173.9	
Roseburg, OR.	618.6	1.54	-	608.8	6.7	615.5	
Seattle, Wa.	1,026.4	1.98	27.0	1,026.3	24.0	1,050.3	
Spokane, Wa.	407.2	1.79	-	382.8	5.3	388.1	
Vancouver, Wa.	626.5	1.75	-	609.7	3.8	613.5	
Walla Walla, Wa.	329.8	2.24	-	323.2	.8	324.0	
White City, OR.	304.5	-	-	301.0	2.0	303.0	
DISTRICT #29							149.7
New York, N.Y.	129.8	-	-	145.7	13.5	159.2	145.7
Sommerville, N.J.	4.0	-	-	4.0	-	4.0	4.0
GRAND TOTAL	181,058.3		3800.0	178,305.3	4,751.4	183,056.7	177,813.1

* Does not include FTEE for Training Progams to be distributed in March 1980.

Individual facility FTEE currently being assigned by the Medical Districts.

CONTRACTING OUT OF MEDICAL SERVICES

Mr. BOLAND. One way to lessen the impact of an employment limitation is to contract out for services previously provided by government employees. This is done in a number of agencies. The Department of Defense and NASA contract for certain personnel services. Are any of the medical centers contracting for services previously provided by government employees?

Dr. CUSTIS. We have quite a few contracts for professional services, but to the best of my knowledge, Mr. Chairman, they are all in locales and facilities, where it has been almost impossible to hire in certain disciplines, notably radiology.

Mr. BOLAND. Provide for the record which medical centers are doing this, for what service, and how much money is involved, whether or not there was an increase, and how much of an increase over 1980.

[The information follows:]

The VA does not have records indicating the services and costs for scarce medical specialties for 1960. The VA system of records is not designed to permit the retrieval of such data. The VA has recognized this problem and in December 1979 requested medical centers to provide such data to Central Office. We have already provided this information to the House Veterans' Affairs Committee. It should be noted that this information is not 100% accurate. The VA is currently reviewing methods of gathering this information and hope to have a more accurate system in the future.

The following data refers to scarce medical specialist contracts at the respective medical centers:

VA MEDICAL CENTER	NUMBER OF CONTRACTS AND SPECIALTY	FY 79 COST
Albuquerque, NM	Radiology	$ 155,683
American Lake, WA	Radiology	5,000
	Pathology	36,504
Ann Arbor, MI	Anesthesiology	172,858
Atlanta, GA	Radiology	39,020
	Radiation Therapy	16,744
Batavia, NY	Radiology	23,700
Bath, NY	Pathology	1,500
	Orthopedics	2,760
	Ophthalmology	11,815
Birmingham, AL	Radiology	222,000
	Radiation Therapy	9,200
Boise, ID	Radiology	9,950
	Radiation Therapy	4,000
	Orthopedics	14,400
	Ophthalmology	10,000
	Audiology	3,510
	Other	5,100
		2,247
Bonham, TX	Radiology	24,792
Boston, MA	Radiology	285,760
	Radiation Therapy	115,012
Bronx, NY	Surgical	10,000
Buffalo, NY	Other	3,250
		7,470
Charleston, SC	Radiology	140,000

VA MEDICAL CENTER	NUMBER OF CONTRACTS AND SPECIALTY	FY 79 COST
Cheyenne, WY	Radiology	$ 49,860
	Pathology	38,000
	Psychiatry	3,600
Chicago (Lakeside), IL	Anesthesiology	281,175
Cincinnati, OH	Anesthesiology	99,960
	Audiology	3,125
	Other	87,500
Cleveland, OH	Anesthesiology	98,812
	Radiation Therapy	27,576
Columbia, MO	Radiology	250,970
	Pathology	288,225
Dallas, TX	Anesthesiology	25,958
Denver, CO	Radiology	284,025
	Anesthesiology	150,351
	Surgical	4,500
Des Moines, IA	Radiology	188,000
Durham, NC	Radiology	479,115
	Pathology	242,229
East Orange, NJ	Radiology	13,050
Erie, PA	Radiology	40,000
	Renal Dialysis	90,000
	Surgical	5,750
Fayetteville, NC	Radiology	5,200
	Other	5,335
Fort Harrison, MT	Radiology	51,275
Fort Lyon, CO	Radiology	36,800
Fort Meade, SD	Radiology	35,154
	Pathology	15,150
	Audiology	11,500
Fort Wayne, IN	Renal Dialysis	15,000
	Other	7,650
Fresno, CA	Other	213
Gainesville, FL	Anesthesiology	236,000
Grand Island, NE	Radiology	30,000
	Renal Dialysis	15,000
	Surgical	38,000

VA MEDICAL CENTER	NUMBER OF CONTRACTS AND SPECIALTY	FY 79 COST
Grand Junction, CO	Radiology	$ 19,296
Hampton, VA	Pathology	840
		3,800
Houston, TX	Radiation Therapy	27,500
	Psychiatric	27,500
	Surgical	45,150
Huntington, WV	Radiology	52,000
	Orthopedics	61,721
Indianapolis, IN	Radiology	468,000
	Anesthesiology	53,000
	Renal Dialysis	99,738
Iowa City, IA	Radiology	141,000
	Anesthesiology	83,764
	Pathology	101,266
	Veterinarian	4,614
	Radiation Therapy	11,500
	Other	15,000
Jackson, MS	Radiology	410,000
Kansas City, MO	Radiology	2,800
Kerrville, TX	Radiology	12,000
Knoxville, IA	Radiology	37,440
	Audiology	3,600
	Other	8,937
Leavenworth, KS	Anesthesiology	30,000
Lexington, KY	Pathology	9,660
	Radiation Therapy	12,200
	Surgical	28,400
Lincoln, NE	Radiology	44,940
Little Rock, AK	Radiology	285,324
	Radiation Therapy	77,520
		109,402
Louisville, KY	Radiology	95,764
	Anesthesiology	88,108
Madison, WI	Radiology	150,426
Marion, IL	Radiology	21,640
Marion, IN	Radiology	59,340
Marlin, TX	Pathology	38,400

VA MEDICAL CENTER	NUMBER OF CONTRACTS AND SPECIALTY	FY 79 COST
Martinez, CA	Other	$ 1,680
Miles City, MT	Pathology	26,000
Minneapolis, MN	Radiology	215,427
	Radiation Therapy	5,944
		35,750
Montgomery, AL	Radiology	33,000
Nashville, TN	Radiology	36,750
	Radiation Therapy	17,873
	Medical Service	15,600
Newington, CT	Radiology	40,000
	Anesthesiology	120,000
Oklahoma City, OK	Radiology	401,000
	Radiation Therapy	26,032
		31,104
Omaha, NE	Radiology	213,294
Palo Alto, CA	Anesthesiology	797,769
	Other	17,000
Philadelphia, PA	Radiology	462,950
	Anesthesiology	218,513
	Veterinarian	4,350
		6,420
	Radiation Therapy	196,543
Pittsburgh, PA	Radiology	364,818
	Anesthesiology	395,946
	Pathology	8,530
Reno, NV	Renal Dialysis	65,000
Salem, VA	Ophthalmology	15,000
Salisbury, NC	Other	10,000
Salt Lake City, UT	Radiology	180,000
	Pathology	79,620
	Radiation Therapy	32,496
	Other	32,496
San Antonio, TX	Radiology	68,970
	Anesthesiology	205,927
Seattle, WA	Anesthesiology	326,447
	Radiation Therapy	7,650
	Orthopedic	96,375
Sepulveda, CA	Radiation Therapy	9,375

VA MEDICAL CENTER	NUMBER OF CONTRACTS AND SPECIALTY	FY 79 COST
Sheridan, WY	Radiology	$ 37,720
	Pathology	21,000
	Other	49,900
		7,800
Sioux Falls, SD	Radiology	13,400
		130,000
	Renal Dialysis	55,000
	Orthopedics	60,000
Spokane, WA	Pathology	52,977
St. Cloud, MN	Anesthesiology	17,780
St. Louis, MO	Radiology	476,126
(2 Division Medical		103,508
Center)	Other	18,928
Syracuse, NY	Radiology	238,158
Temple, TX	Other	43,434
Topeka, KS	Radiology	8,602
	Anesthesiology	3,600
Tuscaloosa, AL	Pathology	23,748
Tuskegee, AL	Radiology	7,610
		29,552
Waco, TX	Radiology	7,000
Walla Walla, WA	Radiology	52,965
	Pathology	48,775
Washington, DC	Anesthesiology	10,500
	Pathology	10,500
	Orthopedics	10,500
	Other	52,500
West Haven, CT	Radiology	258,525
	Pathology	70,200
	Radiation Therapy	63,975
		68,760
West Roxbury, MA	Radiology	21,168
Wichita, KS	Audiology	2,800
	Other	9,000
Wilkes-Barre, PA	Other	12,761

VA MEDICAL CENTER	NUMBER OF CONTRACTS AND SPECIALTY	FY 79 COST
Wood, WI	Radiation Therapy	116,408
	Other	44,298
Total: 83 Medical Centers	174 Contracts	Cost = $ 14,409,050

Mr. BOLAND. If personnel services are being contracted for, is the VA abiding by regulations regarding the cost of such contracts? In other words, how do you monitor the situation?

Dr. CUSTIS. As a matter of fact, they are, if anything in our opinion, overmonitored, in that it is causing quite a delay in the consummation of a contract. They are audited by the Inspector General and in many cases also by HEW audit, precontract audits, and they are also monitored on an annual basis.

VA SHARE OF THE FEDERAL BUDGET

Mr. BOLAND. Mr. Administrator, concerns have been expressed that the Veterans Administration's share of the 1981 budget has gone down as a percentage of the Federal budget. Expenditures for veterans benefits and services represented 4 percent of the total budget in 1979, 3.7 percent in 1980, and 3.5 percent is estimated for 1981. How do we respond to inquiries of this nature?

Mr. CLELAND. I think there are two answers, Mr. Chairman: First of all, there has been a declining workload in a major program of the VA and that is our readjustment benefits program. When you have a reduction of several hundred thousand as we have from year to year, you have a noticeable drop in terms of dollars expended and personnel to support them.

Also in terms of Target, we have reduced our personnel over the last couple or three years by a thousand, and I think if you put these things together, it makes up a significant portion of the budget.

I might say that the growing portion of the budget is in terms of health care, which is our labor-intensive program. I think a greater proportion of our budget is going to health care now, almost 1 out of 3 dollars, but I think the real answer to your question is in the Readjustment Benefits side, the declining workload in education.

Mr. HOFFMAN. If I might add, Mr. Chairman, also the pay raise of some $253 million is reflected in 1980 but not the future pay raise for 1981.

Mr. CLELAND. Mr. Chairman, may I add, if the Congress passes the President's recommendations for legislative percentage increases, that will add $1 billion right there, so I think some of the recommendations we have would up the cost of the budget.

MEDICAL CARE INCREASE FOR 1981

Mr. BOLAND. With respect to the Medical Care request of $6,154,802,000 and 184,672 staff-years, that is an increase of $299,832,000 and 50 staff-years over 1980. While a $300 million increase is a great deal of money, it only represents a 5.1 percent increase—hardly keeping up with inflation. How do we respond to those who complain that the 1981 medical care budget is very tight?

Mr. CLELAND. It does not take into consideration the pay increase coming along later, which would be in the range of 5, 6, or 7 percent. You tack that onto that 5 percent figure, and it gets us up around the 8, 9, or 10 percent level. Over the last few years we have been able in the Veterans Administration to keep our health care cost below 10 percent. We will be pushing it in this budget.

Mr. BOLAND. Mr. Traxler. Any general questions at this time?

Mr. TRAXLER. No, sir. I just want to welcome the Administrator. I am sorry I was detained and missed your opening statement. You can be sure I will read it. I want to say thank you for your visit to Michigan this past year. You certainly were well received and you are always welcome there. You are an honorary citizen, as you know, and we have a plot laid out for you. I hope you never take it.

Mr. CLELAND. I hope no time soon.

NEW ORLEANS VAMC CONSTRUCTION

Mr. BOLAND. I know that Mrs. Boggs would be delighted to welcome you because I see you are putting a fine new hospital down there in New Orleans. Is that a replacement?

Mr. CLELAND. No, sir, it is an addition.

Mr. BOLAND. Oh, it is an addition. Well, it is so costly I thought it was a brand new one. Mrs. Boggs?

Mrs. Boggs. Mr. Chairman, we have been having some difficulty acquiring a little over an acre and a half of land from the state. The hospital is in the complex with Charity Hospital and with LSU and Tulane Medical Schools. I promised last year, as I note in reading over the testimony, that I would be helpful. I tried to be helpful. We are still having trouble, but perhaps next month we will be able to start working out something.

I have been in touch with the people in the new State administration, who had an interest in the hospital from the beginning. As you know, both Mr. Moore, who really was the spearhead of the report about the inadequacies of the hospital, and the gentleman who is the newly elected governor, have been interested in the hospital. It was primarily a difficulty because apparently the doctors and the nurses park on this area and this is a very difficult neighborhood.

It is a nice contained parking area that is safe, or comparatively safe, but hopefully we will be able to work out that particular problem. I know the delay is very difficult for you. Of course it escalates cost and prolongs timetables, but we do thank you very much for keeping the faith, keeping in there. Hopefully we will be able to resolve the situation soon.

Mr. CLELAND. We appreciate your help very much.

Mr. BOLAND. Mr. Sabo?

Mr. SABO. Thank you, Mr. Chairman.

Welcome to the Administrator again. We also had a pleasant visit in Minneapolis.

Mr. BOLAND. I thought you had a question?

Mr. SABO. I welcome him here and wish him well. I may have some more questions later.

OPERATING BED REDUCTION

Mr. BOLAND. Thank you.

Last year there was a great deal of discussion about the loss of operating beds. The VA indicated that the plan was to delete 1,600 in 1980, and 1,200 a year for the next 5 years. Then that 1,600 figure was revised and now it is 1,200 a year. Isn't it correct that you show a 1,600 operating bed reduction in 1981?

Mr. CLELAND. Yes, sir.

Mr. BOLAND. Why not a 1,200 decrease?

Mr. CLELAND. Mr. Chairman, my understanding was that on the average it would be approximately 1,600 as long as our average daily patient census continued to drop as it has, and as long as the alternatives to hospitalization continue to open up as they have. Dr. Custis might want to comment on this further.

Mr. BOLAND. The record indicates that it was 1,200. That is the reason why this question surfaced. The indication was "Our estimate has been revised to approximately 1,200 beds for the next 5 years for a total of 6,500 rather than the original estimate of 8,000 beds."

Dr. CUSTIS. I think, Mr. Chairman, you will find variance in each year's figure. It is based on the elimination of fire and safety hazards, and to correct lack of privacy in terms of Joint Commission standards. The bed reduction will vary depending on the priority and scope of the different projects in construction as they impact on the beds.

Mr. BOLAND. How many of the 2,800 beds in 1980 and the 1,600 beds targeted in 1981 will be lost due to fire and safety improvements?

Dr. CUSTIS. Fire, safety and privacy in 1981, the figure in my mind is 1,600 beds.

Mr. BOLAND. Let me repeat the question, and you can supply the answer for the record. How many of the 2,800 beds in 1980 and the 1,600 beds in 1981 will be lost due to fire and safety improvements?

Also how do you determine which beds to close?

Dr. CUSTIS. This is determined when a ward is converted to meet privacy standards or correction for fire and safety installing stairwells to eliminate dead-end corridors or the installation optionally of sprinkling systems.

Mr. BOLAND. For the record give us the figure on the bed loss due to fire and safety requirements, and also the bed loss due to patient privacy standards.

[The information follows:]

The VA estimates that correction of fire and safety deficiences will result in the loss of approximately 300 beds in fiscal year 1980 and 300 in fiscal year 1981. The estimated loss due to patient privacy is 1,200 in fiscal year 1980 and 1,200 in fiscal year 1981.

LOW OCCUPANCY RATES

Mr. BOLAND. Can you indicate how many beds will be lost due to low occupancy rates in various hospitals? You can supply that for the record if you don't have it.

[The information follows:]

The VA anticipates that approximately 250 operating beds will be closed because of low occupancy during fiscal year 1980. Of course, these would be temporarily closed and could be placed back in operation should the demand increase, unless the ward is permanently converted to nonbed use to meet other high priority demands for space.

TYPES OF BED REDUCTION

Mr. BOLAND. And whether or not the VA is proposing to close individual beds, consolidate or close wards, or what about the closing of an entire hospital?

Dr. CUSTIS. For the record?

Mr. BOLAND. You may supply it for the record, unless you have the information now.

Dr. CUSTIS. Mr. Chairman, we have no plans to close a hospital. There are instances when beds are closed due to low occupancy that may or may not be permanent closures. There have been beds closed due to inadequate staffing, inability to recruit nurses, and a consolidation of two wards to have more effective staffing, but as far as a closure of a hospital, except for Fort Howard, we have no such plans.

Mr. BOLAND. Now with respect to the construction budget, both Major and Minor——

Mr. CLELAND. Mr. Chairman, excuse me, may I just pick up on that point regarding the Fort Howard facility that is planned to be closed, once the brand new Baltimore facility is up and fully functioning. We are really talking about in effect a replacement with one modern hospital of really two or more out-of-date hospitals.

Mr. BOLAND. You have arrived at that decision. You are going to close it.

Mr. CLELAND. Yes, sir, and that is something that we have been sticking with for a number of years.

CONSTRUCTION BUDGET

Mr. BOLAND. With respect to the construction budget of the Major and Minor appropriations, that increase is from $394,521,000 in fiscal year 1980 to $659,808,000 in fiscal year 1981, up $265,287,000. Why is the VA proposing a 67 percent increase in the construction budget in 1981?

Mr. CRALLÉ. If I may respond to that, we have a clear need for that and we have gotten the Administration to agree on a more realistic funding level which meets and moves to our needs.

Mr. BOLAND. This is a relatively high level of activity in this area?

Mr. CRALLÉ. It is.

Mr. BOLAND. And do you know whether or not that particular level of activity will continue in the 1982 budget and beyond?

Mr. CRALLÉ. It will, sir, at least that is our plan right now, and we have the Administration in agreement that we are moving upward as indicated in the 5-year medical facility construction plan which we submitted in September of last year, so we do intend to have it even higher.

Mr. BOLAND. I understand that the Office of Construction now has sufficient control on the construction program to avoid reprogramming. We have had problems with some very significant requests for reprogramming over the years, and I guess we have approved most of them for you, but with some reservations. It doesn't seem to make sense to us to dramatically increase the construction budget if the cost overrun problem is not under control.

Mr. CRALLÉ. Mr. Chairman, it would be fallacious for me to say that the VA is never going to have a reprogramming in the future. I can assure you that Mr. Cleland and I view these things with the utmost seriousness. We are distressed by every single one of them,

and we are making as vigorous an effort as we know how to, to avoid them. But I cannot in open testimony promise you it will never happen.

Mr. BOLAND. We wouldn't want that promise either because we can understand the problems at times, but the reprogramming requests have been many and they have been substantial, incidentally, over the past few years.

Will you provide for the record a priority listing of the 1981 construction projects. Give us the listing and what you consider to be the most important and what priorities you have attached to it.

[The information follows:]

FY 1981 MAJOR CONSTRUCTION PRIORITY LIST

Location	Project Description
Little Rock, AR	Replacement Hospital
Seattle, WA	Replacement Hospital
Baltimore, MD	Replacement Hospital
Minneapolis, MN	Replacement Hospital
Washington, D.C.	60-Bed NHC and Clinical Facility Underground Parking
Des Moines, IA	Ambulatory Care Addition
Fresno, CA	Correction of Seismic Deficiencies
Northport, NY	Eliminate Fire and Safety Deficiencies
Cincinnati, OH	Clinical Expansion
Sepulveda, CA	Eliminate Fire and Safety Deficiencies
Buffalo, NY	Supply Processing and Distribution Renov.
East Orange, NJ	Improvements and Corrections for Building Environmental Deficiencies
Brooklyn, NY	Air, Oxygen, Vacuum System
West Roxbury, MA	Modernization Bldg. 1 (Ph II)
Wichita, KS	Modernization, Addn. & Alter. (Ph I)
Wilkes-Barre, PA	Three Additional Elevators
Cincinnati, OH	Elevators
Hines, IL	New Central Incinerator
Calverton, NY	National Cemetery - Design 70 Acres
Massachusetts	National Cemetery - Design 60 Acres
Quantico, VA	National Cemetery - Design 50 Acres
Togus, ME	DVB Office Space
Hampton, VA	Renovate and Expand SCI
Temple, TX	Clinical Expansion & Relocate Supply Func.
Hines, IL	120-Bed Nursing Home Care
Reno, NV	60-Bed Nursing Home Care
Biloxi, MS	Clinical Addition and O/P
New Orleans, LA	Expand Clinical, OPC, Educ. & Research
Bath, NY	Ambulatory Care Addition, Bldg. 76
Dallas, TX	120-Bed Nursing Home Care
Denver, CO	Clinical Support Wing and Air Conditioning
Kerrville, TX	120-Bed Nursing Home Care
Wichita, KS	60 Bed Nursing Home Care and Underground Drain Culvert
Memphis, TN	Ambulatory Care Addition
Altoona, PA	Ambulatory Care Addition
Miami, FL	O/P Addition, Renovate and SCI Relocation
Coatesville, PA	120-Bed Nursing Home Care
Bronx, NY	120-Bed Nursing Home Care
Hampton, VA	200-Bed Domiciliary
Long Beach, CA	Research and Education Addition
Hines, NY	Supply Depot Expansion, Bldg. 37
Kansas,City, MO	Air, Oxygen, Vacuum System
Fayetteville, AR	Clinical Addition
Albany, NY	Air, Oxygen, Vacuum System
Danville, IL	PAD (Processing and Distribution)
Palo Alto, CA	Correction of Seismic Deficiencies
Tucson, AZ	Clinical Addition
Chillicothe, OH	Modernization Bldgs. 24, 31, 35 (Ph II)
Palo Alto, CA	Eliminate Fire and Safety Deficiencies

Togus, ME	Renovate Bldg. 207 (Bed Bldg.)
Poplar Bluff, MO	Correction of Seismic Deficiencies
Pittsburgh (HD), PA	Eliminate Fire and Safety Deficiencies
Amarillo, TX	Central A/C, Patient Privacy and Elimination of Fire and Safety Deficiencies
San Francisco, CA	Remodel Bldg. 2, 4, 200 for New Functions
Atlanta, GA	Warehouse and Engineering Building

59-500 O - 80 - 3

FORT LYON, COLO. ACCREDITATION OF VAMC

Mr. BOLAND. Last year there was some discussion of priorities within the health care system, and the fact that the Fort Lyon, Colorado, Medical Center lost its accreditation by the Joint Commission on Accreditation of Hospitals. What is the situation at the Fort Lyon Medical Center? Has it regained, its accreditation?

Dr. CUSTIS. I believe I am correct in saying that the re-examination by the Joint Commission hasn't been held yet.

Mr. BOLAND. It has not?

Dr. CUSTIS. No, sir. However, our own follow-up, in-house, shows that Fort Lyon has corrected all of the functional deficiencies that are correctable.

Mr. BOLAND. What is the perception of the VA with respect to Fort Lyon? Last year there was a discussion of possibly closing it or changing its mission. What is the thinking on that now? Does anybody from Colorado want to handle that one? Is there any indication that this may be closed or the possibility of its closing?

Mr. CRALLÉ. I can state that the VA has no plans, other than Fort Howard, for the closure of any hospital at this time.

Mr. BOLAND. We have on page 32 in last years hearings an interesting colloquy about Fort Lyon. I asked, "Should Fort Lyon be closed? If it really is remote, shouldn't it be closed?

Dr. Baganz said, "I think the veterans could be better served in other facilities in that part of the country. Yes, sir."

I asked, "What about the accreditation at this point in time? Has it been restored?"

Dr. Baganz said, "No, not as yet."

I said, "It has not been." When does the Joint Commission on Accreditation of Hospitals make its rounds to determine whether or not some of the deficiencies have been resolved?"

That is a good question to ask again this year. When were the rounds made by the Joint Commission?

Dr. CUSTIS. I think we will have to furnish that for the record, Mr. Chairman.

[The information follows:]

JOINT COMMISSION SURVEY

It is anticipated that the Joint Commission survey will be about May, 1980.

Mr. BOLAND. As I understand it, you can apply for inspection after six months. You apparently did apply for the inspection, didn't you?

Dr. CUSTIS. I am sure we did.

Mr. BOLAND. You might indicate when Fort Lyon lost its accreditation. Let's put that date in the record, just to determine whether or not the 6-month period has expired. I am sure it must have, because that was over a year ago.

[The information follows:]

FORT LYON ACCREDITATION

Fort Lyon, CO lost its JCAH accreditation following a survey August 29-31, 1977.

Dr. CUSTIS. After a request for re-examination, it is very common to have another six months go by before JCAH can schedule it.

PROPOSED LEGISLATION

Mr. BOLAND. In the Summary Volume on pages 18-14 and 18-15 is a list of proposed legislation. You indicated that the proposals to save money would run around $400 million, and that most of these have been proposed before and rejected by the Congress. Mr. McMichael spoke to this. You do your best to get the Congress to adopt the proposals, but you have not been very successful on it so far. You ought to have some success at it. You have been around the Hill for a few years, so I would think that you ought to be able to persuade them. That is an easy Committee to persuade.

Mr. MCMICHAEL. It is sometimes easier to persuade them to authorize spending money than to cut back on programs. I do think there has been a change with the Budget Act. While it hasn't achieved everything that those who promoted it want, I think the authorizing committees now have to seriously consider these proposals that they rejected out of hand before.

I know that there have been recent meetings which we have attended between staff members of the authorizing committees and budget committees. These issues are discussed more seriously now that the budget resolution must take into account of overall spending. While we haven't been as successful as we would like, we have made some progress with our proposals.

For the first time last year we had some cost-saving proposals in the medical program enacted. I think that was historic; we never had cost-saving legislation passed before. While we didn't get everything we pressed for, we are at least getting a recognition that there must be some ordering of priorities within our program, and that there is not an unlimited source of funds.

So while we haven't moved as far or as quickly as we would like, I think there is a recognition today that they have to look at proposals to reorder priorities as well as proposals to add new money.

MANHATTAN VAMC PROBLEMS

Mr. BOLAND. Last fall I clipped an article out of the New York Times, dated October 1, 1979, regarding surgery at the New York Veterans Administration Medical Center. The article indicated the Inspector General was investigating allegations that surgery was performed by junior residents without the supervision of senior physicians, and informed consent forms were not signed by patients prior to surgery and there was unnecessary loss of life from surgery.

All of those, of course, are serious allegations, and I don't recall ever seeing any response by the Inspector General. I am sure he responded.

What were the results of the IG's investigation into those particular allegations?

Dr. CUSTIS. I would like to start off, if you will, and then ask Dr. Jacoby to add more details. He has been very much involved in this.

The IG spent quite a bit of time at the Manhattan VAMC, and found particular fault with medical recordkeeping, including such things as consent forms.

There was a question of the adequacy of supervision in the operating room, and some challenge as to whether or not this was reflective of something less than good quality care.

In order to answer that question, we had not only our own internal investigative team but also it was followed up by three nationally known distinguished surgeons headed by Dr. Robert Coffey, Emertius Professor of Surgery at Georgetown.

We have confirmed through those consultants who visited Manhattan that, yes, indeed, the quality of recordkeeping was inexcusably poor. As to other issues, and particularly the quality of care, there was no evidence of any compromise in high quality of care.

The question of proper supervision of residents, I think, was misunderstood by the Inspector General's team. They were not appreciative that a senior resident is authorized and is a perfectly adequate supervisor of a junior resident. That was what was at issue there.

Dr. Jacoby, can you add to that?

Dr. JACOBY. I believe that the salient features of that investigation have been covered by Dr. Custis.

The allegations that were made in many respects were either unsubstantiated or there was a misunderstanding of what the requirements really were.

Particularly, when charts were reviewed by some of the lay persons, and particularly as it related to informed consent, what procedures require informed consent, and the circumstances under which the informed consent was obtained.

If you look at some of the numerical incidences that were reported, it looked quite severe. However, at times it was the omission of a date or the omission of a minor factor on the consent form and, therefore, this was judged to be an improper consent form.

In reference to some of the specific cases that they had, there was a misinterpretation on the part of, not only the reporters who reported this in reference to the surgery that was performed on the ward, this was not a surgical procedure. It was a diagnostic procedure.

It was a small ward that was utilized for this, and it is a very recognized procedure that was performed on that particular patient. That patient survived well, and there was no ill effect as had been reported.

We reviewed about 63 cases that they had alleged poor care, and in none of the cases was the care judged to be unsatisfactory, and I believe this was borne out, both by our own investigative team who went up there and by the consultant surgeons.

In summary, I would say that we did have deficiencies in our recordkeeping, but in no way was the quality of care compromised at Manhattan VA.

Mr. BOLAND. Well, let me ask you with respect to resident doctors who had forged the names of senior attending physicians, what about that allegation? That goes a little bit further than just recordkeeping, I would think.

Dr. JACOBY. There was a policy which existed where some of the physicians did give permission to house staff to sign their names on progress notes. There were several physicians whose names were signed that had not given that permission.

Mr. Chairman, I can tell you that those residents were admonished for this, and that practice actually had been discontinued prior to the publication of this article, about six months before by the Central Office, Surgical Service which had published new regulations in reference to this particular requirement, and by the time the investigations were going on, the vast majority of those deficiencies had already been corrected.

Mr. CLELAND. The IG is here.

Mr. BOLAND. Well, I take it that the allegations were made to the Veterans Administration. Were they made directly to you as the Inspector General?

Mr. REYNOLDS. My name is Allen Reynolds. They were made directly to us through our employee hot line. That newspaper article sounds as though it is at a point in time when we were dealing with allegations rather than what the results of the investigation which showed, the allegations——

Mr. BOLAND. That is exactly right, because you were not commenting anyway. You indicated that this information would be released in accordance with the Freedom of Information Act within a particular period of time, and at that time this article was written.

Mr. REYNOLDS. That is correct; that report was made available to the press and I assume probably made the back pages, but the seriousness of the allegation versus what was actually found were quite far apart.

Mr. BOLAND. Was your response or your finding ever published at all? I don't recall that I have ever seen it.

Mr. REYNOLDS. I honestly don't recall seeing it.

Mr. CLELAND. Published in the press, sir?

Mr. REYNOLDS. I don't recall seeing it.

Mr. BOLAND. When you get these allegations leveled against what appears to be a fine medical center, it is a 1,000-bed hospital, and that medical care is provided under affiliation with the New York University, which supervises the training of young physicians in a joint teaching program with the University and Bellview Hospital, it would appear to me there ought to be some public response to those allegations.

Mr. CRALLÉ. We will be glad to research that and submit the information for the record.

[The information follows:]

MANHATTAN VAMC

In regard to the Manhattan VAMC, Administrator Cleland did release a statement, which was delivered to New York City media at the same time the VA report of investigation was released.

Our file of newspaper clippings reflects that only the New York Times used a portion of the Administrator's statement in its story on the results of the investigation.

A copy of the Administrator's October 5, 1979, statement follows:

OCTOBER 5, 1979.

Veterans Administration chief Max Cleland today gave assurances to New York City area veterans that the Manhattan VA Medical Center is providing and will continue to provide good medical care.

In a statement following release of a just completed report of investigation at the Manhattan VA facility, Cleland, a decorated, triple amputee veteran of combat in Vietnam, said:

"I am, of course, seriously concerned about discrepancies in record keeping and administration revealed in the investigation.

"Our Chief Medical Director and officials at the medical center have already taken steps to correct some of the reported deficienies.

"And I have personally ordered them to take prompt and aggressive action on every irregularity detailed in the investigation report to ensure that proper procedures will be explicitly followed from now on.

"Without in any way minimizing the seriousness of the administrative problems identified by investigators, I do think veterans should know the Manhattan Medical Center continues to provide good care.

"I have been assured on this point by highly qualified medical professionals both in our own Department of Medicine and Surgery and in the affiliated New York University Medical Center. These professionals assure me that the quality of medical care appears not to have suffered even in those cases where inexcusable administrative practices were followed."

The investigation was conducted by VA's Inspector General. It followed allegations of improper administrative supervision of surgical residents at the hospital and inaccurate and incomplete record keeping.

Mr. CLELAND. We responded in terms of making reports public. Whether or not they were actually published in the press I don't know.

Mr. BOLAND. In any event, you did make a finding on them, and most of the problems resulted from poor recordkeeping.

What about this? The spokesman for the medical center, and I believe that spokesman must be from the VA, stated that resident physicians in the final year of training were allowed to perform surgery without the supervision of a surgeon who has completed his training. The spokesman said the training followed the standards of the American Board of Standards. Is that correct?

Dr. CUSTIS. That is correct. A senior resident may be the supervisor of a junior resident. This has always been true.

The last year of a resident's training in general surgery, or any other specialty, at a training institution has to provide him with true senior responsibility, and this means independent operating authority.

If he is not ready to be given such independent experience, senior experience, then he should not be graduated into his final year of training.

This has been true ever since the American Board of Surgery was established and defined proper supervision.

VA POLICY ON SURGICAL OPINIONS

Mr. BOLAND. What is the procedure on most hospitals outside of the VA system with respect to second opinions required before surgery?

Dr. CUSTIS. This is something that has become popular in just the last two years.

Mr. BOLAND. Has it become commonplace?

Dr. CUSTIS. Yes; quite commonplace and is being encouraged by professional societies.

Mr. BOLAND. Should there be a second opinion required before surgery in a VA hospital in your judgment?

Dr. CUSTIS. I don't know that we are ready to mandate that. It is on a voluntary basis. It has occurred all along on a voluntary basis.

Mr. BOLAND. The problem with the VA hospitals is the residents like to do as much surgery as they possibly can; and that may be

one of the reasons which gave rise to some of the allegations which were made against the VA Medical Center in Manhattan.

Dr. CUSTIS. You will find in a teaching hospital where there is an intense affiliation, there is hardly a patient that goes to the operating room who has not had multiple opinions given by several people on the staff of the school and the hospital.

That is what teaching is all about.

Mr. BOLAND. OK. Any more questions?

That completes the general questions.

You got most of them, Dr. Custis, and did very well.

Mr. CLELAND. Could I make an observation as a layman?

Mr. BOLAND. Yes.

Mr. CLELAND. That I am quite delighted to have Dr. Custis as Chief Medical Director because he is a surgeon himself and a former Surgeon General of the Navy; he is a veteran both of World War II and Vietnam, so he is a real asset to the Veterans Administration, especially in the ticklish and sensitive job that he has now.

Mr. BOLAND. We are going to move on to Medical Care, and we have to change the players here, as I understand it. We will take about a five or ten minute break while we are bringing in the medical people.

[Brief recess.]

Mr. BOLAND. The Committee will come to order.

Before we get into the Department of Medicine and Surgery, I want to recognize the Member from Florida, Mr. Young, who is a very valid Member of this Subcommittee.

FDA AND INEFFECTIVE DRUGS USAGE

Mr. YOUNG. Thank you very much, and I apologize for not being here earlier today.

As you know Mr. Chairman, a Subcommittee of your Intelligence Committee was meeting with a gentleman who for 14 years served in Czechoslovakia as an intelligence agent, and he was in charge of their dirty tricks and he is now one of our friends.

Let me read just a brief statement and ask several questions relative to the statement, if I may.

ABC television news magazine 20/20 presented an investigative report on November 22, 1979, which indicated that State and Federal Governments spend millions of dollars each year on drugs the Food and Drug Administration has determined are ineffective.

The FDA is responsible for guaranteeing that medicines and cosmetics contain what the makers say they contain and do what the makers claim they will do.

FDA divides medicines into five categories, effective, partially effective, probably effective, possibly effective and ineffective.

In 1975, 524 drugs were categorized as ineffective and FDA ordered them to be removed from the market unless the manufacturers could come up with new evidence that they really worked. To date 434 of the 524 have been removed.

20/20 reported that the Better Government Association found that in fiscal year 1978 the Department of Defense spent $245,000 and the Veterans' Administration spent $352,000 for ineffective drugs.

The VA policy specifically prohibits the purchase of drugs classifed by FDA as ineffective. During a visit to VA's Bay Pines Florida Medical Center, 20/20 staff found ineffective drugs used to treat inflamation, depression, hypertension, pain and anxiety, swelling and peptic ulcers.

My questions are, are you aware of this and have you looked into this particular matter?

Mr. CLELAND. I didn't see the 20/20 story. I would like to ask Dr. Custis if he is aware of this situation at all.

Dr. CUSTIS. Yes, sir; we are aware of it, and we are looking into it. We have found that in most instances in the VA that this is happening in the fee sector portion of our health care. I would like for Dr. Haber to respond to your question. He can answer in more detail.

Dr. HABER. Yes, sir; we are, as Dr. Custis indicated, aware of the prescription of occasional noneffective drugs. This is largely under the fee basis program. These are private physicians whose prescriptions we honor.

We have cracked down on that by VA physicians in-house, and we have an Executive Committee on Therapuetics at each hospital which reviews the drug prescribing practices.

We are now engaged in a program to tighten up the drugs prescribed on a fee basis. We are filling the prescriptions the first time, and calling it to their attention that we will not fill those the second time.

Mr. YOUNG. Do you consider the dollar figure used by ABC to be accurate?

Dr. HABER. I cannot at this moment dispute it.

Mr. CLELAND. Could I ask Clyde Cook to comment on this? He is head of our Supply Service.

Mr. COOK. The dollar figures are related to two drugs, neither of which have finally been classified. We are able to match the dollar figures.

Mr. YOUNG. Mr. Cook may I ask you this question, it might not really apply now in view of your response that the drugs have not been finally determined to be ineffective, what actions are you considering to remove any ineffective drugs from VA pharmacies?

Mr. COOK. We have issued instructions that they will not be procured with VA funds, period. Secondly, that they will not be dispensed.

Mr. YOUNG. Is it your opinion then that this particular situation is one that should not have occurred and will probably not occur again?

Mr. COOK. Yes, sir.

Mr. YOUNG. I do have other questions that I would like to submit for the record.

[The questions follow:]

VA DOMICILIARY CARE

Question. According to the justification material on page 6-19 of Volume II, the VA is proposing a reduction in Domiciliary Care of $467,000 and 45 full time employees. Why is the VA proposing this reduction?

Answer. The net decreases in the level of domiciliary care of $467,000 and 45 FTEE for Fiscal Year 1981 result from a planned reduction of workload in existing domiciliaries and the activation of a replacement domiciliary in Dayton, Ohio. It has been determined that the ultimate number of domiciliary operating beds will be

6,500. This figure is to be achieved by 1993. However, the figure is subject to change if it is determined that there is significant need for more beds.

Question. As you know, at Bay Pines, Florida, we have currently under construction a new 200-bed domiciliary. However, there have been reports that the VA intends to reduce the number of beds at the Bay Pines Domiciliary to 180. This is of great concern to me and I would appreciate knowing if the VA does intend to reduce the number of beds at the Bay Pines Domiciliary and if so, why?

Answer. There are no plans to reduce the domiciliary beds at Bay Pines below the 200 beds to be provided in the new domiciliary facility. The 180 you mentioned is the projected average daily census based on a 90 percent occupancy rate for the 200 bed domiciliary.

PREDISCHARGE EDUCATION PROGRAM (PREP)

Question. Why is the VA proposing legislation to terminate the Predischarge Education Program (PREP)?

Answer. The continued need for PREP is no longer apparent since DOD operates viable in-service education programs. These benefits, which range from vocational training through graduate work, are available in the military service.

DOD has indicated concurrence with the termination of this program since continuance is duplicative of existing programs and contributes little to the military mission.

In addition, VA audits have disclosed a number of examples of significant abuse of the Chapter 34 PREP program resulting in millions of dollars of excessive payments to schools.

READJUSTMENT BENEFITS PROGRAM

Question. Looking at the budget authority figures for the Readjustment Benefits Program, I noted that in fiscal year 1979 this program was funded at a level of $2,509,555,000 and for fiscal year 1981, you are proposing to fund this program at a level of only $1,822,308,000. This is a reduction of $685 million over the last two years.

Why is there such a tremendous reduction for this program?

Answer. The reduction in funding reflects the decline in usage of the Vietnam Era GI Bill. This decrease results from a declining pool of eligibles. As more veterans reach the end of their eligibility, they are being replaced by a much smaller number of separatees who are eligible for benefits.

PERSONNEL REDUCTION

Question. Over the 2-year period (1980–81) current projections show a reduction of over 1,000 personnel within the Department of Veterans Benefits. Yet, when considering the current increase in caseload and the projections for even greater increases in the years ahead, why is the VA continuing with reducing the number of personnel?

Answer. Current estimates do show a decline of 1,097 in average employment over a 2-year span. The majority of this reduction (826, in fact for those 2 years; 965, in total, for savings resulting from target implementation) is related to completion of the planned implementation of phases I and II of TARGET. The balance of 271 represents a net reduction reflecting the projected decrease in the number of trainees, offset by increases for improvements in the Vocational Rehabilitation program, for the debt collection test currently in operation and for activation of provisions of the Civil Service Reform Act. If TARGET becomes fully operational by the end of FY '80 as planned and no other major changes occur, I believe the Department can complete its mission with the employment requested for 1981.

GENERAL COUNSEL EMPLOYMENT

Question. Under the General Operating Expenses account, you show a wide variance in employment in your General Counsel Office. In fiscal year 1979 you had 560 employees in this office; in fiscal year 1980 you increased the number of employees to 585; and now in fiscal year 1981, you are proposing only 570 employees in the General Counsel office. Why the fluctuations from year to year?

Answer. From fiscal year 1975 to fiscal year 1979 the number of General Counsel employees increased by an average of 4.7 percent per year from 472 to 560. Over 60 percent of this increase was due to workload expansion, 40 percent was to perform in new areas of program responsibility. In fiscal year 1980, authorized employment was trimmed by the ZBB process to 555, a reduced service level. Congressional action in 1979 added an additional 30 positions in fiscal year 1980 to perform a test of our ability to collect terminated education overpayments under $600. Authorized

employment for this test was reduced by 50 percent by OMB in the fiscal year 1981 ZBB process and will result in the collection test effort being cut back 50 percent. Employment in other program areas was held to 555.

BED REDUCTIONS

Question. The Chairman of the Veterans Affairs Committee, Congressman Ray Roberts, has described the VA proposed budget for fiscal year 1981 as follows:

"The proposed budget also calls for a reduction of 1,600 hospital beds throughout the medical system raising that total to almost 7,000 hospital beds eliminated over a 2-year period and over 12,000 beds reduced since 1975.

"Faced with these reductions, the VA has been forced to put an artificial ceiling on its inpatient and outpatient load projections for 1981. Showing only moderate increases, the 1981 patient levels are rated not on the number of eligible veterans the VA should be able to admit and treat, but are based on only the number of veterans they are physically able to treat with the resources available to them. This will have the effect that veterans will be screened for treatment—some admitted under the system and others turned away to go begging for medical care."

Would you comment on this statement by the Chairman of the House Veterans Affairs Committee?

Answer. The bed reductions were not precipitated by budgetary restrictions with the exception of the 3,200 bed budgetary cut.

The causative factors were related to JCAH identified privacy deficiencies in the psychiatric facilities; fire and safety hazards (OSHA Standards) in the medical facilities; and the occupancy rates were below an acceptable level, and now are within a desired effective range.

Mr. BOLAND. We will turn to Volume II, justifications for the Department of Medicine and Surgery. The 1981 request for the Medical Care appropriations is $6,154,802,000, an increase of $299,832,000 over 1980 when the supplemental request of $171,270,000 for increased pay costs is taken into consideration.

The average employment for 1981 is 184,672, an increase of 50 over 1980.

GENERAL STATEMENT

Dr. Custis, I know you have a statement which we will place in the record at this point.

[The statement follows:]

Mr. Chairman, and Members of the Committee: Thank you for the opportunity to appear before you to present the 1981 request for appropriations covering Department of Medicine and Surgery activities. In 1981 we will be continuing our efforts to increase the flexibility of the medical care delivery system by providing treatment through the mode and program most suited to the patient's need.

The VA operates the largest medical care delivery system in the United States. By the end of fiscal year 1980 the VA will have 172 hospitals, 16 domiciliaries, 92 nursing homes and 228 outpatient clinics. In addition to these facilities, VA will financially support eligible beneficiaries in approximately 31 Federal contract and community contract hospitals located throughout the world and 2,900 community nursing homes. VA will partially support veterans cared for in 41 States-run domiciliaries, 36 nursing homes and 8 hospitals.

The Veterans Administration will treat over 1,350,000 inpatients with approximately 1,260,000 of these treatments in VA facilities. We will complete over 15.7 million medical and dental staff visits in our facilities and will administer a fee program providing payment for over 2.3 million medical visits and over 56,000 fee dental cases.

Included in the 1981 request are resources for workload related increases in new and replacement facilities, including 5 new VA Nursing Units and one VA Domiciliary Care Unit; one new Outpatient Clinic and 2 Alcohol treatment units, expansion and improvement of existing clinical facilities, and annualization requirement of Public Law 96-22. The 1981 request also recognizes program changes from the 1979 and 1980 levels. Resource requests reflect changes in demand, mode of treatment, and the impacts on existing facilities of accreditation, patient privacy and fire and safety standards.

A total of 185,316 FTEE is requested in fiscal year 1981 to accomplish the VA Medical Care mission. This is an increase of 50 FTEE over the 1980 level of 185,266 FTEE. Of the 50 additional requested, 20 are for two new Alcohol Treatment Units and 30 for 5 additional Readjustment Counseling Centers.

One of the Departments' greatest strengths is its education and training program. Through affiliations with medical and other health professions schools, our health care facilities are an indispensible part of the nation's health manpower production capability. Within our own system and for our own employees, continuing education and staff development are critical to the success of every major Department initiative.

For 1981, in the budget request:

Additional medical house staff from outer training programs are planned for VAMCs with expanding affiliations.

Specialized physician fellowship programs in geriatrics, spinal cord injury, substance abuse, and clinical scholars will reach the full level of 96 positions in July 1981.

Continuing education supported by the Postgraduate and Inservice Training Program will be restored to the 1980 appropriation level by the addition of $719,000.

The Assistance for Health Manpower program will be continued with funds previously appropriated which remain available for obligation.

The Veterans Administration's research programs emphasize problems of great importance to veterans, and to the public as well. The VA's research has improved and still contributes to the general public good. The existence side-by-side in the VA of a very large patient population with the diseases and disabilities for the study of which resources are needed, and of skilled, research-minded clinicians to do the research is unique in this country and indeed in the world.

Recognition of the quality of biomedical research programs in the Department of Medicine and Surgery continues with national and international awards to our investigators. This recognition strengthens our belief that VA research should strive for quality as well as relevance to our mission. As a result all VA staff members have the opportunity to compete for research support in terms of relevance, quality and productivity.

The fiscal year 1981 budget for Medical and Prosthetic Research will continue to be austere and is highlighted by modest increases in funding—largely negated when inflation is considered—and constant FTEE. The funding level for Medical Research will permit maintenance of the majority of the programs, while increases in research thrusts in the high priorty areas of schizophrenia; aging, alcoholism, regeneration and spinal cord injury, and delayed stress will be generated through a Redistribution of funds. The fiscal year 1981 budget for Health Services Research and Development, although limited, will allow continuing most ongoing programs that investigate ways to improve effectiveness and efficiency of health care in a period of constrained resources. The budget for Rehabilitative Engineering Research and Development will support research to improve the quality of life for the disabled, including aids to sight, hearing and motion.

In the Medical Administrative Program we are requesting 16 additional employment to monitor and develop our Construction program, and an additional 10 employment to assist in the design and development of HCIS, as we embark on Phase I of the Major system acquisition Cycle. To this end, we are requesting an increase of $4,975,000 for contractual services with civilian industry.

In the Grants for Construction of State Extended Care Facilities, we are requesting $15,000,000, which is double the amount appropriated in fiscal year 1980.

In summary, the Department of Medicine and Surgery Appropriation request totals $6,369,219,000, an increase of $323,547,000 and 194,892 average employment, an increase of 76, in addition. DM&S will also benefit from increases in VA's Construction Program.

The fiscal year 1981 Construction budget request includes funds to correct severe space and functional deficiencies in accordance with system-wide priorities. Funding is requested for outpatient improvements, extended care structures, clinical improvements, elimination of safety hazards, patient privacy improvements, replacement/modernization of facilities, and other major and minor construction in various project categories. The request is sufficient to permit us to correct priority deficiencies while maintaining a balanced categories approach to the construction program.

This concludes my statement. We are now prepared to discuss the details of our request.

D.M. & S. ORGANIZATION

Mr. BOLAND. We will get into some of the questions to save a little time. Is that all right with you?

Dr. CUSTIS. Yes, sir.

Mr. BOLAND. As part of the reorganization of the Department of Medicine and Surgery, six Regional Director positions were established. This is similar to the organizational structure that the VA had in 1972. Are all of the Regional Director activities staffed and operational now?

Dr. CUSTIS. Yes, sir. The Regional Directors, as we have them now, are a little bit at variance from what the VA has known in the past. They have new responsibility under the Civil Service Reform Act for supervision and professional profile evaluation.

Five of the six Regional Directors are located in the field. One is in the Central Office for convenience of ongoing participation in policymaking. We have at least one of them on hand at all times. The others come into Central Office on a monthly average.

The staffing, FTE-wise, is marginal and we are waiting to see just what the workload turns out to be to develop a more realistic staffing and to beef-up those offices.

Mr. BOLAND. How about the Regional Directors; will they actually be directors or will they be coordinators? Will they have total authority to allocate resources—in both funds and employment within their own regions?

Dr. CUSTIS. Yes, sir; they have very specific line authority in terms of reallocation of funds and reallocation of FTE after target allowances go out.

During quarterly reviews through the year where funds are in excess in one facility, they can be transferred to another that is short of funds, that sort of thing.

The districts remain intact, but their authority for allocation of resources has been passed to the Regional Director.

Mr. BOLAND. What will happen to the current medical districts, will they remain in place?

Dr. CUSTIS. Yes, sir; we hope to get them much more involved than they have ever been before in planning. Mr. Cleland's emphasis on the five-year plan for facilities and programs, advance planning and master planning has been almost exclusively at the Central Office level. We would like to elaborate on that, so that there is more initiative from the districts in developing their own plans.

CHANGES IN MEDICAL MISSIONS

Mr. BOLAND. Now, for the past two years there has been a discussion of converting some hospitals in isolated communities from their present mission—to phase out their hospital component and institutional component and move them gradually toward ambulatory care. Last year, Dr. Crutcher said the VA was evaluating this matter, that there was not a sufficient data base for such decisionmaking at that time.

Do you now have a sufficient data base to begin making such decisions?

Dr. CUSTIS. We do not have. This was not intended to be a crash effort. We saw this as something that would take several years,

and it is going on concomitantly with other planning, not the least of which is the acquisition of the automated Health Care Information System.

It also has some relation to such projects as multi-level care where we hope to have a tool to identify patient categories and identify the resources that are required to take care of these different categories.

I can't give you a firm date in which all of these projects will come together, but I would say it is as far away as three or four years.

Mr. BOLAND. As a general rule, the affiliated hospitals prefer dealing with acute medical cases—high turnover rates and short lengths of stay. The older patient often times requires more time in the hospital, not necessarily in on acute setting. Does VA forsee a problem at some of the affiliated hospitals with the older patients requiring more time in the hospital?

Dr. CUSTIS. Yes and no. We certainly have some hospitals that have intense affiliations, where there seems to be a concerted effort to emphasize tertiary care to the exclusion of primary and extended care.

We have other large tertiary hospitals that are interested in the whole patient spectrum of ambulatory, secondary and tertiary care. One can't say that all of our large teaching hospitals, as a class, are disinterested in ambulatory care.

I think academia is becoming more and more aware of their responsibility in the private sector to deemphasize specialization and include in their curricula ambulatory and primary care, motivating physicians to get into the so-called primary care specialties, of internal medicine, pediatrics and obstetrics.

INTERMEDIATE CARE

Mr. BOLAND. What about acute and intermediate care? Should some of the medical beds presently designated as acute be changed to intermediate?

Dr. CUSTIS. Yes, sir; this is one of the things that we think will come out of our multi-level care project. There would be a much better defintion of hospital-extended care.

Mr. BOLAND. Well, that gives rise to the question regarding staffing. Do not a number of patients in intermediate beds require as much if not more care than patients in acute beds?

Dr. CUSTIS. Mr. Chairman, I think what you just said will prove to be what we find out in our multi-level care project effort, that indeed extended care may be very resource-consuming, and it is something that most people presume to be just the opposite.

Mr. BOLAND. What about the number of intermediate care beds? How many are in the system now? What should it be in the future, 1985? You may supply that for the record.

Dr. CUSTIS. The ACMD for Extended Care early last year published a whole book on this subject.

[The information follows:]

INTERMEDIATE CARE BEDS

The VA had 10,692 intermediate care operating beds in VA hospitals at the end of fiscal year 1979. The projected intermediate care beds for 1985 is 13,300.

Mr. BOLAND. Of the 3,800 staff-years added in 1980 for Medical Care, how many were nurses?

Dr. CUSTIS. We have as of the last of the month, according to our January flash report 3,009 hires. Slightly over 3,000 have been hired; 24 percent of them were nurses, and 14 percent of them were licensed practical nurses or nurses aides.

There were 822 nurses, and 525 LPNs and NAs.

Mr. BOLAND. Provide for the record a list of the average in employment and Medical Care for 1979, 1980, and 1981. The list should contain separate categories for physicians, nurses, dentists, psychologists, wage boards et cetera.

[The information follows:]

FTEE BY TYPE

	1979 actual	1980		1981 estimate	Change
		Budget	Estimate		
Consultants and attendings		21			
Nurses	27,785	27,226	28,323	28,328	+5
Dentists	1,027	1,023	1,047	1,047	
Physicians	11,690	11,631	11,917	11,919	+2
Phychologists	1,295	1,286	1,320	1,328	+8
Wage Board	36,220	37,089	36,922	36,922	
Purchase and hire	325	307	307	307	
Other personnel	103,400	104,893	105,430	105,465	+35
Total	181,742	183,476	185,266	185,316	+50

ADP PROCUREMENT

Mr. BOLAND. During September of 1979, the VA awarded contracts and purchase orders totaling about $15.9 million in the medical ADP area. Of that amount, $1.3 million was for the Health Care Information System, pronounced HCIS, and $14.6 million was for other ADP medical applications, non-HCIS.

An anonymous letter to the Director of the Office of Management and Budget, dated November 9, 1979, has generated a considerable amount of interest in the aforementioned end-of-year procurement.

As I understand it, these contracts and purchase orders were not planned before July. Is that correct? Who is going to give me the answer to that one?

Dr. CUSTIS. Mr. Chairman, this could be the beginning of the rest of the afternoon.

Mr. BOLAND. This could be the begining of the rest of the afternoon and tomorrow, too.

Dr. CUSTIS. To answer your question, the minicomputers that were purchased in the latter part of the fiscal year were initiated in July when it became apparent that we would have the funds to augment our interim solution for ADP to meet immediate patient care needs.

Prior to July, the $1.3 million was not for minicomputers of interim capability, but for a separate program, the Health Care

Information System (HCIS) which is a long-term project. With your permission, Mr. Chairman, I would very much appreciate having Dr. Klainer and Mr. Mulqueen respond further.

Mr. BOLAND. Well, anyone can answer these questions. There are going to be some tough questions in this area. Let me ask again.

Mr. CLELAND. Mr. Chairman, there is a lot of information to share and we also want to make sure that we get it all out on the record here. In terms of planning, this is something, and the reason I have come here is because the subject has come up. When I came to the Veterans Administration it looked like to me a dearth of planning, a lack of planning, particularly in terms of ADP which is why I asked for the five-year ADP program plan to be put together.

In the meantime, I constantly lectured the department staffs on their need for more planning and some memos went back and forth and I particularly remember after discussion with OMB in late 1978, when we were arguing about the 1979 budget, about in effect asking DM&S to work closely with OMB and get its act together as a user.

I say that to indicate that before July of this past year the need for planning and efforts at planning and so forth were undertaken, and there was a lot of effect that went on in terms of planning before, July of 1979.

It was not the first time that we had encountered a need for planning.

Dr. CUSTIS. That makes me think I was misunderstood, Max. We did not plan to buy minicomputers in fiscal year 1979 until it became apparent that there would be funds available. We certainly had plans for more minicomputers, but we didn't appreciate that we would be able to have any acquisition in 1979.

Mr. BOLAND. Is it fair to say these contracts and purchase orders were planned before July?

Dr. CUSTIS. Oh, absolutely. The planning actually started in 1978 when Dr. Chase was still Chief Medical Director.

Mr. BOLAND. Well, if these purchase orders were planned before July, why weren't they requested in the budget?

Dr. CUSTIS. Rightly or wrongly, Mr. Chairman, we assumed that in the purchase of hardware under Class 31, where there were funds available, that there wasn't any need for reprograming or line item budgeting.

AVAILABILITY OF YEAR-END FUNDS

Mr. BOLAND. Well, where did the funds come from, the $1.3 million? Let's see, the $1.3 million was for the HCIS system and $14.6 million was for other ADP medical applications, non-HCIS, so that total was $15.9 million.

Where did these funds come from?

Dr. CUSTIS. Dr. Klainer?

Dr. KLAINER. I can't answer that.

Dr. DITZLER. Some of it was in their budget, sir.

Mr. BOLAND. You mean there was some in the budget?

Dr. DITZLER. They had some in their apportionment.

Mr. BOLAND. Can you indicate the amount that was in the budget?

Dr. DITZLER. Yes; I can be more particular. The funds that became available at the end of the third and the beginning of the fourth quarters came from multiple sources, such as fee dental, fee medical, fee dialysis reimbursement, educational training, home health system, all of whom contributed $1 or $2 million to divide what eventually became our year-end spending availability, of which some $11 million was made available for this purpose.

One major slippage in construction equipment came in the Bronx Hospital where instead of putting some $23 million of equipment on line because of fire safety regulation problems there, that O2O limitation money became surplus in 1979.

HEALTH CARE INFORMATION SYSTEM

Mr. BOLAND. In last year's hearings on page 137 under Health Care Information System, I asked, "On page 6-7 is mention of the, Health Care Information System. How long will it take to develop this system and what do you project for the cost of this system?"

Mr. Martin said, "Mr. Chairman, the planned Health Care Information System is a very comprehensive and important system—in the magnitude of $17 million for the first full year. As you are probably aware, there are no added funds in the budget for 1980."

So I repeated, "There are no additional funds in the 1980 budget" and you indicated there are.

Dr. DITZLER. I think Dr. Klainer addressed this issue of HCIS and the medical care portion of the ADP process, one of which is an ongoing thing. One data system is existent, and another one is planned for future acquisition.

ADP END-OF-YEAR PROCUREMENT SITUATION

Mr. BOLAND. Will you briefly summarize, whoever has knowledge of this, the end-of-the-year procurement situation for us mentioning among some of the details, the anonymous letter to OMB, the Inspector General's review findings, OMB's involvement, GAO's involvement, the House Veterans Affairs Committee's involvement, and the current situation with the contracts. Who can answer that?

Dr. CUSTIS. I could start, Mr. Chairman.

Mr. CLELAND. Before we get into that, could I submit for the record a briefing that I had on this subject which gives a good deal of background to this whole subject?

The subcommittee staff has been briefed on this, and if I could, I would like to submit the ADP procurement background for the record.

Mr. BOLAND. You may submit it for the committee files.

Do you want to try that, the $64 question? It's only a $15 million question.

Dr. CUSTIS. Going back to 1978, the Department of Medicine and Surgery found itself in the embarrassing situation of being told by OMB staff that there would be no recognition of any 1979 funding because they had no confidence in the Department's ability to launch this program.

This program wasn't new. It goes back to some of the initial purchases of ADP equipment for a Health Care System, in 1963-65.

Ever since that time the Department has been stumbling along trying to catch up with the private sector in terms of utilizing computers in the clinical practice of medicine and in a management information system way.

The reason for the lack of confidence, according to OMB staff were certain procurements that were not in keeping with Circular A–109. Also at that time suspicions arose from an anonymous letter in which all manner of accusations were made regarding improper purchasing and letting of contracts.

At that time we in DM&S and the Administrator's office decided to change the top management of the DM&S computer office. Dr. Klainer was recruited into the job of program manager not only for the Long-term Health Care System but also the ongoing day-to-day operations in support of all the ADP equipment that had long since been in the field.

One of the things that we were accused of at that time by OMB staff was an inappropriate involvement on the part of DM&S, as the user, with what should be ODM&T's prerogatives as well as something less than good rapport and good communciations between DM&S and ODM&T.

To make a long story short we, under Dr. Klainer's leadership, Bill Martin and I and Mr. Mulqueen, the counterpart of Dr. Klainer in the Office of ODM&T, made a concerted, exceptional effort to understand one another's responsibilities and, to carefully lay some plans and understandings to insure the closest harmony in developing the program.

I think what had previously been a fragmentation of effort in a very short period of time became a very closely-knit team effort under Dr. Klainer and Mr. Mulqueen.

In conformance with A–109, naming program manager, developing a charter, and all such requirements were immediately accomplished, and within a period of six months an overall planned procedure was devised.

Not only was there close rapport between DM&S and ODM&T, but with Mr. Cleland's urging and insistence we maintained the closest rapport with Mr. John Merck and staff at OMB.

They were privy, through regular briefings, to our planning effort. That takes us up to probably the middle of 1979, and that was when, because they thought our credibility would benefit from it, OMB suggested strongly that certain contracts be let. It turned out that there were five in number to which they agreed.

These contracts can be more specifically addressed by Dr. Klainer and Mr. Mulqueen who designed them.

By the middle of the year the need to upgrade the ongoing capability of existing automated pharmacies, central scheduling, the laboratory systems became apparent. Some of them were obsolete, some of them were still in a rental status, and funds were needed to upgrade some and to purchase some of the Honeywell system and get them off the more expensive rental basis.

Incidentally, one of the very first things that this office did was to acquire a complete ADP inventory of everything that DM&S owned in the field which had not been done before.

It became apparent with this extensive study what little equipment we had to satisfy demand and what the time involvement

59-500 O - 80 - 4

was going to be for the acquisition under A-109 of a complete Health Care Information System. Because we really couldn't wait that long, the Klainer-Mulqueen staff designed an interim system to upgrade what we had and, hopefully, acquire some augmented hardware and software to get into a meaningful testing phase with what we had.

Then the end-of-year funds were identified and the then Chief Medical Director, Dr. Crutcher, was presented a priority listing of optional purchases from the entire backlog of unfunded equipment pending acquisition.

There is always such a backlog. As a matter of fact, at the end of 1980 we estimate we will have $138 million worth of unfunded equipment waiting purchase. The ACMDs throughout the office participated in prioritization of this end-of-year purchase but the CMD made the final choice. He favored getting on with some of this interim ADP hardware, the minicomputers.

The initial work toward their acquistion started, I think, in early August, but it wasn't until September that the purchases were actually made, and it precipitated the "end-of-year buying" concern.

Meanwhile, after the contracts were let and after the purchase orders were initiated, another anonymous letter hit the street addressed to the Administrator, OMB, the Inspector General, and I don't know who else, perhaps some of the committees in Congress, suggesting that there may have been fraud and abuse committed. The same accusation which had been made the year before.

I think at this point, Mr. Chairman, your purpose would be better served if Dr. Klainer were to testify along with Mr. Mulqueen.

INTERIM ADP SOLUTIONS

Dr. KLAINER. Mr. Chairman, I would just add to what Dr. Custis said in the following way. When I assumed the position of director of this office, upon Dr. Custis's request and the Administrator's designation at the end of 1978, one of our first jobs was to find out what we had and where we were. That we did.

Another of our first jobs was to begin the close working relationship with the Office of Data Management and Telecommunications, so that we were truly working as a joint venture within the agency, and that we did. The third major job was to re-establish our communication links and our credibility with the Office of Management and Budget under the Administrator's guidance, and that I believe we also did.

As we began to develop what we actually had available, what the agency owned in the way of minicomputers, so that we could put together an appropriate management plan, both for the interim and for the long term, we began having planning discussions in approximately the March-April-May timeframe. When I assumed the responsibility and determined that a number of buys of computer hardware had been made in 1978, I established a number of site-visiting teams with representatives from the Department of Medicine and Surgery, the Office of Data Management and Telecommunications, which went out to over 15 sites, and actually saw what was there, so that we would have a complete management

report as to what was available and so that we could indeed develop a comprehensive plan.

Discussions with Mr. Mulqueen and with our superiors began in the March-April-May timeframe, so it would be correct to say that we had begun developing a plan during that particular time frame before we knew that any additional funds would be available.

That plan comprised two distinct parts. The first part was the planning for the integrated agencywide Health Care Information System, the so-called HCIS, which would be planned under OMB Circular A-109. We maintained a series of continuing discussions with the Office of Management and Budget, and during the early part of those discussions they asked if we would please go to the private consulting sector and obtain some specific consulting studies.

The $1.8 million which you referred to earlier were for those specific studies which were requested by the Office of Management and Budget as part of the A-109 planning process. We were only able to accept 4 of those studies, although the Office of Management and Budget had asked us to actually fund 5 of them. The reason for that, for the fifth one, is we did not receive an appropriate technical response. Therefore, we were only able to fund, to begin with, 4, and indeed we have 4 ongoing as of this time. That is for the long-range solution—the HCIS approach under A-109. Meanwhile, on the basis of our planning, on the basis of our visits to over 50 medical centers, on the basis of extensive discussions with over 60 hospital directors, and a like number of chiefs of staff, and service chiefs, it became apparent that there were acute, immediate, critical patient care needs. These immediate critical patient care needs focused on two specific areas. One was in pharmacy and the other was in central scheduling.

As we were developing our plans, we realized that even in the best of circumstances the long-range solution under A-109 could not become a reality until the latter part of this decade. I emphasize that we are planning for the long-range solution under A-109, and we are doing everything required and meeting all the particulars under A-109. Meanwhile, we have a more immediate problem: how to meet particularly our pharmacy and our outpatient scheduling needs.

We therefore developed a plan utilizing the minicomputers, which in most cases were already in place at our stations. This plan included, among other things, designating certain of our stations as demonstration sites for pharmacy or clinical scheduling systems. The sites themselves from a hardware and software point of view would be managed and operated by the Office of Data Management and Telecommunications.

Our responsibilities in DM&S were the user responsibilities insuring that the user knew how to use the information that was coming forth and was satisfied that the information was being appropriately produced.

As part of our plan, we moved hardware from 8 of our stations. The hardware that was moved in 4 cases was moved to data processing centers which will be run and will be managed by the Office of Data Management and Telecommunications.

When it became apparent that we would have the opportunity to seek additional funds, and that became apparent in the latter part of July, we crystalized our plans specifically to move forward with our pharmacy and with our central scheduling applications, so that we could provide the immediate critical relief for the patient care problems that were identified by our directors, our chiefs of staff and our service chiefs.

If we were allowed to move forward with these plans, we would be able to cover 156 of the 218 VA pharmacies with a pharmacy system, which includes that which is already running in southern California, District 26, the so-called "Apples system," and has features of our other system in it; namely, the inventory feature of the so-called APIS system, which is run from the St. Paul Data Processing Center and the inpatient and costing features of the so-called "dimples system," which is run at our Dallas VA Medical Center.

AUTOMATE PHARMACY OPERATIONS

Mr. BOLAND. Do I understand you were going to automate from 156 to 218 pharmacy operations. Is that correct?

Dr. KLAINER. It is correct that we would have been able to automate 156 of the 218 VA pharmacies.

Mr. BOLAND. Is that considered a major acquisition?

Dr. KLAINER. I do not believe that is considered a major acquisition under the terms of OMB Circular A-109 since these are discrete specific systems.

Mr. BOLAND. That covers about 75 percent of the VA facilities, doesn't it?

Dr. KLAINER. Yes, however, it is not an integrated system in terms of the A-109 in the following areas: It does not include patient registration; it does not include admission, discharge and transfer; it does not include clinical scheduling; it does not include clinical laboratory. It includes specifically only a pharmacy function, and it includes a pharmacy function only for a particular station or for a particular district. It is not integrated throughout the VA system as a whole. The minicomputers that we have simply don't have the capacity and the capability to do that.

In essence, we are trying to meet, as I said, a critical need. I do not consider this a major system.

AUTOMATED HOSPITAL INFORMATION SYSTEM

Mr. BOLAND. One of the contracts is to convert the Automated Hospital Information System, AHIS, to the Digital Equipment Corporation, DEC, computers. The cost of that contract, we understand, is about $900,000 or thereabouts?

Dr. KLAINER. That is correct.

Mr. BOLAND. What is AHIS, and why does it need to be converted to DEC computers, and what, if any, are the alternatives?

Dr. KLAINER. To take your questions in turn, AHIS, so-called Automated Hospital Information System, was first conceived in the late '50s and early '60s and placed into our Washington VA Medical Center in 1965. It may be considered a prototype of hospital information systems, and indeed it is only an inpatient hospital information system. It does not include ambulatory care. It runs

certain modules including registration, admissions, clinical laboratory, dietary, radiology.

To answer your second question, which I believe has to do with——

Mr. BOLAND. Converting to digital equipment.

Dr. KLAINER. ——converting to digital equipment, I would like to call on ODM&T to talk about the technical problems being experienced, because in essence AHIS is running what might be considered first-generation computers. The terminals are simply not manufactured anymore. We are having considerable trouble maintaining it. In essence, it is obsolete. May I ask my colleague to speak about it?

Mr. MULQUEEN. Basically, AHIS is having considerable trouble keeping up the programming of the software. We do own and have the particular equipment that would go into the Washington VA Medical Center. It would also run pharmacy, and our estimate is that while it would cost $900,000 to convert the software. Where we have 22 people working on the current AHIS system, if we will consider that we could run both the pharmacy system and AHIS with the same operators, which we can, we will reduce the number of people there, because of the currency of the new software when it is converted from 22 people to 6 people, so that we will be able to save 16 people.

And our estimate is that we should save about $350,000 a year, each year, so that while the cost is $900,000, in about 3 years we should have paid it up and brought it into a state of currency both in hardware and software, and give the patient care area an improvement over what they have now.

Mr. BOLAND. That is a pretty good answer.

COMPUTER ACQUISITION POLICY

Mr. CLELAND. Mr. Chairman, may I take a stab trying to make sense out of this whole question of minicomputers? Mr. Chairman, as you well know, literally from the first week that I was sworn in as Administrator, I was faced with a computer crisis. At that point it was Target whether to go or not go, whether or not the Target could be saved after 5 years of intermittent planning and discussion, or whether or not it could not and should not be saved.

I put together the best team I knew how. We eventually came down on the positive side of Target. We were all very much attuned then to large systems, and the successful implementation of Target. I put out a policy memo in 1977 dealing with major computer acquisitions. By 1978 it became apparent that the computer field is larger than the major systems. It was the field of minicomputers. DM&S had gotten involved in it in minor ways, Clinical Labs, the AHIS system in one hospital, and so forth. But I felt that what we needed to do in the wake of the experience with Target was to control as much as humanly possible any future computer acquisition, so I put out a ceiling in a policy memo in July 1977. I put a ceiling on any computer acquisition which cost over the lifetime of the system more than $300,000. I prohibited that from being purchased without proper clearance through the planning

and program evaluation people, and in effect the system that we had set up internally in the agency.

The problem that emerged was that virtually at the time that memo went out, DM&S officials, who are not there now, decided that that was in effect a loophole that maybe should be utilized. I think advantage was taken of that loophole, and instead not just $300,000 of computer gear was acquired, but a good deal more than that. That was done I think without the general knowledge of people in DM&S. It was done without the knowledge, as far as I understand it, of ODM&T. It was done without my knowledge and without the knowledge of my planning and program and systems acquisition people. That, I think, Mr. Chairman, is the heart of the problem.

I began coming across computers in the field that I did not know what they were used for. Some of the people in the field did not know what they were used for. In effect, Mr. Chairman, what Dr. Klainer found when he took over, and what Dr. Custis found when he became deputy was a situation that had violated my policy memo in July of 1978, virtually at the time that I was writing it, and what we had was a mess.

We had a mess in terms of computer acquisitions bought individually without much planning at all, without much coordination at all, some in terms of language that was not generally accepted in the computer field, and so forth. We had in effect a mess, a problem.

That developed as a result of end-of-year 1978 buying. It was not generally known in the agency that that had happened. We only began finding that out later, as we began going back and sifting through the pieces. This is the process that Dr. Klainer has described to you and Dr. Custis has described, and in effect the plan that they brought to me in August was intended to be part of the solution, not the problem itself. So I regard the end of 1978 buy as the problem, the end of 1979 buying as part of the solution to make whole or put together or make some sense of computer equipment that we already had, and annex it and bring it up to date.

That is my understanding that OMB, seeing a lot of dust, and not many footprints, concluded that the problem lay in the end of 1979 buying and so they clamped down on it. Some anonymous letters came about that. I ordered the I.G. to investigate and so forth, and that in effect has stirred up the cloud of dust. It seems to me that the real problem originated at the end of 1978. By July, mid-1979, that we had pretty much gotten a handle on what the problem was, and made an effort to do something about it.

Now I fully acknowledged what is obvious, that the end of 1979 buying and the end of 1978 buying was not in the ADP 5-year plan, and was not as well thought out as a whole as it should have been. But it does seem to me that we found ourselves in the middle of the stream, and tried to make the best of a bad situation.

I don't think there was any intent to violate A-109. We put much effort in setting up systems to stay on top of it, and as much effort as Dr. Klainer and others put in, in following my direction in December of 1978 to get with OMB and work these kinds of details out. I don't think there was any intent to violate A-109, but in

effect what we have is something that is not all that well planned for and programmed.

Mr. BOLAND. It could have been, or could it have been, because you indicated that the computer situation was in a mess. The VA has hundreds of computers. Obviously, you didn't know where some were located and what they were being used for or whether they were being used at all. Is that correct?

Mr. CLELAND. Yes, sir, that is correct.

Mr. BOLAND. Why couldn't plans have been made? When did you find this out? When did this all come to your knowledge?

Mr. CLELAND. In 1979, after the end of 1978 buying had already taken place, generally without the knowledge of people in DM&S.

Mr. BOLAND. Is that the reason why it wasn't budgeted?

Mr. CLELAND. Yes, sir. It seems to me that what happened was that certain people who are no longer there decided that the $300,000 loophole was in effect a license to go out and buy all you could within that loophole and put them together as discrete entities, and yet, in effect, it made up an amount a lot larger than $300,000. In effect, my policy guidance written in July 1977 was violated, and that I think has resulted in us having the problem we have today.

Mr. BOLAND. And whether or not you arrived at a decision regarding an overall health care information system. Have you arrived at any particular decision here?

Mr. CLELAND. We really have two tracks, Mr. Chairman. The HCIS, or the larger system, has proceeded on the A-109 track to the letter, and we have fully coordinated that with OMB. That is really not at issue. The issue came about in my opinion as a result in effect of the technology available under minicomputers, and in effect the loophole that I gave in writing to departments that they could come up with a computer under $300,000 for discrete use, that I think was taking a small hole and driving a Mack truck through it. By the end of 1978 money was expended to buy much more than $300,000 worth of minicomputer gear.

And by the time Dr. Klainer came on board and Dr. Custis was Deputy CMD, we began to know that we had more on our hands than we knew we had, and the question then was what in the world to do with it. So it seems to me that their job, as Dr. Klainer said, was, number one, to figure out what was out there, which we didn't completely know almost until the end of 1979, what the demand was, though we knew generally what the demand was, and then when HCIS would come on board. We began to see that the A-109 process would drag out through the rest of this decade, before we would get a full system, so all of that was in effect considered in the August decision.

And when I got the briefing, and when I heard that OMB had in fact been brought into the discussions, which had been in effect my directive in November of 1978 that DM&S get its act together, as a user and work with OMB on their computer problems. Then I was faced with either doing nothing with a bunch of computers that were at that point absolutely useless and for which the money had already been spent, or spending more money, making that system in effect whole. And with the knowledge that OMB had been in on

some of the original discussions, it seemed to me that that was the best way to travel.

Ultimately, OMB denied that they were, in effect, part of this, and put stop-work orders on a lot of the contracts. That is my understanding of the situation as it evolved. It seems to me that the end of 1978 buying was the problem and the end of 1979 buying was our attempt to patch it up, make it whole and part of the solution.

PROCUREMENT OF ADDITIONAL ADP SYSTEMS

Mr. BOLAND. Does the VA intend to procure additional automatic systems, until the decision is reached regarding an overall health care information system?

Mr. CLELAND. I think, Mr. Chairman, if we could be permitted to put what we in effect bought at the end of 1978, what we have attempted to buy at the end of 1979, if we could put that together, I think that would hold us until we got HCIS in, but that is going to be many years in the future. The need is out there for small minicomputers, but given the trouble we have had, just getting this small portion together, it seems to me, it would be wise to take what we thought we had and live with it.

ATTORNEY GENERAL ADP INVESTIGATION

Mr. BOLAND. What about the question of the contracts being turned over to the Attorney General for investigation. Has that been done?

Mr. CLELAND. Yes, sir. I was informed that two contracts were sent to the Justice Department, in effect I think probably out of confusion and suspicion on OMBs part in not knowing what I just shared with you. I think we tried to tell our story as best we could, to explain where the problem was. They decided that they didn't agree on those two contracts.

Mr. BOLAND. From your explanation, there doesn't seem to be, or is there, any indication of favoritism or criminality in the letting of these contracts?

Mr. CLELAND. No, sir, not in my opinion. The Stewart contract went to an individual that has been both formal and informal adviser to me and my top staff for three years. He has shown an incredibly fine sensitivity and knowledge of the whole history of ADP, particularly our management problems with ADP.

He was involved in the transition team. He was involved in the policy statement on ADP that I wrote in July of 1977 and the one in 1978. He has consulted me formally and informally for three years. It seemed to me he possessed the kind of unique expertise to help us solve our computer problems in DM&S, so to me there is no ground for favoritism involved.

Mr. MCMICHAEL. If I might add as the lawyer for the agency and the one that reviewed these contracts, we reviewed them closely. We thought they were absolutely proper, and I can see no reason why they should have been referred, nor can I see any adverse action resulting from the referral. The only thing our office has ever been asked to do is to review contracts closely to make sure that they adhere to all principles of law and procurement regulations, and we believe they did.

PROCUREMENT

Mr. BOLAND. Let me ask, were most of these procurements sole-source, small business set-asides, or GSA scheduled purchases?

Mr. COOK. Yes, sir, approximately $8 million of all of this was procured through the minority process.

Mr. BOLAND. What about sole-source?

Mr. COOK. That is through the Small Business Administration, sir. We place a contract with SBA and they in turn subcontract to a minority firm, and to that extent it is sole-source, but we do not negotiate with the minority firm. SBA does. Approximately $4 million of the remaining was under a Federal Supply Schedule contract, a lease purchase contract. We had been leasing and we converted it to purchase.

ADP COMMUNICATIONS STUDY CONTRACT

Mr. BOLAND. Let's talk about the $1.3 million health care information systems procurement. On September 28, 1979, this Subcommittee disapproved the proposed reprogramming of GOE funds of $1.9 million for your HCIS project. Included in the $1.9 million proposal was a HCIS communications study. I understand that your justifications for this contract identified Inter Systems, Inc., as the contractor to perform this HCIS communications study. Is that correct?

Mr. MARTIN. Yes, sir, that is right.

Mr. BOLAND. You let a contract to Inter Systems, Inc., for $199,500 effective September 28, 1979, for a telecommunications study of HCIS. That is correct?

Mr. MARTIN. Yes, sir, that is right.

Mr. BOLAND. Was the funding source for this the Medical Care appropriation?

Mr. MARTIN. Eventually it was, Mr. Chairman.

Mr. BOLAND. Eventually it was. Let me ask you this: So it sounds as if you issued a contract to Inter Systems, Inc., for a study which we specifically disapproved under GOE funds. Is that correct?

Mr. MARTIN. Yes, I understand that is so. We were close to the end of the fiscal year. I had asked for reprogramming of funds for my own office, and it was appropriate at that time. On the morning of the 28th of September, it was determined within the VA that this would be more appropriately a DM&S contract, so the money was obligated by the Department of Medicine and Surgery sometime about noon on the 28th of September.

Late that afternoon we received word from this Committee that this was one of the contracts that was disapproved. We tried to pull it back but it had been obligated, and it had been obligated with medical money.

Mr. BOLAND. The Committee will stand in recess until tomorrow at 10 o'clock. Thank you very much.

WEDNESDAY, FEBRUARY 20, 1980.

COMPUTER CONTRACT, TUCSON VAMC

Mr. BOLAND. The Committee will come to order.

We were talking about the computer contracts yesterday. Let me explore that with a few more questions.

One of the contracts was to convert the University of Arizona's clinical lab system to a DEC computer. This is for the Tucson VA Medical Center. What is the cost of that particular contract?

Mr. MULQUEEN. $57,500.

Mr. BOLAND. Why should funds be spent on this?

Mr. MULQUEEN. It is a stand-alone system which is available at a very inexpensive rate that we are getting from the University of Arizona. It compares with about three, four, or five times as much from the private sector. We are using a language called MUMPS ANSI standard. We feel that it will give us a very good test, as well as an indication of the actual use of the clinical laboratory module at the Tucson Hospital.

Mr. BOLAND. Have you looked into the DECs before? Are they operating in some other areas? And have you compared the digital equipment with others?

Mr. MULQUEEN. The digital equipment we have is from a purchase made in 1978. We find in the minicomputer area there are about four or five makers who are very competitive. In this case, it was the DEC's that were purchased by the VA in 1978, and we have adapted it today. In looking at the pharmacy, for instance, we will use the DEC computers, and that will cost three-quarters of a million dollars to convert. To go from DEC to competitive data general equipment, would be about one-tenth of that. Once you get your software usable by one of the minicomputers such as DEC and assuming you use the same language, then the cost of conversion to another make is not significant, about one-eighth to one-tenth.

DALLAS MEDICAL CENTER ADP CONTRACT

Mr. BOLAND. How about the $749,000 for the Dallas Medical Center? What is the purpose of this contract?

Dr. KLAINER. One of our needs is central scheduling. We have significant patient-care problems with scheduling, and the inability of the veteran to go to two or three clinics in the same day. Some of our difficulty is in determining eligibility and getting medical records. We know there are commercially available scheduling systems which are state of the art, which are much further advanced. We desire to have a demonstration of a commercially available system at this time so that we could (a) take care of an immediate and critical patient-care problem in one of our centers; and (b) gain experience in the agency itself with up-to-date state-of-the-art types

of technology so we would be in a better position to evaluate the solutions offered by the private sector.

Mr. BOLAND. Who is going to own the equipment? Does the government have the ownership rights to this system?

Mr. MULQUEN. Under the contract no provision was made for ownership. It would have cost more. However, under the general options that can be negotiated with the vendor, this is available to us if we want at the end to own that equipment. The leasing and maintenance of the equipment and the operation and software are all provided by the supplier in this instance.

The estimated cost per case is $2.43 for each case that will be processed.

PROCUREMENT OF MINICOMPUTERS

Mr. BOLAND. The VA also wanted to procure certain minicomputers to be used in scheduling outpatient visits. At what cost and at what locations are they to be located?

If you have a list you may supply that for the record.

[The information follows:]

The VA currently has 8 Honeywell Clinical Laboratory systems. A contract has been awarded for $3.8 million to upgrade and purchase these systems. While the cost was based primarily on the basis of savings from purchase over lease, additional capabilities will also be realized at these sites. At Durham, Miami, Minneapolis and Wadsworth, where scheduling and full Admissions, transfers and discharges are available on the H716 computer, additional clinic laboratory reporting will be available. At Long Beach, Houston, Birmingham and Hines, the upgrade from H316 to H716 will include the addition of clinic scheduling and full Admissions, transfers and discharges capabilities.

A full vendor service contract has been awarded to provide clinic scheduling for the Dallas VAMC at a cost of $749,000. The vendor will provide all hardware, software, maintenance, operators and supplies to support 2 shifts per day, 6 days per week.

In-house development of clinic scheduling capailities is planned at Lexington and Medical District 27. The computers at these sites were fully justified based on savings from district pharmacy processing. The cost of clinic scheduling development to be accomplished on available excess capacity, will be determined subsequent to completion of the functional specifications.

Mr. BOLAND. The VA has also ordered minicomputers for clinical laboratory systems at eight facilities. Is correct?

Dr. KLAINER. I believe you are talking about the Honeywell system.

Mr. BOLAND. Where are the eight facilities?

Dr. KLAINER. Durham, Miami, Hines, Long Beach, Wadsworth, Minneapolis, Birmingham, and I cannot think of the eighth one right now.

Mr. BOLAND. I presume you have clinical laboratories at more than eight facilities.

Dr. KLAINER. A distinction needs to be made between the laboratory instruments and a clinical laboratory system.

Mr. BOLAND. Why do you have this system at these particular eight facilities?

Dr. KLAINER. These already exist at these facilities.

Mr. BOLAND. Why not at other facilities?

Dr. KLAINER. I am afraid I could not answer your question.

Mr. BOLAND. Is there a need for these systems?

Dr. KLAINER. There is, at all our facilities.

Mr. BOLAND. Can anybody answer it?

Dr. CUSTIS. These were purchased several years ago. I do not suppose there is anybody on board now who could answer as to the basis for the selection of those eight. However, as Dr. Klainer says, one can justify placing it at any one of our larger hospitals.

Mr. BOLAND. Can you indicate the cost?

Mr. COOK. $3,800,000.

Dr. CUSTIS. I do have the location of the sites.

Mr. BOLAND. Supply that for the record.

[The information follows:]

SITES FOR CLINICAL LABORATORY SYSTEM

The Honeywell Clinical Laboratory System is installed on H716 computers at Durham, Miami, Minneapolis and Wadsworth and on H316 computers at Long Beach, Houston, Birmingham and Hines. The H316 sites support only clinical laboratory and limited Admissions, transfers and discharges processing. The H716 sites support clinic laboratory, full Admissions, transfers and discharges, and clinic scheduling processing.

HEALTH CARE INFORMATION SYSTEM

Mr. BOLAND. In looking through the justifications, the staff has indicated—and I agree—it is rather difficult to get a clear picture of all medical ADP activity. There is both the HCIS and non-HCIS fund requests. These activities are funded in various accounts. I find an increase of 43 staff-years requested in the General Operating Expenses account. There are also funds requested for HCIS under Construction, Minor Projects, and Medical Administration and Miscellaneous Operating Expenses.

Is there a plan which brings together non-HCIS and HCIS efforts?

Mr. MARTIN. Let me start by saying we have three different funds contributing to the HCIS project. The Medical Administration and Miscellaneous Operating Expenses account in the budget is $5.4 million and 10 people. This is basically for contracts and for developing requirements that go into the HCIS project. The 43 FTE and $3.2 million is in the GOE account for managing the RFP, installing the demonstration activities with probably three different vendor configurations. This also includes personnel for operating those systems to the end of fiscal 1981.

In the construction budget there are funds for the six sites planned.

That is basically a very brief outline for HCIS. The minicomputer project does not overlap any of these proposals. It is an interim effort to help us get through until we get HCIS on line.

Mr. BOLAND. This strikes me as beginning to look like the early years of Target. Would you agree with that? If the decision is made in future years to go ahead with HCIS, hundreds of millions of dollars will be involved. Is that correct?

Mr. MARTIN. Yes.

Mr. BOLAND. Would you agree all medical ADP activity should be brought together in one place?

Mr. MARTIN. Well, I would have to defer to Mr. Hoffman. We have done a good share of that, Mr. Chairman, over the last couple

of years. We have concentrated a great deal on these accounts, but we have not moved the user into that account.

Mr. BOLAND. We are anxious to have it displayed in one account so we will know where we are. Is that not similar to the manner in which you are operating Target?

Mr. HOFFMAN. Yes, Mr. Chairman.

Mr. CLELAND. Maybe Dr. Klainer would like to expand on the HCIS and non-HCIS and how the minicomputer solution we propose will operate.

Dr. KLAINER. As I mentioned yesterday, in all particulars we are following the Circular A-109 guidelines for our long-range efforts. Under those guidelines, we have a number of significant milestones, which means we must approach, must reach and have approval for, the exploration of alternative system concepts, secondly the validation and demonstration of those concepts, then the development of a fully engineered system, and finally the production of the entire system. Each of these milestones requires an Administrator go or no-go decision and close work with the Office of Management and Budget and the Congress.

As we look at our timetable in terms of our best-case plan, we realize in order to go into the next milestone, we need to obtain the resources in order to go towards and reach that milestone. Those resources are asked for in this particular budget for fiscal year 1981 and include demonstration sites, of which Mr. Martin just spoke, and include the individuals and the moneys for our office in DM&S in the Office of Data Management and Telecommunications and in the construction office to provide for those particular demonstrations.

That is the next milestone in our long-range solution, the Health Care Information System.

Mr. HOFFMAN. Mr. Chairman, with your permission, we will provide for the record a breakdown, like we do for Target.

Mr. BOLAND. Fine.

[The information follows:]

The total resources requested for HCIS in fiscal year 1981 are:

	FTE	Budget authority
O.D.M. & T	43	$3,169,000
D.M. & S	10	5,394,000
Construction-minor		526,000
Total	53	9,089,000

GAO REPORT, DUPLICATE MEDICAL PAYMENTS

Mr. BOLAND. Let me ask you about an October 22, 1979, report entitled "Duplicate Payments for Medical Services by VA and Medicare Programs." GAO reported that because some veterans are eligible for more than one Federal health care program, a hospital or physician's medical services may be paid for more than once.

GAO estimated that such duplicate payments by Medicare and VA exceeded $242,000 in Florida and $236,000 in California during 1976 for three VA medical service categories, because both agencies assumed responsibility for paying claims. Duplicate payments such as those reported may be occurring throughout the Nation and other VA medical services may be involved. GAO recommended that the Administrator of VA and the Secretary of HEW better coordinate their claims processing activities, and determine the extent to which duplicate payments are occurring throughout the Nation for all medical service categories available to eligible veterans.

What steps have you taken to coordinate your processing activities with HEW to help prevent duplicate payments and control costs?

Mr. CLELAND. May I ask Mr. Reynolds to respond.

Mr. REYNOLDS. I am aware of the report, but I do not know the current status of corrective action.

Dr. CUSTIS. I am afraid I cannot add much.

Mr. BOLAND. But you can indicate whether or not steps have been taken to coordinate processing activities with Secretary Harris' shop, can you not?

Dr. CUSTIS. The only Medicare reimbursement we have has to do with dialysis. We do not have reimbursement or sharing agreements for anything else.

Miss QUANDT. Without computers there is no way we could begin to cross-check duplicate payments with DHEW. Payments for Medicare go through multiple intermediaries. The Veterans Administration uses no intermediaries and processes its payments to fee basis physicians through the Austin computer center. VA payments consequently are made more rapidly than those of Medicare. On November 15, 1979, program officials of HEW's Health Care Financing Administration and Medical Administration Service, and VA, met to discuss the problems raised in the GAO report. It is apparent that the DHEW system will require several modifications, and once these are made, the VA will begin to release to HCFA computer tapes of patients who are eligible for medicare coverage. Transfer of such information is within the Freedom of Information and Privacy Act law. Until this can be accomplished, and it could take several years to re-program computers and process all necessary tapes to the Baltimore headquarters of HCFA, both agencies can only spot-check to control duplicate payments.

Mr. BOLAND. But apparently there is a problem here of the possibility of double payments and the double line could result in many dollars. Has the VA discussed this with HEW?

Miss QUANDT. At lower levels than the Administrator level, yes.

Mr. BOLAND. Is it possible that duplicate payments are occurring between the VA and Federal health care programs other than medicare? Which other programs?

Miss QUANDT. The only other one I could think of offhand is the CHAMPUS-CHAMPVA.

Mr. BOLAND. Would you comment on whether or not there has been any evidence of fraud and whether or not any of the fraud cases have been turned over to the Inspector General.

Mr. REYNOLDS. We have had several allegations; none have proved valid.

CAT SCANNER, PROCUREMENT

Mr. BOLAND. Now a on the CAT scanner.

You did not request funds for CAT scanners in the 1979 budget, but in August 1979 funds became available from other sources and six scanners were purchased by VA Central Office. According to VA, these scanners were justified primarily because quality of care would be improved. I do not think anybody would quarrel with that. Where have the scanners been installed?

Mr. COOK. None have been installed.

Mr. BOLAND. Where are we in this process? Have you purchased six scanners?

Mr. COOK. Yes, sir.

Mr. BOLAND. Do you know where they will be installed?

Dr. CUSTIS. In Dallas, Wood, St. Louis, Lexington, East Orange, and Madison.

Mr. BOLAND. Will VA be purchasing any CAT scanners during fiscal year 1981?

Dr. CUSTIS. For 1980 we have included approximately $5 million as part of the equipment under object class 31 equipment. We are operating under the direction of Senator Proxmire's staff, the Senate Appropriations Committee, that we bring to them and OMB our requests and justification and with their advice and consent, be authorized to purchase. We have a list——

Mr. BOLAND. They will not tell you where to put them, will they?

Dr. CUSTIS. No, sir. We provide the priorities and justification, and they concur or not. In addition we have been reminded that any purchase over $250,000 even though it be in a budget account for that purpose, must also have clearance with the Committees and OMB. Of course the CAT scanners would fall in that category; they cost about $750,000 each. It is interesting to know that in connection with our purchase of six scanners, we acquired them at the cost of $1.6 million under the normal retail price.

Mr. BOLAND. How many companies are involved?

Dr. CUSTIS. About nine.

Mr. BOLAND. Well, it is certainly a very useful medical tool, but they are expensive and every hospital wants one.

Dr. CUSTIS. We have a backlog, Mr. Chairman, of approximately 20 sites workloadwise which have justification for a CAT scanner.

Mr. BOLAND. How about coordination with DOD and HEW in providing and using CAT scanners?

Dr. CUSTIS. That is under way through the Federal agencies sharing committee. Because of difficulty in getting such agreements, we have avoided purchasing any CAT scanners where there is a geographic proximity of another Federal hospital.

Mr. BOLAND. The scanners we talked about a moment ago, are they the first CAT scanners the VA has procured? How many do you have?

Dr. HABER. Sixteen which are in operation and one which is waiting installation.

Mr. BOLAND. How long have CAT scanners been on the market?

Dr. HABER. About 5 years.

Mr. BOLAND. Then you have 16 that are already in place and are operating. Is that correct? Did DOD or HEW make use of any of these 16 in 1979 and 1980.

Dr. HABER. My impression is that they have made use of them.

Dr. JACOBY. Mr. Chairman, I submit that the majority of these are in areas not contiguous to military hospitals, so there may not be much sharing in these particular areas. I would make a second point that some of our major tertiary hospitals, because of the increase in scientific value and the fact that the CAT scanner is now replacing other studies, for instance in pneumoencephalography, are spending in the neighborhood of $300,000 to $400,000 annually to purchase this service. Taking into consideration all the restrictions in regard to making appropriate assignment of these, actually it would be a saving to us to purchase them.

Dr. CUSTIS. We are coming under considerable criticism, especially at our hospitals with affiliated medical schools having strong and active neurological departments. It is conceded that neurosurgery especially cannot be practiced today without CAT scan backup.

Mr. CLELAND. May I just add an interesting footnote?

Mr. BOLAND. Yes.

Mr. CLELAND. The first year I was Administrator, it was my privilege to present the highest accomplishment award to the gentleman who developed the CAT scanner back in the early 1960s. So the VA has been very much aware of the technology for a long period of time. We would be remiss were we not to seek to acquire it to some degree.

Mr. BOLAND. Was the first CAT scanner in England?

Dr. CUSTIS. The EMI scanner. The physician the administrator is referencing should have received the Nobel Prize or at least should have been a corecipient with the man who did, Dr. Olendorf.

Dr. HAYS. He is a VA senior medical investigator.

Dr. CUSTIS. He is credited with doing some of the basic scientific work that made possible the EMI scanner in England.

PHYSICIAN ASSISTANTS USE BY VA

Mr. BOLAND. We understand that compared to other health care delivery systems, VA uses relatively few physician assistants. As of September 1, 1979, 87 medical centers employed 306 full-time and 34 part-time physician assistants. Because VA has had some problems in recruiting qualified medical care providers in certain remote facilities, it would appear that hiring physician assistants would help ensure that you would be able to obtain qualified staff. How are physician assistants used in the VA?

Dr. CUSTIS. They are used primarily in ambulatory care clinics in contrast to physician assistants to an orthopedic surgeon or similar specialist.

In some places, there has been a problem, in that they had been charged with not being properly supervised. We also have trouble in recruiting physician assistants because we are unable to compete with the pay scales in the private sector.

59-500 O - 80 - 5

Mr. BOLAND. Would the quality of care improve if you had more physician assistants in some of your facilities?

Dr. CUSTIS. I think our quantity capability would improve.

Mr. BOLAND. Well, the quantity does not help very much if there is no quality. You say physician assistants now are used mostly for ambulatory care. Why could they not be used in other types of care?

Dr. CUSTIS. They can be.

Mr. BOLAND. Are they?

Dr. CUSTIS. Dr. Haber.

Dr. HABER. Mr. Chairman, the VA has pioneered in the use of the physician assistants in a system. As Dr. Custis says, the physician's assistants are extensions of the physician in ambulatory care. This is an area where our greatest pressures occur and where we can most effectively use the physician assistant without eroding the quality of care. Dr. Custis' answer indicated we are extremely concerned about being able to expand the reach of our services without in any way deteriorating the quality of care. We do not want to tamper with the physician's care. We do, however, want to extend his reach.

Mr. BOLAND. What is the pay scale for a physician assistant?

Dr. HABER. They are hired under Title 38 and currently range in grade from full to senior level, which equates to a GS-9 to GS-11 level.

Mr. BOLAND. What sort of training or educational background do they have to have before they are designated as physician assistants?

Dr. HABER. A comprehensive course at one of the schools; usually it is a 2- to 4-year course.

Mrs. PHILLIPS. The training is a 2- or 4-year training in an accredited school with a prerequisite of prior training in a health care discipline, usually nursing. In a few earlier instances, we were able to recruit and train some corpsmen from the military. That is a source that has pretty much run out, so now the candidates are either nurses or assistants.

Mr. BOLAND. The pay scale?

Mrs. PHILLIPS. GS-9 through 11, I think the entry is GS-7.

Dr. CUSTIS. In the private sector, the specialized assistants are commanding as much as $20,000 to $30,000 a year.

SINGLE SYSTEM FOR MEDICAL SUPPLY PROCUREMENT

Mr. BOLAND. For nearly two decades, the Federal government has attempted to improve its management of medical materials (drugs and medical services) by establishing a single system to procure such items. Since 1977, efforts to implement a single system for purchasing medical items have been required by the Office of Federal Procurement Policy. In June 1968 the VA/DOD Shared Procurement Program was established. The first items to be purchased under this program were drugs.

By purchasing drugs jointly, VA and DOD (1) aim to eliminate duplicative and overlapping purchasing by having only one department purchase each family of drugs and (2) take advantage of discounts by making volume purchases. The shared procurement

program also includes a government-wide quality assurance program for drugs.

Overall, the progress for implementing this program has been slow. As of November 1979, only 17 contracts valued at $435.8 million, for single-source drugs had been awarded. Eighteen additional firms had been solicited, and another 37 drug firms which manufacture single-source drugs had been identified but not solicited. No contracts for multi-source drugs or multi-source medical items had been awarded.

Why has it taken the VA so long to implement this program, and why has progress been so slow?

Mr. COOK. The data we have indicates that we and DOD have awarded some 40 contracts valued at something in excess of $100 million. The reason some of the firms have not been contracted is that most of these contracts are awarded on an annual basis, and since we got the program effectively moving they have not reset cycling on a 12-month period. When they do come up, contracts will be made on a unified basis.

We have completed the assignments and arrangements for shared procurement of drugs which means one agency will make the contract for these.

Mr. BOLAND. This shared-procurement program has been in effect how long with DOD?

Mr. COOK. It has been authorized for years, sir, but it has been in effect for about a year.

Mr. BOLAND. Have you any indication what savings have been realized from joint purchasing of drugs to date?

Mr. COOK. No, sir; it is rather difficult because we are looking at inflation as well as savings.

Mr. BOLAND. You have a pretty good idea what you were paying prior to the shared procurement program, and I would think you would be able to slide rule those statistics in comparison with what you are paying now. You may provide that for the record. I am sure you can pull it out from somewhere.

[The information follows:]

VA/DOD SHARED PROCUREMENT PROGRAM

The price of drugs purchased under the joint Procurement Program of the VA and DoD, like many other commodities, fluctuated because of inflationary pressures. This makes a precise measurement difficult. Our estimate, based on analysis of the costs of these drugs prior to their being combined for non-duplicative procurement, is that the annual savings in this first year will amount to approximately $928,000. Not all drugs have been actually procured yet, so the total will be larger. A statistical sampling and projection without regard to inflationary pressures or fluctuations in demand is that the total amount could increase to slightly over $5 million annually within the next couple of years.

VAMC PALO ALTO, CRIME PROBLEMS

Mr. BOLAND. A California newspaper (The Peninsula Times Tribune) printed a series of articles during October and November 1979, making serious allegations about crime and coverups at VA medical centers in Palo Alto and Menlo Park, California. There are a series of allegations here. Can you respond to them?

Mr. CLELAND. May I ask the Inspector General to comment on it, then Dr. Custis.

Mr. BOLAND. Did you look into the allegations?

Mr. REYNOLDS. Our investigation is still in progress. We expect to finish in about another week. The results that we were aware of about a week and a half or 2 weeks ago, indicated in a general sense that many of those allegations appear to overstate the situation. But that does not rule out the possibility that some are quite valid.

Mr. BOLAND. Have you had any similar allegations regarding other stations?

Mr. REYNOLDS. Yes; there have been some allegations regarding Loma Linda, some at White City, Oregon, and one other southern California station, similar types of allegations, similar types of concerns.

Mr. BOLAND. One of the allegations was that the VA is indifferent to—entertains a stunning indifference, if I quote it correctly, to the incidence of crime at the medical center. Is that true?

Mr. REYNOLDS. I am not prepared to answer that question, specifically on Palo Alto, yet, and I do not have a good overall picture systemwide. The statistics suggest we have more serious crime usually at larger urban hospitals. The nature of the crime reports is a very large mix of minor sorts of things and a few more serious sorts of things.

Mr. BOLAND. One of the most serious would be the illicit drug trafficking within the hospital itself.

Mr. REYNOLDS. This is an allegation that comes up frequently. But in most of the instances we have gotten involved in, it is hard to pin down how extensive the problem is.

Mr. BOLAND. Have you made a final report on the Medical Center with divisions in Palo Alto and Menlo Park?

Mr. REYNOLDS. There will be a final report.

Mr. BOLAND. How long will it take to make a report?

Mr. REYNOLDS. We began the investigation in mid-December. We hope to finish the field investigations shortly. Then it will take us about a month to write that report. There are an awful lot of things to cover. We will be pleased to furnish a copy to the Committee.

Mr. BOLAND. Have you any early indication or early reading on what the outcome might be of the investigation?

Mr. REYNOLDS. Well, as I indicated earlier, the last reading I took on this was a couple of weeks ago. At that time, we were finding conditions much less serious than the newspaper article indicated.

Mr. CLELAND. Before we leave the question of the "stunning indifference," we are not indifferent, particularly in terms of drugs and drug trafficking. One of the things we have tried to do is get on top of our own prescription efforts. One is the unit dose pharmacy system, and another is establishing a tracking system for pharmacy prescriptions that would in effect help us manage our own drugs better.

The other question is one of the drugs being introduced into the system from outside. That involved a whole range of questions as to security and what police officers are allowed and not allowed to do. The Inspector General is very much involved and familiar with the issues.

I might ask Dr. Custis if he has anything to add to the discussion.

Dr. CUSTIS. Historically, it is my understanding the security force in our facilities has been just that—security and patient support with small emphasis placed on their capability for crimefighting as such.

The facilities in every case have understandings with community police forces to assist them as far as the crimefighting side of their responsibility. There have been, particularly in the California hospitals, some challenges on the part of our employees in the security forces that they should be able to do more than that. For example, in some cases, and Mr. Reynolds can correct me if I am wrong, there are requests for authority to carry sidearms. Were this to be permitted, it would be a complete right about face from that which we have expected from our security forces in the past. When the Inspector General's report is in, we in DM&S will also do our own survey and review with the idea of determining whether or not our forces need beefing up as far as numbers go, whether reorganization at the local level is indicated in terms of their line of responsibility and to whom they report.

We have the feeling right now that some time is needed when the dust is settled, to see to what extent some of these allegations are based in fact and what our response should be.

Mr. BOLAND. I hope it is a public response. The allegations are always made on the front page and in headlines. Then the investigation does not even get mentioned. I do not know how prevalent this is in other facilities. I am sure it is serious no matter where it takes place, but in any event, I am sure it is not widespread. If it were, we would be hearing more about it.

Dr. CUSTIS. I would like to add to Mr. Cleland's reference to unit dose capability. We have not been able to expand our unit dose pharmacy systems in the past 3 years because of the extra costs that are involved and the competition for those extra resources in FTE. There are approximately 40 hospitals that have the unit dose system. It involves a considerable increase in personnel, FTE, to carry unit dose across the entire system. We hope to get started with it again.

OPTOMETRISTS IN THE VA

Mr. BOLAND. In its June 21, 1978, report, "Role and Use of Optometry in the Veterans' Administration Need Improvement," GAO reported that increased use of optometrists by VA would be cost-efficient; significantly expand the scope of VA's eye/vision care program; and free VA ophthalmologists to perform the diagnostic and surgical procedures for which they were specifically trained. In VA, ophthalmologists outnumber optometrists 10 to 1.

In its report on VA's fiscal year 1980 appropriation bill, the Senate Appropriations Committee directed VA to augment its optometry service in fiscal years 1979, 1980, and 1981 by hiring 20 additional optometrists each year.

How many new optometrist positions were actually funded in fiscal year 1979?

Dr. CUSTIS. In 1979 we hired 38 additional optometrists. (The agency subsequently amended its testimony to indicate that 30

additional optometrists were hired in FY 1978 and 8 were hired in FY 1979, for a total of 38 for the two fiscal years.)

Mr. BOLAND. How many were hired in fiscal 1980?

Dr. CUSTIS. In fiscal 1980, there were no additional hires. We do not anticipate any additional hires. The only excuse we have for it is the turmoil in terms of personnel, the reallocations, the freeze and the priorities of where to place the 3,800 FTE's that were put back into the system.

If I may, Mr. Chairman, just to make a couple of observations, optometry has historically not been a hospital based discipline. We, I believe, would be well advised to as we expand our optometry capability into our ambulatory facilities, not only because optometry lends itself well to those patients, but we are running into considerable controversy between the opthalmologists and optometrists as we increase the optometrists' presence in the hospital.

Mr. BOLAND. Are the opthalmologists concerned about that?

Dr. CUSTIS. Yes. We are really caught in the middle of this argument, the opthalmologists arguing that the optometrists should properly be supervised by opthalmologists, and that they do not stick to the parameters of their profession.

Mr. BOLAND. Would you agree that the increased use of optometrists within the VA system would be cost efficient?

Dr. CUSTIS. Yes, sir, we intend to do so as much as we are able.

Mr. BOLAND. The ophthalmologists are not going to tell you how to run this activity, are they?

Dr. CUSTIS. No, sir.

Mr. BOLAND. Does it mean you would have difficulty recruiting ophthalmologists if you increased the use of optometrists?

Dr. CUSTIS. In the hospital setting, I think we would. We have been criticized, for example, on the floor of the AMA House of Delegates.

Mr. BOLAND. You are not the only one who was criticized on the floor of the AMA House of Delegates. You are in good company.

Dr. CUSTIS. Right now we are on the receiving end of a new protest. We have received probably as many as 15 to 20 letters from ophthalmologists urging us to change the specifics of the circular governing the organization and the practice criteria governing optometry in our hospitals.

What is really irritating the ophthalmologists specifically is that there was a legislative mandate that we make optometry a separate service. They are now answerable to the Chief of Surgery, and lacking a Chief of Surgery, the Chief of Staff.

The ophthalmologists feel strongly that the optometrists should answer to the Chief of Ophthalmology and that they be supervised in their work by ophthalmologists.

Mr. BOLAND. I take it the optometrists can do a lot of work that the ophthalmologists are now doing?

Dr. CUSTIS. That is right.

Mr. BOLAND. If we used optometrists, that would not be downgrading the care that the VA patient is getting?

Dr. CUSTIS. It need not at all.

I might also say that optometry has been used very successfully in military medicine for many years.

Mr. BOLAND. Now, as a result of these rather deep differences between the two professions and also the problems that it presents to the VA itself, do I take it that no new positions are in the 1981 budget for optometrists?

Dr. CUSTIS. That is correct, Mr. Chairman.

Mr. BOLAND. Were there 38?

Dr. CUSTIS. Our totals right now are 54 FTEE for optometrists and 53 FTEE for podiatrists.

Mr. BOLAND. We don't have any trouble with the podiatrists. Do you have trouble with them?

Dr. CUSTIS. No, sir.

Mr. BOLAND. I would not think so.

Dr. CUSTIS. The same legislation that addressed optometry also directed that we increase our podiatry presence.

Mr. BOLAND. Did you indicate that 38 positions were added in fiscal year 1979 for optometrists?

Dr. CUSTIS. The VA converted its 16 FTE optometrists and 25.5 FTE podiatrists to Title 38 positions in 1977. In fiscal years 1978 and 1979, as urged by P.L. 94-581 and with supplemental resources provided by Congress, the VA hired 38 additional optometric FTE and 28 additional podiatrists.

Mr. BOLAND. Did you add any additional optometrists in fiscal year 1980?

Dr. CUSTIS. No.

Mr. BOLAND. You have no plans for adding additional ones in 1981, as I understand it. You may have plans but you don't have any money for it?

Dr. CUSTIS. Our plan was lost in the ZBB process for lack of priority.

NEW OUTPATIENT CLINICS

Mr. BOLAND. Last year the Committee's Report recommended that outpatient clinics be establshed at Daytona Beach, Fla., and Bradford County, Pa. Also, the need for an outpatient clinic at Savannah, Ga., was to be determined.

What has the VA done regarding outpatient clinics at Daytona Beach and Bradford County? If they have not been established, why not?

Mr. CLELAND. Mr. Chairman, basically we took a look at the situations. There are other areas of the country that have a higher priority in terms of workload than those that were mentioned.

Our position at this point is that we are completing the establishment of, I think, 20 or 21 outpatient clinics that the VA committed itself to several years ago and beyond that we have no plans at this point to establish further independent outpatient clinics.

Mr. BOLAND. Is there a higher priority for an outpatient clinic at Pensacola rather than at Daytona?

Mr. CLELAND. Our initial look at that, Mr. Chairman, was, I think, that the workload would have been greater at Pensacola than Daytona.

Mr. BOLAND. What about the need for an outpatient clinic at Savannah? Where does that fit in?

Mr. CLELAND. That ranks low, around 18th or 20th out of 20 or 25 additional sites that we have looked at.

Mr. BOLAND. Mr. McDade?

Mr. MCDADE. At last year's hearings we discussed in some detail the location of outpatient clinics and Dr. Crutcher outlined the VA criteria on accessibility.

Mr. CLELAND. Yes sir, I recall that discussion.

Mr. MCDADE. We further discussed the possibility of working on a cooperative basis with an existing hospital and at that time, Mr. Cleland, you found no impediment to that.

Mr. CLELAND. That is correct.

Mr. MCDADE. The Committee Report suggest the possible location of an outpatient clinic in Bradford County, Pa. However, the budget request does not contain any money for this project. Is this due to the fact that OMB has prohibited VA from proceeding with plans for this facility.

Mr. CLELAND. Bradford County is not on the Department's list of proposed sites for Outpatient Clinics. All the locations are in SMSA's (Standard Metropolitan Statistical Areas) with populations in excess of 150,000. Bradford County is not an SMSA and its population is about 60,000.

Mr. MCDADE. May I remind you that at last year's hearing when I discussed with you and Dr. Crutcher the criteria for location of oupatient facilities, there certainly was no indication that they had to be located in a SMSA. In fact, Dr. Crutcher stated "accessibility in the VA is basically measured in terms of a 40 mile radius." He indicated that if there is no VA medical facility within a 40 mile radius that, depending on population density, it is considered a need area.

The proposed clinic in Bradford County would, at a very minimum, serve Tioga, Bradford and Susquehanna Counties, Pa., and Tioga and Broome Counties, N.Y., with a combined population of 300,325. The veterans who live in these counties have real and urgent medical needs and are hours away from available medical care. Are they to be penalized because they do not reside in a SMSA? A SMSA is nothing more than a Government measuring tool to keep track of marketing factors. To use this as a criterion is to ignore reality and hide your collective heads in statistics.

Mr. CLELAND. There are two criteria which a location has always had to satisfy in order to be considered by DM&S as a potential site for a satellite outpatient clinic. It must be a SMSA with a population of at least 150,000 and be at least 40 miles from the nearest existing or planned VA health care facility. Bradford County is not a SMSA and its population is only about 61,000. Thus, Bradford County fails to meet the criteria required for being identified as a potential clinic site.

In addition, Binghamton, N.Y., which is in the same general geographic area, has already been identified as a potential outpatient clinic site. The Binghamton SMSA alone accounts for approximately 75 percent of the population included in the service area you hypothesized for a Bradford County clinic.

Mr. MCDADE. It seems logical that veteran population rather than overall population should be one criterion. The three Pennsylvania counties I mentioned have 16,000 veterans. Are you suggest-

ing that veterans living in Wellsboro, Pennsylvania, must travel 99 miles to Birmingham to secure VA medical care? That rather exceeds your 40 mile radius criterion. Let me note there is no mention of Birmingham in your budget justification.

Mr. BOLAND. Will you list for the record the top 10 areas, on a priority basis, for outpatient clinics?

Mr. CLELAND. Yes, sir. In addition to the 21 we have already committed ourselves to.

Mr. BOLAND. OK.

Mr. CLELAND. Mr. Chairman, that listing would be in terms of our estimated workload?

Mr. BOLAND. Yes.

[The information follows:]

SATELLITE OUTPATIENT CLINICS

The top ten potential locations for Satellite Outpatient Clinics in order of projected number of outpatient visits are:

Long Branch-Asbury Park, N.J	44,492
Youngstown-Warren, Ohio	37,231
Davenport-Rock Island-Moline, Iowa-Illinois	29,492
Pensacola, Fla	29,315
Rockford, Ill	27,967
South Bend, Ind	27,324
Austin, Tex	25,705
Appleton-Oshkosh, Wis	25,432
Lansing-East Lansing, Mich	24,810
Modesto, Calif	24,361

MEDICAL CARE EMPLOYMENT

Mr. BOLAND. The table on page 5-6 shows full-time permanent average employment for Medical Care decreasing from 166,525 to 166,285, a reduction of 240. Why the decrease in full-time permanents?

Dr. CUSTIS. This reflects a shift in hiring from full-time permanent staff to part-time employee hires.

VA OUTPATIENT CLINICS

Mr. BOLAND. How many outpatient clinics do you have?

Dr. CUSTIS. 222.

Mr. BOLAND. How many of those are actually affiliated with a hospital? You said you use the same staff.

Dr. CUSTIS. The great majority.

Mr. BOLAND. All but 21?

Mr. CLELAND. Yes, sir, all but 21. The 222 includes the outpatient clinics within the 172 hospitals that we have. We have some additional ones outside the hospital, satellite clinics.

LOW LAPSE RATE

Mr. BOLAND. On page 6-6, the table indicates that $4,803,000 was lapsed at the end of fiscal year 1979. That is less than one-tenth of 1 percent.

How does the VA get the lapse rate down so low?

Mr. HOFFMAN. Mr. Chairman, we anticipated fourth quarter expenditures. It is an effort on our part to utilize the funds as they

are provided and yet not get ourselves under an antideficiency position in so doing.

But I think basically it is a control mechanism that we have instituted to be able to control our obligations to the most minute point.

MULTI-LEVEL CARE PROGRAM

Mr. BOLAND. On page 6-8, is mention of the multi-level care program. The first aim listed is optimal resource allocation among and within facilities. How does this activity relate to the Office of Manpower's program to allocate resources?

Dr. CUSTIS. Mr. Chairman, we have under way right now five separate and yet interrelated approaches to producing more meaningful staffing criteria. One of those five is the multi-level care project which will hopefully identify not only the non-personnel resources dedicated to a certain category of patient care but also the personnel resources required for that category.

In addition to that, as an interim basis, Dr. Ditzler's office, the Resource Management Office, is already using a much more meaningful version of the old ratio of personnel related to average daily census in that he has worked into it certain productivity indices on which to base our FTE distribution.

A third aspect is the Texas hospital contract which is studying a segment of the same problem based on what they call the synthesized case and its personnel requirement need.

There is an affiliation assessment project going on under the guidance of Dr. Klainer that is building a computerized model which will identify, among other things, the personnel requirements for the teaching commitment of our hospital staffs.

There is also under the Manpower Office, directed by Mr. Sweet, the development of an automated tracking process for monitoring the distribution of personnel. All of these five different approaches will come together, hopefully beginning at the end of 1980 or certainly in 1981, to provide a more meaningful set of staffing criteria.

OFFICE OF MANPOWER PROGRAM

Mr. BOLAND. The legend on this page indicates that there will be optimal resource allocation among and within the facilities. What I would like to know is how does this particular activity relate to the Office of Manpower's program to allocate resources?

AUTOMATED PERSONNEL TRACKING SYSTEM

Mr. SWEET. Mr. Chairman, my name is R. S. Sweet. I am the Assistant Deputy Administrator for Manpower and I have aegis over the Office of Manpower programs.

The office is an agency-wide activity composed of eight professionals and two secretaries. It is a small systems development office which develops procedures for allocation from the agency level to the department and staff office level.

In the context in which you are speaking, we work very closely with Dr. Custis' office and his ACMD's to develop manpower systems, to wit, we have set up a prototype manpower tracking system

which is an R. & D. effort to develop, essentially, a manpower and operational data base which in its final form will have multiple use within the Department of Medicine and Surgery. That is a manpower data base that can be used for all the activities which Dr. Custis just described.

With respect to the relationship specifically, we serve as a staff agency and as systems developers in a systems role to all departments and agencies and particularly DM & S.

ALLOCATION OF RESOURCES

Mr. BOLAND. Does your office allocate manpower resources to the particular activities within the VA?

Mr. SWEET. Sir, during the budget cycle the Office of Management and Budget makes an allocation, even down to staff office levels. Throughout the year we participate in the reprogramming efforts and run constant reviews of the allocation of people and recommend reprogramming alternatives to the Administrator.

In some cases we do make specific recommendations for allocations throughout the budget cycle. For example, this year the Office of Manpower Programs put together what is known as a blue book or data base which shows ranges of what the allocation of manpower should be for a given dollar for any activity.

Mr. BOLAND. How much will be spent for the multi-level care program in 1980 and 1981?

Dr. BAGANZ. $1,526,000. That is for 1980 and 1981. It will continue to be the same unless it is expanded by the addition of resources.

Mr. BOLAND. This is a relatively new program as I look at the justification. How long has it been going on?

Dr. BAGANZ. It was initially implemented 18 months ago.

Mr. MCMICHAEL. Congress mandated the National Academy of Science to do an extensive study which was to focus on what would be appropriate staffing methodologies for the VA. They came back to the VA after we paid them several million dollars and said that the VA itself ought to develop the appropriate staffing methodology. That is what we have been attempting to do in light of that report.

EMPLOYMENT REDUCTIONS, EXISTING HOSPITALS

Mr. BOLAND. On page 6–16, the top of the page, the third line reflects a net decrease of $450,000 and 310 FTEE's to be experienced in fiscal year 1981. Which stations will lose the 310 staff-years and is there any indication why those particular stations were picked for the loss?

Dr. DITZLER. I cannot give you a precise answer at this time because this very week and next the Regional Directors are distributing with each of the regional medical districts the target FTEE for 1981. At the present time the target has been assigned to the field as medical districts and they will be adjusted according to the mission of the hospital and the needs as observed by our new regional directors on-site.

The net total of 310 will not all be absorbed in the field. Some of it, probably 50 or 60, will be absorbed within our Central Office.

But the proportion remaining will be absorbed throughout the system.

In short, within the total of 185,000 plus FTEE, the 310 will be distributed throughout the entire country. But at this point I could not tell you as the distribution has not been completed.

PSYCHOLOGICAL READJUSTMENT COUNSELING PROGRAM

Mr. BOLAND. Thank you.

On the same page, in the bottom chart relating to annualization of Public Law 96-22, you are requesting an increase of $17,933,000 and 30 staff-years to annualize the cost of Public Law 96-22. Among other things, it authorizes a new psychological readjustment counseling program. The Administrator mentioned establishing 5 new centers in 1981. How many centers are currently operational?

Dr. CUSTIS. There are 19 currently operational. There are 44 in the process of acquiring a lease. The remainder are involved in their site selection. The annualization of 30 FTEE that is referenced here are the additional 30 that were included in the current budget to increase the number of teams from 86 to 91.

Mr. BOLAND. I think you indicated in a letter of August 17th that about 100 centers would be ready by January 15, 1980. You are a little off that plan.

Mr. CLELAND. We have had some problems in acquiring the storefront leases.

Mr. BOLAND. What resources—both dollars and staff-years—will be devoted to this program in 1980 and 1981? You may supply this for the record.

[The information follows:]

OPERATION OUTREACH

Hospital Resources devoted to Operation Outreach during fiscal year 1980 includes 346 FTP and $9.945 million dollars. It is proposed that 30 persons be added to operation Outreach for fiscal year 1981. These persons will be utilized to:

a. complete staffing in three partially staffed teams and

b. add five new teams.

The addition of these persons will increase the total FTE to 376 and $12.4 million resulting in a total of 91, four person, Operation Outreach teams.

Mr. BOLAND. Where is the psychological readjustment counseling center located in Washington, D.C.? You do have one here?

Dr. CUSTIS. Yes, sir. It just opened two weeks ago. I am sorry I cannot give you the address. It is in the southeast part of the city.

Mr. BOLAND. Is that one of the storefront operations?

Mr. CLELAND. Yes, sir.

Mr. BOLAND. Would that be the same for the other areas, most of them are storefront operations?

Mr. CLELAND. Yes, sir.

Dr. CUSTIS. It is on the southeast side of downtown. We will have to supply the address for the record.

[The information follows:]

When completed, there will be two Vet Centers in the District of Columbia. Currently leases have been completed on both work sites. Both sites are open and partially operational; however, due to delays involved in renovation construction, and delivery of furniture, neither site can be considered fully operational. The address for these Vet Centers are:

(*a*) 1101 Pennsylvania Avenue, and

(b) 402 H Street, N.E.

REAL PROPERTY RENTAL

Mr. BOLAND. On page 6-17, the last item, real property rentals, shows an increase of $4,119,000. Of the total, $2,384,000 is for annualization of space previously acquired and $1,735,000 is for additional space.

What additional space do you plan to acquire with the $1,735,000? How much space are we talking about?

Dr. CUSTIS. I can only address that in general terms, Mr. Chairman, but we can supply the information for the record.

Mr. BOLAND. Fine, supply it for the record.

[The information follows:]

We are forecasting a partial need for funds to pay rent at relocated clinics in the last quarter of 1980 for Oakland and Los Angeles, as well as additional funds for the Outreach Program and certain additional needs for warehousing swing space required for support of construction projects totlaing $1,735,000:

Warehousing (Selection not made)	$450,000
Vietnam Outreach (Selection incomplete)	485,000
Portland Relocation	300,000
Los Angeles and Oakland	200,000
Newark, Boston, Brooklyn	300,000

Mr. BOLAND. Also, at which locations are you annualizing costs. When will these spaces be leased in 1980? You may supply that for the record.

[The information follows:]

We are expecting to activate outpatient clinics at Santa Barbara, Baton Rouge, Canton, and Las Vegas prior to June 1, 1980. We are hoping to activate others, or complete their expansion, at Orlando, Lubbock, San Antonio, and Pompano Beach and San Diego in the fourth quarter of 1980. These clinics are the basis for our estimate of $2,384,000.

VA NURSING HOME CARE INCREASES

Mr. BOLAND. At the top of page 6-19, you are requesting $5,107,000 and 183 staff-years for VA nursing homes. Which location or locations account for the $2,891,000 and 96 staff years listed under new construction in 1981?

Dr. CUSTIS. There are five new nursing homes in the 1981 budget located in Martinsburg, Memphis, Gainesville, Temple, and Livermore.

Mr. BOLAND. Those are the five for the $2,891,000 that you are requesting in fiscal year 1981. Is that correct?

Dr. CUSTIS. Yes, sir.

ALCOHOLISM TREATMENT CENTERS

Mr. BOLAND. On page 6-20, the last paragraph, you are requesting an increase of $550,000 and 20 staff-years for two additional alcoholism treatment centers. Which two VA medical centers do you have in mind?

Dr. CUSTIS. The two additional alcoholism treatment centers will be in Providence, R.I. and Anchorage, Alaska.

Mr. BOLAND. How many alcoholism treatment centers does the VA currently have?

Mr. CLELAND. With this 2 it will make 102.

Mr. BOLAND. There is a growing need, as I understand it, for them. So I wonder if you would provide for the record the list of the 10 hospitals with the greatest need for alcoholism treatment centers.

Dr. CUSTIS. Yes, sir.

[The information follows:]

The 10 additional hospitals with the greatest need for alcohol dependence treatment programs are:

(*a*) VAMC Ann Arbor, MI.
(*b*) VAMC Tampa, FL.
(*c*) VAMC Newington, CN.
(*d*) VAMC Cheyenne, WY.
(*e*) VAMC New York, NY.
(*f*) VAMC Butler, PA.
(*g*) VAMC Northport, NY.
(*h*) VAMC Fargo, ND.
(*i*) VAMC Fayetteville, AR.
(*j*) VAMC Clarksburg, WV.

Mr. BOLAND. Public Law 96-22 enables VA to conduct a pilot program whereby VA contracts for care, treatment, and rehabilitative services in halfway houses, therapeutic communities, and other places for eligible veterans suffering from alcoholism. Are you going to have a pilot program?

Dr. HABER. Yes, sir, we will. The status of the program is that the regulations regarding the procurement of the contracts for halfway houses are currently being circulated in the agency and funds have been requested for the use of this program.

We anticipate that the per diem rate in a halfway house will be about $17 per day. It will be modeled along the program which we have for the foster care homes.

Mr. BOLAND. How many patients do you envision as being involved in this pilot program?

Dr. HABER. It is estimated there will be between 500 and 700 in the first year.

Mr. BOLAND. How many halfway houses will be involved?

Dr. HABER. The length of stay of the individual under the halfway house contract will be approximately 60 days. We anticipate that something in the order of several dozen halfway houses can be——

Mr. BOLAND. These are not very large. They are relatively small and can't take care of a great number, at least those I have seen can't take care of a great number of patients.

Dr. HABER. There will be about 20 halfway house contracts implemented during FY 1980.

Mr. BOLAND. Spread throughout the country?

Dr. HABER. Yes, sir, they will be picked according to the regulations the Administrator will promulgate and that can meet the rates of reimbursement that we have set.

UTILIZATION OF ALCOHOLISM TREATMENT PROGRAM

Mr. BOLAND. Now, in the IG's semi-annual report, he found a number of programs associated with low utilization related to certain specialized medical programs and particularly the alcoholic treatment program.

The IG recommended that the Chief Medical Director determine the reasons for substandard utilization for the alcohol treatment programs. Have any of those recommendations been carried out?

Dr. HABER. Yes, sir. This program is monitored very closely according to our productivity requirements. The reason for the relatively low utilization is because of the rapid expansion of the program.

In point of fact, Mr. Chairman, we are going to be treating more alcoholic patients, both inpatients and outpatients this year, numbering 3,000 more than ever before in our history. We are in the process of continuing to monitor the programs.

When we find that the productivity, given a sufficient grace period, does not increase to that which is required by the standard, we would redirect the resources to another hospital.

Mr. BOLAND. Do you want to supply for the record what the particular VA utilization standards are for alcoholic treatment units?

Dr. HABER. Yes, sir, we will.

[The information follows:]

The utilization standards for the specialized alcohol dependence treatment program are:

(*a*) Bed occupancy at least 85 percent.
(*b*) Bed turnover—at least 85 percent.
(*c*) Outpatient visits—at lease 900 treatment visits per staff member per year.

Mr. CLELAND. Mr. Chairman, may I make a note here that this is a program that I have had particular interest in. Over the last three years we have expanded the program by at least 25 percent. I think it is a pretty rapid growth. The alcohol treatment units that I have seen, and I have traveled a good deal, are mostly all filled. The demand is there and we intend to meet it.

Mr. BOLAND. The IG indicated that only 59 percent of the program meets the VA standards.

Dr. HABER. Again, the answer is that the rapid expansion has created additional capacity which we are confident will be utilized fully. I think that the passage of time will show that the utilization will increase significantly in the next year.

SPECIALIZED MEDICAL SERVICES UTILIZATION

Mr. BOLAND. Over the past few years there has been some concern over the usage of some of the specialized medical programs in VA hospitals. Last year the VA submitted a list of facilities not meeting VA criteria for specialized medical services as of the end of the fiscal year 1978. That listing showed 165 out of 808 specialized programs did not meet VA's criteria.

As I understand it, as of the end of the fiscal year 1979, 180 out of 873 specialized medical programs did not meet VA's criteria. A substantial number of facilities have been substandard for both 1978 and 1979. Is that correct?

Dr. HABER. Sir, that is a distorted picture if I may indicate. Of all of our 16 programs that are now listed as special medical programs, only four or five of them have rates of utilization below 83 percent.

Mr. BOLAND. Did you say 83 percent?

Dr. HABER. Yes. In other words, all of the others are meeting their productivity standards to the extent of 83 percent or higher. The programs that have fallen below are what we have talked about, the alcohol treatment largely because of rapid expansion and one of the others is renal transplantation.

Now the renal transplantation center program has fallen below standard, and I think this mirrors the national picture, because of the difficulty of getting kidneys. That is the problem. The VA is not alone in experiencing this difficulty. We have taken aggressive action and cut down the number of our special medical programs, particularly renal transplant centers, by reducing them where it seemed to be feasible.

Mr. BOLAND. How many specialized medical programs were closed in 1979?

Dr. HABER. Four.

Mr. BOLAND. Can you provide for the record a listing of the specialized medical programs initiated in 1979?

Dr. HABER. The only programs initiated in 1979 were the alcoholism treatment programs indicated by Mr. Cleland.

Mr. BOLAND. For the record, will you update the list provided last year of specialized medical services not meeting VA standards? Place an asterisk by those that have not been up to standard for 1978 and 1979.

Dr. HABER. Yes, sir.

[The information follows:]

59-500 O - 80 - 6

THE FOLLOWING IS A LIST, BY TYPE AND LOCATION, SHOWING UNITS NOT YET FULLY MEETING PUBLISHED STANDARDS AT THE END OF FY 1979.

ALCOHOL DEPENDENCE TREATMENT PROGRAMS

THE ASTERISK INDICATES UNITS THAT ALSO DID NOT MEET THE STANDARD FOR THE PERIOD ENDING SEPTEMBER 30, 1978.

ALBANY	KNOXVILLE, IA	*SALT LAKE CITY
*ALBUQUERQUE	LEAVENWORTH	SAN DIEGO
AMERICAN LAKE	LYONS	SAN FRANCISCO
AUGUSTA	MANCHESTER	SEPULVEDA
BATTLE CREEK	MEMPHIS	SHERIDAN
CINCINNATI	MIAMI	ST LOUIS (JEF. BAR.)
CLEVELAND	MOUNTAIN HOME	TEMPLE
COATESVILLE	NEW ORLEANS	TOGUS
DALLAS	NORTHAMPTON	TOPEKA
DANVILLE	PALO ALTO	*WACO
*EAST ORANGE	*PITTSBURGH (HIGHLAND DR.)	*WASHINGTON
FORT HOWARD	PRESCOTT	WHITE CITY
HAMPTON	*SALISBURY	WHITE RIVER JUNCTION

CARDIAC CATHETERIZATION LABORATORIES

ALLEN PARK
ANN ARBOR
BALTIMORE
BRONX
CHARLESTON
CHICAGO (LS)
CLEVELAND
COLUMBIA
*DAYTON
EAST ORANGE
*INDIANAPOLIS
WOOD
IOWA CITY
*KANSAS CITY
LITTLE ROCK
LOUISVILLE
*MARTINEZ
*MIAMI
NEW ORLEANS
NEW YORK
*NORTHPORT
*OKLAHOMA City
PALO ALTO
PHILADELPHIA
*PITTSBURGH (UNIVERSITY DR.)
SALT LAKE CITY
SAN DIEGO
SAN JUAN
*SEATTLE
ST. LOUIS
SYRACUSE
TUSCON
WEST HAVEN
*WILMINGTON

DRUG DEPENDENCE TREATMENT PROGRAMS

*ALBANY
*ALLEN PARK
*AMERICAN LAKE
*BATTLE CREEK
*BEDFORD
BOSTON
*BRONX
*CHICAGO (WS)
*CINCINNATI
CLEVELAND
*COATESVILLE
*DENVER
HINES
*HOUSTON
*INDIANAPOLIS
LONG BEACH
*LOS ANGELES (BRENTWOOD)
MARTINEZ
*MEMPHIS
MIAMI
*MONTROSE
NEW ORLEANS
*NEW YORK
NORTH CHICAGO
*OKLAHOMA CITY
*PALO ALTO
PITTSBURGH (UNIVERSITY DR. C)
*RICHMOND
SAN DIEGO
SEPULVEDA
*ST. LOUIS (J.B.)
WASHINGTON
WOOD

DIALYSIS CENTERS AND HOME DIALYSIS

*LEXINGTON
*LOMA LINDA
*MADISON
*OMAHA
*PALO ALTO
*PHILADELPHIA
SALT LAKE CITY
*SAN ANTONIO
*ST. LOUIS

SATELLITE DIALYSIS

IRON MOUNTAIN

HOSPITAL BASED HOME CARE

CLEVELAND
LONG BEACH
PITTSBURGH
SAN FRANCOSCO

PULMONARY FUNCTION LABORATORIES

*ALBANY
*ALBUQUERQUE
*BALTIMORE
*BECKLEY
*BROCKTON
*CHEYENNE
*CHICAGO (LS)
*CHICAGO (WS)
*FORT HARRISON
*HUNTINGTON
*KERRVILLE
*KNOXVILLE
*LINCOLN
*MARTINEZ
*NASHVILLE
*PERRY POINT
*PITTSBURGH (HIGHLAND DR.)
*SAGINAW
*ST. CLOUD
*TOMAH

RENAL TRANSPLANT

*ANN ARBOR
IOWA CITY
* KANSAS CITY
* LOS ANGELES
*LITTLE ROCK**
*SALT LAKE CITY**
SAN JUAN**
TAMPA**

** MEDICAL CENTER ACTIVATION WITHOUT SPECIFIC CENTRAL OFFICE FUNDING

RESPIRATORY CARE CENTERS

ANN ARBOR
*BEDFORD
CHARLESTON
*FARGO
*FAYETTEVILLE, ARK
FORT LYON
*WILMINGTON
*FORT MEADE
HUNTINGTON
JACKSON
*LEAVENWORTH
*LONG BEACH
*MARLIN
*MARTINEZ
MINNEAPOLIS
NORTH CHICAGO
*LONG BEACH
SHREVEPORT
*TEMPLE

SPINAL CORD INJURY CENTERS

*CLEVELAND
HINES

SUPERVOLTAGE THERAPY

BROOKLYN
BUFFALO
CHICAGO (LS)
DURHAM
MEMPHIS
PHILADELPHIA
WASHINGTON
WOOD

AFFILIATION ASSESSMENT MODEL

Mr. BOLAND. On page 6-22, at the top of the page, there is mention of development of a computer-based Affiliation Assessment Model. How much is in the 1981 budget for this program?

Dr. CUSTIS. Again, Dr. Klainer is the program director for that. May I ask him to reply.

Dr. KLAINER. Mr. Chairman, I don't have that figure. I will provide it for the record.

Mr. BOLAND. You may supply it for the record and include what the annual cost of this program is.

[The information follows:]

Resources required to support the affiliation assessment project are as follows:

	Personnel	Services	Total
Fiscal year 1978	$146,769	$130,000	$276,769
Fiscal year 1979	185,551	180,000	365,551
Fiscal year 1980 (estimate)	153,330	181,048	334,378
Fiscal year 1981 (estimate)	273,330	553,048	826,370

AVERAGE PAYROLL COSTS

Mr. BOLAND. On page 6-32, under average payroll cost, the table shows $19,162 for 1979. That is $104 under last year's estimate for 1979. Last year's budget estimate was $19,266. That is better than the $359 difference for average salary experienced in 1978 but still that freed up about $20 million at the end of 1979.

What part of that $20 million was used for year-end buying? If my figures are correct, these costs indicated that you overstate your estimates so you wind up with a little windfall at the end of the year.

What did you do with the $20 million that was saved as a result of the overestimate?

Mr. HOFFMAN. My guess would be that we probably averaged a higher average employment during that year. It doesn't appear that there was any utilization of that $20 million for other than payroll purposes.

Mr. BOLAND. What about the estimate for average salary in 1980 and 1981? The average cost for 1980 is $20,793, and for 1981 it is $21,069. How firm or how reliable are those estimates? I guess they must be reliable. Otherwise, you would not have them in the table.

Mr. HOFFMAN. Yes, sir.

Dr. DITZLER. Mr. Chairman, I have a comparison of where our dollars were actually spent as compared to what was planned. In 1979 I show that we spent $19 million more in personal services than had actually been planned. So that I would reflect that there was no year-end spending.

VA NURSING HOME UNITS

Mr. BOLAND. On page 6-35, under number of installations—VA nursing, I note four VA nursing home units projected last year to come on line in 1980 will not be operational until 1981.

Where are those four nursing home care units and why are they behind schedule? The budget estimate was 96 in 1980 and the estimate now is 92. What happened to the four? You may supply that information for the record.

[The information follows:]

Because of an administrative error the actual count in 1979 of existing VA Nursing Homes is 92, not 91 as reported in the 1981 Budget. With this correction of the actual base, the 1980 count is 93 (1 additional activation) and the 1981 count is 98 (5 additional activations). As a result there is a slippage of 3 VA NHCs (Gainesville, Martinsburg, and Memphis) from the original 1980 Budget estimate (96 less 93) due to revised construction schedules.

Mr. BOLAND. Where do the VA demographic studies show the greatest needs for nursing home care units?

Mr. FALCO. We have a complete list and if it is appropriate, we will submit it for the record.

Mr. BOLAND. Fine, supply it for the record.

[The information follows:]

VA Nursing Home Care (NHC) units are planned based on the Study of Aging Veterans. This study was prepared by the Veterans Administration pursuant to Section 117(a) of Public Law 94-581 and published January 5, 1978, as Senate Committee Print No. 12. The target level for VA NHC beds is 13,100 by 1987. This overall bed level was distributed based on demographic analysis to each of the 28 VA medical districts. The Medical District Director in conjunction with VA Medical Center Directors and the Department of Medicine and Surgery programmed NHC units based on the availability of medical services, an adequate site, and a location that has demonstrated a need for long term care to carry out progressive patient care. The nursing home care priorities are as follows:

Fiscal year and VAMC

	Priority
1981:	
Hines	1
Reno	2
Coatesville	3
Dallas	4
Kerrville	5
Wichita	6
Bronx	7
1982:	
Fresno	8
Los Angeles (Wadsworth Division)	9
Minneapolis	10
Lake City	11
St. Louis (Jefferson Barracks Division)	12
Marion, Illinois	13
Ann Arbor	14
San Diego (Conversion)	15
Spokane	16
Tampa	17
Denver	18
Prescott	19
1983:	
San Francisco	20
Hines	21
Loma Linda	22
Lyons	23
Los Angeles (Wadsworth Division)	24
Martinez	25
Boise	26
Northport	27
1984:	
Murfreesboro	28

Houston 29
Waco 30
Hot Springs 31
Miami 32
East Orange 33
Providence 34
San Juan 35

NURSE STAFF PROBLEMS

Mr. BOLAND. In what particular locations do your studies indicate the greatest need for nurses? The Committee has heard some allegations from the VA field personnel that some nurses coming out of school lack "hands-on" experience. As such, more time must be allocated to training of new nurses than presently planned. Is this really a problem with the VA?

Dr. CUSTIS. Yes, sir. Likewise this has been a problem recognized in military medicine for the last five or six years. It is also recognized in the private sector.

Mr. BOLAND. If that is so, it would seem that with all the professional relationships with colleges and schools of nursing, the VA ought to be in a position to have a positive influence on the education of nurses. Isn't that a fair statement?

Dr. CUSTIS. Yes, sir.

Mr. BOLAND. Do you have any influence on them?

Dr. CUSTIS. We have 30,000 nursing students each year in the system. However, we do not determine their curriculum content.

Dr. JACOBY. Mr. Chairman, I would think that one of the problems that has occurred is the change in the overall educational pattern of the nurse. The nurse who was predominantly a skills oriented individual now is actually a better educated person so that as part of their education, in a time limit of four years, they cannot accomplish the collegiate aspects of it, the academic aspect, plus the, if you will, on-the-job training required.

As a result, many universities at the present time look at it as though they need this additional time afterwards, an internship, per se, in which in that first one or two years out of there——

Mr. BOLAND. Wouldn't you think the nurses coming out ought to have hands-on experience? Wouldn't that be an essential requirement and a very valuable one for nurses?

Dr. JACOBY. They have that, Mr. Chairman. The problem is that when they get into some of our medical centers, particularly tertiary care hospitals, they are confronted with complex areas. They do not have the required type of educational background and have to acquire it. Particularly when there are shortages it means we have to fill in with some of the more junior nurses and that is when some of the complaints come from the experienced ones.

AVERAGE LENGTH OF VA HOSPITAL STAY

Mr. BOLAND. At the bottom of page 6-35, the overall average length of stay changes from 23.9 days in 1979 to 21.9 days in 1980 to 21.8 days in 1981. Let me ask whether or not we have reached that particular point where the average stay cannot be further reduced, where it will not go down any further?

Dr. CUSTIS. Mr. Chairman, we are predicting on paper that we will reach that point about 1986 when we are predicting a length of stay of 21.3. You will notice if you take the 21.3 compared to the progression, the down trend there, that there is very little difference for the last few years. We think we are indeed approaching the point of no further improvement.

OUTPATIENT MEDICAL VISITS

Mr. BOLAND. On page 6–37, under outpatient visits, the total number of visits in 1980 decreases from 18,376,000 estimated last year to 17,985,000. In 1981 the number increases by 50 to 18,005,000.

Why the reduction of 391,000 visits estimated for 1980, the difference between the budget estimate and the currently estimated total visits?

Dr. CUSTIS. This is primarily a reduction in fee basis outpatient traffic. It in large part is absorbed in staff outpatient visits.

Mr. BOLAND. What would it cost for 100,000 more outpatient visits in 1981, both in funds and in staff years? You may supply this for the record.

[The information follows:]

It would cost the VA $6,500,000 and 200 FTEE for an additional 100,000 outpatient staff visits.

PER DIEM COSTS OF VA VERSUS COMMUNITY NURSING HOME CARE

Mr. BOLAND. Turn to page 6-39. We will look at the table on the average cost per patient day. Under the VA nursing home care the average cost estimated for 1981 is $76.14 per day. The average cost for the community nursing home care shown right below it is $41.79 per day.

What accounts for this tremendous cost difference?

Dr. CUSTIS. Basically, Mr. Chairman, it is a different intensity of care for a more acute or for a more intensive nursing care type patient.

Dr. Haber answers this question very well. I have heard him respond to this several times. Could I defer to him?

Dr. HABER. Sir, the answer is, as Dr. Custis has indicated. In our own nursing classification of patients requiring more intensive need, those patients who have the more serious nursing needs have increased in VA facilities. Categories 1 and 2 have increased to where they are more than half the total need.

In the community nursing home this is not true. In the VA nursing home the veteran receives all the consultation and attending assistance that is needed. If we need a neurological or urological consultation, he gets it immediately. In the community nursing home that is true to a lesser extent.

In brief, the quality and quantity of care given in the VA nursing home accounts for the difference.

Mr. BOLAND. So the quality of care you get in the VA nursing home is higher, I presume, but there must be a significant number of veterans who don't require that quality of care.

I presume that the most cost effective place to put them would be in the community nursing home care which is $34 cheaper than the VA nursing home.

It would appear to be less expensive to utilize more contract community nursing homes. And that does not take into account the cost of building your own nursing homes and staffing them. That is correct, isn't it?

Dr. HABER. Yes, sir. The truth of the matter however lies in the specific nursing home needs of the patient. If he needs the ones only the VA can afford, that is where he ought to be.

Mr. BOLAND. I presume there is a close relationship between those where the care is provided in the VA nursing home and where the care is provided in the community nursing home? How closely monitored are those patients?

The point I am trying to make is that a veteran who doesn't require the kind of care that the VA nursing home gives ought to be in a community nursing home rather than a VA nursing home.

Dr. HABER. That is our policy, sir.

Dr. CUSTIS. Dr. Goldman, I think, has something to say.

Dr. GOLDMAN. I think there are several facets. The two programs are not identical. As has been indicated, they meet different needs. The in-house VA nursing home care unit is for the more intensively treated patient; it is for the patient that is more likely to go in and out of the hospital.

On the other hand, the community nursing home has the advantages of economy and also of better geographic distribution. However it is necessary to find community nursing homes who will accept our patients. At the per diem rate which is negotiable, we cannot always place the level of patient that we have for one of two reasons: Either because of price or because of the unavailability of beds.

For example, in Shreveport there are only three acceptable community nursing homes in the city and only one of those homes will accept veteran patients. So we have a multiplicty of problems.

Mr. BOLAND. Why is that? Is it because more care is required?

Dr. GOLDMAN. Partly because more care is required, but partly because the cost differential would have to be reduced if they were to accept our patients. We place patients at the lowest negotiable contract level. This often creates problems.

Mr. BOLAND. So other patients within the community nursing home would be paying more than the VA patients would be?

Dr. GOLDMAN. They may be, sir, yes.

BENEFICIARY TRAVEL COSTS

Mr. BOLAND. I have a number of questions on the table of page 6–40. The first one deals with beneficiary travel under object 21. That declines from $65,224,000 estimated last year for 1980 to $60 million currently estimated for 1980.

Is this decline occasioned by the 8 percent reduction which was the $500 million governmentwide decrease for travel?

Mr. HOFFMAN. Yes, sir, it is.

Mr. BOLAND. What particular action has the VA taken to achieve this reduction?

Mr. HOFFMAN. Mr. Chairman, we are presently negotiating that with the Office of Management and Budget because it is the feeling of the Department of Medicine and Surgery that reduction is too severe for beneficiary travel. But that has not been resolved. There is an open appeal on this matter.

Mr. BOLAND. The Veterans Health Programs Extension and Improvement Act of 1979, allows the Administration to promulgate regulations restricting beneficiary travel.

What have you done with respect to that?

Dr. CUSTIS. They are being developed. We have a lot of heartburn about this, Mr. Chairman. If, for example, we are to realize the $5 million savings that is implied here, we are talking about the equivalence of 2.9 million outpatient visits.

Mr. BOLAND. Why does the beneficiary travel increase from $60,006,000 in 1980 to $69,992,000 in 1981? Obviously, it appears that the beneficiary travel would be restricted in 1980 but not in 1981.

Dr. DITZLER. At the time of the budget submission this was the intent, that the 1981 level would be the normal accrual increase over 1980 had we not lost the 8 percent.

Mr. BOLAND. You say you have an appeal to the Office of Management and Budget?

Mr. HOFFMAN. Yes, sir.

Mr. BOLAND. What if you lose it?

Mr. HOFFMAN. I think as Dr. Custis says, it would give him considerable heartburn.

MOTOR POOL COSTS

Mr. BOLAND. For interagency motor pool travel, that increases from $4,324,000 in 1980 to $5,276,000 in 1981, an increase of $952,000 or 22 percent. Last year you estimated $4,081,000 for motor pool travel in 1979 and the actual was $3,755,000 which was $326,000 below the estimate.

Why do you need a 22 percent increase in this type travel in 1981? You really don't need it, do you? Based on your experience in 1979 it appears that your estimate is overstated or that you can administratively restrict travel.

Mr. VAUGHN. I am Bob Vaughn, Assistant Deputy Administrator.

The cost increase, I believe, is because of the GSA rates. We are renting from them. It is related to fuel costs. This could be decreased I believe because we have recently been directed to reduce our travel by 10 percent.

CHANGES IN BUDGETED/ESTIMATED FUNDS

Mr. BOLAND. Under transportation of things, other transportation increases from $8,192,000 in 1980 to $13,035,000 in 1981, or up $4,843,000.

What accounts for this 59 percent increase in one year?

Mr. HOFFMAN. Mr. Chairman, again I can answer part of this. There was a $1 million reduction in the transportation of things account as a result of the 8 percent limitation placed upon the agency.

As to the 1981 increase, I would again have to defer to Dr. Custis and his staff.

Dr. CUSTIS. I think there are several aspects to this.

Mr. BOLAND. Put the several aspects in the record at this point so we will understand it. That is a substantial increase.

[The information follows:]

The "Other Transportation" sub account experienced a 36 percent increase in fiscal year 1979 resulting in a higher total cost than what was in our original request for fiscal year 1980.

The VA's estimate of need in fiscal year 1980 is $12,267,000 or an increase of 35 percent (primarily due to uncontrollable Parcel Post). Because of the 8 percent reduction of $709,000 and the VA's inability to reprogram $3,366,000 into the account in compliance with Public Law 96-86 and OMB Bulletin 80-3 the fiscal year 1980 request of $8,192,000 under-estimates needs by $4,075,000. If the fiscal year 1980 current estimate reflected true needs the fiscal year 1981 column would show a net increase of $768,000 ($4,843,000 less $4,075,000).

Mr. BOLAND. Under rent, communications and utilities—the subactivity utilities has increased by $15,691,000 from $114,283,000 in 1980 to $129,974,000 in 1981. For 1979 the estimate for utilities was $101,599,000 and the actual was $94,736,000. That is $6,863,000 below the estimate. Given the accuracy of your estimate for 1979, it would appear that your request for 1981 is again overstated. What about it?

Dr. CUSTIS. I think we would have to supply that for the record, too. I would suspect the biggest part of this is in inflation in utility costs.

Mr. BOLAND. Okay, you can supply that one for the record.

[The information follows:]

The average annual percent increase for utilities experienced in the years 1974-1979 was 18.5 percent. This includes costs for gas, electricity, water, sewage, etc. Even though the fiscal year 1979 actual cost was under the fiscal year 1979 estimate, the fiscal year 1981 estimate represents only an 18.6 annual percentage increase over actual fiscal year 1979—a modest increase in relation to the nature of these OPEC related costs.

Mr. BOLAND. Under other services, page 6-40, why do outpatient dental fees in 1980 change from $64,288,000 in last year's justification to the current estimate of $33,810,000?

Dr. CUSTIS. There has been a wholesale reduction in fee-basis dental services. It has been absorbed into the system.

Mr. MCMICHAEL. It is also as a result of direction by Congress in the Health Care Amendments Act.

Mr. BOLAND. Clearly you have overestimated the cost in 1979 by nearly $20 million, isn't that correct? All of these questions that I have directed to this page have been overestimated for 1979. The actual spending for 1979 was less than the estimate. That appears in almost all of these categories.

So would it be fair to say there is a lot of fat in these items?

Dr. CUSTIS. Mr. Chairman, I would be very hesitant to say that right now.

Mr. BOLAND. Well, it was nice of you to hesitate on this because I thought we were going to get a nice quick no. Put something in the record with respect to these questions. I think these are serious questions and there are millions of dollars involved here.

[The information follows:]

The VA Department of Medicine and Surgery in the past has both overestimated and underestimated its projected costs in some areas (primarily supplies and services and equipment), and underestimated them in others (primarily equipment). The budget is developed in its initial phases some 18 months before the *beginning* of the final year in question, and is usually "locked in" before the current year "actuals" are available. In the case of our fiscal year 1979 projections, for example, the figures were developed before the fiscal year 1977 actuals were available. Trend data are least helpful when 180 separate centers are reporting great fluctuation during inflationary times.

Furthermore, VA top management does not supply line item budgets to local Medical Center Directors relative to the distribution of their non-personal services dollars. For example, rather than getting their individual share of the department's total estimate for utilities, they receive their full amount of resources in as unrestricted a manner as possible. Within this allocation, the Directors are expected to meet not only the utility bills, but to operate a complex medical center. The estimates, therefore, are not in reality a specific request for utility dollars, in our example, but rather a projection of the amount which will at a later date be reflected in the cost accounting system.

While subgroups within each subaccount do vary greatly, the subaccount totals have been remarkedly consistent except for subaccount 26 and subaccount 31. Here the needed flexibility is obtained—where less than 1 percent of the medical care budget becomes the "cash flow" or "reserve". This 1 percent has been most frequently used to augment equipment replacement. Even augmentation of funds to subaccount 31 meets only 68 percent of need.

Finally, although some misalignment has occurred in the past, it is absolutely not true that there is any "fat" in the medical budget, or that funds have been wasted or misused. The VA has always attempted to use resources available in the most efficient, cost effective manner possible consistent with the highest possible quality of care to our Veteran patients.

Dr. CUSTIS. When I came into this job, Mr. Chairman, I was assured that all the fat was gone.

Mr. BOLAND. Now that you have been on the job this short period of time, you know it is not all gone, don't you?

Under M&R Contractual Services, the request for 1981 is $71,008,000 and the actual for 1979 is $53,884,000. That is an increase of $17,124,000. Why the 32 percent increase in two years for M&R Contractual Services?

Dr. Custis, you are marvelous on answering the questions for the short period of time that you have been there and these are difficult questions. But you may have another member of your staff supply the answer to that question if you will.

For other contractual services, the last item on that page, the 1981 request is $211,813,000. It is an increase of $29,929,000 over the 1980 estimate. Why such a large increase here? You may provide that for the record, along with a breakdown of the $211,813,000 requested for other contractual services in 1981.

[The information follows:]

M&R CONTRACTUAL SERVICES

Currently the government's investment in more than 5,300 VA buildings, having nearly 111 million square feet of floor space to maintain and a replacement value of approximately $12,810,000,000 requires the $71,008,000 to meet day to day maintenance cost.

The 32 percent increase in M&R Contractual Services for the two years (from 1979 to 1981) equates to a yearly increase of 16 percent. This is quite comparable to our average annual, actual increase for the past nine years of 15.2 percent.

OTHER CONTRACTUAL SERVICES

The $29,929,000 or 16.5 percent increase for "other contractual services" in fiscal year 1981 is modest in relation to the actual experienced increase of 23.6 percent in fiscal year 1978 and 28.3 percent in fiscal year 1979. Simple trending analysis in

relation to inflationary impacts would seem to indicate increases should be projected well into the thirty percentile. And yet we show a 16.5 percent increase and a dollar increase below that which we experienced in fiscal year 1979.

These contracts are consummated by individual VAMC's and a breakdown is not available in VACO.

COST DEVIATIONS

Mr. BOLAND. On page 6-41, under supplies and materials, the 1979 estimate last year and the actual cost in 1979 vary for a number of subactivities.

For drugs and medicines, the 1979 estimate was $247,102,000 and the actual was $222,887,000, a difference of $24 million.

For medical and dental supplies, the 1979 estimate was $188,749,000 and the actual was $170,993,000, a difference of $17,756,000.

For the operating supplies, the 1979 estimate was $96,020,000 and the actual was $82,699,000, a difference of $13,321,000.

For those three categories, the actual difference is $55,292,000 below the budget estimates. How did VA save $55 million on those subactivities? I can understand how maintenance or equipment purchases can be postponed until the next year, but how do you postpone purchasing medical supplies? You either need them or you don't need them. You may supply that for the record.

[The information follows:]

Although a misalignment occurred in projecting where local management would incur their actual 1979 costs, these funds were used in an efficient, cost effective manner. Much of the funds were applied to severe equipment backlogs, which are essential to providing quality patient care.

It would be a mistake to prejudge the fiscal year 1981 estimates in object 26. The following chart will illustrate that these objects are not overstated:

Object	Actual average annual percent increase fiscal years 1971–79*	Estimated average annual percent increase fiscal years 1979–81
Drugs and medicines	15.5	12.6
Medical and dental supplies	16.7	13.9
Operating supplies	17.6	17.6

*This percentage increase reflects pure actual data at a time when inflationary impacts were less than that expected in fiscal year 1980 and fiscal year 1981.

MEDICAL SUPPLY INVENTORY

Mr. BOLAND. Is there a large inventory of medical supplies that allows you to postpone procurement?

Mr. COOK. No, sir. Our inventory has been relatively stable.

Mr. HOFFMAN. I think many of the questions will be answered when we take up the pay raise because we did absorb $42.8 million of that pay raise. So many of these questions will be answered there.

LANDS AND STRUCTURES

Mr. BOLAND. The last item on page 6–41, lands and structure, the 1979 column showed $32,734,000 last year and the 1979 actual was $61,058,000. Why did VA spend nearly twice the estimate for lands and structures in 1979? You may supply that for the record.

[The information follows:]

The VA did not spend twice as much as was intended for lands and structures. Certain types of projects (Minor Improvement and Maintenance and Repair) have as an integral part a certain amount of Building Service Equipment. In estimating projected costs for these types of projects the object class 32 (lands and structures) was not separately identified but was included with the bulk of the projects costs in object classes 25 and 26. In addition, the original estimate does not take into account resources obligated in prior years from prior year appropriations, but delivered, and costed, in fiscal year 1979.

Mr. BOLAND. Let me just indicate that it is the judgment of this Committee and people who are familiar with the VA that it does an excellent job in treating the veterans. We have always supported the Medical Care System, but when you approporiate $6-1/2 billion to one account, Medical Care, I think you know and would share our concern that $6-1/2 billion provided with almost no strings can lead to abuses.

We don't object to the development of health care computer systems, but we cannot support the spending of large sums of money without proper planning, particularly if you are committing us to large expenditures down the road. We want to preserve your flexibility but that requires a very good faith relationship. I hope we can continue to have that relationship that we have enjoyed over the past few years.

With that little comment, you won't even have to respond because I think you would agree.

Mr. CLELAND. I do agree, sir.

Mr. BOLAND. I will not be here this afternoon because I have other commitments, the Intelligence Committee and the Foreign Relations Committee. Mr. Traxler will preside this afternoon. We will stand in recess until 2:00.

AFTERNOON SESSION

GENERAL OPERATING EXPENSES

Mr. TRAXLER. The Committee will come to order.

Turn to General Operating Expenses (GOE). This appropriation funds the VA non-medical administrative support costs for General Administration, the Office of Data Management and Telecommunications, the Department of Veterans Benefits, and the Department of Memorial Affairs.

The fiscal year 1981 General Operating Expenses request is $645,175,000, an increase of $19,076,000 above 1980 when proposed supplementals of $38,707,000 are considered as enacted. Average employment for 1981 is estimated at 22,579, a decrease of 429 from 1980. The most significant contributing factor to the 429 net reduction is the projected 533 staff-year savings accruing from the TARGET computer system.

FISCAL YEAR 1979 UNOBLIGATED BALANCE

On page 1-2, under appropriation highlights, the table shows an unobligated balance of $7,941,000 lapsed at the end of fiscal year 1979. I assume that those funds lapsed, in part, because the Committee did not approve the VA's reprograming proposals for the Health Care Information System ($1.9 million) and for miscellaneous equipment and training ($1 million). The Committee took

that action because of concern over reprograming proposals for unbudgeted activities to utilize funds that would otherwise revert to the Treasury.

We do not look with displeasure on funds reverting back to the Treasury. How does the VA account for these unobligated balances?

Mr. HOFFMAN. In the case of general operating expenses, those monies lapse and are not carried forward to a subsequent year, so they are lost.

Mr. TRAXLER. What are those funds?

Mr. HOFFMAN. Mr. Martin can probably speak to contracts that he needed funding for in the TARGET area that are now slipping into 1980 and for which he is asking for supplemental funds.

OFFICE OF ADMINISTRATOR

Mr. TRAXLER. Turn to the Office of the Administrator. On page 1-12, average employment for 1980 increased from 49 in last year's request to the current estimate of 53.

Why does average employment for 1980 increase by four from last year's request?

Mr. HOFFMAN. The Administrator has a requirement to maintain his current level of effort. Therefore, he is asking for four additional people. As you notice he straight-lines this for 1981. He is at a level that he feels will not jeopardize the service he intends to provide from his office.

Mr. TRAXLER. If you are providing a service with 49 persons, why go to 53?

Mr. HOFFMAN. At one time, there were 66 people in that office, and then it was dropped down to 49.

Mr. TRAXLER. Why was the 1979 actual cost for equipment $41,551? Last year's justification showed $14,000 for equipment. How do you explain that?

Mr. VAUGHN. This is due to the acquisition of a word processing system, and we obtained unitized furniture for our mailroom.

GENERAL COUNSEL

Mr. TRAXLER. Turn to the Office of General Counsel. On page 1-21, under personal services, is mention of funding for 30 positions added in 1980 to test VA's ability to collect education overpayments under $600.

What is the status of this pilot project? How many field stations are there and where are they? Are they all staffed and operational? If not, why?

Mr. MCMICHAEL. Yes, sir, the project has only been under operation for a short while. We find that a large number of cases which were referred to us have inadequate and inaccurate information as to the veterans address, for which we need legislation. Both the House and Senate have acted on our request although differences are yet to be resolved.

For those cases with good addresses, we have been experiencing a successful disposition rate of about 72 percent. This compares with the Department of Justice successful disposition rate on the over $600 cases of about 39.3-percent success rate.

59-500 O - 80 - 7

Mr. TRAXLER. Can you tell me how many field stations you have?

Mr. MCMICHAEL. Ten field stations for the pilot test.

Mr. TRAXLER. Are they all staffed and operational?

Mr. MCMICHAEL. All are staffed and operational. We have not hired our full 30 as yet, however.

Mr. TRAXLER. You expect when to be up to 100 percent?

Mr. MCMICHAEL. In the next few weeks.

EDUCATION OVERPAYMENTS

Mr. TRAXLER. Let us talk about the overall educational assistance overpayments situation. In 1975, the Committee asked its Surveys and Investigations Staff to undertake a comprehensive investigation of the educational overpayments problem. From that report and the hearings held in the spring of 1976 evolved a limitation on prepayments and advance payments in the Fiscal Year 1977 Appropriation Act. The legislative committees subsequently produced a bill addressing this issue.

Mr. Administrator, we discussed the legislation regarding prepayments and advance payments in March of 1977—shortly after you became Administrator. Two years ago, during the hearings on the 1979 budget, you indicated that overpayments were steadily decreasing. It seems the overpayment problem is still with us. In fact, on a per trainee basis, it is increasing.

During fiscal year 1979, VA established about $350 million in educational assistance overpayments compared with $394 million in fiscal year 1978. This represents a decrease of 11 percent during a period when benefits paid to veterans and dependents decreased by 17 percent and the number of veterans in training decreased by 15 percent. I am beginning to wonder if VA's efforts to reduce overpayments are effective and if the decrease in overpayments merely reflects the reduction in the number of persons in training and benefits paid. Are we proportionately falling behind?

Mr. CLELAND. That question has many facets; one the authority to collect payments, and the other is some bookkeeping measures that have been taken in the last year or so. I would like to have the controller first address where we are, and then ask Miss Starbuck to talk about the situation as she sees it.

Mr. TRAXLER. We are talking about nearly $600 million, an increase of about $25 million during the past year.

Mr. HOFFMAN. You are addressing the education accounts overpayments?

Mr. TRAXLER. Yes.

Mr. HOFFMAN. We show a balance at the end of 1979 of $418,618,000. At the end of December, however, we are down to $401 million. So there is a drop there. We should also point out to you that we are turning some over to the Justice Department. At the end of 1979, we did have $49 million worth of cases in the hands of Justice. They had made some inroads in collecting, but we presently have a balance of $41 million with them. I think Miss Starbuck can probably elaborate more on the programmatic impact of these numbers, but we do have some problems, for example in obtaining names and addresses. We are precluded from doing this by law. We finally worked out a situation where we were able to

get these for use by the VA only, from the Bureau of Census. We were talking about 160,000 names which had an impact on our books. We just recently got authority to get those names from the Census people and the IRS and intend to use this as a means now of, let us say, more hard-pressing collection activities.

Mr. TRAXLER. When you say Census, do you really mean IRS?

Mr. HOFFMAN. Yes. Internal Revenue Service.

Mr. CLELAND. Miss Starbuck.

OVERPAYMENT AND COLLECTION TASK FORCE

Ms. STARBUCK. In our very strong compliance program in the review of veterans' records at schools where we find improper pursuit has taken place, we do establish the overpayments. That means we are doing very good compliance surveys. We are creating overpayments.

I recently asked a group of individuals to form a task force to review the entire subject of overpayments and the collection procedures. The report of that study group has come in to us; it is being reviewed in the Office of the Controller and in the Office of the General Counsel and in the Department. We hope as a result of that review that possible procedural changes with respect to the creation of overpayments can be taken.

In discussing the percentage of overpayments out of the number of dollars that are expended, we are instructing our regional office directors to be very much aware of the fact that in 1979 for every dollar that was authorized for benefit payment, really 12.5 cents of the dollar was an overpayment. We feel greater care should be exercised by the people in the regional offices who are authorizing these payments. This is a matter of training and awareness of their responsibility.

Mr. TRAXLER. You had a study done on this question of overpayments. I suppose some recommendations came out of that.

Ms. STARBUCK. Yes, sir.

Mr. TRAXLER. You have not implemented any of those?

Ms. STARBUCK. No, sir.

Mr. MCMICHAEL. Overpayments are usually created because people do not report when they drop out of school, so it is endemic to the system a given number of overpayments are going to happen. The one point we want to emphasize is that we are very serious and vigorous in our efforts to pursue and collect those overpayments. We are attempting in a variety of ways to collect them.

LEGISLATION FOR OVERPAYMENT COLLECTION

Mr. TRAXLER. What about your efforts to get enabling legislation to permit you to refer overpayments where appropriate to collection agencies?

Mr. MCMICHAEL. That legislation has passed the House. Similar legislation recently passed the Senate. There are differences which must be resolved and the provisions are tied up in the question of the GI bill rate increases. I do not see a resolution of that issue until late this summer or this fall.

Mr. TRAXLER. I am curious as to what kind of policy decisions would go into referring an account to a collection agency or at

what point would you have your own counsel pursue the matter. I am sure we could take all afternoon on that, and if we do not do any better I will ask you the same question next year.

Mr. McMichael. I think we have devoted a lot of time to this and I am sure we will show some results.

Ms. Starbuck. One thing we have done in our loan guarantee program. A veteran of the Vietnam era who applies for a home loan, that loan is not approved if he has an educational loan that has not been settled or a repayment plan established.

Mr. Traxler. If you can think of other examples where you have implemented ways to make sure that money is returned to the Treasury, that would be helpful.

What about the veteran who wants to enroll in another educational course who is a subject of overpayment?

Ms. Starbuck. In his case, we withhold payment until the overpayment is recouped.

OVERPAYMENTS OF FEDERAL EMPLOYEES

Mr. Traxler. Interestingly enough, the GAO found there were some overpayment debts that had been terminated for those persons employed by the Federal government. Why was that and why should we give preference to those people?

Ms. Starbuck. They were not identified as employees of the Federal government. The account is not actually terminated, Mr. Chairman, the actions to collect on the account is terminated. The overpayment remains in the master record so long as it exists.

With respect to providing any special preference to Federal employees, we have run the education overpayment records against the Veterans' Administration employment rolls and for any employee found to have an overpayment, collection action has been taken.

Mr. Traxler. The thing that troubles me is, why not collect even if they are working for the Federal government? What kind of special dispensation does that give them?

Ms. Starbuck. No approach has been made to the Office of Personnel Management to run the overpayment file against the entire Federal payroll.

Mr. McMichael. Let me just add, Mr. Chairman, that our biggest problem is our inability to locate the debtor in most cases. The No. 1 problem we have is that we cannot get address information. We used to be able to get them from the IRS. The Tax Reform Act of 1976 unintentionally closed that avenue to us. We now have no way to get information from IRS as to the address of debtors.

Mr. Traxler. The concern that the Committee has here is that the agency is exercising as great a diligence as possible to make sure the overpayment would not occur.

GAO reviewed a sample of debts for which VA has terminated collection action and found that about 9 percent of the accounts were terminated because VA determined the debtors were unable to pay their debts.

We recognize that is a reality of life in some instances and 9 percent does not seem unreasonable, in that regard; however, if you close a file and it comes to your attention subsequently that

the individual's Aunt Matilda died and left John Jones a million dollars, what would you do?

Ms. STARBUCK. That is what we are doing in the loan guarantee program. In many of these accounts are cases where the pursuit of payment from the veteran had been terminated. At the time the case was processed, he was perhaps an unemployed individual. Now, some years later, he has a wife, a child, and wants to buy a house and he comes to us.

USE OF CREDIT REPORTS

Mr. TRAXLER. I like the phrase "pursuit of payment." That has a ring all taxpayers would like to hear.

VA currently uses investigative credit reports, costing about $6 each, in order to determine a debtor's ability to repay overpayments.

Why does VA not use credit reports provided by commercial credit bureaus which cost less than $2 each? Have you, and I am sure you have, looked at that, and tell us why you are not doing it.

Mr. MCMICHAEL. As soon as we get the authority, we will be using it.

SCHOOL LIABILITY

Mr. TRAXLER. You have indicated the failure of the schools to notify the VA as to change in a veteran's status has been a primary factor contributing to overpayments. Since schools can be held responsible for overpayments, has VA collected any money from schools which have contributed to the overpayment problem? Have you chronic, habitual educational institutions where they do not provide this information?

Mr. MCMICHAEL. As you know, schools have been vigorously opposed to our efforts to collect this money. It is a long process. Our right to collect has just recently been confirmed by the Supreme Court. It involves administrative rights and allows them to go into court.

LOAN GUARANTY COLLECTION EFFORTS

Mr. TRAXLER. What have been the results of matching loan applicants with overpayments? That is, how many matches have there been? How much in overpayments have been collected? How many repayment plans have been established? Is that a fairly successful technique, say in the case of where you have closed the file? How successful are you in catching that person who is back in at the payout window whose account has been closed out?

Ms. STARBUCK. We have collected in excess of $5 million using that technique, Mr. Chairman. For the individual who comes to us with a loan application for a home loan guarantee, we check our records and find that he has a past overpayment, his application for loan guarantee will not be approved until that loan is settled or a proper repayment plan is accepted by the Veterans' Administration. We find it has been very successful.

Mr. HOFFMAN. I think the point should be made while the records may show the dollars have been written off, statistically that

account is kept in the VA. If that veteran ever applies for future loans, there is an automatic checkoff against further payment.

Mr. TRAXLER. What has VA's success rate been in collecting overpayments from veterans who agree to a repayment plan in order to obtain loan guaranty benefits? How does that person perform?

Ms. STARBUCK. We have not been able to track that through our card system, Mr. Chairman, but we can provide that for the record.

[The information follows:]

After a debtor establishes a repayment plan in order to obtain loan guaranty benefits, the case is not normally segregated from other cases with a repayment agreement made under other circumstances. However, since this was a new program, we did request our field stations to track the success rate of repayment agreements established under this program between its inception and the end of fiscal year 1979. As of September 30, 1979 we had accepted 1,831 repayment agreements, of which 616 (33.6 percent) were in a delinquent status. We expect this trend will continue in the future and are considering strengthening our procedures whereby fewer repayment agreements will be accepted, and requiring substantially larger initial payments in those cases where a repayment plan is accepted.

COLLECTION EFFORTS THROUGH C&P SYSTEM

Mr. MCMICHAEL. I believe, Mr. Chairman, in most cases we get full payoff.

Mr. TRAXLER. Prior to the loan being made.

The VA has indicated that it would be in a position by the end of 1979 to fully implement the offsetting of educational assistance overpayments against the compensation and pension system.

If it has not been done, when do you now estimate it will be fully implemented?

Ms. STARBUCK. The first quarterly listing—this listing was an annual check. It is being changed to a quarterly which will be run the 1st of March.

Mr. TRAXLER. What amount have you been able to collect as offset the past fiscal year?

Ms. STARBUCK. I will provide that for the record, Mr. Chairman.

Mr. TRAXLER. Provide for the record amounts collected and amounts in a sense, terminated.

Ms. STARBUCK. Yes, sir.

[The information follows:]

We cannot provide that figure at this time, because the current yearly check produces a listing of all accounts, including those where a deduction has already been established. However, when the quarterly report is begun in March, it will include only those cases where the debtor is drawing benefits from the opposite system, and there is no deduction currently established. Thereafter, we will be able to determine collections as a result of the quarterly check.

Mr. TRAXLER. The VA annually submits legislative proposals to save money. This is quite a sum of money, and I recognize our concern over it. I think with continued attention and emphasis, that figure can be brought down and will represent a savings to the taxpayer.

OFFICE OF PERSONNEL

Turn to the Office of Personnel. You are requesting an increase of $496,300 and 23 staff-years in 1981. Why do you need a 12

percent increase in the Office of Personnel? If you do not get the increase what will happen?

Mr. BRAND. The fiscal year 1980 employee reductions reflect the generally constrained employment levels of the 1980 budget. However, because of the demands of implementation of the civil service reform, national negotiations, implementation of the EEOC Uniform guidelines, we do need an increase of 6 people over the 1979 level, although it is a 23 staff-year increase over our 1980 budgeting level.

With respect to the increase in dollars, there is $1.3 million, which is going to be spent for the expansion of our executive development and training programs, much of which is required by the civil service reform, and also to institute further development programs for our management levels in the VA.

Mr. TRAXLER. Is that why you need a 112 percent increase in executive training, in travel, and in other services?

Mr. BRAND. Yes, sir.

Mr. TRAXLER. What is the Executive Development Program, just in four sentences?

EXECUTIVE DEVELOPMENT PROGRAM

Mr. SWEET. The civil service reform law, Mr. Chairman, requires a much more structured leadership development, executive development program, if you will. We are required under law to prepare an individual development program for every one of our members of the SES. Moreover, we have to develop practices to identify candidates for the SES at a much lower grade level. We have developed a fast-track method for those in the feeder group programs and another program for those in the 13, 14, and 15 level. This requires an enormous amount of service that did not exist before. It was much looser, and now it will be much more intense.

Mr. TRAXLER. How did you arrive at the figures?

Mr. SWEET. I have a breakdown here if you would like it.

Mr. TRAXLER. The Committee is always suspicious of travel. But the Congress certainly recognizes the importance of legitimate travel. What would you do if we only gave you 50 percent of the increase requested?

Mr. SWEET. Well, sir, we would have to cut down the amount of intensity in training.

Mr. CLELAND. May I comment here?

Mr. TRAXLER. Certainly.

Mr. CLELAND. The VA is going through throes of a generational turnover. The 1946 era is now beginning to retire en masse.

Mr. TRAXLER. You are one of the youngest fellows over there.

Mr. CLELAND. That is right. But throughout the ranks we are faced with massive retirements. We do a great deal of searching, particularly in terms of civil service reform and preparation to join SES. So there is a great deal of upheaval going on within the personnel system at the VA at this point. That is one reason why we are asking for an increased number of people and dollars to get us through the next couple or 3 years.

Mr. TRAXLER. I was just thinking of an article that appeared in one of the Washington papers, about the advantages of career civil service, whether to stay in or move out the end of this month.

Mr. CLELAND. I just got the news today that two of our staff will be retiring the 29th of this month.

Dr. JACOBY. In the medical field, we have approximately 50 directors who will be retiring within the next year or two. The executive development program is very strongly supported within DM&S in order to move some of our younger people and prepare them for 1983 when we will have a major turnover in the upper echelons.

Ms. STARBUCK. The same thing holds true in our department. We have about 10 regional directors who have retired since the 1st of the year. Out of 58 offices, we have 39 people who are directors now who would be eligible next year, and about 20 assistant directors. So, we have to reach out and pick the potentials and get them ready.

Mr. TRAXLER. Thank you for that explanation. It is something I was not aware of. I will submit additional questions on the Senior Executive Service program to be answered for the record.

[The questions follow:]

SENIOR EXECUTIVE SYSTEM BONUS ALLOWANCES

Question: The Senior Executive Service (SES) Program provides for bonus allowances. Of course, cash bonuses are currently authorized for GS employees. What is the highest cash bonus VA paid an employee in fiscal year 1979?

Answer: The highest cash bonus paid a VA employee in fiscal year 1979 was $3,000. This award was paid to a senior official who was a GS–17 when nominated but converted to the Senior Executive Service before the award was paid. This award was paid under the Incentive Awards Program.

Question: What are your plans regarding bonus allowances for the Senior Executive System?

Answer: The Senior Executive Service provides for the awarding of ranks and accompanying stipends for sustained accomplishment and sustained extraordinary accomplishment (meritorious and distinguished executive rank under 5 U.S.C. 4507). We are currently considering candidates for rank awards in anticipation of submitting VA nominations to the Office of Personnel Management in April 1980.

In addition, the Senior Executive Service provides for performance awards to encourage and reward excellence in performance. Performance awards must consider an executive's performance appraisal and rating under the Senior Executive Service performance appraisal system. VA's first performance appraisal period will end on March 31, 1980. It is planned to consider senior executives for performance awards and make the awards by July 1980. In the future, the performance appraisal period will end on September 30th of each year, and we will consider senior executives for performance awards in January of the following year.

Question: How much is in the fiscal year 1981 request for bonus allowances for the Senior Executive Service? Provide for the record a list by appropriation account of funds requested in 1981 for the Senior Executive Service bonus allowance program.

Answer: We have $1,407,000 in our fiscal year 1981 budget request for Senior Executive Service bonus allowances. This includes both executive rank and performance awards. The list by appropriation account of SES bonus funds requested for fiscal year 1981 follows:

Cost (in thousands)

	Fiscal year 1981
Administrator's office	35
Information service	5

	Fiscal year 1981
General counsel	40
BVA	10
Personnel	20
Manpower	5
P&PE	5
Inspector general	15
Controller	20
Human goals	5
ODM&T	25
DVB	220
DMA	10
Total GOE	415
Medical care	816
MAMOE	141
Construction	35
Total Veterans Administration	1,407

OFFICE OF MANPOWER

Mr. TRAXLER. The Office of Manpower is requesting some $15,000 in 1981 to continue development of a prototype ADP system for tracking medical care staffing and workloads at each individual health care facility on page 1-38, under other services. I understand that it would cost about $395,000 in 1981 to install this system in the Central Office and the six Medical Regions. That is $380,000 more than you are requesting.

Why are you not requesting that amount in your 1981 request?

Mr. BURGE. Since the tracking system responds to Chairman Boland's directive, we wanted to provide this Committee the latest we have. What you have in the way of the protocol provided to the committee staff was just developed within the past week. We put $15,000 into the budget so that it would be represented. Now that we have a good idea as to what the system will cost, we do want to put you on notice that there was more than $15,000, required. We plan to discuss funding with OMB.

Mr. TRAXLER. Would you explain for the record the manpower tracking system and how this dovetails with the work in the Department of Medicine and Surgery?

[The information follows:]

RELATIONSHIP OF MANPOWER TRACKING SYSTEM TO OTHER DM&S PROJECTS

The manpower tracking system is designed to establish both a staffing and operational data base. It accomplishes this by bringing together existing information on staffing, workloads, and distribution of work in a format which can be used in the following health care disciplines:

Program, manpower, and related financial planning
Budget formulation and staffing justifications
Personnel allocations
Manpower utilization monitoring
Operational control by line managers in DM&S headquarters and the regions

There is no system currently in place which permits the free flow of these type of data. Such a system is crucial to DM&S structural changes now in process. The manpower tracking system will assist regional directors in reallocating manpower within their regions by providing monthly staffing and workload data, will allow DM&S headquarters to validate manpower requirements received from the regions and to make system-wide decisions concerning shifts of resources between regions, and will support agency efforts to roll up medical manpower requirements into the VA budget development and execution process. Without the advantage of timely

manpower data, the effectiveness of these organizational relationships as presently envisioned will be severely limited.

Other DM&S projects complement or directly relate to the manpower tracking system. For example, development of staffing methodologies will provide necessary data to determine the adequacy of current manpower levels and assist in identifying imbalances in allocations. The multi-level care study will provide a means of matching variable medical needs of patients with different levels of health care resources and examine methods for future costing, budgeting and billing. HCIS will eventually absorb the manpower tracking system. All of these efforts, however, are complex undertakings which will require several years to develop. Accordingly, the manpower tracking system is an interim system which can be expeditiously implemented since it utilizes existing data. The system should prove beneficial to managers since no other tools are currently available. Moreover, the basic information contained in the tracking system, i.e., identification of staffing in place, workloads, and performance comparisons, will still be required in systems developed in the future and therefore the effort and expenditure in implementing the tracking system are justified.

In order to ensure that these various projects in fact complement one another, the Chief Medical Director has initiated action to establish a manpower office in DM&S headquarters. His objective is to bring together these various efforts through structural realignments so that there is a cohesive approach to improving manpower management in DM&S. In addition, the Office of Manpower Programs has been included as a member of the multi-level care study and works closely with DM&S to ensure all efforts are coordinated.

OFFICE OF PLANNING AND PROGRAM EVALUATION

Mr. TRAXLER. Turn to the Office of Planning and Program Evaluation. On page 1-40 is a brief description of the two new staffs—Emergency Preparedness staff and Consumer Affairs staff.

I was not here last year because I was in the hospital, not one of yours, unfortunately, but looking at last year's record I do not see any mention of these staffs. Are these new staffs, and if so, what resources in dollars and staff-years have been devoted to them?

Mr. CARLIN. The Consumer Affairs Staff was established to meet the requirements of Executive Order 12160, dated Sept. 26, 1979, which required agencies to have an identifiable staff of Consumer Affairs personnel to provide leadership and coordination of Agency consumer programs. The Emergency Preparedness Staff provides the Agency support for the requirements and priorities of the Federal Emergency Management Agency to increase emphases on emergency and disaster plans and programs. The resources required are 4 FTEE and $141,100 for Consumer Affairs Staff and 3 FTEE and $109,100 for Emergency Preparedness Staff. The requirements are being met from current resources.

CONSUMER AFFAIRS ACTIVITIES

Mr. TRAXLER. Is your Consumer Affairs staff doing something different now than in the past?

Mr. CARLIN. For the first time, we have established a consumer affairs program at the agency level which has recently been published in the Federal Register for public comment. I might say, we are getting favorable comments. At the direction of the Administrator we have established in collaboration with the departments a consumer feedback system which will provide continuous feedback of information from our consumers as to their views of VA programs and operations. We are collaborating with the departments in the development of their own consumer feed-back card systems

to meet their special programs. In addition, we are setting up and should have operational this year, the consumer compliment/complaint system. This system will provide guidelines governing the handling, classification and analysis of complaints received throughout the VA.

Mr. TRAXLER. Thank you. Mr. Coughlin?

Mr. COUGHLIN. I am confused as to what this consumer outfit does.

Mr. CARLIN. We are a staff at the agency level, and develop and coordinate agency policy, procedures and guidelines. We have developed and coordinated an Agency Consumer Affairs Program and provide the Agency point of contact for the U.S. Office of Consumer Affairs and other Consumer Groups.

Mr. COUGHLIN. This is a program to handle complaints——

Mr. CARLIN. This program includes a complaint/compliment system designed to be responsive to the consumer and provides a method for incorporating their views into the VA's policy making process.

What we are doing is trying to increase the VA's responsiveness and sensitivity to veterans and their dependents.

Mr. COUGHLIN. I guess what I am driving at, it seems the whole agency is consumer-oriented. To have you supplement that with the service representatives from the various organizations——

Mr. CARLIN. The Consumer Affairs staff will assume coordination of an agency consumer plan and program tying in all the parts that have existed in the past and developing a total agency consumer information system to provide information to be used at all levels.

Mr. COUGHLIN. You do not have that now?

Mr. CARLIN. We have it on the department level, but do not have an Agency Consumer Information System which consolidates data from surveys and studies concerning the needs, interests and problems of consumers.

Mr. MCMICHAEL. The executive order asked us to do more than we can handle.

Mr. TRAXLER. You have not asked for any additional money for personnel for that purpose?

Mr. CARLIN. No, sir.

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. LEFFLER. There are two basic considerations. One is the concerns of the Administrator to make sure that the user complaints can be inserted into the system at station, department and agency level in a more responsive way.

Secondly, it allows the integration of numerous activities into a comprehensive system to include studies, analyses program evaluations and consumer complaints.

INSPECTOR GENERAL

Mr. TRAXLER. Turn to the Office of Inspector General. The second paragraph under program activities on page 1-46 states that the Office of Inspector General is in the process of decentralizing and establishing five field offices.

Why are you establishing five permanent field offices? Is this principally for audit activities? How many people are involved?

Mr. REYNOLDS. We are moving from a centralized operation to a decentralized operation for investigation. Audit was previously decentralized in August of 1978. This will bring us into a collocation of audit and investigation activity in the field.

Mr. TRAXLER. How many people are involved?

Mr. REYNOLDS. Decentralization of investigators will encompass about 40 people.

Mr. TRAXLER. What cities?

Mr. REYNOLDS. Los Angeles, Chicago, Atlanta, New York, and Puerto Rico.

RECORD'S MANAGEMENT

Mr. TRAXLER. VA's Office of Management Services develops and recommends agencywide policy and procedures for the efficient and economical management and disposal of records of the VA. In addition, it is responsible for determining the need for micrographic equipment throughout VA.

What do you perceive to be your major records management problems in the regional offices, medical centers, and at the central office? What are VA's total record holdings? What are VA's current and future plans for reducing the record storage problems that exist in the regional offices and medical centers, and also at the home office?

Mr. VAUGHN. It is simply the retrieval for the veteran whose file has been inactive for a number of years and he shows up real quick. I would like to defer this to Dorothy Starbuck and also the medical department.

Mr. TRAXLER. How many files do you have on record?

Mr. VAUGHN. First of all, sir, the majority that are retired, we put them in the archives of GSA in such locations as Denver and Saint Louis, but there are millions of them in the regional offices and at the medical center.

Mr. TRAXLER. Have you any current or future plans for reducing the number of records in file in your regional medical centers?

RECORDS MICROFILMING TESTS

Ms. STARBUCK. We do in our regional offices. In our regional offices we have a series of files. We have a claims folder which covers either the veteran's educational program or his compensation claim. In addition to that, we have in our regional offices loan guarantee folders. We also have guardianship folders and of course we have thousands and thousands of insurance folders in both Saint Paul and Philadelphia.

Harry Jackson, the director of our Administrative Service in the department, has started a project which is looking toward the transformation of records from paper to a microfilm or microfiche format, and this is a program that is going to go over a number of years, 10 to 12 years. But we are at the point now where we are going to run some tests at the Washington regional office on microfilming of records, and when this test is completed, then the results of that will be presented to me and then to the Administrator and other concerned staff persons for movement forward.

We expect the magnitude of this program will call for its inclusion in future budgets as a line item. It is going to be in our estimate, right now, an extremely costly program, but will pay great dividends in the long run.

TARGET IMPACT ON CLAIM REFERRALS

Mr. TRAXLER. What is the prospect for the large data processing files, such as Target, to eventually replace folders and paper storage and even your micrographic equipment?

Ms. STARBUCK. When Target, itself, is fully operational, there should not be required references to claims folders, but we have to look at the historical significance of the information that is in claims folders. The retention rate now on claims folders that are retired to GSA for inactive storage is 75 years. The whole situation with paper records is such a tremendous volume and is of such tremendous impact on individuals who are concerned with those records, and by that I mean the veteran and/or his dependents, that we are moving ahead on this with exceeding caution, Mr. Chairman, but we think we are on the very right track.

Mr. TRAXLER. Thank you.

Turning to the Office of Administrative Services——

Mr. CLELAND. Mr. Chairman, I think—and Dorothy can correct me if I am wrong—but through our Target system, we are now able to access literally millions of records almost instantaneously. The Target system has been of immense help in quickly getting information to us and to the veteran.

Ms. STARBUCK. The big help, as the Administrator says, is if someone calls one of your offices and asks a question, it is no longer necessary in 100 percent of the cases to go to a claims folder and get the answer.

Mr. TRAXLER. But you are still going to have a claims folder somewhere?

Ms. STARBUCK. Long after I am gone, Mr. Chairman, but eventually that claims folder will not exist. There will be work papers on which a decision is probably recorded, but once it gets into the system, the folder will go.

Mr. CLELAND. We can answer 6 out of 10 calls over the phone with the Target system.

Mr. TRAXLER. Congratulations.

Mr. CLELAND. After all our investment in Target, it is good to hear something good.

ADMINISTRATIVE SERVICES

Mr. TRAXLER. Turn to the Office of Administrative Services. Page 1-58. I notice the cost of certain activities in 1979 exceeded that estimated last year. For instance, last year under other services, you estimated a figure of $348,500; $534,332 for actual. Under supplies and materials, you estimated a figure of $398,400; $458,366 for actual. And under equipment, you estimated there would be an expenditure of something less than $29,000; actually it was $195,305. Total estimates in these areas were $775,600, as opposed to an actual amount of $1,188,003.

That means you spent 53 percent more in 1979 for those activities than you estimated last year. Of course, there are many other similar examples of this in the agency. It appears that these are areas that can utilize extra money at the end of the year.

What caused the cost of these items to increase above that estimated last year? Let's talk about these three illustrations.

Mr. VAUGHN. I really would have to provide this for the record. To the best of my belief this is not year-end buying. This is modernization of the overall central office. I believe it was for equipment in the photography area. I am sure some modern equipment was put in the mailroom. I can document for the record the exact expenditures by quarter.

Mr. TRAXLER. Will you do that, please?

[The information follows:]

ADMINISTRATIVE SERVICES

	1st Quarter	2d Quarter	3d Quarter	4th Quarter	Total
Other services:					
Estimate	$87,125	$87,125	$87,125	$87,127	$348,500
Actual	76,204	109,471	103,557	128,790	[1] 418,022
Prior year cost					116,310
Amount shown in fiscal year 1979 column (in fiscal year 1981 budget)					534,332
Supplies and materials:					
Estimate	99,600	99,600	99,600	99,600	398,400
Actual	49,597	81,117	135,819	98,116	364,649
Prior year cost					93,717
Amount shown in fiscal year 1979 column (in fiscal year 1981 budget)					458,366
Equipment:					
Estimate	8,300	4,800	8,000	7,600	28,700
Actual	2,477	16,967	12,461	[2] 50,920	82,825
Prior year cost					112,480
Amount shown in fiscal year 1979 column (in fiscal year 1981 budget)					195,305

[1] +$69,522 Over Estimate—due to reimbursement to Supply Fund for photocopy service, contract for Design Manual—(these items not included in our fiscal year 1979 budget estimate), inflation, etc.

[2] Additional funds in the amount of $43,320 was obligated in the 4th Quarter for videotape and motion picture equipment to improve the quality and increase the usefulness of production.

OFFICE OF CONTROLLER

Mr. TRAXLER. Turn to the Office of the Controller. The legend on page 1-61 indicates the transfer of two positions to the Budget Service because of increased activity in the construction area, particularly construction project reviews. Will this help control the construction cost overrun problem?

Mr. HOFFMAN. Our role, Mr. Chairman, is to review the project to see that it is within the budgeted funds provided, and if this is found to not be the case, then of course we will raise the flag and indicate there are problems. We do not become directly involved as a review function for the Office of Construction. We do it independently raising any issues we feel pertinent to the construction project.

As to the possibility of reducing the cost overruns, we are there to be able to prevent this to the extent we can.

Mr. TRAXLER. The Continuing Resolution required a $500,000,000 Government-wide reduction in travel costs in 1980. How much of this did VA take?

Mr. HOFFMAN. The VA reduction was 8 percent or $9.6 million.

Mr. TRAXLER. Did all accounts take a similar cut percentage-wise?

Mr. HOFFMAN. Yes sir. All accounts took the same 8 percent reduction.

Mr. TRAXLER. Provide a table for the record indicating the travel reduction by account.

[The information follows:]

DISTRIBUTION OF TRAVEL REDUCTION

[In thousands]

General operating expenses	$1,055
Medical care	7,226
Medical and prosthetic research	141
MAMOE	738
Canteen fund	37
Supply fund	322
Construction	85
Total VA	9,604

DEPARTMENT OF MEMORIAL AFFAIRS

Mr. TRAXLER. Turn to the Department of Memorial Affairs. You are requesting $33,609,000 for 1981, an increase of $2,215,000 above the 1980 program level. Average employment is estimated to be 1,186, an increase of 21 over 1980.

GENERAL STATEMENT

Mr. Noll, you have a statement for us, I believe. We always read it with great attention and we will have it placed in the record at this point.

[The information follows:]

MR. CHAIRMAN: Within the Veterans Administration fiscal year 1981 total budget request, the Department of Memorial Affairs is requesting funds for three missions: (1) operation and maintenance of the Veterans Administration National Cemetery system, (2) the procurement and shipment to destination of headstones and markers furnished upon application for graves in both national and private cemeteries, and (3) the grant program to aid States in establishing, expanding or improving State Veterans Cemeteries.

To control and supervise these missions, the Department of Memorial Affairs has a central office staff and three area field offices currently located in Philadelphia, Atlanta, and San Francisco.

Today, the National Cemetery system consists of 139 installations, of which 107 are national cemeteries and 32 are miscellaneous burial plots and monument sites. Included in the 107 national cemeteries are the new cemeteries now in operation at Calverton, New York, Riverside, California, and also the Massachusetts National Cemetery scheduled to open in October 1980. Two others (at Quantico, Va. and Indiantown Gap, Pa.) are projected to open in fiscal year 1982.

An amount of $33,609,000 is included for the Department of Memorial Affairs in the general operating expenses appropriation. Of this, about 65 percent or $21,812,000 is for salaries and related benefits of an average employment of 1,186. The remaining 35 percent or $11,797,000 will be applied to such things as equipment, supplies, graveliners, energy and communications.

We have estimated 44,000 interments will be made in fiscal year 1981, which will result in a total of over 1,400,000 occupied gravesites in the system. In addition, we will process 260,000 headstone/marker applications.

The 1,186 average employment which we plan to fund in fiscal year 1981 includes 394 general schedule employees and 792 wage grade employees. The employment requirements have been computed on a workload ratio of one employee per 167 interments; one employee per 2,705 occupied graves; and one employee to process 3,377 headstone/marker applications.

Included in the compensation and pensions budget is $11,440,000 to enable us to procure 220,000 headstones and markers. This amount pays for procurement costs and transportation to destination. The average cost per unit is estimated at $52.00.

The FY 1981 request for construction funds, both major and minor, totals $5,122,000. These funds will be applied toward design and/or development of land in six cemeteries to provide for additional interments.

Under the appropriation grants for establishment, expansion and improvement of State Veterans Cemeteries, we are requesting $5,000,000, which represents the second of five years appropriation authorized by Public Law 95-476 enacted October 18, 1978.

In summary, the Department of Memorial Affairs request for FY 1981 totals $55,171,000 to carry out its assigned missions.

I will be glad to answer any questions you may have.

REGIONAL CEMETERY PLAN

Mr. TRAXLER. The VA adopted a regional cemetery plan several years ago as the most effective and economical means of helping the greatest number of veterans. The justifications on page 1-67, under plans and trends, mention the seven new cemeteries. One each in California, Pennsylvania, Massachusetts, Virginia, New York, Georgia, and Michigan.

What is the current plan for new cemeteries? How many more and in what time frame?

Mr. NOLL. The first was made operational September of 1978 in New York, and they are averaging about 30 services a day. The second, Riverside in California was opened November of 1978. They are averaging between 17 and 20 services a day there. A little bit above our expectations as of this point in time. The cemetery in Massachusetts is now under construction. It will be dedicated this October 1980 and be operational at that time. The cemetery at Indiantown Gap will be open for interments in May of 1982. The cemetery at Quantico in Virginia will be open in June of 1982.

Now, with respect to the two most recent designations, one in Atlanta, Georgia, and one in Michigan, the first phases of these two regional cemeteries are scheduled to be open in October of 1982. They will be dedicated and made operational in October of 1982. That deals with seven in the plan that are new ones. Apart from that, we have designated four additional cemeteries as regional because they meet all the criteria one would apply in making such a selection.

The regional cemetery concept which was offered by the Congress and to which VA has been giving effect, is really creating an equity of this benefit among veterans. It is working well, Mr. Chairman.

STATE CEMETERY GRANT PROGRAM

Mr. TRAXLER. Do you see establishment of more regional cemeteries?

Mr. NOLL. In fact we have received requests for added cemeteries, not necessarily regional ones. For example, in California,

where the new regional cemetery at Riverside is located, there are over 3 million veterans in that State perhaps a case can be made for a second cemetery to the north. Likewise in New York, with over 2 million veterans, the new cemetery is located at Calverton serving the greater density of veteran population. However, a case probably could be made for a second cemetery up in the rectangular part of the State proper. Similarly, with Florida with its million-plus veterans, perhaps a case could be made there. Again, not for regional cemeteries, but for a State cemetery. We always mention now that we have the State Cemetery Grant Programs, which is certainly an effective instrument and one that is receiving great acceptance by the States as an alternative, if you please, to the Federal government going on and attempting to locate land for added new cemetery facilities.

STATE CEMETERY PLAN

Mr. TRAXLER. Would you put in a paragraph or two on the State cemetery plan for the record?

Mr. NOLL. Be pleased to.

Mr. TRAXLER. Thank you.

[The information follows:]

A high degree of interest has been expressed by various states in the program, some of which are seeking to establish veterans' cemeteries and others to expand or improve already existing state veterans' cemeteries. A total of 23 states have requested information about participation in the new grant program. Four of the 23 states requesting information have passed legislation authorizing the establishment of state veterans's cemeteries in their states. Five of these states have drafted such legislation while three have submitted formal applications for Federal financial assistance under this program. Of the applications received (Arizona, Illinois and Maryland) the Maryland application appears to be the one which will be awarded first. We are in the final review process on this application and plan to make the award in the near future. In an effort to inform all the States about the existence of and provisions of the new program, a personal letter and instructions for participation in the grant program have been mailed to Governors of the 50 States and five territories.

Mr. TRAXLER. Do you visualize that as sort of an alternative to establishing ever more and more?

Mr. NOLL. Yes, I think it is a viable alternative.

There are 12 States without any national cemeteries, small States and some are large, Wyoming, for example, Utah. This is a unique opportunity for them.

In talking with a veterans group yesterday, the American Legion, they followed up with some of their questions and came to my office this morning not knowing that their States had already actively indicated an interest in the State Cemetery Grant Program.

Mr. Chairman, we have had 23 inquiries from States. Five States have drafted legislation to permit their State to participate in the program. Three States have active, ongoing applications. We are in the process of making the first approval of a State application. I think this will be within the next two or three weeks.

So it is a program that is attracting attention. The governors of all States have been informed through two informational letters and program guidelines. There is positive interest indicated.

59-500 O - 80 - 8

CEMETERY WORKLOAD ESTIMATES

Mr. TRAXLER. Thank you.

Moving on to this question of cemeteries, on page 1-68, under workloads, you overestimated the number of interments for 1979. You will recall the estimate was 47,000 and the actual was 39,248. Your headstone marker application was also off. The estimate was 280,000 and the actual was 254,883.

Why do you think your estimates were off? How did that happen? Are people living longer?

Mr. NOLL. No, that's not quite the answer.

Mr. TRAXLER. Getting better medical care in your hospitals?

Dr. JACOBY. Mr. Chairman, that is exactly what I want to tell you.

Mr. TRAXLER. If those are not the answers, we are really curious now.

Mr. CLELAND. Mr. Chairman, could it possibly be we were just wrong?

Mr. TRAXLER. We accept that.

Mr. NOLL. In response to your question, we do our best, using the best sources of information, to make accurate estimates. I believe we have been running a little on the high side over the past three years. We are making a sound, strong effort to improve our estimates.

Let me address our estimates in 1981. We believe they are sound. We plan to make 44,000 interments in 1981. We plan on 42,000 in 1980. From our experience now over the past 12 months, particularly with the new cemeteries coming on line, I believe we will accomplish these forecasts. If there is an alternative method of making the workload estimates more accurate, we would be pleased to accept new suggestions.

FISCAL YEAR 1981 EMPLOYMENT REQUIREMENTS

Mr. TRAXLER. In your 1981 workload estimates you want 21 additional staff-years. How comfortable do you think this Subcommittee is in view of the past track record in these estimates?

Mr. NOLL. Let me speak to that point.

The 21 people reflected in the fiscal year 1981 budget are all going to be employed at the new cemetery in Bourne, Massachusetts.

Mr. TRAXLER. You certainly struck a responsive note. You are way ahead.

Mr. NOLL. In any event, I wanted to point out to you that the 21 staff-years are going to Massachusetts. The other increase in our workload in acres, and graves to be maintained, interments, et cetera, is being taken care of by absorption from within, through improved equipment, productivity increases, et cetera.

So the 21 is a sound estimate for the requirement at Bourne, Massachusetts.

Mr. BURGE. I wanted to add that we did do some extensive work in the DMA area on workloads. We have information here which shows how we really got a better handle on the staffing for 1981. The major change has been in our maintenance area where we have counted acres maintained. That was not a good way. We have

moved to grave sites maintained. We have documents to show those for 1980 and 1981 which we will supply for the record.

Mr. TRAXLER. Please.

[The information follows:]

DMA FY 1981 AVERAGE EMPLOYMENT

The FY 81 average employment estimate for DMA was developed through the application of staffing standards to major categories of projected workload. Workload was projected on the basis of a "roll up" of workload estimates of individual cemeteries, which we then adjusted on the basis of historical experience and trends. Tables I - III show, for each category of DMA workload, actual or estimated workload levels from FY 1977 to FY 1981. Also shown in each table is the average employment (manyears) associated with the workload, and the output per manyear.

Relationship of Staffing to Workload

The requested FY 1981 increase for DMA of 21 average employment will be applied to the new cemetery in Bourne, Massachusetts as follows: 6 for management support; 12 for interments; 3 for maintenance. The increases for interments and maintenance are reflected in Table I and II, and in the Output Per Manyear data shown below.

The FY 1981 employment estimate for each category of DMA workload (see Tables I - III) reflects a healthy anticipated increase in productivity over actual FY 1979 results. The increases are summarized below.

	OUTPUTS PER MANYEAR		
Workload	1979 Actual	1981 Estimate	% Productivity Increase
Interments	166	167	1%
Occupied Gravesites Maintained	2,519	2,705	7%
Headstone & Marker Applications Processed	3,147	3,377	7%

This data supports the reasonableness of the staffing to workload relationship which is reflected in DMA's FY 1981 average employment request.

317 manyears for executive direction and support in FY 1981 are not reflected in Tables I - III. These manyears will provide management support at more than 140 cemeterial activities and in VA's Central Office. DMA's FY 1981 request, as mentioned above, includes an increase of 6 average employment for management support at the new cemetery in Bourne, Massachusetts.

Improved Workload Forecasting

DMA concentrated on improving its workload forecasts for FY 1981, because of overestimates in prior budget requests. This involved (1) selecting improved indicators of workload, and (2) carefully analyzing actual statistical results of the latest five year period.

As a result of these efforts an improved data base was developed for Headstone and Marker Applications workload, based on counting applications processed rather than received. (Table III). For cemetery maintenance workload we developed a data base for occupied gravesites maintained (Table II), because developed acreage did not adequately reflect workload since forested, open and developed areas were all counted the same.

Using the historical data for interments and the two improved workload indicators, we statistically projected workloads for FY 1981. This was then compared to preliminary workload estimates, such as the estimate based on an aggregation of individual cemetery estimates. As a result of this process, DMA management was able, for example, to reduce an original internal estimate of 48,000 interments to a realistic level of 44,000.

TABLE I
DEPARTMENT OF MEMORIAL AFFAIRS
INTERMENTS

	FY 77	FY 78	FY 79	FY 80 (est)	FY 81 (est)
Interments	37,013	36,744	39,248	42,000	44,000
Manyears	224	223	236	251	263
Interments Per Manyear	165	165	166	167	167

TABLE II
DEPARTMENT OF MEMORIAL AFFAIRS
OCCUPIED GRAVESITES MAINTAINED (000)

	FY 77	FY 78	FY 79	FY 80 (est)	FY 81 (est)
Occupied Gravesites Maintained	1,306	1,336	1,368	1,398	1,431
Manyears	542	532	543	526	529
Occupied Gravesites Maintained Per Manyear	2,410	2,511	2,519	2,657	2,705

TABLE III
DEPARTMENT OF MEMORIAL AFFAIRS
HEADSTONE AND MARKER APPLICATIONS PROCESSED

	FY 77	FY 78	FY 79	FY 80 (est)	FY 81 (est)
Applications	263,231	251,424	254,883	258,000	260,000
Manyears	75	73	81	77	77
Applications Processed Per Manyear	3,510	3,444	3,147	3,351	3,377

CEMETERIAL SUPPLIES

Mr. TRAXLER. Turn to page 1-73, under supplies and materials. Last year you estimated supplies and materials costing $1,050,000 in 1979. The actual cost was $2,153,390. Inflation is tough but it is not that tough. What happened? That is double.

Mr. NOLL. The increases, Mr. Chairman, and I discussed this today before coming over here, are due to the improvements made in real property in our national cemeteries. We are working with an expanding situation just as I indicated to you when I reviewed the status of the seven new regional cemeteries.

Apart from that, we plan in fiscal year 1981 to expand six existing national cemeteries. In this sort of a growing program, we must then add supplies and materials. Much of the money is programmed for additional facilities required for safety purposes, aid to the handicapped and general improvements.

Mr. TRAXLER. I am not sure I feel comfortable with that answer. Are you comfortable with that answer?

Mr. NOLL. Yes, I am, particularly when I tell you about the facility improvements, facilities to aid the handicapped. We are doing much work in all of our cemeteries now to make them usable across the board. This does cost money.

Mr. TRAXLER. I am talking about supplies and materials. How did we get to aiding the handicapped?

Mr. HOFFMAN. Could any of these have been Calverton and the work you did at the New York Cemetery?

Mr. NOLL. Yes.

Mr. TRAXLER. These are spades, picks, shovels, batteries, brushes, fungicides, mulches, grass seed, sprayers, tractors, fuel and petroleum. That is not aiding the handicapped.

Provide the information for the record. We are very curious about that.

[The information follows:]

The original VA budget estimate for Supplies and Materials for fiscal year 1979 was $2,400,000. Because of subsequent budget constraints, the amount estimated in the fiscal year 1979 budget submitted to Congress was $1,600,000. It was necessary to reduce this to $1,050,000 for fiscal year 1979 as shown in the fiscal year 1980 budget submission to Congress, again because of budget constraints. this amount, as it turned out, was inadequate. In fact, an amount of $1,642,609 was actually spent in fiscal year 1978. In September fiscal year 1978 and November fiscal year 1979, respectively, the two new cemeteries were opened at Calverton, N.Y. and Riverside, CA. It was necessary to fund these 2 cemeteries to meet full operational requirements. In addition, an extensive rehabilitation program was funded at the 365-acre Long Island National Cemetery. This was necessitated by the six-day per week interment operation at that cemetery during the last year it was open. This account is being monitored very closely during fiscal year 1980 and, based on the first four months actual experience, the total should be below $1,750,000.

Mr. TRAXLER. I would like to submit additional questions on the National Cemetery at Fort Custer, Michigan, for the record.

[The questions follow:]

NATIONAL CEMETERY AT FORT CUSTER, MICH.

Question. I understand the VA intends to develop the Master Plans for the cemetery during fiscal year 1981. Are there sufficient funds to cover the cost of the planning in the fiscal year 1981 budget?

Answer. Yes, sir, we have sufficient funds.

Question. Can you tell the Committee what time schedule you plan to follow in completing each Phase of construction?

Answer. We plan to start Phase I in December 1981 and complete the work in July 1983. Phase II is now in the planning stage but has not yet been scheduled.

Question. At the time the decision was made to build the cemetery at Fort Custer, I was informed that the first interment would not take place until 1983. Can you tell the Committee whether that date still holds, and what can be done if anything, to speed up the process?

Answer. The date for the first interment at Fort Custer National Cemetery has now moved up to October 1982. This is the result of scheduling a few acres for advanced development in Phase I construction. Although opened for interments, work will continue as scheduled in order to complete the Phase I of this cemetery.

Question. An Army Post Cemetery occupying 11 acres of land lies adjacent to the Fort Custer Cemetery site. I understand the VA plans to negotiate with the Department of the Army to bring the maintenance and supervision of both cemeteries under the jurisdiction of the VA National Cemetery System. Can you tell the Committee what has been accomplished to date in regards to the negotiations?

Answer. We want to bring the Post Cemetery under the jurisdiction of the Veterans Administration. Consideration is being given within the VA to dispatching a letter from the Administrator of Veterans Affairs to the Secretary of the Army recommending that Department of the Army approve action to transfer the Post Cemetery.

Question. What actions will be necessary to make these arrangements? Will those who are currently interred in the Army Post Cemetery have to be moved?

Answer. If the Secretary of the Army approves land transfer action, it can be affected through excess procedures and transfer from GSA or by Special Enabling Legislation. In either instance, those currently interred in the Army Post Cemetery will not be moved.

OFFICE OF DATA MANAGEMENT AND TELECOMMUNICATIONS

Mr. TRAXLER. Turn to the Office of Data Management and Telecommunications. You are requesting $66,550,000 and an average employment of 2,005 in 1981 for the Office of Data Management and Telecommunications. That is an increase of $11,299,000 and some 68 staff-years over 1980.

The Finance Division at the Philadelphia Insurance Center has installed an automated record processing system for processing payments and other remittance bearing correspondence received from veterans. This system has significantly changed workflow and accounting control procedures in the Finance Division. In 1979 VA spent about $340,000 in Philadelphia for equipment rental and maintenance; for 1980 VA estimates it will also spend $340,000. VA expects to install a similar system at the St. Paul Center during 1980.

What is the expected cost of this system at both the Philadelphia and St. Paul Centers?

Mr. MARTIN. I will have to get that for the record for you.

[The information follows:]

The total cost for rental and maintenance of the existing RPS system is expected to remain fairly constant in the $340,000 range. The increased cost for additional equipment in St. Paul will be about $20,000, due to the increased workload resulting from the conversion of the remaining insurance remittance billing function from punched cards to paper bills.

Mr. TRAXLER. Your RPS system has been in various stages of implementation for almost four years in the Philadelphia Center. We don't see any changes in your operating procedures there. Your moneys are the same.

What does this mean? Is it good or bad? Should there have been some reductions?

INSURANCE REMITTANCE SYSTEM

Mr. MARTIN. I think what we are talking about here is the way we process insurance remittances. We don't plan to change that until we have a final solution for both the St. Paul and the Philadelphia optical scanning problem.

We are in the preliminary investigation stage for the redesign of the existing insurance system, which is processing on an outmoded computer. The entire input process, including the optical scanners, will be addressed in this effort.

Mr. TRAXLER. What effect or impact has RPS had on the number of personnel needed to staff your collections' activities in your Philadelphia Center.

Ms. STARBUCK. Perhaps Mr. Melidosian can speak to that. He is the Director of the Philadelphia Center, Mr. Chairman, and I would ask that he respond to that.

Mr. TRAXLER. Do you need more or less people?

Mr. MELIDOSIAN. There are fewer people. It is a Bell and Howell system. It is now a prototype in the industry. When we started out to purchase with them it was a model only installed in one other commercial institution. The remittances were being hand selected out of an envelope and being compared with a bill.

By the use of this with optical character recognition and going from a punchcard, an 80 column form, we went to a paper form. As a result, we are using part-time employees now and we staff according to peak loads and peak receipts which we were not able to do before. We are making savings.

We have had a great deal of difficulty, however, with the technology itself. Bell and Howell has not been very successful with the equipment. We had 19 terminals installed in Philadelphia. About half of that to go into St. Paul. The system will in fact more than pay for itself and provides much better tape input into the data processing center in Philadelphia.

Mr. TRAXLER. Even with its technological shortcomings, you feel it is an improvement over the old system and you are saving money?

Mr. MELIDOSIAN. Yes. We are saving money. We have part-time employees that have been on the job for 6 to 8 weeks who are giving us 350 or more counts per hour. So we have increased productivity and effectiveness substantially. We deposit these remittances daily into the Federal Reserve Bank. They run from $1 million to $4 million a day and provide input into the accounting system the Controller's office needs for the agency.

Mr. HOFFMAN. I think it should be pointed out, too, that this is a savings to the treasury as far as not having to pay interest on moneys if we can get them deposited a day earlier.

DATA MANAGEMENT PRODUCTIVITY

Mr. TRAXLER. Turn to page 1-86, the ratio of available man-hours to standard man-hours is 174.8 for 1979 and it is 172.0 for 1980 and 167.6 for 1981. Last year, the ratio for 1979 was estimated to be 163.7.

What does that change in ratio mean—from 163.7 in last year's budget for 1979 to 174.8 in this year's budget for 1979. Does that mean productivity is slipping and if it does, why?

Mr. MARTIN. It is a ratio including the available man-hours and the standard man-hours that people earn in terms of time value. I think the significant observation here is the percent of increase in the productivity, we show, despite the fact that figures have changed from last year, we show a net increase of 1.6 percent, 1979 to 1980; and a 4.3 percent improvement from 1979 through 1981.

What it really means is that our volume of activity in terms of what is covered in work measurement has increased. I think the narrative here talks about a 5-year plan that we have to include more activities until we have the majority of our function covered under productivity measurement.

HEALTH CARE INFORMATION SYSTEM

Mr. TRAXLER. You are requesting an increase in 1981 of 68 staff-years, 43 of which relate to the development of health care information systems.

What will the ODMT staff be doing in the development of your HCIS staffing?

Mr. MARTIN. The investment level that we propose for fiscal year 1981 will involve inviting competitive vendors to come in with their proposals for a health care information technological solution. It will be our responsibility to prepare the RFP, to analyze responses from a number of vendors, and we expect a great response to that.

So the analysis, the establishment of sites, the eventual operation of 6 demonstrations sites with 3 different configurations will require about 43 people for 1981.

BIRLS SYSTEM

Mr. TRAXLER. Thank you.

Turn to page 1-91, under other services, you are requesting $3,954,000 for maintenance of owned equipment in 1981, an increase of $1,652,058 since 1979.

What accounts for this 72 percent increase in two years and is your BIRLS computer system causing that much of a problem?

Mr. MARTIN. No, sir. This is a function of the purchase of additional Honeywell Target hardware. Now that we have made a purchase of the equipment, there is a corresponding decrease in rental and an increase in the maintenance charges for that equipment in fiscal year 1981.

We have a system called BIRLS. It stands for Beneficiary Identification and Locator System. On that file we have approximately 38 million records which identify all veterans discharged from the service. We have something like 300,000 inquiries a week to that file on through Target.

Effective operation of that system is dependent on procurement of a larger machine to support increases in workload which are associated with Target and there is something like $80,000 in there for maintenance of a purchased system.

Mr. TRAXLER. I am going to ask some questions in that regard.

In looking at page 1-92, under equipment, you are requesting $7 million for new computer system for BIRLS and additional components required by the insurance system in 1981. Is that correct?

Mr. MARTIN. Yes, sir.

Mr. TRAXLER. How much of the $7 million would be for BIRLS?

Mr. MARTIN. $6,000,000 is for BIRLS.

Mr. TRAXLER. Out of the $7 million?

Mr. MARTIN. Out of the 7, yes. The remaining $1 million is proposed for an insurance redesign in the Philadelphia insurance function.

Mr. TRAXLER. Is that the total cost of upgrading BIRLS? If not, what is the total cost of upgrading BIRLS?

Mr. MARTIN. I feel that that should essentially be the upgraded cost for the entire BIRLS redesign. There could be possibly an additional $1 million or so in contracts for finishing the redesign in fiscal 1982. The cost benefit study due in July 1980, will provide a more accurate estimate.

Mr. TRAXLER. Then that will have upgraded BIRLS?

Mr. MARTIN. Yes.

Let me take a moment to describe where we are. We have a two-phase problem. We have Target coming in now on Phase II which is putting a tremendous demand on the present BIRLS computer in Austin which runs on a 360-65 a 15-year-old IBM computer. We are going to be running out of capacity very shortly, within the next few months.

We have been trying for a year-and-a-half to get an interim upgrade to satisfy that increase in capacity to allow us to fully implement the Target system. We have not succeeded yet, but I feel within the next month or two that we will have an acceptable solution. That will give us then BIRLS capacity as the system exists today for three more years or so.

What we need for the BIRLS system is a total redesign from one of the very first pioneer on-line systems that the VA ever developed into a much larger, much more sophisticated system that will give DVB more access for a variety of needs.

We also have a great need for a common data base in the VA which will serve all users. What we need to do very badly is to add useful data elements to that file so that the Department of Memorial Affairs and the Department of Medicine and Surgery can better utilize that very large system.

BIRLS FISCAL YEAR 1982 REQUIREMENTS

Mr. TRAXLER. Do I understand, then, that the total cost of upgrading BIRLS will require about another $1 million in your 1982 appropriation?

Mr. MARTIN. That would be my estimate at this point, Mr. Chairman, pending the complete cost benefit study. The basic cost that you see here in fiscal year 1981 is for additional hardware to support this system.

Mr. TRAXLER. Is that redesign effort going to be a competitive procurement at the lowest overall cost or how are you going to do that?

Mr. MARTIN. Yes, it will. We had tried, because of time constraints, to associate BIRLS with Target which would have permitted us to expand the present Target contract with the vendor that we have.

We found that that has not been possible to do, so we will indeed go for a competitive procurement. But it will have to be absolutely compatible with the present target equipment.

BIRLS/TARGET WORKLOAD

Mr. TRAXLER. What is the status of your problem with BIRLS' ability to meet the Target system workload? Last year the Committee gave you approval to reprogram funds to purchase the IBM 370/168. How is BIRLS doing?

Mr. MARTIN. Well, it is doing marginally well right now. By the end of April it is not going to be doing well at all if we maintain our implementation schedule for Phase II of Target.

Last year you did indeed support us in terms of our interim upgrade at Austin. We pursued a lowest total cost solution only to discover that IRS late in the game also had a need for that machine.

Mr. TRAXLER. So you didn't get it?

Mr. MARTIN. They did not get it. In the meanwhile, the House Veterans' Affairs Committee took a special interest in our plight and asked for a technical study to be made and to be verified by GAO to be certain that the solution that GAO had earlier proposed which was a lesser sized machine would actually satisfy our needs for the next three years, principally in BIRLS/Target.

Our technical study indicated that that would not be the case. Our recent indication is that GAO is now in basic agreement that we will need something larger than the machine they had originally proposed. I would hope sincerely that we will have a resolution to that problem next month.

Mr. TRAXLER. Turning to the replacement of the BIRLS system in Austin, have you selected a contractor, or if not, when do you anticipate you will do that?

Mr. MARTIN. We are in the process of making a very comprehensive feasibility study. Before we go on the market with a competitive RFP we must do a great deal more work in terms of a very intensive set of requirements. We have to finish our survey of the needs of DM&S and the needs of the Department of Memorial Affairs so we can plan the design of a system which will give us the ultimate in resources for the veterans data base of the VA.

Mr. TRAXLER. When do you anticipate a contractor will be selected?

Mr. ACKLEN. We expect we will be making that award in late fiscal 1981.

TARGET SUPPLEMENTAL REQUIREMENTS

Mr. TRAXLER. Turn to the Target System section. Last year's schedule called for Target to be installed and operational in fiscal year 1979. Now VA hopes to have Target installed and operational in 1980. Most of the 1980 supplemental request of $13 million-plus is due to the slippage of Target.

How much of the $13,128,000 supplemental request in GOE is for Target?

Mr. MARTIN. For my account, Mr. Chairman, we have $4.2 million in the supplemental for 1980 which is due to Target slippage, money that we had in the previous year's budget but did not find it prudent to spend in that year.

The only way to move it forward to the next fiscal year is to ask for a 1980 supplemental.

TARGET SLIPPAGE

Mr. TRAXLER. How much was lapsed in 1979 because of the slippage on Target?

Mr. MARTIN. I think we lapsed something like $10 million that had been budgeted and not spent.

Mr. TRAXLER. If you lapse $10 and you are asking for $4.2, how do you explain the nearly $6 million differential? We ought to have more slippage, I think.

Mr. MARTIN. No, it is a process of having done some in-house work that we would have put out on contract. We have to do certain things in-house right now with our own people at the sacrifice of other projects while we wait to be funded with the supplemental.

Mr. TRAXLER. Who is responsible for the slippage?

Mr. MARTIN. Fundamentally, Mr. Chairman, the Target system. I guess we have talked about it here now for about three years. It is an enormous and very complex system. We have 13 million records accessible in four seconds in Chicago, and 38 million records in Austin, Texas. We have 58 regional offices now totally accessible on Phase I.

There was a complexity or peculiarity in the original RFP. They were put out as two RFPs, one for terminals and one for hardware. It was deliberately made that way so there would be a maximum of competition. As it turned out, the same vendor won both the terminals and the hardware, and I think we were fortunate that that happened.

But because they were two different RFPs, there was no possibility and no provision for benchmarking the entire communications network for Target.

While Honeywell won the entire award, we have had system software problems that have bedeviled us for a year-and-a-half now and they have been principally related to that communication interface between the regional office piece of the business and the regional data processing centers that we have in Los Angeles, Chicago, and Philadelphia. That has caused us something like 9 months worth of delay this year. It has cost Ms. Starbuck a great deal of pain because the savings had already been taken out of her budget.

To make the answer short, it has been the vendor's system software problems which he has worked hard to correct and which he has. We are now at a very effective performance rate and we expect to improve that. The most recent figures show that the hardware is averaging about 96 or 97 percent stability, up time. At the regional office side with many, many more components, termi-

nals and mini-computers they are averaging about 89 to 91 percent which is quite good but not acceptable to us yet. We expect 95 or 95-plus.

Mr. TRAXLER. How much is the slippage going to cost the VA?

Mr. MARTIN. The slippage will not cost in terms of tangible figures because of the mysteries of rent versus purchase. The main cost is in average employment which we should not really be bearing. Ms. Starbuck is taking savings that she should not be required to take because of slippage in implementation as it relates to her 1980 supplemental.

FISCAL YEAR 1981 TARGET SAVINGS

Mr. TRAXLER. Given this history, how realistic is the projected reduction of about 530 staff-years in your 1981 Department of Veterans Benefits request? Are you going to be able to make that?

Ms. STARBUCK. Well, I think, Mr. Chairman—let me preface that by thanking this committee for its appreciation of our problem in 1980 by permitting us to go ahead with retaining on the rolls the 449 full-time equivalent man-years, providing we could borrow the dollars from the future to pay for them until the supplemental has passed.

Quite frankly, Mr. Chairman, the department feels like you have saved our neck on that one. We are into Phase II which is the claims processing phase. We started out with allowing the Chicago regional office to go in so that the Central Regional Data Processing Center could have that exposure and immediately thereafter started Seattle regional office into the Phase II process so that the Western Regional Data Processing Center could gain the traffic experience.

On February 4 we moved the Phoenix Regional Office into a training mode for Phase II capability and on February 11 made it available to Los Angeles, St. Petersburg, New York, Cleveland and Little Rock. We have agreed upon a schedule that would, by increments, put about 25 percent of the national workload into Phase II and hopefully have this completed by the end of the fiscal year.

Now I have to say, "God willing and if the creek don't rise", that we would be able to meet that 530 figure in 1981.

Mr. TRAXLER. That is a fair answer.

Going on, in the justifications on page 1-98, under anticipated benefits, you state that the Target system can be expected to achieve savings in the range of $200 million over a 10-year period. Provide for the record when those savings will occur and also provide us with a table showing the savings—both funds and staff-years—by year.

[The information follows:]

C.P. AND E. TARGET SYSTEM LONG RANGE SAVINGS

No update has been made of anticipated Target Benefits since the March 1978 Target Cost/Benefit Study. However, except for fiscal year 1979 and 1980 project slippage, the benefits cited in the study are still considered valid. Based on that study the anticipated benefits (adjusted for slippage and Oct. 1978 and 1979 pay raises) are as follows:

[Dollars in thousands]

	FTEE	Benefits
1980	432	$6,800
1981	965	14,490
1982	1,494	19,395
1983	1,468	17,329
1984	1,432	15,361
1985	1,398	13,748
1986	1,377	12,245
1987	1,351	11,024
1988	1,366	9,834
Total		*120,226

*Cumulative benefits are estimated on a present value basis. The $120 million in benefits represents discounted benefits over 9 years. Savings would be in excess of the $200 million cited in the budget if Expected Value (at a 10 percent annual rate) is used.

TARGET OPERATIONAL REQUIREMENTS

Mr. TRAXLER. Turn to page 1-99. The legend under "recurring Target operational requirement" states that once the system is operational it will require 446 positions and will cost $14,200,000 annually. Last year's justification stated 377 positions and $14.2 million.

Why do you now estimate that you are going to require 69 more positions to operate annually than you did last year?

Mr. MARTIN. That is a very interesting question, Mr. Chairman. The Target System definition has a tendency to expand. What was in the cost-benefit study that we in our group define as Target would have required probably something around 400 people.

What this really represents is the fact that there are additional subsystems that are being added to what we call Target which is really the automated compensation, pension, and education system. We are adding chapter 32, for instance, to the on-line system and we are going to make it operational in 1981.

There is such a thing as a flex time which has had an unexpected effect on us. We expected enough of it to put it into the 1981 budget but we had originally scheduled the system to be on line for 10 hours a day. Now, with the day length expanding through flex time we have had to make a commitment to extend the on-line hours to 14 hours a day. This is obviously going to cost us something in operating people.

LONG RANGE TARGET COSTS

Mr. TRAXLER. Turn to page 1-100. The total Target cost through 1983 is estimated at $149.5 million. Last year the estimated total cost was $148.6 million. That is an increase of some $900,000. Why is that?

Mr. MARTIN. Again, I would defer to Mr. Acklen, but in general terms this is the phenomenon of the expanding requirements that are loosely defined as Target.

As I mentioned a moment ago, the number of systems, the number of applications that are being added to Target go far

beyond what was measured in the cost-benefit study and against all these out-year figures originally projected.

Mr. ACKLEN. That is correct, expanded operating costs.

Mr. TRAXLER. You may have indicated this, but we understand that you have been delayed in implementing Phase II of Target primarily because of delays caused by system instability or unavailability that is directly related to the problems of the supplier information system software.

Is that a fair statement?

Mr. MARTIN. That is true.

Mr. TRAXLER. How many months do you anticipate this delay will take before you get Phase II going?

TARGET IMPLEMENTATION SCHEDULE

Mr. MARTIN. Let's go back to the schedules that we were talking about last year. We were to be finished with Phase I by June of 1979. We were to be finished with Phase II by about October 1, 1979. What in reality happened because of some rather severe system software problems, when we tried to put Philadelphia on in the late fall we had to pull 15 stations back until the system stabilized.

The schedule now shows that we did finish with Phase I in January of this year and we expect, unless some new, unexpected thing happens, to have the entire system in, as Dorothy said, before the beginning of the next fiscal year.

What it comes down to is a delay of between 9 and 12 months.

Mr. TRAXLER. What percentage of Phase II is currently operational?

Ms. STARBUCK. It is not quite 25 percent. We have the Chicago Regional Office on, Seattle on, Baltimore and Philadelphia. According to this schedule, St. Petersburg, Cleveland, Little Rock, Los Angeles and Phoenix will be added to that which will give us our first 25 percent increment.

But those latter stations that I mentioned are now in training. All of the personnel have to be trained in the Adjudication Division and Veterans Assistance Division as well as finance and administration to use the many more commands that are part of Phase II.

Mr. TRAXLER. The Subcommittee is aware of your June 1979 Default Cure Notice to the contractor which indicates that the Honeywell Information System failed to make satisfactory progress on the correction of certain software problems. However, there has been a long series of problems with this software both before and subsequent to your action.

What actions has your contracting officer taken to either resolve these performance problems or perhaps to consider legal action?

Mr. ACKLEN. I believe Mr. Cook could answer that.

Mr. COOK. The contractor submitted as a result of this a schedule for correcting the deficiencies that existed which the VA accepted and to the best of my knowledge has stayed within those lines since then.

CONVERSION TO HONEYWELL

Mr. TRAXLER. Have there been delays in converting the old batch CP&E system from IBM to the HIS systems?

Mr. MARTIN. Yes, sir, there have been.

Mr. TRAXLER. What has caused the delays and do you expect to have the CP&E system fully operational on your HIS?

Mr. MARTIN. Basically the delay that we have had in the conversion problem, IBM to Honeywell, has been first, early Honeywell software problems and later the tremendously complex pension reform legislation that we had to cope with. That had to be adapted and converted concurrently with the efforts that we were making to take the batch system that we have had for a number of years and convert it to Honeywell.

What it really did to us was to cause us to have to convert or to do it twice. We had to put pension reform on IBM and then we had to convert it to Honeywell to keep chaos from occuring out there.

This has caused us much delay. We have now completed the education part of it. It is running satisfactorily on Honeywell. We expect to be finished with the compensation and pension piece of the business by the end of March this year.

Mr. TRAXLER. What will that delay amount to? How long are we talking about for the conversion? Will it meet your needs when it is done?

Mr. MARTIN. Yes, it will. That kind of delay, Mr. Chairman, I think I should spend a moment to try to illustrate here. We are talking about two different aspects of the CP&E System. The online aspect of it that we have been talking about here in terms of the savings and the access for ready response has been called the Target System. It is not affected at all by the conversion delays in the backroom relating to the batch system. That system runs in cycles. It will exist for the next three years until totally redesigned. It relates to check payment.

It requires additional people and a lot of exasperation about getting on with other improvements to the system that we can't do until the conversion is completed.

EXCESS TARGET CAPACITY

Mr. TRAXLER. As we recall, there will be excess Target capacity within the system. We talked about that last year and you were doing an in-depth analysis of this situation. Have you completed that? What are the recommendations for the excess Target capacity?

Mr. MARTIN. Since Target is not fully implemented we have not completed the in-depth study, but we have done a fairly representative preliminary study. It tells us this: Philadelphia, with insurance being redesigned to run at night, will pretty well use up the existing capacity in that Regional Data Processing Center.

In Chicago we will have no excess computer time because of additional development work that is going on there.

This leaves us Los Angeles. We will have excess time during about 10 hours of the nighttime and we are presently exploring applications that we can put on that less desirable time.

Mr. TRAXLER. Will you provide a table for the record showing by year what has been appropriated for Target and how much has been outlayed? You did that for us on page 308 of last year's hearing.

Mr. MARTIN. Yes, sir.

[The information follows:]

CP&E TARGET SYSTEM

	BUDGET	ACTUAL	DIFFERENCE
1973-1977			
Operations			
Development	25,942	19,004	-6,938
Total	25,942	19,004	-6,938
1978			
Operations		1,743	+1,743
Development	18,427	16,938	-1,444
Total	18,427	18,726	+ 299
1979			
Operations	10,853	2,148	-8,705
Development	37,870	36,588	-1,282
Total	48,723	38,736	-9,987
1980			
Operations	15,838		
Development	4,725		
Total	20,563		
1981			
Operations	15,673		
Development	1,700		
Total	17,373		
1982			
Operations	15,813		
Development	1,700		
Total	17,513		
1983			
Operations	15,923		
Development	1,700*		
Total	17,623		
TOTAL			
Operations	74,100		
Development	92,064		
Total	166,164		

* Although cumulative budgeted development costs total $92,064 thousand actual total development costs are expected to total $82,400 thousand due to lapsed development funds of $9,664 thousand through FY 1979.

Department of Veterans Benefits

Mr. Traxler. Turn to the Department of Veterans Benefits. You are requesting $455,576,000 in 1981, an increase of $741,000 above the 1980 program level. Average employment decrease by 530, from 17,509 in 1980 to 16,979 in 1981.

Miss Starbuck, I am sure you have a statement for us.

GENERAL STATEMENT

Ms. Starbuck. Yes, sir, but relying on the Chairman's word yesterday that the shorter the statement, the more we get, I would like to just submit it for the record, if I may.

Mr. Traxler. You are our favorite witness and it is done.

[The information follows:]

Mr. Chairman and Members of the Committee, I am pleased to present the fiscal year 1981 appropriations request for the Department of Veterans Benefits. As Chief Benefits Director, by assignment from the Administrator of Veterans Affairs, I am responsible for the administration of an integrated program of veterans benefits—a program that includes the Compensation, Pension, Education, Loan Guaranty, Insurance, Veterans Assistance, and the Guardianship activities of the VA.

Included in the Agency budget request of approximately $21.3 billion in appropriation requirements presented to you by the Administrator, is an amount in excess of $14.1 billion for the Department of Veterans Benefits. This is about two-thirds of the Agency's appropriation.

Funds for Compensation and Pension benefits, the largest segment of the Department's budget, have been requested previously under one appropriation. Our comparable 1981 request for this appropriation would be $11,772,700,000—a total increase of $516.2 million from our adjusted 1980 level. This amount is brought about by a number of offsetting effects in the programs covered by the appropriation. To be more informative, we propose splitting this appropriation into three separate accounts: (1) Compensation; (2) Pension; and (3) Burial Benefits and Miscellaneous Assistance.

In the Compensation program, our cost estimates considered such factors as:

An increase in veterans compensation and decrease in survivors compensation caseloads; and

Increased average costs program-wide, due primarily to higher average degrees of disability. The net effect is an increase in the 1981 Compensation appropriation of $170.7 million over the 1980 totals.

In the Pension program, we anticipate an increase of $340.2 million for 1981. This is primarily due to the automatic cost of living increases provided by the Pension Improvement Act.

For Burial Benefits and Miscellaneous Assistance (e.g., mortgage insurance and invalid lifts and devices), we expect an increase in the number of payments which translates into an increase over 1980 of $5.3 million.

In summary, the combined costs of these three appropriations is 4.6 percent higher than the adjusted 1980 level. The amount requested in 1981 will provide an average monthly benefit of $237 for over 2.6 million veterans and their survivors on the compensation rolls; and an average monthly income of $158 for the 2.1 million veterans and their survivors on the pension rolls.

Looking ahead, the budget proposes legislation in 1981 to provide a 13.0 percent increase in compensation rates for disabled veterans, DIC spouses and children, and Veterans clothing allowance.

For the *Readjustment Benefits appropriation*, we anticipate a substantial drop in budget requirements. This is due primarily to few trainees participating in Chapter 34 training during fiscal year 1981, as more individuals reach their delimiting date. Those veterans who have lost their eligibility are being replaced by a much smaller number of separates who are eligible for benefits.

For this appropriation, we are requesting $1,822,308,000 for 1981. This represents a decrease of over $456 million from 1980.

The funds requested will provide monthly education assistance payments to 817,000 Post-Korean Veterans, support expenditures for vocational rehabilitation for 26,000 disabled veterans, and provide educational assistance to 95,200 children and dependent spouses.

This appropriation will also fund payments to 15,000 Post-Vietnam Era veterans, 520 specially adapted housing grants, 800 automobile grants, and 8,400 automotive adaptive equipment items.

Education overpayments continue in a downward trend. In 1979, $350.3 million in overpayments were established—an 11.3 percent decrease from 1978. The balance of overpayments on hand is decreasing—from $418.7 million at the end of fiscal year 1979 to $401.9 million on December 31, 1979.

To assist certain Vietnam veterans in finishing their training, we are proposing legislation to extend the delimiting date for two years for those veterans in on-the-job training, and the educationally disadvantaged in vocational technical or high school training. We also propose a 10 percent increase in educational assistance and subsistence allowances, and an expansion and revision of the vocational rehabilitation programs to improve service delivery to disabled veterans. In addition, we propose to extend eligibility for specially adapted housing grants to certain disabled veterans.

Loan origination activities for this fiscal year and 1981 will be comparable to fiscal year 1979. [Loan originations; fiscal year 1978—382,302; fiscal year 1979—365,997; fiscal year 1980—366,000 (Est); fiscal year 1981—363,230 (Est)]

Despite a projected $49.6 million increase in costs to the Loan Guaranty Revolving fund in 1981, increased collections from loan sales are expected to more than offset these increased costs.

The VA inventory of acquired properties stood at less than 9500 properties at the end of fiscal year 1979. This represents the lowest inventory the program has experienced since 1960. Fiscal years 1980 and 1981 property management activities are expected to increase, while VA efforts to maintain this low inventory are expected to continue.

Loan servicing activities are also projected to increase in 1980 and 1981 due to the historically high loan volumes over the past several years. VA's improved supplemental servicing efforts in 1979 resulted in an increase in the rate of cured defaults from 87.6 percent in 1978 to 89.4 percent in 1979. We hope to maintain this servicing effort which assists veterans in retaining their homes and moderates the rise in costs of VA's housing programs.

Turning to the Insurance program area, the total number of insureds are expected to gradually decline as only one of the five government administered programs is open to new issues. Also, increases in death and disability claims are expected, due to the aging of policyholders. Of the five programs administered by the VA, four are paying dividends. A record $566 million was declared in calendar year 1980 to be paid to 4.1 million veterans. The newest program to pay dividends is the Veterans Reopened Insurance Program which became participating November 28, 1979 (PL 96-128).

Stated briefly, the Department's 1981 GOE budget request totals $455,576,000. This amount is $741,000 over 1980 and will support an average employment of 16,979—a reduction of 530 from 1980. The most significant contributing factor to the 530 net reduction in average employment is the manpower savings accruing from our Target Terminal System. During fiscal year 1981, we estimate savings to be 533 average employment, raising the cumulative savings to date to 965. This is based on the assumption that our target system will be fully operational by the end of fiscal year 1980.

Other reductions due to declining workloads are offset by required increases for an improved vocational rehabilitation program and increased emphasis in the debt collection area.

This concludes my statement. Those of us here today from the Department of Veterans Benefits will be pleased to discuss any of the details of our budget request with the Committee.

PRESIDENT'S AWARD

Mr. TRAXLER. The Committee is very proud of the fact that you were recently presented the President's award for Distinguished Federal Civilian Service. Congratulations. We are very proud of you. I don't know if we can put news releases into the record, but something ought to go here.

Mr. COUGHLIN. I certainly do, too.

Ms. STARBUCK. You are very gracious.

Mr. TRAXLER. If you don't object, we will add this. It is a very fitting commendation and recommendation. She was a Captain in the Army during World War II.

Ms. STARBUCK. Yes, sir. I am one of that class of 1946 that has been referred to.

TARGET SLIPPAGE SUPPLEMENTAL

Mr. TRAXLER. I can't believe that.

Going on, let's discuss the supplemental request for 1980. On November 30, 1979, the Administration requested a $7,490,000 supplemental appropriations for 449 staff-years for the Department of Veterans Benefits because of the slippage in the Target implementation schedule. On December 5, the Chairman wrote and informed the Administrator that a supplemental was not likely in calendar 1979. In that letter was a mention of a hiring freeze in the Department of Veterans Benefits.

Did you impose a hiring freeze in DVB, and if so, has it been lifted?

Ms. STARBUCK. Yes, sir, I did. It was lifted on January 2.

Mr. TRAXLER. How are you handling the personnel situation without that supplemental?

Ms. STARBUCK. With the authority given to us by the Chairman and with the approval of a fiscal year plan which increased our end of year employment figure by 250, we have made allocations to our regional offices of not 449 additional positions but protecting 449 encumbered positions in the regional offices.

This merely meant to us, Mr. Chairman, that we would lose 449 less people than were required of us before the Chairman's letter was received.

Mr. TRAXLER. Is there any urgency now for a supplemental?

Ms. STARBUCK. Yes, sir, there is because as the Chairman indicated in his approval to work with us, he asked that we reprogram within the General Operating Expense, funds to support the employment and this we have done and consequently we have borrowed from subsequent quarters and current quarters money that had been planned to be spent and needs to be spent.

So we are relying on the funding in that supplemental request to make us whole. We have stopped, for example, in the department about $800,000 out of 1 million planned expenditures for equipment. We have reduced the amount of money available to our regional offices for contracts for guidance centers. We are slipping dollars wherever it is conceivably possible to do so to pay the salaries of the individuals we are retaining on the rolls.

Consequently, the money that is in the supplemental will be required.

EXECUTIVE DIRECTION

Mr. TRAXLER. Turn to executive direction, on page 1-109. Average employment was estimated to be 486, an increase of 2 over 1980.

Tell us why there is a request for an additional 2 staff-years in 1981 and how are they going to be used? What are they going to do?

Ms. STARBUCK. These 2 positions will relate to the Civil Service Reform Act as far as the Department of Veterans Benefits is

concerned. The positions will support the Departmental Executive Resources Board and the Executive Performance Review Board. They will plan and monitor training for SES positions and SES potentials in the Department of Veterans Benefits.

VET REP PROGRAM

Mr. TRAXLER. Now, the legend on page 1-111 indicates that the Vet Rep program will be at its lowest level since the program was installed. I remember at the end of 1978 there were some 661 Vet Reps on board. I think you told us last year that for 1979 there would be 257. Is that correct?

Ms. STARBUCK. That is correct, sir.

Mr. TRAXLER. How many do you anticipate having on board at the end of 1980?

Ms. STARBUCK. I believe that is 197. I might add, sir, that we anticipate the submission to the Congress of Legislation which would eliminate the Vet Rep on Campus Program.

Mr. TRAXLER. So, therefore, you do not have any requests for 1981?

Ms. STARBUCK. For Vet Reps?

Mr. TRAXLER. Yes.

Ms. STARBUCK. No, sir.

Mr. TRAXLER. And that is because of your request to the Legislative Committee to abolish the program?

Ms. STARBUCK. That is correct, sir. We anticipate still having some Vet Reps within 1981, but we are then at the irreducible minimum.

Mr. TRAXLER. How many would that be? Are you saying that if the legislation passes, you will have a few still?

Ms. STARBUCK. This is something we are reviewing pending the legislation. With the Administrator's authority to outbase veterans benefits counselors we would anticipate looking at some of these personnel who are now outbased Veterans Representatives on Campus to take up the slack there.

Now these Vet Reps on Campus are not just veterans representatives on campus. We have them performing Outreach visits to incarcerated veterans. We have them performing compliance surveys at schools other than the school to which they might be assigned. We have them doing field examinations. Whatever tasks we can impose upon them we are doing to maximize the use of their abilities and the fact that they are outstationed from the regional office, thereby reducing our travel requirements from the regional office.

Mr. MCMICHAEL. You might recall that the Vet Rep program was an administrative decision. Subsequently, Congress enacted a provision in Title 38 mandating the Vet Rep program and further stating that there should be one Vet Rep for each 500 students on campus.

Congress has chosen never to fund at that level, but that law always remained on the books which has presented us with some difficulties. What we would do would be to eliminate that specific provision but obviously allow other provisions where outstationing

of VA personnel would be productive. That is what we are proposing.

OUTREACH PROGRAM

Mr. TRAXLER. On page 1-112, you mentioned your Outreach efforts and there appear to be a number of activities called "Outreach efforts". Provide for the record a table indicating the resources allocated—funds and staff-years—in 1979, 1980 and 1981 for activities which fall within this broad definition called "Outreach."

Ms. STARBUCK. Yes, sir.

[The information follows:]

OUTREACH PROGRAM

You are correct in your statement on the Outreach Program. Within the broad definition called "Outreach" many activities are pursued. Among these are efforts to provide priority service to service-connected disabled veterans, Vietnam era veterans and the disadvantaged and aging beneficiaries.

The Vet Rep program is a special form of Outreach and, as indicated on page 1-112, the Vet Reps have become very versatile. Through cross-training they have become proficient in performing other duties in the areas where their schools are located. This is particularly true with respect to our Outreach efforts to veterans incarcerated in Federal and State penal institutions. The following table is provided for the record to indicate the staff years and funds allocated in 1979, 1980 and 1981:

STAFF YEARS AND FUNDS ALLOCATED IN 1979–81

Outreach to incarcerated veterans	Fiscal year 1979 actual	Fiscal year 1980 estimate	Fiscal year 1981 estimate
Staff years	11	11	11
Payroll costs	217,000	234,000	237,000

Our personnel perform a variety of outreach tasks including visits to senior citizen centers, penal institutions, educational institutions and homes of the disabled. Often, in the course of a single day, service will be provided in two or three outreach categories. We do not have resources and cost data readily available for each of these categories. Because of the diversity of the Outreach program, the reporting burden to obtain the requested data would be prohibitive. Outreach has really become so integrated with daily activities of our regional offices that separate accounting would be difficult and not really productive.

Data on the Incarcerated program was available because of the considerable attention focused on this area by the Presidential Review Memorandum. In addition, this program was the subject of a Congressional hearing last year as well as two GAO studies conducted in 1974 and 1979.

VOCATIONAL REHABILITATION IMPROVEMENTS

Mr. TRAXLER. On page 1-113, you mentioned the establishment of an improved Vocational Rehabilitation Program consisting of an average employment of 55 persons. What is the current number of staff-years in the Vocational Rehabilitation Program?

Mr. DOLLARHIDE. 470 professionals.

Mr. TRAXLER. What will the improved program consist of and what will the additional 55 persons do in this improved program?

Ms. STARBUCK. The legislation on this program is a result of the review of the vocational rehabilitation program in the Veterans Administration. The legislation has passed the House and the Senate will be very shortly holding hearings on similiar proposals.

The basic thrust of the new legislation would take us in the Department of Veterans Benefits beyond the point of rehabilitating a veteran to the point of employability and permitting us to find suitable employment for that rehabilitated veteran, monitor him in that employment milieu to our satisfaction that he has accomplished rehabilitation and that it is satisfactorily providing a full life for him.

It would also permit us to, within the authorities we have, to counsel his family so that his entire lifestyle, not only as far as his social but his economic well-being is assured.

Mr. CLELAND. Mr. Chairman, I might say that this is one of the most important programs that VA has. It came to my attention when I first came to the VA that the vocational rehab program had not been revamped since 1943. We undertook that revamping. Part of that legislation passed one House of the Congress and this whole new departure in vocational rehabilitation I think is very important for the VA.

Mr. TRAXLER. When do you anticipate that your new program will be fully operational? What time frame?

Mr. MCMICHAEL. We expect the effective date of the law of October 1.

Ms. STARBUCK. I have to say, though, Mr. Chairman, that the additional 55 people are not going to permit us to leap right in and fully implement that program when it is passed. It will require more personnel than that.

Mr. TRAXLER. As I listened to you define the program, that was my feeling, too. It is a very ambitious one and very desirable. I know of the Administrator's strong commitment to this program. He has told us about it before.

Mr. Coughlin?

CLAIMS FOR EXPOSURE TO RADIATION

Mr. COUGHLIN. I have some questions on something not directly related but perhaps this is an appropriate place to ask them.

Last year we discussed briefly the VA policy concerning survivors of veterans exposed to radiation during weapons tests and later developed leukemia or other forms of cancer.

I have been personally following the claim submitted by Mrs. Garr who is a constituent. Her husband participated in Operation Crossroads. A year ago Dr. Haber testified that the wave of evidence supporting the cause and effect relationship between radiation exposure and leukemia was existing and he agreed the relationship does exist.

Can you tell us the number of claims that you have had and how many have been allowed?

Mr. CLELAND. I will ask Mrs. Starbuck to respond and then our Chairman of the Board of Veterans Appeals, Mr. Shuman.

Mr. MCMICHAEL. I might add that the probability presents a real problem for us. In a population of 40,000 servicemen who have not been exposed to atmospheric testing, the estimates are that there would be about 1,600 fatal cases of cancer.

Further statistical projections tell us that we can then expect about one additional death as a result of that exposure to radi-

ation, with a similar population of 40,000 who were present at atmospheric testing.

So the difficulty of factoring out what is the cause of a particular cancer is a very difficult one.

Mr. COUGHLIN. How many claims have been made?

Ms. STARBUCK. As of February 1 we have a total of 1,003 cases.

RADIATION CLAIMS ALLOWED

Mr. COUGHLIN. How many of these have been allowed?

Ms. STARBUCK. There have been 46 of these allowed. Out of that 1,003 there were cases in which a disability or disease was diagnosed, and of those 716 cases, 46 have been allowed.

Mr. COUGHLIN. And they involved cancer of one form or another?

Ms. STARBUCK. All types of cancer, yes, sir, and all types of disabilities.

Mr. COUGHLIN. It is my understanding that in at least one case decided in the last year, the Board awarded benefits for a veteran whose cancer was not diagnosed until many years after his discharge.

Are there more cases like that? Does this represent a change from past policy?

Ms. STARBUCK. Most of these cases would be cases that would be in time beyond the point of exposure. Charley, would you like to speak a little further?

Mr. PECKARSKY. The statistics that Miss Starbuck is reading are those of the Department of Veterans Benefits. Additional cases have been allowed by the Board of Veterans Appeals. There is no requirement under the law that the VA show a relationship between the incident of service and the disability.

So the mere fact that the disability occurred coincident in time with service is sufficient. We have, however, for 11 years kept statistics by keeping a copy of each rating sheet on all radiation exposure. Those are the statistics Miss Starbuck was reading.

In addition, the Board of Appeals has allowed additional cases. I believe the case you are referring to was one of those.

Mr. COUGHLIN. How many cases have been allowed by the Board of Veterans Appeals?

Mr. SHUMAN. We have allowed 15 cases during the years 1978–1979. That is out of a total of 133 finally decided cases.

Mr. COUGHLIN. They involved radiation exposure?

Mr. SHUMAN. Yes.

GUIDELINES FOR RADIATION EXPOSURE CLAIMS

Mr. COUGHLIN. I understand during the past year the VA issued formal guidelines for the consideration of claims based on radiation exposure. These would require the acceptance of the veteran's claim that he was present at an atomic site and the range of exposure that he might have been exposed to. Any reasonable doubt about the origin of the disease would be in the claimant's favor; is that correct?

Ms. STARBUCK. Yes.

Mr. COUGHLIN. And these are the limits of radiation exposure claims?

Mr. SHUMAN. It should help, but I don't know that it is directly related to time. I think developing records is still a major problem in these cases. Miss Starbuck's Department of Veterans Benefits has issued an extensive instruction on how regional offices should develop cases, and hopefully when that is fully implemented it will speed up the handling of these cases.

Mr. MCMICHAEL. I might add, we refer all cases in an attempt to get additional information on radiation exposure. It has caused some delays.

Mr. COUGHLIN. There are these presumptions and guidelines.

Mr. SHUMAN. You have to find out if he was there. There is a presumption he was there unless the records show otherwise.

Mr. MCMICHAEL. We do not have to relate that to a particular test, what were the readings for that unit?

Mr. SHUMAN. If I may, just a minute, what that really does is if you have a man in a certain unit who does not have a badge, well then say, if that unit was exposed, and, that man was there, then we will give him the maximum exposure the unit got.

PROCESSING OF RADIATION CLAIMS

Mr. COUGHLIN. It seems to be taking a long time to resolve a lot of these cases.

Mr. SHUMAN. Yes, but the longer it takes the better chance a man has of getting paid. The more information we can develop, I think, the more helpful it is.

I have a note here, and I think this is no longer going to be true, but in the past 2 years we have sent back 43 cases two times and 15 cases three times for further development. Now, this all transpired before these extensive instructions got out to the field, and hopefully this will be eliminated.

Mr. PECKARSKY. The level of exposure is in 98 percent of the cases falling behind 3 rems, which is a very low level of exposure. It is a sad but true fact that one out of four in the population will get cancer, and one out of six will die. To find that slight incremental case which possibly could have gotten cancer because of radiation a long time ago poses an extremely difficult adjudication problem for the VA.

Mr. COUGHLIN. Thank you, Mr. Chairman.

FEE BASIS COUNSELING

Mr. TRAXLER. On page 1-114, under other services, last year you estimated the 1979 cost of fee basis counseling at $7,790,000. This year's justification indicates the 1979 cost of fee basis counseling was $4,596,431.

What caused the 1979 estimate to be overstated by $3,193,569? The 1979 estimate was really off the mark.

Ms. STARBUCK. Quite frankly, I have found that to be a figure off the mark. We are looking at it very closely. This relates to individuals referred to by our regional office for fee basis counseling. What this says is that we referred less persons to the guidance centers than we had anticipated.

LOAN GUARANTY WORKLOAD

Mr. TRAXLER. Turn to the Loan Guaranty program. The legend on page 1-124, under plans and trends, states that the demand for housing in 1980 should continue to support a historically high level of VA loan activity.

Is that still the situation? What effect has the tight money, i.e., higher interest rates, had on the loan program?

Ms. STARBUCK. In many places, Mr. Chairman, the VA is the only game in town because our interest rate is still a couple of points below the conventional interest rate, and in many instances, we are now the only game in town. We have felt some reduction in applications because even now our interest rate, coupled with utility costs, are just making it very difficult for anyone to venture into the housing market. But we are holding fairly close to plan even now. We have experienced maybe a 12-percent drop in loan applications, but I think we have to carry that a little longer before we make any adjustment in that figure.

Mr. TRAXLER. If the loan activity is down, does that not help with the employment shortage due to the slippage on Target?

Ms. STARBUCK. No, within the loan guaranty program itself, for those people not as pressed in the processing of applications, it is possible through some quick fix in retraining to put these people into other areas of the loan guaranty program such as loan servicing and perhaps property management activities.

LOAN DEFAULTS

Mr. TRAXLER. During 1979, holders reported 120,284 G.I. loan defaults, as compared to 117,204 during 1978. Nevertheless, VA supplemental servicing managed to restrict the number of claims filed to 13,179, a 9 percent decrease for 1978.

Ms. STARBUCK. We are very proud of that, sir.

Mr. TRAXLER. How long do you estimate before the number of loan defaults levels off or comes down?

Ms. STARBUCK. I am afraid it will go the other way. The economic situation today just scares us to death, quite frankly.

Mr. TRAXLER. One out of every 10 unemployed persons in the United States resides in my State, and it is going to get worse. One out of 10. I hope you all will buy a new United States car. By the way, does the VA have any automobiles made in foreign countries?

Mr. VAUGHN. No, sir.

Mr. TRAXLER. Just wanted to be sure.

INSURANCE PROGRAMS

Going on to insurance programs. The 1979 workload was less than estimated last year. Even the higher processing time activity of disability claims was off—88,700 estimated last year for 1979 to an actual 80,880.

If the workloads estimated for 1980 and 1981 do not materialize, will VA reduce the resources allocated to the program? If not, why not?

Ms. STARBUCK. If that workload does not materialize, Mr. Chairman, you can be sure that the people will not be sitting idly by.

STANDARD LEVEL USERS CHARGES

Mr. COUGHLIN [presiding]. Turn to Office Services. The table on page 1-131, under rents, communications and utilities, shows the 1979 cost of the standard level user charge to be $30,815,268. That is $1,174,732 below the $31,990,000 estimated last year for 1979. For the past year or two VA has overestimated standard level user charges.

What accounts for the misestimate in 1979?

Ms. STARBUCK. I am sorry you call it a misestimate. Our problem is that we plan to bring space into our inventory and our big loss has been a new building for Saint Petersburg and another building at Atlanta, Georgia. Because we go to GSA as our landlord to acquire space for us and this becomes a very time-consuming process, we are not always able to bring on line space in the time frame in which we make the estimate.

Now the plans for Saint Petersburg; we are back to ground zero on that, and the Atlanta space situation was just recently settled within the last 4 weeks. So it is not so much missing the target by an overestimation, it is an inability of the Department to realize in its negotiations with GSA what we need to bring on board.

Mr. COUGHLIN. Will you be able to realize what you need for 1980 and 1981 in accordance with the estimates you have?

Ms. STARBUCK. It will take a lot of push on our part; yes, sir.

Mr. KRAUT. The equipment was purchased late in fiscal year 1979, causing approximately $8,566,000 to appear as an undelivered order rather than as an equipment cost. The unused portion was part of the $7,941,000 returned to the Treasury, referred to on page 1-2.

Mr. COUGHLIN. Thank you.

Mrs. Boggs, we are playing musical chairs here. I have to go to a transportation subcommittee meeting.

Mrs. BOGGS [presiding]. I got washed over here by the lower Mississippi Valley.

Mr. COUGHLIN. Thank you very much.

COMPENSATION AND PENSION

Mrs. BOGGS. We turn to Compensation and Pensions. You are requesting $11,772,700,000 for compensation and pensions in 1981, an increase of $516,200,000 when the supplemental request of $54,700,000 is considered.

Why are you proposing to break the Compensation and Pension appropriation into three separate accounts—Compensations, Pensions, and Burial Benefits and Miscellaneous Assistance?

Ms. STARBUCK. This is in response to a request by OMB because of the size and impact they have. It is desirable that these three large accounts be identified separately by function.

Mr. HOFFMAN. Madam Chairman, may I also address that? This dialogue began with the OMB during June of last year. The agency at that time expressed concern because of the complication involved, the amount of dollars involved, and the fact that we were dealing with 5 million beneficiaries. For these reasons we might not have ample time to accomplish this by the end of this fiscal year.

We went to OMB on a number of occasions with correspondence putting forth our position and our concerns. At this point in time, we are still concerned about the time frame we have facing us in order to accomplish this split. We have in the meantime, however, begun to push forward. But since October 1 is not too many months off, I wanted to place before this committee the fact that although we are working with the OMB they have made the decision because they felt it would provide them more information. I guess our appeal was overruled. But we feel we have to go on record to voice the fact we have concerns. It does involve my office, that of Data Management, and also the Office of Veterans' Benefits, and if anything we would wish the decision could have been delayed a year.

COMPENSATION AND PENSION SUPPLEMENTAL REQUEST

Mrs. BOGGS. You are requesting a 1980 supplemental appropriation of $54,700,000 for the compensation and pensions account. How accurate is that estimate?

Ms. STARBUCK. We feel at this time that we would not like to say that that is an inaccurate figure. However, the downturn in our pension program may make that figure less realistic than it is today. We would want early—well, about mid-April—to let the committee know just what our current position is with respect to that dollar amount. We feel there may be some possibility for absorption of that amount because of a falloff in the pension costs. So that supplemental related to Compensation and Pension may be an absorbable figure.

Mrs. BOGGS. On page 2–4 is mention that the $9.5 million change in overpayments represents collection of overpayments made to veterans and their survivors.

What was the total amount of compensation overpayments in fiscal year 1979? How were they discovered? What actions were taken to collect these overpayments? What controls have you developed to prevent overpayments from occurring in the future?

Ms. STARBUCK. If I may, Madam Chairman, I would like to give you that for the record.

[The information follows:]

COMPENSATION AND PENSION APPROPRIATION

As Mr. Hoffman stated, separating the Compensation and Pension appropriation into three separate accounts involves complications. The current system does not maintain data showing a breakdown of overpayments by type, i.e. Compensation, Pension, etc. However, as a result of a recent audit, certain information on the types of overpayments was obtained. Using this data we were able to develop a percentage that was used to divide the overpayments between the Compensation and Pension Programs.

The dollar value of the combined compensation and pension overpayments in fiscal year 1979 totaled $112,776,000. These were discovered as a result of beneficiary dependency changes, rate reductions and terminations due to income factors and deaths of beneficiaries. In those cases of continuing benefits, recovery is by offset. Death cases become debts against the estate of the deceased. Overpayments of compensation and pension benefits are in nearly every instance due to circumstances beyone the control of the Agency. We do instruct the veteran to notify us promptly if there is any change in his dependency status or income status (pension cases only). When notified we promptly process the changes to hold any resulting overpayment to a minimum.

PENSION REFORM WORKLOAD

Mrs. BOGGS. Public Law 95–588 became effective January 1, 1979. With this legislation, the Congress made significant changes in VA's pension program. Although pension rates increased across the board, many income exclusions were repealed—most significantly the spouse's earned income and the 10-percent social security offset. These changes made eligibility based on income more difficult to achieve.

In hearings during consideration of Public Law 95–588, VA projected that the Improved Pension Act would reduce the cost of the program in future years. As in past pension reform legislation, those currently on the pension rolls could elect to receive benefits under the new legislation if it would be financially advantageous.

How many of the 2.3 million persons on the pension rolls as of January 1, 1979, elected benefits under Pub. L. 95–588? How does this compare with the number of pensioners VA estimated would use it?

Ms. STARBUCK. This is very close. We had anticipated about 300,000 would elect, and we are at 290,000 now.

Mrs. BOGGS. How has this impacted on your workload estimates?

Ms. STARBUCK. The experience of only about 10 months, Madam Chairman, makes me reluctant to commit myself to personnel reductions related to this program. I think it is a little early in the experience to tell. As you know, the pension elections were not mailed to the beneficiaries until March. We have still to finish up the first annual income questionnaire processing for those individuals under the new law and I think we, perhaps, need just a little more time and experience with this program before we can make a more solid evaluation.

READJUSTMENT BENEFITS

Mrs. BOGGS. Turn to Readjustment Benefits. You are requesting $1,822,308,000 for readjustment benefits in 1981, a decrease of $456,227,000 from 1980.

How accurate is the estimate for 1980? Are you over or under your plan?

Ms. STARBUCK. We are just slightly over our plan at the moment. We feel the figure is good.

Mrs. BOGGS. We will turn to the Post-Vietnam Era Veterans Education Account. During fiscal year 1979 the number of persons participating in the Post-Vietnam Era Veterans Assistance Program (VEAP) totaled 146,000 compared with 81,200 in fiscal year 1978. However, the number of participants who dropped out of the program and withdrew the funds which they had paid into the program increased from 5,306 in 1978 to 21,322 in 1979. I am concerned at the large number of persons who have dropped out of the program as well as the increase in dropouts in just one year.

How do you explain the fact that so many participants are withdrawing from the program?

Is VA concerned about the number of participants that are disenrolling from the program? If so, what has VA done to reverse this trend?

Ms. STARBUCK. I think this disenrollment is the direct result of the current national economy. To enroll in this program, a serviceman allots either $50 or $75 a month of his pay and contributes to this program monthly until he has accumulated $2,700 in the fund. My judgment on this is that the sheer economics of living are causing the high incidence of disenrollment, and we anticipate a higher rate in the coming year. The recommendations for the future of this program have yet to be solidified, but I think one of the things we are going to have to look at as a recommendation in this program would be a lower rate of contribution by the serviceman with perhaps a greater rate of match by the Federal Government to his dollar. Currently the match is 2 to 1. If he were perhaps to be able to contribute $25 a month rather than $50, then we could experience a lesser disenrollment figure.

EDUCATION LOAN DEFAULTS

Mrs. BOGGS. Let us turn to the Education Loan Fund. Last year, there was a discussion of the high default rate on education loans. I know the VA has taken measures to reduce the number of defaults.

What steps have been taken to reduce the number of defaults? What is VA doing to collect on the defaulted loans?

Ms. STARBUCK. I am very sorry to have to tell you our present default rate is running at 57 percent. We predicted last year it would get worse, and sure enough it did. We are still dealing with what we consider low-risk loans in the default area. The default loans of course are treated as any other debt to the Government and are included in the prospects that we have in referrals to the Assistant U.S. District Attorney for collection actions and to get into the program now under way in the VA district counsels' pursuing collection. We have gotten to the source by tightening up on the underwriting of loans and have made far less loans than we had in past years. Unless there is some very dramatic turnaround in this, I think it will be incumbent on us to take a look at this as a viable program.

Mrs. BOGGS. The table on page 2-49 shows the number and dollar amounts of defaults in 1979, 1980, and 1981.

What is the cumulative number of defaults? What is the dollar amount associated with those defaults?

Ms. STARBUCK. I will provide that for the record.

[The information follows:]

CUMULATIVE DEFAULT LOANS

The cumulative number of defaulted loans through the end of fiscal year 1979 was 19,127 for a value of $16,155,858. This is expected to increase to 30,552 and $28,706,000 through fiscal year 1980 and 39,342 and $37,886,000 through fiscal year 1981.

Mrs. BOGGS. Have any loans in default been written off?

Ms. STARBUCK. No, ma'am.

Mrs. BOGGS. The new restrictions on loans will, hopefully, keep the default rate on new loans down, but will not really address the problems with existing loans. The Chairman says it would seem to him that if VA put a little more effort in collecting loans in

default, the word would get out and the default rate would go down substantially.

Ms. STARBUCK. We are catching a number of defaulted education loans and are disposing of them before we guarantee a loan on a house.

GRANTS FOR CONSTRUCTION OF STATE CEMETERIES

Mrs. BOGGS. Turn to Grants for Construction of State Veterans Cemeteries. You are requesting $5 million for this program in 1981, the same amount as provided in 1980. Last year was the first appropriation for this program.

How is the new program doing? Is it operational yet? Have any grants been made to date?

Mr. NOLL. Madam Chairman, so far we have received inquiries from 23 States indicating interest in participating in this program. Five States have drafted State legislation to permit their participation. Four States have completed their legislative process locally and three have filed applications with us for State Cemetery Grants. We anticipate making the first decision in about 3 weeks. From the subject matter we have on the books now, we see at least two-thirds of the first $5 million being obligated in 1980, the first year. In light of that experience we feel we should request $5 million for the second for consecutive year. We will take a long, hard look next year as to where we stand before asking for $5 million in fiscal year 1982. In short, the program is doing well.

Mrs. BOGGS. This morning I was attending a breakfast with the officers of the American Legion Auxiliary. They were talking about a bill which requires that markers be provided in state cemeteries as well as in the national cemeteries. I do not know if that has anything to do with this particular program.

FEDERAL CREDIT PROGRAMS

Let's move on to the Federal Credit Programs. The 1981 budget proposes that Federal credit programs be reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on loan obligations. This new proposal applies to the entire Federal government, not just the VA.

However, none of the VA proposals contain actual dollar limitations. The language allows for such sums as may be necessary. What would happen if a dollar limitation were carried instead of language allowing such sums as may be necessary?

Mr. MCMICHAEL. We have some real problems. Our home loan guarantee programs are regarded as entitlements so a veteran who presents himself with a willing lender is under the law entitled to receive that guarantee if he otherwise meets the specifications. By attempting to somehow limit that, we would be granting entitlement benefits to some veterans, but the veteran who reached the credit limit would not be granted the entitlement. We believe we would have a constitutional problem of equal protection under the law and would not be able to prevail in a court test.

Mrs. BOGGS. The Administration has been trying to make a good-faith effort to get these under control, but it is a difficult thing to do in actuality.

I would like to ask just personally, Mr. Cleland. In his memorandum to heads of departments and agencies dated November 17, 1978, President Carter stated that he expected to see "significant improvements made in your department or agency as a result of your personal initiatives." What have you personally done to improve women's employment and advancement at the Veterans' Administration? Would you answer that for the record.

Mr. CLELAND. Yes.

[The information follows:]

EMPLOYMENT OPPORTUNITIES FOR WOMEN

The VA has established a Federal Women's Advisory Committee to assist in identifying appropriate actions to enhance the status of women in the VA. The recommendations of the Committee have helped to provide guidelines whereby opportunities for training and upward mobility of women can more easily be attained. Many women in VA have been promoted to higher level positions previously held exclusively by men, for example:

Chief Benefits Director.
Assistant Chief Medical Director for Research and Development.
Assistant Chief Medical Director for Academic Affairs.
Assistant Chief Medical Director for Administration.
Assistant Administrator for Administrative Services.
Director, Management Services.
Deputy Assistant Administrator for Human Goals.
Vice Chairperson for the Board of Contract Appeals.
Three members of the Board of Veterans Appeals.

AFFIRMATIVE ACTION INITIATIVES

Mrs. BOGGS. I would like to submit for the record some questions about affirmative action programs for minorities and women, particularly regarding promotions and other actions. Also, I have a question on Executive Order 12138 in regard to women's business enterprise to be answered for the record.

[The questions follow:]

Question: Why do you show such a significant drop in representation of women above the GS-9 level?

Answer: According to our latest data there has been a significant increase in the representation of women at GS-9 and above. In the past 18 months the number of female VA employees in grades GS-9/15 has increased by nearly 4,000. More than one-half of all VA positions in these higher grades are now filled by women.

Question: We know that many women in clerical positions hold college degrees. What have you done to assure that you are fully utilizing your personnel? Have you conducted a skills survey?

Answer: We encourage top management, through Affirmative Action planning, to identify and provide training opportunities to those women currently in clerical positions who have the ability to move into professional career fields such as personnel management, computer science, management analysis, building management, supply, and health technician. In the past, skills surveys have been conducted by VA field stations as part of their Affirmative Action Plans particularly in relation to Upward Mobility programs. EEOC's new Affirmative Action guidelines require establishment of a skills inventory system. We shall monitor our field stations to ensure establishment of this system.

Question: Did you achieve your affirmative action goals for women last year?

Answer: During the past year we conducted the VA's first series of regional training seminars for our nearly 240 Federal Women's Program Managers. Women were promoted to a number of positions previously held exclusively by men. We developed and implemented the VA's first national Federal Equal Opportunity Recruitment Program Plan to intensify efforts for the recruitment and/or placement of women in administrative positions GS-5 and above.

Question: What are you doing to assure that your supervisors and Managers recognize and are held accountable for their responsibilities to the FWP?

Answer: Managers are encouraged to set specific goals and timetables in their Affirmative Action Plans for recruitment, training and advancement opportunities for women. Under the Senior Executive Service and under merit pay provisions, VA managers and supervisors will be held accountable in their performance evaluations for accomplishing these goals.

Question: What is the median grade level for women in your agency? For men? How does this compare with the government as a whole?

Answer: The median grade is GS-8 for male VA employees and GS-6 for female employees. The government-wide median grades are GS-11 for men and GS-5 for women.

Question: How are you implementing the Office of Personnel Management's policy statement on sexual harassment?

Answer: We are currently in the process of developing VA guidelines implementing OPM's policy statement.

EMPLOYMENT OF WOMEN WITHIN THE FEDERAL GOVERNMENT

Question: How many women have moved into higher grade target positions as a result of your agency's Upward Mobility Program?

Answer: During the fiscal years 1978 and 1979, 591 women were promoted into higher level positions as a result of the VA Upward Mobility Program. This represents 50 percent of the total Upward Mobility "promotees" in fiscal year 1978 and 49 percent of those in fiscal year 1979.

Question: How many women have been selected to participate in your agency's Executive Development Program?

Answer: In fiscal year 1978, there was a total of 81 participants in our agency-level executive development program. Five of these were women. In fiscal year 1979, 40 of 582 executive level participants were women. During the first two quarters of fiscal year 1980, 19 of 211 executive development program participants were women.

Question: Do you have a Management Development Program? If so, how many women have been selected for it?

Answer: Our Executive Training Center currently offers a series of courses for employees in management positions generally in grades GS-12 to GS-14, or equivalent. In fiscal year 1978, 233 of 1,930 program participants were women. In fiscal year 1979, 175 of 1,526 program participants were women. Thus far in fiscal year 1980, 19 of 87 participants attending these management-level training courses were women. In addition to the activities sponsored by the Executive Training Center, the departments provide training activities for about 2,200 additional employees annually. However, the distribution based on sex is not available.

Question: What are the main mission related occupations of your agency? What efforts are you making to assure representation of women in these occupations, which generally have the best promotion potential?

Answer: As defined in the National Federal Equal Opportunity Recruitment Program for fiscal year 1980, VA's mainstream mission related occupations are as follows:

Accounting Technician
Attorney
Computer Specialist
Contact Representative
Dentist
Dietitian
Engineer
Loan Specialist
Management Analyst
Medical Technologist
Nurse
Physician
Psychologist
Social Worker
Veterans Claims Examiner

VA's National Federal Equal Opportunity Recruitment Program for Fiscal Year 1980 includes a number of action items aimed at eliminating the underrepresentation of women in the mainstream occupations. Extensive recruitment efforts will be conducted to disseminate employment information to colleges and universities with large female enrollments and to national and local offices of women's organizations. This includes placing ads in magazines, newspapers, and periodicals aimed primarily at female audiences.

59-500 O - 80 - 10

VA has also entered into an interchange agreement with the Office of Personnel Management which will allow physicians, dentists, nurses, and other health care professionals to apply directly for positions in the competitive civil service.

Prior to this agreement, these employees were prevented from applying for competitive service positions without going through the Civil Service certification process. Consequently, a number of employees have been excluded from consideration for competitive service vacancies since they have not been within reach on Office of Personnel Management certificates of eligibles. This agreement will expand applicant pools for many of our occupations which are in the competitive civil service. More importantly, a major barrier which has restricted advancement opportunities for approximately 29,000 nurses by the VA (the majority of whom are women) has been eliminated.

Question: The Office of Personnel Management is introducing a model competitive staffing system which will give your agency more flexibility and authority in the hiring process. Do you think that your employment profile for women will improve as a result of this new freedom?

Answer: At this time VA does not have adequate resources to assume nationwide recruiting and examining authority from the Office of Personnel Management. However, approximately 20 Special Examining Units have been established at VA facilities throughout the country. These examining units have assumed varying degrees of recruiting and examining authority from OPM, primarily for positions directly related to health care (e.g. licensed practical nurse, nursing assistant, food service worker, housekeeping aid).

These units and the provisions of OPM's model competitive staffing system will give agencies more control over the recruiting function. As a result, recruitment efforts can be targeted at members of a particular minority/sex group (i.e. women), depending on the needs and goals of the agency. This flexibility will probably result in the increased hiring of minorities and women, although we have no way of measuring the specific impact at this early date.

EXECUTIVE ORDER 12138

Question: Executive Order #12138 calls for an affirmative approach to facilitate, preserve and strengthen women's business enterprise. Could you please submit for the record a list of instances of compliance with this directive?

Answer: DM & S, Supply Service (134C) has made the contracting personnel aware of the Executive Order 12138. A goal of $1.9 million has been targeted for women-owned businesses for fiscal year 1980.

Mrs. BOGGS. I wonder if somebody could bring me up to date on developments with the Congressional Cemetery.

CONGRESSIONAL CEMETERY

Mr. NOLL. The Congressional Cemetery is in a holding pattern. We have tried to go back to your suggestion of last year, that is to consider taking over the operation and control of that cemetery, and incident to that, we followed the suggestion made during a committee hearing that we use appropriated money. Also, we checked with the GAO to see if this could be done. The Comptroller General ruled it could not be done. Apart from that, acting on the initiative of Chairman Roberts, our Administrator contacted the Secretary of Interior to see what could be worked out between the two agencies to set a course of action to provide for the Congressional Cemetery. In a very nice way, we were told to be still, be quiet, that the Congress was considering this along with the Architect of the Capitol and perhaps in time it would be resolved, but they felt that Congress should be provided more time to exercise its will than had been permitted at that point in time. We are quite mindful of the importance of the Congressional Cemetery. At the present the 806 graves there that are Federal responsibility, are being maintained well.

BENEFIT ENTITLEMENT CRITERIA

Mrs. BOGGS. Mr. Administrator, under present law anyone serving 181 days on active duty can be eligible for veterans benefits. As I understand it, the Armed Services administratively discharges people before the end of their initial period of duty for failure to meet minimal behavior or performance standards. Such convenience of government separation is an expedient means of ridding the Armed Services of undesirable individuals of marginal performance. This contributes to the first term attrition problems that the Armed Services are facing.

Of course, such individuals so administratively discharged who have served for more than 180 days on active duty are eligible for benefits. Benefits represent one means of rewarding successful service.

Recently hearings were held on a bill, H.R. 4367, to deny veterans benefits to those who do not complete their initial obligated tour. Do you believe that the individuals in the Armed Services who fail to meet minimum behavior or performance standards and who do not finish their initial period of duty should be entitled to veterans benefits? Individuals discharged or released from active duty for service-connected disabilities should be excluded.

Mr. MCMICHAEL. Mrs. Boggs, our position on this, I think, would be that the Congress determines what the laws are going to be and who qualifies for benefits.

Leaving aside the question of disability compensation where we believe anyone who has a service incurred disability should be the responsibility of the government, we think that Congress, if it so desires, could establish longer periods of time before benefits accrue. Certainly with respect to some benefits, at least, the 180 day requirement of service would appear to be appropriate.

I might add that as a practical matter there are not a lot of benefits that in fact do accrue to those who are separated before 180 days. Educational benefits are no longer regularly available under the Chapter 34 program. As for chapter 32, they must participate for a longer period. Home loan guarantees require 90 days. So that would be one area where you could limit the right if you wanted a longer period of time.

It is important to make a distinction, however, I think between service incurred disability for which we have responsibility, even if it is only one day of service, and other benefits.

Mrs. BOGGS. Thank you very much.

Are there any comments that any of you would like to make or questions you would like to ask?

Miss STARBUCK. We just thank you very much.

Mrs. BOGGS. The Committee stands adjourned until 10 tomorrow morning.

THURSDAY, FEBRUARY 21, 1980.

MEDICAL AND PROSTHETIC RESEARCH

Mr. BOLAND. The Committee will come to order.

This morning we will take up Medical and Prosthetic Research. For 1981 you are requesting $134,810,000, an increase of $8,363,000 over 1980 when the supplemental of $3,600,000 for increased pay costs is included. Average employment for 1981 is 4,418, the same as estimated for 1980.

ACTIVITY NAME CHANGE

We will turn to page 7-10. The 1981 justification has new activity names. Last year's "Support of Ongoing Institutional Programs" and "Initiation of New Institutional Programs" has been changed to "Investigator-initiated" and "Special Emphasis," as reflected on the table in the middle of the page.

Why has the activity structure been changed?

Dr. CUSTIS. May I introduce Dr. Rita Hays.

Mr. BOLAND. We are glad to have you here.

Dr. HAYS. We have been trying to come to terms with the balance between the need to show the emphasis that the VA is placing on the problems of greatest need from the point of view of the veteran patient and the programs which generate from the individual investigators. Our feeling is that these are the greatest strength in our program.

I think that in the past we may have described to this Committee the effort which we have made to define particular subject areas that require special emphasis. Selection of these areas was based upon a systematic survey of health care providers in the field as well as on the statistical information which we had about the most frequent medical conditions of the veteran patients.

As a result of this survey we selected a group of diseases which were defined as "Special Emphasis areas." The difference between them and the "Priority Research Areas" is that in the priority research areas we have chosen very narrowly focused programs which are directed toward very specific goals; whereas, the special emphasis areas are conditions such as coronary artery disease and diabetes, areas where general research in that disease process is considered a particular need to the veteran patient.

We have selected out the investigator-initiated research in those special emphasis areas in the budget presentation in order to highlight the fact that we are putting a good deal of money into them.

Mr. BOLAND. One of the reasons I asked the question is that the change in titles makes it difficult to track the program from one year to another. I presume these particular activities will be titled the same next year.

Will you provide for the record a crosswalk table from the old structure to the new structure.

[The information follows:]

During fiscal years 1979 and 1980, the institutional programs were divided into two categories—the Ongoing and New. Each included both general Investigator-initiated programs and Special Emphasis programs. In fiscal yea 1981 the institutional programs (Ongoing and New) were split into Investigator-Initiated and Special Emphasis; both of these new categories included both categories from the previous years. The titles used for fiscal year 1981 will be continued to be used in the future.

The following shows our 1981 request in the old format (totals) along with with the new format:

	Total	Investigator-initiated	Special emphasis
Support of ongoing institutional programs	(89,379)	69,316	20,063
Initiation of new institutional programs	(4,326)	3,326	1,000
Total	(93,705)	72,642	21,063

COMMUNICATIONS, UTILITIES AND RENT

Mr. BOLAND. We will turn to page 7-14. You are requesting $1,360,000 in 1981 for Communications, Utilities and Other Rent. That is an increase of $371,000 above the cost in 1979.

Why do you need a 38 percent increase in this area in the two-year period?

Dr. HAYS. I am going to have to provide that for the record because I am not sure which sub-items are included in this. This is not the usual way in which we manage the budget.

Mr. BOLAND. You may do that.

[The information follows:]

The majority of the present costs are for equipment rental. Part of the increase of $371,000 will be for the increased cost associated with inflation and replacement of newer equipment in this category. Additional costs will be incurred with the dedicated lines associated with computers. As our research information system is implemented, it would be useful to place terminals at the large facilities connecting to the main computer. Dedicated lines are also needed to tie into other government computers in lieu of new computer purchases.

CONTRACTUAL SERVICES

Mr. BOLAND. Also under Services, object 25, the other contractual services sub-activity increases from $5,316,000 estimated last year for 1980 to the current estimate for 1980 of $6,430,000. Why the increase of $1,114,000 in 1980 for other contractual services? You may supply that for the record.

[The information follows:]

We are attempting to keep intramural programs but with the starting of new special programs there is not the expertise, in some cases, already within the Veterans Administration Medical Centers. In those areas we would rely on contractual services, until the expertise can be developed, to initiate programs.

Dr. HAYS. I can comment on that very briefly, Mr. Chairman. Because of the restrictions on our personnel ceiling we have not been able to move to an intramural program as rapidly as we

would like to in our Rehabilitative Engineering R&D program. For this reason we have had to continue to make more use of contractual services. We have in the past used contractual services heavily in these areas and intend, as we are able, to move them intramurally because we feel this would be more cost effective and benefit our patients more. We have had to move more slowly because of the personnel ceiling.

Mr. BOLAND. Under object 31, for medical, dental and scientific equipment, you are requesting $9,611,000 for 1981. That is an increase of $2,404,000 over the 1980 program level. What kind of equipment are we talking about here? Where will that equipment go?

Dr. HAYS. The equipment will be distributed throughout our 132 research programs in medical centers which have research programs. Because our budget has been constricted over the last five years we have not been able to keep all of the equipment in our laboratories up to date. It is necessary both to replace obsolete equipment and also——

Mr. BOLAND. What equipment are you talking about? What is the medical and dental equipment you are replacing?

Dr. HAYS. It is laboratory equipment in the biomedical research and also in the engineering areas, such things as amino acid analyzers which are much more cost efficient. The new equipment costs a lot of money. It is possible to do things which you couldn't do five years ago with new equipment. There are a whole variety of new generation pieces of equipment which will in the end offset the need for some of our personnel and, probably more realistically, will make it possible for the research to move along at a more rapid pace.

This is both for purchase of new equipment and also for replacement of obsolete equipment.

BUDGET REQUEST

Mr. BOLAND. I notice these items have been substantially increased over 1980. What did you request as the total figure from OMB for fiscal 1981 for medical research?

Dr. HAYS. The figure for medical research was $126,966,000.

Mr. BOLAND. What was the total amount requested for 1981 from OMB?

Dr. HAYS. $139,751,000.

Mr. BOLAND. Can you break it out between medical research and prosthetics?

Mr. HOFFMAN. We can do that for the record.

[The information follows:]

Medical and Prosthetic Research requested $139,751 adjusted for the October 1979 pay raise. Individual Service breakdown is as follows:

	Thousands
Medical research	$126,966
Rehabilitative research	9,705
Health services research	3,080
Total	139,751

EMPLOYMENT FOR HEALTH SERVICES RESEARCH

Mr. BOLAND. On page 7-21, the 1980 budget estimate for average employment is 62. The 1980 current estimate is 104. The legend on page 7-19 states the increase in average employment reflects the shift in emphasis from contractual to intramural operation. Why the change in emphasis?

Dr. HAYS. First of all, Mr. Chairman, I should point out this change in the estimate reflects what had actually happened the year before, in 1979. The shift had been occurring in previous years as the Health Services R&D intramural program was begun.

What we had been doing was borrowing FTE, primarily from medical research, in order to make it possible to get the Health Services R&D program started. The fiscal 1979 FTE actual was 105. This transfer from contractual to the intramural research is a part of the general policy which we have, the philosophy being that it is more to the benefit of the patient and the hospital to have the research being carried out actually in the medical center rather than by a contractor.

Mr. BOLAND. Can you break down the costs between contractual and the intramural emphasis for the record?

Dr. HAYS. Within the Health Services R&D?

Mr. BOLAND. Yes. Your response seems to be one that is a sensible one.

[The information follows:]

It is planned that $400,000 will be spent on centrally directed contracts and $2,683,000 will go to intramural research.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

Mr. BOLAND. We will turn to Medical Administration and Miscellaneous Operating Expenses (MAMOE). For 1981 you are requesting $56,407,000, an increase of $7,702,000 above the 1980 program level when the supplemental request of $1,099,000 for increased pay costs is considered. Average employment for 1981 is estimated to be 838, an increase of 26 over 1980.

EMPLOYMENT

The fiscal year 1979 MAMOE budget requested an additional 84 staff-years. Congress approved 56 and denied 28. The 1980 budget requested an increase of 6 staff-years. They were denied and the VA made an internal reduction of two. It is difficult to understand the correlation between the program activity and the number of employees needed in administration. Why did the VA reduce the estimated 1980 average employment by two? Why not in another area?

Dr. CUSTIS. I am not with you, Mr. Chairman, as regards the two.

Mr. BOLAND. It is on page 8-3.

Mr. BURGE. The reduction of two represented a reprogramming during the year that was subsequently disapproved by OMB. It was intended to strengthen our civil rights activity and our environmental affairs. The transfer was disapproved by OMB subsequent to that and the two positions were lost.

Mr. BOLAND. The 1981 budget requests an increase of 26 staff-years. Of that total, 16 are related to the construction program and ten are related to design and development of the health care information system.

What will the 16 staff-years requested in 1981 accomplish? Can you indicate what the types and grades of positions are that you are requesting?

Dr. CUSTIS. This is in keeping with the stepped-up pace of planning in conjunction with an increase in the construction budget, Mr. Chairman. It is considerably lower than what was requested. It has to do not only with major construction but also increased budgeting for minor construction and renovation.

Mr. Pabst, of the DM&S Facilities Office, can identify for you the exact breakdown in types of personnel planned.

Mr. BOLAND. He can supply that for the record.

[The information follows:]

The additional staff requirements are directly proportional to the proposed dramatic increase in the Medical Construction Program. These personnel will enhance the development of requirements for major and minor construction projects and related activities. This includes meeting the need for thorough development of projects through the advance planning process. These are often projects of major complexity requiring significant effort in the planning and developmental phase to insure a sound approach. It is essential that the requested staffing be provided so that Departmental decision-making will be based on the timely completion of comprehensive project plans. 11 FTEE will be professional staff and 5 FTEE will be clerical staff.

Mr. BOLAND. Let me ask what lapse rate have you built into the personnel service request?

Mr. HOFFMAN. You are referring to the loss of personnel due to retirement and so forth. The FTE is relatable to an end-of-year ceiling and I would say that we have taken that into consideration here to provide perhaps something on the order of a non-slippage due to the departure of employees.

CONTRACT SERVICES

Mr. BOLAND. On page 8-11 you are requesting an increase of $392,000 for miscellaneous contractual services in 1981. The justifications mention the multi-level care program, the staffing methodology programs and the construction programs.

What services will you be contracting out for here? Will you be contracting out any of these services?

Dr. CUSTIS. Yes. Dr. Baganz has most of that.

Dr. BAGANZ. Mr. Chairman, the multi-level care contractual services are a part of tracking resource consumption by levels of care in our hospitals. It is a technicality that VA does not have tracking, particularly for productivity and the work allocation of physicians and dentists.

That contract is currently with the Batelle Laboratories of Columbus. There will be some other resource tracking as part of productivity measurement in that system by levels of care and resource consumption in the staffing manpower study as to requirements for staffing our hospitals. We intend to do that as an in-house project insofar as we can.

However, there are contracts envisioned to help us identify the state of the art and to conduct the field test. There are many corporations that are involved in that area of manpower. Some of those organizations are the same ones the National Academy of Sciences had contracted with in their 1977 study.

Mr. BOLAND. In this area you are requesting 26 new positions in 1981 of which 16 are related to the construction program.

Could VA increase contractual services in the construction program and forego the requested 16 staff-year increase?

Dr. BAGANZ. The 16 increase in the MAMOE account are critical for us to deal with appropriate planning and the management of our construction program. We need to have staff to manage that program and to be certain that we are planning the program well and that it is appropriately based on veterans needs.

These are staff-years that we cannot contract and which are critical to management.

OFFICE OF COMPUTERIZED MEDICAL SYSTEMS EMPLOYMENT

Mr. BOLAND. What about the 10 additional staff-years for the Office of Computerized Medical Systems? How many staff years will be devoted to the Office of Computerized Medical Systems in 1980? You may supply that for the record.

[The information follows:]

In fiscal year 1980 the Office of Computerized Medical Systems will have an end-of-year ceiling of 50 and an FTEE ceiling of 46.

Mr. BOLAND. You were able to reorganize to cover the Office of Computerized Medical Systems staff in 1980. Why can't you reorganize to cover the 10 additional for 1981?

Dr. CUSTIS. The planning to date, Mr. Chairman, on HCIS involved no additional staff at all. These were the on-hand people who were taking care of the needs of the ADP facilities that were in our Medical Centers.

Assuming that HCIS will go forward as planned, we have reached a phase now where there will have to be a major effort in identifying user needs and specifications and also evaluating the productivity of the test site centers for the different programs that we identified yesterday.

This is something like one-third of the manpower that the office originally requested to handle this. I don't believe we can move ahead in a meaningful way if we continue to use the original staff of that office.

Mr. BOLAND. You are contracting out for the development of HCIS, aren't you?

Dr. CUSTIS. We have four contracts.

Mr. BOLAND. But despite contracting out for the development of HCIS you need the additional 10 staff-years?

Dr. CUSTIS. Yes, sir.

CONSULTANT STUDIES

Mr. BOLAND. On page 8–12, under Contractual Services, you are requesting an increase of $3,200,000 for completion of five contract consultative studies begun in 1979 and in 1980. Have all of the five contracts been let?

Dr. CUSTIS. Four of the five have been let, Mr. Chairman. This is the ongoing cost of those OMB directed contracts.

Mr. BOLAND. We have been questioning the use of the end-of-year money in 1979. Why couldn't some of the end-of-the-year money in 1979 have been used to completely fund the contracts instead of buying computers?

Dr. CUSTIS. I would answer that it was a judgmental decision. I am sure optionally the other could have been done. We were, frankly, anxious to develop interim capability to take care of the workload that is in existence now.

Mr. BOLAND. Connie is going to give the answer to all of the end-of-the-year spending when we get into that, aren't you?

Mr. HOFFMAN. Yes, sir.

REGIONAL MEDICAL EDUCATION CENTERS

Mr. BOLAND. On page 8–14, Postgraduate and Inservice Training. In the fourth paragraph there is mention of a seventh Regional Medical Education Center. Where will it be located?

Dr. CUSTIS. At the Brecksville VA Hospital in the Cleveland area.

Mr. BOLAND. We understand that you plan for about seven Regional Medical Education Centers. Is that correct?

Dr. CUSTIS. This is the seventh and the last.

Mr. BOLAND. You are not planning for any more RMEC's?

Dr. CUSTIS. No full-blown ones. We are planning for a mini facility here in Washington to serve Central Office directed educational needs. It will quite likely be a branch of the Cleveland RMEC or it may answer directly to the staff in the Office of Academic Affairs in the Central Office. It will be a very modest facility. This completes the RMEC plan.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Mr. BOLAND. We will turn to Grants for Construction of State Extended Care Facilities on page 9–3. You are requesting $15 million in 1981. That is double the appropriation of $7,500,000 for 1980. Last year, Congress appropriated $7,500,000 for Grants for Construction of State Extended Care Facilities, an increase of $2,500,000 over the budget request.

Why are you requesting $15 million for this program in fiscal year 1981 when you requested only $5 million in fiscal year 1980?

Dr. CUSTIS. Recent legislation, as you know, Pub. L. 96–151, removed the authorization cap on those grants and provided for appropriation of "such sums as may be necessary."

Dr. GOLDMAN. Sir, at the end of the current fiscal year we will have approximately $33.9 million in already requested or applied for grants. We are required to keep a contingency of 10 percent which means if we were to meet all of the grant requests that are

currently in hand during fiscal 1981 we would require $37.3 million.

The reason for the increase between 1980 and 1981 was because of the competing needs in a period of fiscal stringency, we were unable to fund a larger percentage of the grants which had already been applied for. But we do currently have $33.9 million in grants potential over and above what we can clear this year, and we have the expectation that we will receive another $24.5 million in applications this year and $18.9 million in applications next year if the State supplied information is correct.

Mr. BOLAND. Last year Dr. Crutcher indicated with respect to the $5 million that you requested the $5 million because of budgetary limitations and consideration of other program priorities for care of patients. I guess you would give that answer too, wouldn't you?

Dr. GOLDMAN. It is essentially the same, sir.

Mr. CLELAND. The bottom line however is that the program is attractive to States and it is attractive to us.

Mr. BOLAND. It is tremendously attractive to States.

Mr. CLELAND. And helps us in our effort to meet the needs of the aging veteran population.

Mr. BOLAND. What about the unobligated balance reflected on the top of page 9–4?

Dr. GOLDMAN. Sir, the applications come in and we process them in accord with the order received. I believe that the last application for last year was an application for the State of Utah which was on the order of $4.4 million. Since they were first up on the list we had to wait until the next year's funding became available to give them the full amount. We are not allowed to partially fund a grant. As it turned out, Utah finally had to renege and withdrew its application. But this is what happens, when we come to the end of the year if we are going to keep the applications in sequence. There may be a request for more than we have in funds left over for that year and we carry the residual funds over to the next year.

If you wish, sir, we have a list of the current applications being processed which we can supply for the record.

Mr. BOLAND. Fine.

[The information follows:]

Grants for Construction of State Extended Care Facilities
(Applications pending approval in priority order -dollars in thousands)

FAI No.	State (locality)	Project	Grant Request
37-N004	PA (Hollidaysburg)	Cost Increase	$ 191
25-010-018	MA (Holyoke)	Cost Increase	.5
09-004	CT (Rocky Hill)	Ramps & Elevators	485
56-001	WY (Buffalo)	60-Bed Domiciliary	1,560
27-006	MN (Hastings)	Life Safety	1,279
39-002	OH (Sandusky)	Renovation for 248 NHC Beds	2,535
23-001	ME (Augusta)	New State Home (200 Beds) Convertible facility	3,900
22-N001	MN (Minneapolis)	Grant Increase (2nd)	850
17-004	IL (Quincy)	Renovation Power Plant	178
19-024	IA (Marshalltown)	Renovation Heinz Hall	1,123
54-001	WVA (Barboursville)	New State Home (1st Phase - 65 beds)	975
08-006	CO (Homelake)	Baseboard Heating	115
54-002	WVA (Barboursville)	New State Home (2nd Phase - 135 beds)	1,099
42-006	PA (Hollidaysburg)	Boiler Plant Modifications	488
37-N002	PA (Erie)	Grant Increase	23
40-008	OK (Ardmore)	100-Bed NHCU	1,114
24-001	MD (Charlotte Hall)	New State Home (1st Phase - 126 Dom Beds)	5,243
24-002	MD (Charlotte Hall)	New State Home (2nd Phase - 126 Dom Beds)	2,597
24-003	MD (Charlotte Hall)	New State Home (3rd Phase - 126 Dom Beds)	5,251
24-004	MD (Charlotte Hall)	New State Home (4th Phase - 126 Dom Beds)	3,206
20-N019	MA (Chelsea)	Grant Increase	5
08-007	CO (Rifle)	New State Home-120 NHC Beds	1,934
09-005	CT (Rocky Hill)	Nurses Call System	118
09-006		Nurses Stations	157
55-010	WI (King)	Treatment Center & NHC Unit	2,908
31-005	NE (Scottsbluff)	50-Bed NHC Wing	975
53-020	WA (Orting)	Boiler	603
22-N001	MN (Minneapolis)	Grant Increase 1st	480
29-003	MO (Mexico)	New State Home (150 NHC Beds)	3,900
46-007	SD (Hot Springs)	Life Safety	213
46-008	SD (Hot Springs)	Window Replacement	42
09-007	CT (Rocky Hill)	Stair Towers	167
05-001	AR (Little Rock)	Grant Increase	162
			$43,876.5

Summary (as of January 31, 1980)

Appropriation	$ 7,500
Funds available (including unobligated balance in FY 79 and deobligations in FY 80)	10,950
Applications Approvable in FY 80	9,950.5
Unobligated Balance E.O.Y. (Including reserve for Conting.)	999.5
Applications not approvable (due to insufficient funds)	33,926

STATE HOME PER DIEM RATES

Mr. SABO. May I ask a question before we move on?

Mr. BOLAND. Sure.

Mr. SABO. My understanding is the last Congress authorized an increase in the State home per diem rates. Is that accurate? Something in the neighborhood of four-and-a-half million dollars initially?

Mr. COY. The law did authorize an increase in the per diem rates. There was language included that the rates would not take effect until funds were appropriated for such. There will be rate increases based upon appropriated funds.

Mr. SABO. Is that in your request for the 1981 budget?

Mr. COY. Yes, sir.

Mr. SABO. When I hear funds are not requested that must relate to a request for a 1980 supplemental this year.

Mr. COY. No funds are included in our supplemental request.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

Mr. BOLAND. Turn to Grants for the Republic of the Philippines. For 1980 you are requesting $1,200,000, a decrease of $150,000 below the 1980 appropriation.

In 1978 this program was extended for three years. I assume the reduction in the 1981 budget request is in light of the intention to phase the program out.

Mr. COY. That is correct.

Mr. COUGHLIN. At the request of Congressman Clarence J. Brown, from the State of Ohio, I am pleased to submit the following questions.

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

Question. Public Law 96-151, enacted December 20, 1979, authorizes funds for the purpose of health manpower education and training. This includes grants to five newly-created State medical schools (Wright State University in Ohio, University of South Carolina in South Carolina, Texas A and M University in Texas, Marshall University in West Virginia, and East Tennessee State University in Tennessee) affiliated with Veterans Administration installations under the provisions of Public Law 92-541. The breakdown is as follows:

	Million
Fiscal year 1980	$15
Fiscal year 1981	25
Fiscal year 1982	30

Does the VA budget contain any funds for these approved medical schools? Please explain.

Answer. No, the VA budget does not contain any funds in fiscal year 1980 or in fiscal year 1981 for implementing P. L. 96-151 as it relates to assistance to health manpower training institutions. The five new State Medical Schools established with assistance under P. L. 92-541 would be eligible to compete for any funds that may be appropriated under the authority of Section 103(b) of P. L. 96-151.

In reviewing the desirability of funding the start-up of a new phase of the grant program, it was concluded that there were higher priority uses for funds available to the Department of Medicine and Surgery and the VA. Were there no dollar constraints, we would not hesitate to request appropriations for implementing the extended authority.

Question. Will the VA have sufficient funds to entertain new applications for grant funds from the existing medical schools?

Answer. There are no funds presently available for any new applications from existing or new State medical schools. All funds appropriated under P. L. 92-541 authority are committed to ongoing projects and grantees.

Question. In addition to any "previously appropriated funds which remain," could the VA use any of the $25 million authorized for fiscal year 1981?

Answer. As noted, all of the "previously appropriated funds which remain" are committed to continuation grants made under Public Law 92-541 authority.

Based on the level of interest expressed at the time of the passage of Public Law 96-151, it is apparent that eligible applications representing requests of several times $25 million would be received.

Question. In the past few years, the VA has talked about closing out this program. Did the VA support the reauthorization? Please explain.

Answer. The reauthorization contained in Public Law 96-151 was Congressional initiated. The VA did not object to its inclusion in Public Law 96-151, but we did not actively support it because of budget priorities and the national health manpower objectives of the Administration.

Question. What request for fiscal year 1981 was made of the Office of Management and Budget? What is anticipated for fiscal year 1982?

Answer. On December 21, 1979, the Administrator requested OMB approval for funding of $15 million in fiscal year 1980 and $25 million in fiscal year 1981; the request for both years was denied by OMB. No decision has been made about fiscal year 1982 at this time.

Mr. Vic Miller, Office of Construction

Mr. Boland. We will turn to the Office of Construction. We are delighted to welcome a long-time and valued friend, Vic Miller, Assistant Administrator for the Office of Construction. Would you like to say something?

Mr. Cralle. Yes, sir. Mr. Miller has announced his retirement and with the Chairman's permission I would like to enter into the record at this time an extract of his long career in Federal service; because it is a very fine and very distinguished career.

Mr. Miller was born in Askov, Minnesota, and received his B.S. and MA from the University of Minnesota.

His background prior to service with the VA includes several years with the North School System, the War Ordnance Department, and the U.S. Navy as a Lt. Cdr. in the years 1937 through 1946.

He began his career with VA at the Ft. Snelling, Minnesota, Branch Office in 1946, and transferred into Washington's Central Office in 1949 where he worked as a Budget Examiner, Office of Controller, until 1959.

He was reassigned to the Department of Medicine & Surgery in 1959 where he founded and served as Director of the Service that developed space requirements and criteria for VA hospital facilities. This function was transferred to the Office of Construction in 1974 and is known today as the Health Care Facilities Service.

He served as the Director of Budget Service, Office of Controller, from 1963 to 1968. He is the father of the agency's Budget in Brief which became a "best seller" upon initial publication in the early 1960s and continues to this day to be a vital and popular budget document.

He was assigned to the position of Assistant Administrator for Construction in August 1968. At that time the organization was floundering under an influx of numerous construction claims, many of which were in the appeals process or the courts, and a need for management improvement.

One of his first improvements was the installation of a computerized management information system to replace the manual system which was unable to keep pace with the expanding program activities. This followed with the implementation of a critical path method (CPM) system to monitor the work activities of construction projects. He spearheaded a successful effort to reduce the change order volume and resolve outstanding construction claims. Today, despite a continually expanding program of projects, involving increased dollar volume, numbers and complexity of projects and despite increasing Government regulations which impact construction contracting, the Office can bask in a low change order and claims record. CPM is credited with having eliminated this as a problem area of the business.

Under his leadership considerable advances have been made with the application of ADP to operational and technical areas of the construction program. The Office of Construction is one of the first organizations in the country to develop and implement its own computer aided design system.

He played a strong role in the dynamic program of earthquake engineering that emerged as a result of the February 1971 San Fernando earthquake in order to assure that VA buildings in seismic prone areas would withstand the shock of future quakes. VA is considered in many circles today as a world leader in earthquake proof building construction.

Also under his leadership, the Office of Construction has earned international fame for unique design innovations in hospital building construction particularly with respect to an interstitial space concept now being incorporated into many of our new hospitals.

In other improvement areas, he introduced and directed the implementation of value engineering to the program which has achieved considerable cost savings; he has been instrumental in the institution of an advance planning fund; and the only work measurement system known to exist for use in a large construction program to project staffing needs is being developed under his leadership.

His vision and foresight with respect to energy conservation has the VA moving well ahead of its counterparts of other Government agencies and the private sector. Solar and other unique energy systems or devices are being utilized or planned for the program and major energy breakthroughs are being achieved in the VA hospital system.

Mr. Miller is retiring with some 38 years of Government service. To best describe his able leadership of O/C, one must recognize that during the 12 years he managed that office, the program grew from which contained approximately 600 projects in various stages of development, to one that now contains roughly 2,000 projects. This is reflected in the fourfold increase in construction appropriations during that period and an even greater ratio with respect to the increase in obligations. That which merits commendation, however, is the fact that this significant increase in productivity was accomplished with only a 50 percent increase of personnel from 1968 to today. Of special note also in his achievement of 95 percent of the construction operating and budget plan for fiscal year 1979 obligations. $317.0 million was obligated against the plan of $333.8

million and was the highest in VA history in both actual and real dollars. Mr. Miller's aggressive and capable leadership and his strong passion to build have been a moving force in the VA medical care system.

Mr. BOLAND. We are delighted to welcome him. He has been one of the most interesting personalities that have appeared before the Committee. You have been coming up here as long as I have been here. That is a long time. Did you actually start 34 years ago?

Mr. MILLER. Yes, sir.

Mr. BOLAND. You have been the Assistant Administrator in charge of Construction since 1968?

Mr. MILLER. Yes.

Mr. BOLAND. You moved from 400 projects to around 2,000. What was the total dollar amount in that period of time? How many billions?

Mr. MILLER. It is many.

Mr. BOLAND. It has not been an easy task. We have given you a hard time every once in a while and may give you a hard time today but you are always able to handle it.

What the Assistant Deputy Administrator said about you this Committee echos with enthusiasm. You have been an individual we have enjoyed having appear before us.

I think our relationships have been splendid during the years I have sat in this Committee long before I was chairman. You may have been here at the time Al Thomas was Chairman.

Mr. MILLER. Yes, sir.

Mr. BOLAND. He was a tough taskmaster and a marvelous individual.

We are delighted to join in the very eloquent statement that Mr. Cralle has given to the Committee and we are delighted to make it part of this record because you have been part of the history of this Subcommittee for a long period of time and we want to congratulate you on your service and we wish you the best of health.

When are you actually retiring?

Mr. MILLER. February 29.

Mr. BOLAND. Mr. Cleland, would you like to add something?

Mr. CLELAND. I think the record speaks for itself, Mr. Chairman. Vic has been a valuable member of the VA team for over a quarter of a century. He has brought tremendous insight and leadership to the Construction program. As Mr. Cralle pointed out, it has grown by leaps and bounds over the last 10 years in particular, so he will be sorely missed.

Mr. MILLER. May I say a word?

Mr. BOLAND. Yes, you may.

Mr. MILLER. Before we get into this, I want you to know this came as a complete surprise to me. I didn't help orchestrate this part of the program and I want to thank you for your fine words.

Finally, it certainly has been an honor and privilege for me to appear before this Committee.

Mr. BOLAND. It has been a privilege for this Committee to hear you.

On page 14–1 the justifications indicate that the 1981 request for the Construction, Major Projects account is $519,354,000. This is an increase of $198,862,000 above the current estimate for 1980. That

is a substantial increase above the rate of appropriations approved during the past four or five years.

APPROPRIATION LANGUAGE CHANGE

On the same page, you are also requesting a change in the appropriation language which sets a new demarcation point between major and minor construction. You are proposing that beginning in 1981 all projects costing more than $3 million will be classified as major—while those under $3 million will be classified as minor construction.

You have the explanation of the appropriation language here. Will you indicate to the Committee why you are proposing that particular change?

Mr. MILLER. Yes, sir. Number one, because of inflation the 1973 level of $1 million is now well over $2 million and still spiraling upwards. So in order to keep the same projects in the minor category it is necesary to increase that limitation.

Also, we feel that as the program grows it is helpful to maintain a better balance between the major and the minor categories in that there are a lot of projects and I hope that the Committee may feel that way, we could best handle in a minor category, where admittedly we have more flexibility to accomplish the work.

Mr. BOLAND. What about the impact upon small business? Would you suspect this new language would make more projects available for minority contractors?

Mr. MILLER. Possibly, but really our ability to award contracts to small business and to the minority contractors does not depend on the appropriation limitation. We can do it equally well in either one. Obviously, we will have more minority contracts related to the minor appropriation than we would have in the major. At this time we have had, I think, one or two under the set-aside 8(a) which would be in the major category.

Mr. CRALLE. Of course, the higher level will allow us certain flexibility which he has just spoken to and we would try to handle our minority business in this area. Because of the long lead times that are involved we decided that we should just make a sort of quantum jump from $1 million to $3 million instead of incrementally moving up each year. We feel if we go to $3 million this year we will be able to hold that level for a number of years.

Mr. BOLAND. That seems to make sense.

ADVANCE PLANNING FUND 1980 SUPPLEMENTAL

On page 14-3, the justifications outline your rational for asking for a $3.2 million supplemental for additional funds for the Advanced Planning Fund. This was established a few years ago for the purpose of taking care of the problems of preliminary planning so the Administration would have a better idea of what the final cost estimates might be. Was that the reason behind this particular advanced planning fund?

Mr. MILLER. This program was instituted in 1978. It was at the direction really of the Committee and we supported it very strongly so we could have lump sum funding to do the development work up through preliminary planning before we put a project in the

budget as a line item. We felt we would have a much sounder budget and much more reliable cost estimate.

We began the program with an assumption that we would probably need about two percent of the value of the project in advanced planning in order to fund this adequately.

We also projected a certain level for the size of projects. We have found now that the two percent per project is not too far off but the size of the project is growing. In order to adequately fund planning this year, which will be required to go into design-construction funding in the next several years, we need additional funds. Therefore, we are asking for this supplemental appropriation.

Mr. BOLAND. Currently you have $4 million available in 1980, do you not?

Mr. MILLER. Yes.

Mr. BOLAND. And the $3.2 million would bring that to $7.2 million.

Mr. MILLER. Yes.

Mr. BOLAND. How much was made available to the Advanced Planning Fund in 1979 and 1978—is that $4 million for each year?

Mr. MILLER. It was $5 million the first year 1978 and four in 1979.

Mr. BOLAND. Were any of the 1978 or 1979 funds carried forward into 1980?

Mr. MILLER. I don't know whether we did have a balance at the end of 1979 into 1980 or not. We can supply that for the record.

[The information follows:]

FISCAL YEAR 1978–79 ADVANCE PLANNING FUNDS

Balances were carried over into fiscal year 1980 from the fiscal year 1978 and fiscal year 1979 Advance Planning Funds in the amount of $667,000 and $3,748,000, respectively. The balances, however, remain dedicated to completing projects identified in the fiscal year 1978 and fiscal year 1979 planning lists. We have, in fact, learned recently that these available balances will not be sufficient to complete the developmental work on the original list.

Mr. MILLER. I might say in addition to this supplemental we also have a request pending up here——

Mr. BOLAND. For $6 million to reprogram.

Mr. MILLER. Yes; to bring the fund up to $13.2 million in 1980.

Mr. CRALLE. If I may add to the comments, this fund was originally conceived at a certain level. What we are finding is that this is the point where we are discovering what really needs to be done.

Mr. BOLAND. But you must have discovered that when this budget was proposed. You are asking for a supplemental of $3.2 million and now you are asking for a reprogramming for a total of $9.2 million and the $4 million you have available for 1980.

Mr. CRALLE. What we are discovering is that the original estimate that it was set up on is not enough money for each project. We very much hope the advanced planning fund will significantly reduce individual project reprogramming.

Mr. BOLAND. What you say is true. I don't disagree except you must have known this back in September. You now come up—within the last two weeks—asking for a $6 million reprogramming. You must have known the necessity for these funds for the very reasons that you gave back in September.

Mr. CRALLE. Of 1979 when we made this 1980 budget.

Mr. BOLAND. You must have had some knowledge at that time there would be a necessity for just more than the $3.2 million for 1980.

Mr. CRALLE. We have been aware of it. We didn't have enough money. We have been working up into that as these projects have been growing and as they became clearly more difficult than we anticipated. This is a discovery fund to find out what really is needed.

Mr. BOLAND. I am sure this Subcommittee thinks the concept is good and perhaps it can take care of some of the problems with respect to what the final estimates are on very difficult projects to really estimate. We don't disagree with the fund. We just wonder why you now come back with a reprogramming of $6 million when you have asked for a supplemental for 1980 of $3.2 million?

You may supply that answer for the record.

[The information follows:]

The $6 million additional funding requested in the reprogamming action is in effect the amount of money needed to fully complete the fiscal year 1978 and fiscal year 1979 planning fund listing. The reasons for needing the additional funding has been discussed above. The funds from the proposed reprogramming are needed now to maintain progress on completing development. On the other hand, the Supplemental request of $3.2 million is to cover developmental work on an entirely new list of projects required to maintain the accelerating momentum of the construction program.

Mr. BOLAND. What specific projects will be addressed by the Advanced Planning Fund if the $3.2 million requested for the supplemental is included?

Mr. MILLER. I think there are about 36 projects.

Mr. BOLAND. What specific projects will be addressed with the $11 million requested in 1981? Please supply the information for the record.

[The information follows:]

FISCAL YEAR 1980 ADVANCED PLANNING FUND—SUPPLEMENTAL

[Suggested priorities]

Facility	Project
Master Plan:	
Minneapolis	Master plan (preliminary).
Batavia	Master plan.
Advanced Planning:	
Bath	Renovate building 78, NHC.
Augusta (LENWOOD)	200-bed psychiatric building.
Los Angeles (BRN)	Seismic reinforcement, building 156.
Memphis	2 additional elevators.
Madison	A/C, Pat. support systems/privacy.
Sheridan	Clinical/outpatient addition.
Lake City	Outpatient/clinical addition.
Pittsburgh (UD)	Clinical/educational/outpatient addition.
Spokane	Clinical addition.
Batavia	Correct seismic.
Omaha	Education addition.
Los Angeles (BRN)	Dental/radiology building.
Lexington (CD)	6-Story clinical/administration addition.
Columbia, MO	Clinical/administration/OP/research addition.
Martinez	Eliminate patient privacy deficiencies.
Cincinnati	Upgrade 2d district (electric risers).
Tuskegee	Sewage treatment plant.

FISCAL YEAR 1980 ADVANCED PLANNING FUND—SUPPLEMENTAL—Continued

[Suggested priorities]

Facility	Project
Phoenix	Clinical/administration building (mental health/day hospital/day treatment).
Bedford	Renovate building 5, patient privacy.
Buffalo	Renovate, psychiatric bed space.
Salem	Renovate building, 74, intermed. care.
Livermore	Eliminate exit deficiencies/add. 2 service elevators.
Augusta (LENWOOD)	Renovate basement/2d floor, building 34, (RMS/psychiatric ward).
Philadelphia	Pat. privacy, AOV, remodel nurse stations.
Pittsburgh (UD)	Central laundry.
Big Spring	Renovate surgery.
Perry Point	New laundry building.
Providence	New administration building.
Grand Junction	Outpatient/clinical addition.
East Orange	Relocate/consolidate research.
Albany	Modify wards, patient privacy.
Hampton	Renovate, A/C kitchen, building 116.
Tomah	Eliminate exit deficiencies.
Northport	Renovate building 82 for research.
Danville	Renovate building 14, admin. use.
White River Junction	Research/education building.

FISCAL YEAR 1981 ADVANCED PLANNING FUND PROGRAM

[Suggested priorities]

Facility	Project
Master Plan:	
Pittsburgh (Aspinwall), Pennsylvania.	
Augusta (Lenwood), Georgia.	
Marion, Indiana.	
Prescott, Arizona.	
Advanced Planning:	
Allen Park	Renovate wards 7, 8, 9, 10.
Ann Arbor	Clinical addition.
Ann Arbor	Air conditioning, patient privacy, support systems.
Asheville	Expand OR, consolidate ICU space.
Atlanta	Clinical addition.
Augusta (Lenwood)	Special activities building.
Augusta (Lenwood)	Correct seismic deficiencies.
Baltimore (Loch Raven)	Convert hospital to extended care.
Boise	60-bed nursing home care unit.
Boston	Air conditioning, patient privacy, support systems.
Castle Point	Water supply system
Clarksburg	Warehouse addition.
Cleveland (Wade Park)	Expand clinical functions—surgery.
Cleveland (Brecksville)	Safety and fire deficiencies.
Coatesville	Safety and fire deficiencies.
Dallas	Upgrade primary electrical distribution.
Dayton	Clinical addition—SPD.
Dayton	Enclose fire exits.
Dayton	Relocate intensive care unit.
Des Moines	Clinical addition.
Grand Island	Exterior stairwells.
Grand Junction	Air conditioning, patient privacy, support systems.
Hampton	Correct fire, OSHA deficiencies.
Hines	120-bed nursing home care unit.
Huntington	Clinical addition and psychiatric unit.
Indianapolis (West Tenth Street)	Research building.
Indianapolis	Eliminate exit deficiencies.
Knoxville	Replace laundry building.
Leavenworth	Eliminate exit deficiencies.
Livermore	Air conditioning, ward renovations—building 62, 64.

FISCAL YEAR 1981 ADVANCED PLANNING FUND PROGRAM—Continued

[Suggested priorities]

Facility	Project
Livermore	Outpatient and clinical wing.
Loma Linda	Expand outpatient clinic.
Loma Linda	60-bed nursing home care unit.
Long Beach	Supply warehouse
Long Beach	Clinical expansion—Radiology.
Louisville	Clinical addition.
Lyons	Eliminate exit deficiencies.
Lyons	100-bed nursing home care unit (conversion).
Madison	Secondary, emergency power distribution.
Marion, Illinois	Correct seismic deficiencies.
Marion, Indiana	Air conditioning, patient privacy, support systems.
Martinsburg	Replace laundry building.
Martinez	120-bed nursing home care unit.
Montgomery	Redesign ward areas—privacy.
Murfreesboro	200-bed domiciliary.
New Orleans	Modernize heating, ventilation, air conditioning.
New York	Four additional elevators.
Northport	200-bed domiciliary.
Northport	120-bed nursing home care unit.
Northport	Renovate psychiatric units—Buildings 7, 8, 63, 64, 65.
Palo Alto (Palo Alto)	Wing addition—Spinal cord injury.
Perry Point	Outpatient addition—Building 23–H.
Philadelphia	Clinical addition—OR.
Pittsburgh (University Drive)	Cental warehouse facility
Prescott	Correct seismic deficiencies, ward renovations, hospital expansion.
Salem	Renovate building 9—Psychiatric.
Salem	Renovate building 11—Psychiatric.
San Diego	Spinal cord injury unit.
Shreveport	Upgrade primary electrical distribution.
Shreveport	Renovate surgery.
Sioux Falls	Patient privacy—Building 5.
Spokane	Update heating and ventilation system.
St. Louis (Jefferson Barracks)	Remodel building 53, rehabilitation medicine.
Syracuse	Air conditioning, patient privacy, support systems.
Syracuse	Clinical expansion.
Temple	200-bed domiciliary.
Togus	Clinical addition—building 200.
Topeka	Eliminate exit deficiencies.
Waco	Modify air conditioning, code deficiencies, patient privacy.
Wadsworth	120-bed nursing home care unit (Conversion)—Building 213.
Walla Walla	Expansion, seismic corrections, upgrade facilities, consolidate functions, building 86.
West Haven	Update elevator equipment.
Wilkes-Barre	Eliminate exit deficiencies.
Wilkes-Barre	Modify wards 5, 6, 7—Privacy.
Wilmington	Clinical addition.

Mr. BOLAND. Is the Minneapolis Hospital the first project appearing in the budget that has been supported by the Advanced Planning Fund?

Mr. MILLER. No, not the first one, but one of the early ones.

Mr. CRALLE. We will be happy to provide the projects listed for the $11 million. I would like to say this is a lump sum fund and we should not be held to every one of those for use of the $11 million. I want to avoid getting into that line item for the $11 million.

Mr. BOLAND. All right.

On page 14–3, you discuss the medical center's inflation policy. It is pointed out there that the total inflation for the Baltimore, Little Rock and Seattle hospitals is currently estimated at about

$57 million. You are requesting $37 million of that amount in the fiscal year 1981 budget. As you know, we have been critical of the VA's construction program from the standpoint of reprogrammings and overruns in the past. We recognize that the Office of Construction has experienced a number of projects which came in under cost—and, of course, you are to be complimented for that. But the fact does remain that we are faced with more and more projects that are impacted by inflation or are impacted by cost overruns occasioned by faulty planning. In looking through the detail of this year's budget request, it is somewhat startling to find that in addition to the $37.8 million of inflation associated with the three hospitals, you are requesting about $85.7 million occasioned by cost overruns or inflation associated with other projects previously funded. That means that out of the $519 million you are requesting this year for major construction, fully 25 percent, or roughly $125 million is devoted to inflation or cost overruns. What about that?

Mr. MILLER. We are painfully aware of the problems we have had with inflation. We estimated inflation two years ago at seven percent and we have gone to ten percent, and it seems still to be spiraling upwards. Initially we didn't project adequate inflation.

I would like to make a distinction here. On the three projects on page 14-3 they are three of the eight projects that were authorized and initially funded in 1977. At that time the budget amendment provided that we project inflation on contract award on those projects up to midyear 1978.

The amendment also provided that for additional inflation which would occur, we would budget for it later on those projects that were not under construction by that time.

We are fully aware of your policy on full funding. We support it completely. In this case it was recognized that we were not asking for full funding on these particular projects. But these are put in the budget on the principle of full funding and we simply have not put enough inflationary costs in there.

Mr. BOLAND. Last year we talked about whether or not you could actually bury cost overruns within the inflationary explanations. You indicated VA wasn't really within inflationary costs. Isn't the problem really that when you have an overrun occasioned by some faulty design—or expanded scope of the project—or an environmental impact statement delay, doesn't that, of course, seriously impact on the inflation problem?

Mr. MILLER. Certainly the delays do. Faulty design should not impact the inflationary problem but I will admit when we open bids on a project we have to make a judgment as to the reasons for the overrun.

Mr. BOLAND. If you had to redesign it certainly would impact upon inflation.

Mr. MILLER. Yes. We would have that because of redesign.

Mr. BOLAND. Let's look at one example on page 14-25—which is the 120 bed nursing home clinical facilities and the underground parking garage at the Veterans Hospital here in Washington, D.C. This project was funded in the fiscal year 1979 budget. That budget was approved by October 1, 1978—so there was no delay on the part of Congress in providing the funds. Also, the project was funded at its full request of $19,707,000. Now you are requesting for

1981, an additional $5 million, which represents a 25 percent overrun. The justifications devote about three lines to an explanation of that overrun. Now I would characterize, or I think you could characterize, this type of escalation as the result of insufficient planning. Would you agree?

Mr. MILLER. Mr. Chairman, this is an example of delays in getting under construction, for example, design; we had a lengthy period involved with the National Planning Commission.

We had a long delay there, and we can put the number in the record. We are completing getting approval of the environmental impact statement. Those things all contributed to the delay and to the cost.

Finally, when we now are prepared to award the construction contract, we can't do so until we get the additional funding next October.

Mr. BOLAND. Now, the project was funded at its full request of $19.7 million. If you were instructed to build a project for the original request how much will you have to down-size the parking garage?

Mr. MILLER. We would need to redesign it, and I would guess we would lose the parking garage completely.

Mr. SALMOND. It would be extremely difficult to redesign this since the parking structure is underneath.

Mr. BOLAND. It would be difficult, wouldn't it?

Mr. SALMOND. Sure.

Mr. BOLAND. Well, I guess that is the answer.

One other point occurs to us. You have stressed that the number of reprogramming action requested of the Congress has declined in the last two years.

Mr. MILLER. Yes, sir.

REQUESTS INSTEAD OF REPROGRAMMINGS

Mr. BOLAND. What you appear to have done is simply include in the 1981 budget funding requests for a series of projects that would normally have been handled through the reprogramming procedure. We will be asking questions about some of these as we are going along so, in effect, you haven't really reduced the number of reprogrammings—you are simply handling them differently—is that about right?

Mr. CRALLE. It is a difficult question.

Mr. BOLAND. There are a number of projects here that would appear to have been reprogrammings rather than for specific requests in the 1981 budget.

Mr. CRALLE. There are projects which we are asking additional funds for. We would be glad to supply the lists for the record which were caught in this switch between the minor and major appropriations in fiscal year 1979 when we asked for $2 million. That resulted in some estimates getting into the budget which we were not totally or would not have been as good if they had gone through the Advance Planning Fund.

I would like to point out though that a reprogramming request puts the Committee in a time bind because of the 30 days or the

bids are out. This request is for additional money through the normal budget process, so I don't think that it is totally the same.

Mr. MILLER. On that subject, we have about 47 projects that are in this category; 9 of them require additional funds in the fiscal year 1981 budget.

Now, there has not been any conscious effort on our part to change our policy in this matter. We have been doing this consistently. We do go through the budget process, when time permits, rather than coming up with a reprogramming letter, but I agree that it is in effect the same.

GENERAL ADMINISTRATION

Mr. BOLAND. Under general administration for VA construction, on page 15-129, you are requesting an increase of 93 positions over the current 1980 estimate of 706 positions, for a total of 799 in 1981. That estimate of 706 in 1980 includes a request for an additional 11 positions in the 1980 supplemental. Is that correct?

Mr. MILLER. Yes, sir.

Mr. BOLAND. So, actually, the total increase above the original 1980 budget is 104. Is that correct?

Mr. MILLER. Yes, sir.

Mr. BOLAND. In view of the fact that the Office of Construction does not appear to have corrected many of its basic organizational planning problems—why should we add the additional positions?

Mr. MILLER. In general, approximately half of those additional positions are required out at our construction sites to supervise work that is under construction, because of the increased number of projects, and we will need additional resident engineers on the job sites.

The other half are in our central office staff, and primarily in the Advance Planning Fund operation to get enough manpower to produce advanced plans to get them ready for the budget on a timely basis.

Mr. BOLAND. Well, is your plea for the additional bodies occasioned by the increased volume of construction activity?

Mr. MILLER. Yes, sir.

Mr. BOLAND. Six years ago, in the fiscal year 1975 budget, the VA requested funds for construction of 47 major projects. The inflated dollar value of those projects and the minor program is approximately $428 million. At that time the Office of Construction had a total of 532 permanent employees.

The 1981 budget includes $660 million including 54 major projects, and you are asking for an employment level of 799—that is a 267-position increase above what you had in 1975. But the interesting fact is that the 1981 budget, although it lists 55 projects, includes 15 that are simply add-ons to the existing projects—so, in effect, there are only 40 new projects in 1981.

Mr. MILLER. Yes, sir; the additional positions, though, relate more importantly, I believe, to work that we are developing for the 1982 and 1983 budgets.

Mr. BOLAND. Well, in any event, in 1975, the percentage of the workload was not much different from what it is now, and you did it with 267 fewer positions.

Did you want to say something? You can say it out loud.

Mr. NEUMANN. Our obligations have been going up at a faster rate than inflation meaning, as Mr. Miller was saying, we have more projects in the field that we have to staff. In real numbers of projects, we have many more projects than we have staff to take care of now, much less building up the pipeline with new projects.

Mr. CRALLE. The construction process in the front end is incredibly complex and those people are really to handle budgets that are ongoing or oncoming, as we move into a higher level construction funding.

This is the first of our increment as we move up to a program which we anticipate eventually will reach $1 billion a year, and we feel that is a level that is necessary to take care of the health care system.

FIVE YEAR PLAN

Mr. BOLAND. Can you describe for the Committee your five-year plan; how is it put together, and what are the top 10 projects currently carried in the plan?

Mr. MILLER. This is an ongoing effort with a five-year plan each year updating it again for another year. In the five year plan we identify by facility and category work of all projects that are in that five-year period.

Obviously, the first year of that five-year period becomes basically the budget that we submit. The second year is quite firm and the third may be a little less firm and they do change from year to year depending on priorities.

Mr. BOLAND. What about the top 10 projects currently carried in the plan?

Mr. MILLER. Yes, sir.

Mr. CRALLE. Sir, I might characterize that, instead of the top 10 projects, by saying that those are the 10 hospitals most in need of extensive construction. We are working on all 10 of those.

Mr. BOLAND. We know you are. Do you have the top 10 that are most in need?

Mr. CRALLE. We have a list which we can either read or furnish for the record, sir, and it is the list that came out of the five-year construction plan.

We will be glad to enter that into the record at this point.

[The information follows:]

LIST OF 10 HOSPITALS MOST IN NEED OF CONSTRUCTION, REPLACEMENT, OR MAJOR MODERNIZATION

1. Minneapolis, Minnesota.
2. Houston, Texas.
3. New Orleans, Louisiana.
4. Palo Alto (Menlo Park Division), California.
5. Tuscon, Arizona.
6. Allen Park, Michigan.
7. Albuquerque, New Mexico.
8. Mountain Home, Tennessee.
9. Pittsburgh (Aspinwall Division), Pennsylvania.
10. Augusta (Lenwood Division), Georgia.

Mr. BOLAND. Let's turn to page 14-9 and talk about the Baltimore, Maryland, replacement hospital. Last year, Vic, you indicat-

ed on page 264 of the hearings that you expected to obligate funds for Baltimore in 1980. Is that still the case?

Mr. MILLER. Yes, sir; as a matter of fact we just acquired the site for Baltimore; we are in the working drawings and we plan to award the first phase of construction some time this summer.

Mr. BOLAND. You are requesting $7,670,000 to complete construction of the Baltimore Hospital. Do we understand that that should be the last dollar requested for this hospital?

Mr. MILLER. Yes, sir.

Mr. BOLAND. What specifically is the $7,670,000 required for—what phase of construction and will any of those funds be obligated in 1981?

Mr. MILLER. This is for escalation, overall total escalation in the project, and in Phase II which comes about in 1981.

Mr. BOLAND. In order to build a hospital next to the University of Maryland in downtown Baltimore, you are tearing down an existing parking garage which is less than 10 years old. Is that correct?

Mr. MILLER. Yes, sir.

Mr. BOLAND. You are also proposing a new parking garage on the same site. How many parking spaces will the new garage have, and at what cost per space? How many parking spaces are in the existing garage?

Mr. MILLER. I will have to submit that for the record.

[The information follows:]

BALTIMORE PARKING GARAGE

The existing University of Maryland garage has 679 parking spaces. The new VA garage is being designed with 689 parking spaces at an estimated cost of $5,000 per space.

Due to the small restrictive site, only 2.6 acres, the new VA garage will consist of three below-grade parking levels, with elevators and stairs up to the hospital. Since the garage is being designed as an integral part of the medical center building, the cost per parking space is considerably less than the average cost of $8–$10,000 per space for below-grade parking structures. The construction of a hospital without the below-grade parking levels would still have required considerable excavation, sheeting and shoring, foundations, foundation walls, dewatering, concrete and structural steel work, etc.

LITTLE ROCK HOSPITAL

Mr. BOLAND. On page 14–12, the justifications discuss the Little Rock Arkansas Hospital. Last year, on page 281 of the hearings, you indicated that you would obligate about $47 million for the Little Rock project in 1980. Is that estimate still holding and do you still anticipate obligating that level of funds in this fiscal year?

Mr. MILLER. Yes, sir; we do.

Mr. BOLAND. Do I understand correctly that you are indicating that the total cost of the construction for a 505-bed general medical and surgical hospital and in addition a 1,000-bed long-term care building is $144 million? That works out to about $96,000 a bed.

Mr. MILLER. Yes, sir.

Mr. BOLAND. That is possible?

Mr. MILLER. Yes, sir; it is.

Dr. CUSTIS. Yes, sir.

Mr. MILLER. As a matter of fact, we are to the point where we can't build for less than that.

MINNEAPOLIS REPLACEMENT HOSPITAL

Mr. BOLAND. What is the size of the Minneapolis Hospital?

Mr. MILLER. It's 725 hospital beds plus 120 nursing home beds for a total of 845.

Mr. BOLAND. And what cost do you estimate?

Mr. MILLER. Our estimate is $221 million.

Mr. SABO. [presiding]. On page 14-13 the justifications outline the new Minneapolis, Minnesota Hospital. You are requesting $15 million for planning and working drawings in 1981?

Mr. MILLER. Yes, sir.

APPROVAL BY LOCAL HEALTH PLANNERS

Mr. SABO. On almost any priority list of VA construction, the Minneapolis facility shows up at the top or near the top. Has the hospital been approved by the local health planning organization?

Mr. MILLER. Well, perhaps the Department of Medicine and Surgery staff should speak to that but we are working very closely with them.

We don't have their approval as such. As a matter of fact, we don't normally get formal approval but we work in close concert with them.

Mr. SABO. I have been involved in that setting, and I would like a little bit more precision to that answer. My understanding is that the VA is going to go through the normal health planning process in Minneapolis, with the understanding that their findings are not binding but clearly will be forwarded to the VA, and I expect also to this Committee, and that the VA would be fully cooperating in that process.

Dr. BAGANZ. The policy of the Veterans' Administration on a project of this scope is to go to the local planning agencies at the earliest possible date as a policy of implementation. We have waited until the President delivered his budget to Congress.

A day or two later than that we went through the normal process of OMB circular A-95, under which we asked for review of that project through the State Clearinghouse mechanism; and in addition to be assured that HSAs in the area do get an opportunity to comment, we sent a duplicate request to them.

Almost entirely it has been the policy of the State Clearinghouse to get "SHIK" and HSA comments.

You must also realize that the HSAs involvement in that geographic area involves more than one HSA, so we are going to all of them to ask for their comments. We will take their comments and they are required by OMB to forward their comments with our budget request.

Mr. SABO. I guess that is what we are looking for, I like what I hear at times and other times, the hesitation in response leaves me nervous. As someone from the district in which this hospital will be built, I personally wanted to go through the full normal process which involves more than simply some comments. It involves going through the normal hearing process on the local level, and I want

to make certain that I am hearing again that you will go through that process in Minneapolis.

Dr. BAGANZ. As you are aware, the Veterans Administration under Public Law 93-641 is a member of that body, and we have a policy to be fully committed to participating in the local planning process.

It is indeed true that the Congress has reserved to itself the certificate of need or the veto right of the local HSA. We fully understand Congress has reserved that to themselves so that the local HSA does not have that final power that you have reserved for yourself.

Mr. SABO. If my understanding is accurate, the VA will be going through what would be the normal health review planning process in the Minneapolis and St. Paul area

Dr. BAGANZ. For the recent 7 replacement hospitals, 3 of which you heard about today, we did go through that process and had, as a matter of record, the approval of each of those HSAs. We have participated in full hearings whenever it has been requested.

LOCAL REVIEWERS CONCERNS

Mr. SABO. Locally they are interested in going through the full process. I get concerned with that because I think what most of us have in mind is substantially more than what is required by Federal law. The A-95 process can be a very simple look at what is happening or it can be meaningful.

Dr. BAGANZ. Yes, sir.

Mr. SABO. All of us are committed to wanting it to be a very meaningful process.

Dr. BAGANZ. On the side of the HSA, we have no power in law to require their comments or direct the depth or scope of their comments.

Senator Cranston did consider legislation last year requiring the HSAs to comment when we make a request. We said that that was perhaps not appropriate for the VA to be an enforcer for comments.

We do encourage the comments, however we are not empowered by law to require them.

Mr. SABO. I understand where they are interested and willing to pursue it, you're willing to cooperate in the fullest manner.

Dr. BAGANZ. Yes, sir.

Mr. SABO. Would VA proceed with construction of the Minneapolis Hospital without local approval?

Dr. BAGANZ. That would be a judgment for the Congress to make.

Mr. SABO. Are there surplus hospital beds in the Minneapolis area?

Dr. BAGANZ. We have requested for our review the entire health resource data of the HSAs and their plans that they have filed for the next five years. We have been led to believe that with the University hospital expansion that Minnesota policy is not unlike many other urban centers where there has been a low occupancy and a surplus of beds.

We are well aware also of the consortium of hospitals that have been involved in Minneapolis primarily for economic survival. We will be very sensitive to that.

Mr. SABO. Is the University planning to also construct a new hospital?

Dr. BAGANZ. We have been led to believe this, and in the past we have met with the University looking at options, whether it might be appropriate for us to site our hospitals. It was deemed by a review, by the Administrator, Mr. Cleland, and ourselves that that was not a feasible option at that time.

We will continue to look at that in the environmental impact process but our current plan is to build a smaller hospital than we currently are operating at this time.

Mr. SABO. What is the bed capacity of the current hospital?

Dr. BAGANZ. The current hospital is 738 beds, which includes the recently reduced 126 beds, taken out of service during the past year.

ADVANCE PLANNING FUNDS, MINNEAPOLIS

Mr. SABO. Let me ask an additional question here. How much has been spent in Advance Planning Funds on the Minneapolis hospital?

Mr. MILLER. I will have to supply it for the record. It's a very nominal amount up to this point. We have to get into preliminary plans before we complete.

[The information follows:]

MINNEAPOLIS—ADVANCE PLANNING FUNDS

We have obligated $356,672 to date in Advance Planning Funds for the Minneapolis hospital.

Mr. SABO. Just let me express my firm opinion that I think it is essential, and unfortunate that much more serious planning between the VA and the University of Minnesota, which is planning to construct a new hospital, has not occurred earlier. I want to stress this point because I have been making this statement publicly for the last month.

Every time anyone makes that statement, many people assume it relates to site location. Where I would agree with the conclusion, that to place a VA hospital where the University of Minnesota hospital is, makes no sense whatsoever.

The traffic problems would be incredible. If the University wanted to move out to where VA is, traffic-wise that might make sense, but for a variety of other reasons; it would meet substantial resistance. However, in terms of program planning I think it is key that very thorough planning be done between the VA and the University of Minnesota. They currently run many joint programs and staffing and coordinated planning between them really has not occurred to this point.

There have been polite conversations but not serious discussions. I think it is very, very important that they occur.

Mr. CLELAND. If I could offer a word of assurance there.

The affiliation between the VA and the University, I think, is the oldest in the VA system and in effect we have been talking and

working and training and cooperating with the University since the end of World War II.

Mr. SABO. It has been an ongoing process; but both the VA and the University of Minnesota are looking at constructions of over $200 million projects which could mean that we would have public expenditures of $450 to $500 million of public funds for new hospital facilities in this area.

A serious discussion really has not occurred at this point. I think it is very, very important that it occur. And I don't stand with prejudgments of what the conclusions should be.

I would like to be the strongest advocate you have for this, but to do that I need to know that it has been as thoroughly reviewed, as thoroughly planned as possible.

Dr. CUSTIS. Mr. Sabo, I really think the time has not occurred yet for the sort of cooperative planning that you are talking about. So far we are just in a rough block planning phase. You can be assured that that hospital and University particularly have enjoyed a very close rapport, and as far as the educational programs go, and the facility needs to back those programs, there will be a complete session, talking, and planning, with the University people.

Mr. MILLER. Mr. Sabo, they will be going on with increasing intensity. Up to this point there has been a lot of joint work on this project by the medical school and our people in terms of sharing (what facilities that we will put in our hospital versus theirs), and I know there is a close working relationship between the respective staffs.

Mr. SABO. That is not really the full feeling I get locally.

Dr. CUSTIS. Sometimes this thing you ask for can get a little too close, and we find ourselves in the position of being criticized by others who charge us with having surrendered our planning prerogatives to an affiliate. We have to guard against that, too.

Mr. SABO. I think it is key with where we are at in the development of health care facilities in the country today, that this occur. Our community I guess has probably got more input to date over what happens with the health care system than any community in the country, and we have one of the best medical schools and health care planning processes in the country in our State, and in this particular metropolitan area. The more fully you enter into that process the stronger program you will have, and the stronger program everyone else in that community will also have. I just think it is key.

Dr. CUSTIS. You may be assured that all of the appropriate interface and rapport and planning with that school will take place.

Mr. SABO. I appreciate that.

Mr. WILSON. My name is Rufus Wilson. One of the things that needs to be put on the record is that we do have a different mix of patients than a typical community hospital has. Our elderly patients are different, and we do not treat very many women or children, so there is a different mix of patients and when we start to determine what kind of a hospital we need in making a comparison as to the total number of beds needed in a community, those things have to come into focus.

Mr. SABO. I understand that, and people involved in the local planning process understand that, and the same type of issues are involved with the University of Minnesota.

Mr. WILSON. I regret to say on some occasions they do not understand it, but I think they do in Minneapolis.

Mr. SABO. I think they do. It serves an area larger than the State as a matter of fact. I think that is part of your selling point clearly, and something has to be made clear, and there are some people locally who don't understand that, and the people involved in this process fully understand it.

I appreciate assurances, because I find no question on the part of anyone that the VA hospital there is one that needs construction as the medical facilities are poor.

It is a good facility, and there are some of us who want to make sure the most thorough planning process occurs and may ask some questions. It is not because we are hostile. It is because we have a desire for quality facilities and quality programs.

You are planning to build an 845-bed medical center including 120 beds for nursing purposes. The Advance Planning Fund is designed to correct the problem of coming up here and telling us you can build a 845-bed hospital for $221 million—and then two or three years later saying, well, no, you can't build 845 beds, you can only build 600. Now let me ask you—this project has been worked through the Advance Planning Fund—are you confident that you can build an 845-bed hospital for $221 million?

Mr. MILLER. We are reasonably confident. We have continued development of the block plans or are in block plans and based on our construction costs today we think this is the right number, assuming that inflation does not exceed what we are projecting for this project.

Mr. SABO. What is that rate?

Mr. MILLER. Ten percent. By next year's budget we will have completed preliminary plans in some detail, and that will be another chance to take a hard look at the construction costs before we actually fund the program.

Mr. SABO. I understand that VA and GAO have arrived at an understanding relating to development of a better method to forecast bed needs for VA replacement hospitals. Has the new method been used for the Minneapolis hospital?

Dr. BAGANZ. Yes, sir.

Mr. SABO. Mr. Traxler, I will yield back.

SEATTLE REPLACEMENT HOSPTIAL

Mr. TRAXLER [presiding]. Turning to page 14–16, the justifications indicate that you are requesting nearly $16 million for the Seattle Hospital, and that the future requirement in 1982 will be nearly $10 million for this project.

You will recall that it is the position of this Committee that you should fully fund the hospitals in the one year, and that incremental funding causes us all kinds of problems, because it is difficult for us to get a handle on your overruns if you are doing it incrementally. We again want to admonish and encourage you to abide by what we think is a very, very important principle here.

Mr. MILLER. Could I say a word about that? We agree fully with you. Those 8 hospitals that were funded initially in 1977 did not include full funding for escalation or inflation, and so we are adding that.

Any other projects that we are now programming, or we will plan, the total funding requirements will be included in the request.

Mr. TRAXLER. We appreciate that. It is interesting to note that the Hospital that you requested funds for in 1980 was for a 455 beds facility—not 430 beds. Is it correct to say then that what you are telling us is that now you must build 25 less beds with $5 million more dollars?

Mr. MILLER. It is true.

Mr. TRAXLER. It is true; you cut the number of beds?

Mr. MILLER. The Seattle area costs are particularly high. The construction costs are exceeding the national average.

WEST ROXBURY MODERNIZATION

Mr. TRAXLER. On page 14-17 of the justifications, there is an indication that you require $8.8 million to complete work on the modernization of building one at West Roxbury, Massachusetts. Do we understand that the original cost for this modernization has almost doubled in that facility?

Mr. MILLER. That is correct.

Mr. TRAXLER. Are there some increased costs there because of some planning shortcomings in that remodelling?

Mr. MILLER. Yes, planning shortcomings.

We found, as we got into planning design, that there were substantially more difficult problems than we had anticipated. We have the seismic problem there, and we have to incorporate seismic design into the facility and this is a significant part of the increase.

Mr. TRAXLER. Was that a planning shortcoming, or merely a refinement in design?

Mr. MILLER. I consider it, I guess, refinement in design. It happens that West Roxbury is in a seismic area, but not a real high risk area, and we would probably not be putting seismic correction into that hospital at this time if it weren't for the major modernization work.

We have to try to do it at the same time we do the major modernization.

Mr. TRAXLER. You knew that this was in a seismic area at the time you did your original planning?

Mr. MILLER. That is true, but we didn't know how we were going to correct the problem until we got into more detailed designing.

Mr. TRAXLER. Are you suggesting that a larger part of the increases are due to inflationary costs?

Mr. MILLER. Yes, sir.

Mr. TRAXLER. One of the problems we are faced with here is the delay in the planning. You are replanning the hospital which is an additional delay which gets you into inflationary increases. But isn't the reason we're having inflation because of the delay caused by the inadequacy or the lack of planning in the original request?

59-500 O - 80 - 12

Mr. MILLER. Yes, sir, you are correct, and that is what we hope to achieve in the future.

WICHITA, KANSAS CONSTRUCTION

Mr. TRAXLER. Turn to page 14-18, you indicate that an additional $1,432,000 is needed to complete the modernization addition of the Wichita, Kansas facility.

Is the additional money you require because the bids you have received are coming in higher—or, again, was there some delay in this project that pumped up the prices.

Mr. MILLER. I will have to supply that for the record.

Mr. TRAXLER. For the record then tell us why you need the additional money.

[The information follows:]

WICHITA, KANSAS—MODERNIZATION AND ALTERATIONS

The cost increases were due to inflation and scope changes, including additional square footage, a connecting corridor and increased utilities and sitework.

Mr. TRAXLER. Could you have absorbed the $1.4 million through reprogramming?

Mr. MILLER. Yes; I suspect we could.

Mr. TRAXLER. Well, why didn't you do that?

Mr. MILLER. We think that it is more appropriate to come up through the budget process for things like this rather than submit a separate request.

Could I say another word here, because this is very important to us.

It is our understanding that when time permits, it is more appropriate to come before the Committee with a problem such as this one rather than coming up with an individual letter to get a fast response.

We do that when we cannot wait for the normal budget process. We open bids on a job and if we need additional funding, we come with a specific letter. But when we have time we think it is more appropriate to come this way.

If we are wrong, then we should be advised accordingly.

NURSING HOME CONSTRUCTION

Mr. TRAXLER. Beginning on page 14-19, the justifications outline seven new nursing Home Care Units. They are the Bronx, New York; Coatesville, Pennsylvania; Dallas, Texas; Hines, Illinois; Kerrville, Texas; Wichita, Kansas; and Reno, Nevada. The most recent space and functional deficiency identification system, dated February 21, 1978, ranks two of these facilities, Reno and Dallas, within the top 21 on a needs basis.

Coatesville and Hines are ranked about halfway down the priority list—but Kerrville is ranked in the bottom one-third.

On a priority basis, why are we funding Kerrville ahead of Biloxi, for example, which is ranked in the top five?

Mr. FALCO. My name is Richard Falco. The nursing home priorities are not impacted at all with the SFDI score. The nursing home reacts to program requirements. The program requirements

of nursing home beds, in particular medical centers in the country is not influenced at all by the SFDI score.

Dr. CUSTIS. May I express my concern when we are talking about the 10 most in need. We ought to all appreciate that SFDI is only one index, and there are other factors at play and they are dynamic. This year's 10 most-in-need may well change under circumstances that we will be giving to you next year.

LONG BEACH RESEARCH AND EDUCATION CONSTRUCTION

Mr. TRAXLER. We understand the dynamics of those important decisions.

On page 14-28, you are requesting $12,171,000 to construct a research and educational building at Long Beach. This project has been in the works since fiscal year 1971. In fact, we believe that is when the original money amounting to about $429,000 was approved. This project has consistently not made the budget requests from what we commonly suspect would be a lower priority ranking. What is the rationale for putting it in this year. Why has there been such a long delay on this particular project?

Mr. FALCO. We have recognized that need and fortunately this year's budget allowed this project to be under the funding umbrella, so to speak. That is the reason.

Mr. TRAXLER. Don't say any more.

Dr. HAYS. Mr. Chairman, research is still being done in World War II barracks buildings which do not meet a standard of any type. We have been very concerned about it. We agree that it is past due, and we are happy to see it in the budget this year.

HAMPTON NEW DOMICILIARY CONSTRUCTION

Mr. TRAXLER. On page 14-27, you are requesting $10 million to construct a new 200-bed domiciliary at the Hampton, Virginia Hospital. What is the priority for this project and how did it rank? Just out of curiosity, how did it rank on the overall SFDI list?

Mr. FALCO. The SFDI again does not have a great deal of impact on our domiciliary program requirements. We are in the process now of replacing our old, obsolete domiciliary facilities and our program calls for us to replace totally the "doms" based on the physical condition assessment that we have made at the 16 locations and Hampton ranked fourth. The top three have previously been funded.

This is the fourth.

SFDI LIST PURPOSE

Mr. TRAXLER. What is the purpose then of your SFDI list?

Mr. FALCO. It's a space and functional deficiency list, and it was developed to compare our criteria for known functions against what is existing in hospitals. If there is an existing radiology service then it can be compared to what our criteria would provide and you can rank one against another. The SFDI is set up to measure, by companies, existing functions in our medical centers.

If in fact we were deciding to add a new program the SFDI would not have any implication at all. This has to be realized and it is just one of the many tools that we use in developing our priorities.

Mr. CRALLE. Mr. Chairman, we are preparing a document which outlines the methodology of the project selection, and we will be glad to furnish it for the record at this point.

[The information follows:]

BASIC METHODOLOGY FOR PROJECT SELECTION, VETERANS ADMINISTRATION 5 YEAR MEDICAL FACILITY CONSTRUCTION PLAN (FISCAL YEAR 1980–84)

The overall planning process provides programs, goals, and guidance that the Administrator has determined to be consistent with achieving the mission of the Agency. The facility planning process is an integral component of the VA organizational planning mechanism. It incorporates the analysis of current and future demographic characteristics of the veteran populations; consideration of current and anticipated health care system utilization patterns; analysis of the potential impact of new treatment patterns and modes of health care delivery, such as advancing technology; and input from medical center directors as well as central office program managers regarding program needs and special factors which must be considered in the development of the health care system. Within this framework, the DM&S construction plan is developed with both a program balance and a realistic level in view of anticipated budgets.

A comprehensive inventory of space and functional deficiencies at each medical center is developed through the Space and Functional Deficiency Identification System (SFDI). (An overview of the SFDI system is attached). The deficiencies, identified by SFDI, are provided to the medical district directors and medical center directors. This data is used at the medical center level to develop their annual five-year facility plan. The five-year facility plan is the medical center plan for construction over the coming five year period based on the SFDI data, their knowledge of deficiencies, and various operational requirements which cause construction to be sequentially programmed in order to be least disruptive to hospital operations. These plans are reviewed by the medical district to ensure that recommended priorities are compatible with mission needs and the regionalization concept. Based on such input, Central Office develops an agency construction plan that provides for program balance and realistically recognizes anticipated budget levels.

The Fiscal Year 1980–1984 Five Year Medical Facility Construction Plan contains a list (page A–1) of 16 separate construction categories. Each category has been developed to optimize resource utilization and to maximize the benefit for the veteran through maintenance of the VA medical system. In selecting projects consideration is given to ensure that one category of construction is not over-emphasized to the detriment of other required construction.

As an example of our program development, Nursing Home Care (NHC) units are planned based on the Study of The Aging Veteran. This study was prepared by the Veterans Administration pursuant to Section 117(a) of Public Law 94–581 and published on January 5, 1978, as Senate Committee Print No. 12. The VA target level for NHC beds is 13,100 by 1987. This overall level was distributed based on demographic analyses to each of the 28 VA medical districts. In addition to the aging study, Public Law 96–22, Section 5010(3)(b) authorized the Administrator to operate not less than 12,000 nursing home care beds in 1980. At the time this law was enacted, the VA was operating approximately 8,350 nursing home care beds, and had budget authority for the construction of an additional 1,747 beds. On page A–3 *9* of the fiscal year 1980–1984 Five-Year Medical Facility Construction Plan, we have provided our plan for the construction of the remaining 3,000 nursing home beds for the system.

The outpatient improvement category was similarly developed. Legislative changes, such as, Public Law 93–82 expanded outpatient ambulatory care elgibility to veterans eligible for hospital care where such outpatient services are necessary to obviate the need for hospital admission. Since fiscal year 1973 outpatient staff visits have increased 64% from 9,165,094 visits in fiscal year 1973 to 15,053,332 in fiscal year 1979. The outpatient clinic areas of our hospitals were not constructed to handle this increased workload. From fiscal year 1973 through fiscal year 1979 we improved and expanded the outpatient clinics at 69 VA medical centers. In the fiscal year 1980–1984 Five Year Medical Facility Construction Plan, we provide for 15 more outpatient improvement projects. Additional outpatient improvements are

included in some other construction categories in the plan, e.g., clinical improvements, etc.

Other categories such as technical projects, which include air conditioning, boiler plants, electrical deficiencies, elevators and seismic correction are developed based on information from the medical centers and evaluation visits by technical experts who recommend priorities based on severity of the deficiency. The policy of the VA is to air condition VA medical centers. A large consideration in selecting individual projects is the average temperatures where the facility is located. However, under some circumstances a hospital might be air conditioned earlier as part of another large construction project so as to be least disruptive of hospital operations and/or to minimize construction costs.

In development of the list of 10 hospitals most in need of construction, replacement, or major modernization, we evaluate all known information concerning deficiencies of our medical centers. Major guides in this evaluation are the comparative SFDI rankings of medical deficiencies; the total magnitude of the individual construction projects required to correct these deficiencies; the mission and age of the medical center (recognizing that facilities constructed years ago as primarily psychiatric treatment may have major problems in meeting their current commitment for health care); and a consideration of the types of incremental construction required for continued facility operation while providing the highest quality of medical care. As an example, a facility requiring several large expenditures for seismic correction, air conditioning, replacement of utilities, and patient privacy renovation might be more economically revitalized by replacement or one major modernization project. This is a judgement factor where all known factors are analyzed and discussed by skilled professionals from several disciplines.

It should be evident that there are different and multiple inputs to the project selections of the various construction categories. However, they all are initiated from the grass roots by each medical center in the development of their own five-year facility plan. This plan is reviewed and approved first at the medical district level, then at VA Central Office and finally it is integrated into the overall VA national plan.

Space and Functional Deficiency Identification (SFDI) System

The Space and Functional Deficiency Identificaion (SFDI) System identifies space and functional deficiencies at VA health care facilities utilizing a standardized, objective, integrated methodology. The objectives of the SFDI System are: provision of a standardized information base permitting determination of deficient facilities for incremental improvement, replacement, or modernization; provision of standardized data for improved five-year facility planning; and ranking of individual deficiencies permitting optimization of finite financial resources in the development of facility improvement plans and budget requests.

The SFDI System measures existing space and functional adequacies of each function surveyed against established criteria. Additionally, an assessment of medical school affiliation based upon the number of funded residency man-years and an assessment of building shell condition, utilities, JCAH and code compliances complete the data base. Adjustment for programmed projects and application of a weighting formula develops a deficiency rating for each function surveyed as well as an overall health care facility deficiency rating. This permits systemwide ranking of identified deficiencies by individual survey item (ambulatory care, nursing bed units, radiology, warehouse, building shell condition, etc.) or overall facility rating. The SFDI System is a management information system component designed to support, not supplant, the decision making process.

MIAMI OUTPATIENT ADDITION

Mr. Traxler. Page 14–33, you are requesting $26,650,000 for an outpatient addition and renovation of the spinal cord injury unit. In the 1978 SFDI this activity, ambulatory care fell in the bottom third of this list. We understand that this is not the determining criteria, but how did you choose that project for this year? What was your rationale?

Mr. Falco. One of the major deficiencies at that hospital was the fact that the spinal cord injury unit needed to be moved down to the ground floor; it is for that reason that it is in this program.

Mr. CLELAND. May I elaborate?

The spinal cord injury program and the facilities that we have our patients in are of utmost concern to me. I personally visited this spinal cord injury unit and the plea from the Paralyzed Veterans and others was to help reestablish that unit down closer to the ground floor. This is all part of that.

Mr. TRAXLER. Mrs. Boggs?

BATON ROUGE OUTPATIENT CLINIC

Mrs. BOGGS. I don't know whether this is an appropriate place to ask this, but with regard to satellite outpatient clinics, last year I made an inquiry about the one in Baton Rouge, Louisiana. You all replied that the GSA plans those satellite centers. It was to be completed, according to the GSA report to you, in April of 1980 this year.

We don't have any opportunity on this Committee to check up on what GSA is doing, so could VA tell us what the progress has been in Baton Rouge?

Mr. MILLER. We plan now that construction will be completed in May 1980 or GSA plans that. We will find the employees and it will be equipped to begin operations in June of this year.

VAMC BROOKLYN CONSTRUCTION PROJECT

Mr. TRAXLER. Turning to page 14-37, you are requesting $2,614,000 to complete a project that was originally going to cost $1,136,000. Was the planning for this project at Brooklyn deficient? What went wrong?

Mr. MILLER. I know that there is inflation involved in whether there have been changes in the project also.

Mr. TRAXLER. Does that indicate a lack of proper planning?

Mr. MILLER. This was originally in a minor category, and we moved it up to major when Congress did not accept a $2 million limit for the 1979 budget.I am reluctant to say there were design deficiencies, because there are some of those inherent in the development and design always. I will submit the answer for the record.

[The information follows:]

BROOKLYN, N.Y.—AIR, OXYGEN, VACUUM SYSTEM

Delay resulted in some inflation and further investigation of the project revealed the necessity of adding some scope items in order to make the project entirely feasible.

EAST ORANGE CONSTRUCTION

Mr. TRAXLER. On page 14-38, the justifications indicate a need for an additional $14,786,000 for improvements and corrections for building environmental deficiencies at the East Orange New Jersey facility. This project is jumping by almost 100 percent of it's original cost estimate of $16.8 million. How much of that is attributable to inflation and how much to expansion and change in scope of the project?

Mr. MILLER. Well, it is very difficult to say. This has been a very difficult project.

We had an estimate and the architect even estimated this project construction should come in at about $14 million last fall. It came in at $21 million. It was about as wide a spread as we have ever had in a project.

Mr. TRAXLER. Is he going to be retained by you in the future?

Mr. MILLER. Well, yes; I think we all share some responsibility here, but the most important thing, Mr. Chairman, we believe, was the uncertainty of the construction market at the time we went out for bids.

We can find a wide variance in our bids based on the market conditions. There were indications after opening bids, very few subcontractors even bid the job. We believe we had certain items on which only one subcontractor bid the job.

We are doing a value engineer study now with another independent architect-engineer to ascertain whether or not we can reduce the costs below what we are now projecting. We expect to have a report on that within the next month and we plan to furnish it to your Committee.

At this point in time it does not appear we can build what we plan to build for much less than the cost estimate we have on it now.

HINES ILLINOIS INCINERATOR

Mr. TRAXLER. Turning to page 14–40, you are requesting $734,000 for an incinerator at Hines, Illinois. Could you have handled that through reprogramming?

Mr. MILLER. It could be; but again it was not done. With the understanding we had of your preferences.

Mr. TRAXLER. On page 14–44, you are requesting $1,344,000 additional on top of the $1,456,000 to renovate the supply process and distribution function at the Buffalo Hospital. The justifications indicate that the original area affected was approximately 12,280 gross square feet. You now estimate an additional 1,000 square feet and an additional dumbwaiter are needed. Does this double the cost of the project?

Mr. MILLER. That plus additional cost escalation does do that, yes, sir.

CINCINNATI CLINICAL EXPANSION

Mr. TRAXLER. Looking at page 14–45, two years ago the Committee included funding for the clinical expansion in Cincinnati, Ohio. The Committee staff over a period of three or four days, asked the VA if you could give us what the cost of the project would be and what it would involve. You are telling us now that the actual cost of the project will triple. How is that?

Mr. MILLER. There was a change in scope after our initial planning to add the second and third floor additions to the project.

Mr. TRAXLER. You are adding second and third floor additions?

Mr. SALMOND. Excuse me. I am Mr. Salmond. That is what the project is. We are now adding a third floor to the original second floor project.

Mr. TRAXLER. Tell us why you are doing that?

Mr. SALMOND. To house a surgical addition.

Mr. TRAXLER. Didn't you know that at the time you made your initial request? Wasn't that included in your initial request?

Mr. SALMOND. No.

Mr. MILLER. No.

Mr. TRAXLER. Why do you plan a project and ask for funding and then later change the criteria for the project? What was the rationale for not having it included in your initial request?

Mr. SALMOND. I can't answer that.

Mr. TRAXLER. Supply it for the record.

[The information follows:]

CINCINNATI—CLINICAL EXPANSION

A Surgical Service project was a future budget requirement. It was decided to expand the existing project to include the surgical addition to avoid the expensive demolition necessary to add such a floor in a future year as well as to avoid the disruption it would cause to the medical facility.

Mr. TRAXLER. How much of the additional $6.7 million is attributable to inflation caused by your own planning deficiencies and project delays. Submit this for the record.

[The information follows:]

CINCINNATI, OHIO—CLINICAL EXPANSION

Of the additional $6.7 million requested, $3.8 million is for the third floor change and $2.9 million is for inflation for the entire project.

CINCINNATI ELEVATORS

Mr. TRAXLER. On page 14-51 you are requesting $425,000 to cover the cost of inflation for the installation of two elevators at Cincinnati, Ohio. I assume you could have handled that on a reprogramming basis also?

Mr. MILLER. We could have.

Mr. WILSON. There is always a caveat there. We probably could have. We understood it was the Committee's request that it come before the Committee as opposed to the reprogramming route.

Mr. TRAXLER. Is that applicable to this Subcommittee or to the Senate?

Mr. CRALLE. That is applicable to both Subcommittees. I might also add that while any one of those projects could have been handled by reprogramming, there is not an inexhaustible fund, and we could not at this date handle all of these projects with the Funds available for reprogramming.

Mr. TRAXLER. We like that.

Mr. NEUMANN. The current balance is just around $6 million. As many reprogrammings as have been suggested so far, we would have already exhausted the reserves.

Mr. MILLER. The funding in the reserve is available through savings on other projects. Sometimes we do better than others.

Mr. TRAXLER. Does that $6 million balance account for the $6 million reprogramming before us?

Mr. NEUMANN. I have subtracted that, sir. I have deducted that from the report I gave you.

WILKES-BARRE ELEVATORS

Mr. TRAXLER. Turning to page 14–52, you again are coming in for a design change that results in additional costs to the project. What was the late construction problem occurring in the central outside elevator shaft—and why did that occur?

Mr. MILLER. I had better supply that for the record.

[The information follows:]

WILKES-BARRE, PA.—THREE ADDITIONAL ELEVATORS

Several trips to the station by various technical people ascertained actual conditions. It was at this time that it was discovered there were potential construction problems:

1. Rock would have to be removed by hand to make rooms for two elevator pits.
2. A room refrigerator and freezer in the kitchen would have to be relocated in order to use the most feasible location for these same two elevators.
3. Other locations investigated were not feasible.

Mr. TRAXLER. Why was there a change in the method of design from the original in-house, to architect-engineer design. Tell us what the additional cost was for that change also, for the record.

[The information follows:]

WILKES BARRE, PA.—THREE ADDITIONAL ELEVATORS

The method of design was changed from in-house to an architect-engineer design because in-house resources were not available as originally planned. The additional cost amounted to $170,000.

SEISMIC CORRECTIONS

Mr. TRAXLER. On page 14–54, the justifications indicate that your request of $1,047,000 results in the expense of about a 60 percent overrun above the $1.8 million included in the 1979 budget for this project. Again I suspect that this could have been a candidate for reprogramming, and we have touched on that briefly.

Have you had bids on this project, and if so, are they coming in over your original estimates?

Mr. MILLER. No, sir.

Mr. NEUMANN. No, sir.

Mr. TRAXLER. Turning to page 14–55, you are requesting a significant amount of money, some $30.1 million. Total cost and $3 million in fiscal year 1981 for the correction of seismic deficiencies at Palo Alto, California.

Are you planning a new building for this facility or upgrading this structure?

Mr. MILLER. It's a replacement.

Mr. TRAXLER. This will be a new building.

On page 14–56, you are requesting $10.4 million to provide interior seismic reinforcement for Building No. 1, Building No. 5, Building No. 6 and Building No. 8 at the Poplar Bluff, Missouri facility. How old are these buildings that we are talking about?

Mr. MILLER. It's post-World War II, opened in 1950.

Mr. TRAXLER. I would like to submit an additional question to be answered for the record.

[The question follows:]

VAMC ALLEN PARK

Question. For several years now, I have held a continuing interest in the Allen Park hospital and its ability to provide the proper care and needed services for the veterans it serves. Each year, the VA has managed to shift its priorities so that Allen Park hospital has been denied the proper attention it deserves.

The Rosetti Associates, Architects/Planner's study which was completed in 1979 very clearly supported my contention that the Allen Park facility needs to be replaced. The medical school facility at Wayne State University offered a practical and suitable site for the replacement. Wayne State University openly welcomed the VA to use its facilities for such a purpose.

Still, I understand that the VA has not requested any funds in the fiscal year 1981 budget for major construction of a replacement facility. Further, I understand that due to a shift in priorities, Allen Park is no longer being considered for replacement. Can you tell the committee if this is true?

Last year the VA allocated $2,600,000 for "minor miscellaneous projects and non-recurring maintenance and repair items" at Allen Park. This year the VA has requested $4,487,000 for similar minor construction and repair projects. Yet even this amount does not cover all the necessary repairs which have to be made at the run-down facility.

I would strongly like to urge the VA to reconsider its decision regarding the Allen Park hospital replacement. Each year more money is required to repair the old facility. We don't know how long the offer from Wayne State University will hold. I hope that Administrator Cleland and the VA will give his matter higher priority before more time and money is wasted.

Answer. In accordance with the provisions of Public Law 96-22, Section 5007, the Veterans Administration on October 1, 1979, furnished the Chairmen of the Veterans Affairs Committees the VA Five-Year Medical Facility Construction Plan (fiscal years 1980-1984) and a prioritized listing of the ten medical centers most in need of new major (large scale) construction projects, major hospital modernizations, or replacement hospitals. VAMC Allen Park is number six on that list.

Through the Advanced Planning Fund process all alternatives for correction of the deficiencies at VAMC Allen Park will be considered. Considering this and other systemwide priorities furture updates to the VA Five-Year Construction Plan will reflect our plans for VAMC Allen Park as they are determined.

FIRE AND SAFETY CORRECTIONS

Mr. COUGHLIN [PRESIDING]. On page 14-57, you are requesting funds for a project that is being redesigned and which has experienced substantial inflation costs. Was this project as originally posed properly planned?

Mr. MILLER. There are changes that occurred during the development of this project, because we were in the process of establishing new VA fire and safety standards.

Mr. COUGHLIN. On page 14-60, you are requesting an additional $3.7 million on top of the $1.6 million already required to meet fire and safety deficiencies at the Sepulveda, California Hospital. Why have you suddenly decided that Buildings Numbers 2 through 5, 10 and 20 now require sprinklers?

Mr. MILLER. This again is to bring them up to current fire and safety code regulations.

Mr. COUGHLIN. Has the fire code changed since the first request was made?

Mr. MILLER. Yes, sir. Our interpretation of it has.

TOGUS REGIONAL OFFICE CONSTRUCTION

Mr. COUGHLIN. On page 14-62, you are requesting $3 million to construct a Department of Veterans Benefits Office Building at Togus, Maine. Did you look at the alternative of moving the regional office in Togus to a city that has a building available for rent?

Mr. WILSON. We have, and there are no places available in the city of Togus.

CAMDEN VAMC

Mr. COUGHLIN. Last year the Committee dealt with a major construction issue, the Camden, New Jersey Hospital. The Committee's report indicated that the approval of the $67.8 million for the construction of a new hospital was contingent on the appropriation by the New Jersey State Legislature of funds for the construction and operation of a South Jersey Medical School Campus at Camden.

Has the New Jersey State Legislature appropriated the necessary funds and, if not, we assume you will not obligate any of these moneys. Is that correct?

Mr. MILLER. No, sir; to the best of my knowledge, they have not. No funds have been appropriated.

Mr. WILSON. We will not be proceeding until such time as the provisions of the law are carried out.

Mr. COUGHLIN. You will not obligate any moneys unless those funds are appropriated. Is that correct? Where do we stand with the Camden facility?

Mr. WILSON. There has been some recent action that indicates they are about to proceed to provide a certain amount of money. Mr. Miller, can tell you where we stand.

Mr. MILLER. We are still in the process, the Department of Medicine and Surgery can speak to it.

Mr. WILSON. We are having to down-size the hospital.

Mr. COUGHLIN. What size facility is now being planned?

Mr. THOMPSON. My name is Don Thompson.

We are currently planning a 193-bed hospital, and 120 bed nursing home.

Mr. COUGHLIN. How does that compare to the original plan?

Mr. THOMPSON. It was 360 hospital beds and 120 nursing home care beds.

Mr. COUGHLIN. What will be the ultimate role of this facility in the VA system?

Dr. CUSTIS. There are going to be bed closures in the greater Philadelphia area. The original conception of a hospital in Camden would have resulted in the maintenance of the total VA beds in the greater Philadelphia area.

Also, originally there were local interests involved because of planning for a down-State medical school in New Jersey, and this was originally to have been a tertiary type teaching hospital.

With the restraints on funding, we are into a hospital size that does not lend itself to tertiary care, so that it has been coming down in size progressively. We are already to a point where it will of necessity be a so-called secondary care hospital. It will augment the facilities of the Philadelphia Hospital.

Mr. COUGHLIN. Where do you anticipate bed closings in the Philadelphia area?

Dr. CUSTIS. The greater Philadelphia area, Wilmington and Coatesville.

Mr. COUGHLIN. And can you provide for the record exactly the nature of those closing that you anticipate?

Dr. CUSTIS. Yes, sir; I think we have in the past, but we will do so again.

[The information follows:]

We anticipate closing beds in the Philadelphia Area to meet the Joint Commission on Accreditation of Hospitals patient privacy standards, Occupational Safety and Health Administration standards and air conditioning as follows:

VA Medical Center	*Bed loss*
Philadelphia	−77
Coatesville	−201
Wilmington	−40
Total	−318

SIZE OF CONSTRUCTION BUDGET FOR 1981

Mr. COUGHLIN. Let me ask one general question that I have asked on other occasions. The construction budget, as the Chairman initially pointed out, this year is considerably above the previous years and, of course, Congress is faced with severe fiscal constraints. If that portion of our budget devoted to construction had to be reduced by its proportion of our deficit, and are there projects that could be deferred and put off until a future date in the budget?

Provide for the record a list of those projects which might be deferred.

Mr. CRALLE. We have already earlier agreed to provide the priority ranking of the entire list of projects which would be our priority. (See page 162).

Mr. COUGHLIN. Thank you very much.

CAMDEN HOSPITAL

Mrs. BOGGS. I would like to go a little further on the Camden Hospital.

If I recollect it was being placed there not only because of the selection of the site for a new medical school facility, but because of or in conjunction with various revitalization projects.

Dr. CUSTIS. That is right.

Mrs. BOGGS. It was because the hospital was seen within the whole context of revitalization, with the State, the city, and various financial institutions being involved, that we went along with the site at Camden.

Now with all of these review requirements and minimizing size, and the secondary care instead of the tertiary care hospital, what is the overall picture of financial involvement by the State Legislature, the county, and the city?

Dr. CUSTIS. I am not sure.

Mr. MILLER. I think essentially there would be no change here because we still contemplate placing the facility on the same piece of land they said they would make available to us.

Mrs. BOGGS. What I was wondering about was the medical school participation; will the secondary care meet its need for a tertiary care hospital which would have a teaching facility?

Dr. CUSTIS. There is no doubt it will be considerably less as a secondary hospital. As you remember, though, the VA hospital is

going to be built immediately adjacent to the Cooper Hospital which is indeed the main teaching resource of the school.

In other words, I am sure we will not be making the contribution to that school we might have previously been able to but Cooper's Hospital capability is considerable.

Mr. CLELAND. May I just add one thing. In this facility the bed component is only in one major part. There are two other major parts. One is the expanded outpatient unit built to handle over 100,000 outpatients in southern New Jersey. The other is the 120 nursing care beds to fill an undisputed requirement in the Greater Philadelphia area.

We usually build our outpatient clinics and nursing homes adjacent to one of our facilities. The variation in the bed component notwithstanding, the value of the Camden facility still has considerable merit, particularly in terms of outpatient care and nursing home care in that area.

Mrs. BOGGS. Are there to be any research facilities there as well?

Dr. HAYS. I don't think there are any plans for such.

WOMEN IN BUSINESS

Mrs. BOGGS. On May 19 of last year, President Carter issued Executive Order 12138, which calls for an affirmative approach to "facilitate, preserve and strengthen" women's business enterprises.

Mr. Miller, in your construction activities, have you had an opportunity for outreach in that regard?

Mr. MILLER. We worked on it but we have no significant progress.

Mr. SALMOND. Most of our projects are put out on the market for public bid, and we would be delighted to have the female organizations bid. In order for us to go to a negotiated contract we have to operate with the Small Business Administration under the 8-A program . I don't believe that they have classed women's businesses as a minority as yet.

Mrs. BOGGS. You will be very happy to know that in the 1981 budget there is provision for $11 million for women's enterprises in compliance with the President's Executive Order and I was present at the ceremony that announced the order.

The President announced there would be someone stationed in each agency and department of the government who would be responsible for carrying out this order and for establishing an outreach program to facilitate it. I hope that there will be some compliance in that regard.

Mr. CLELAND. Mr. Vaughn.

Mr. VAUGHN. I am that individual, ma'am.

Mrs. BOGGS. Welcome.

Mr. VAUGHN. We are very happy to be working with the women in business. I have the distinction of replacing the Administrator in San Francisco at the end of March to speak to some 1,500 business women from that whole area. We are very proud of our goal this past year. We have already exceeded our 1980 goal. We want to make it larger. We are going to do it, ma'am.

Mrs. BOGGS. Thank you very much.

We are going to miss you, Mr. Miller. God speed.

Mr. TRAXLER. Mr. Stewart, I think you had some questions.

AGENT ORANGE

Mr. STEWART. Yes. I want to apologize for not having been here a few minutes in the last two or three days. These questions may have been asked.

I am deeply concerned about this matter. The first thing I want to know is how many veterans have filed claims with the Veterans Administration claiming a disability resulting from exposure to "Agent Orange."

Mrs. STARBUCK. We have currently about 1,003 applications that have been filed alleging disabilities due to exposure to Agent Orange or alleging exposure to Agent Orange. Of these, 10 have been allowed. Two of them have involved the disability of chloracne and has been related to exposure to Agent Orange.

The others have been allowed service-connection but the disability on which that service-connection was allowed had no relationship to exposure to herbicide.

Mr. STEWART. What criteria does the Veterans Administration use to judge such claims?

Mrs. STARBUCK. I am going to ask Dr. Custis to come in with me on this. To date, sir, the only disability that is clearly identifiable as being caused by dioxine in Agent Orange is the disability of chloracne.

Dr. CUSTIS. That is essentially correct.

Mr. STEWART. You have 10 cases that you have documented. Is that what you are saying?

Mrs. STARBUCK. Yes, sir.

Mr. CLELAND. I don't think all of those are due to Agent Orange.

Mrs. STARBUCK. That is correct. The others on which the service connection was allowed for disability had no relationship to exposure. They were other disabilities.

Mr. STEWART. So you only have two out of a thousand?

Mrs. STARBUCK. Yes, sir. That is correct, Congressman.

Dr. CUSTIS. You may wish to know, Mr. Congressman, that we also are maintaining a medical register of all those who present themselves and are examined in our facilities with some complaint that they feel is referrable to such exposure. That register number now has reached 7,000.

The analysis of these charts from computerized input of information is now going on. In addition to that, I am sure you also know that the VA has, in compliance with the law, started in the design of a protocol for a major epidemiological study to determine whether on a epidemiological data basis there is any suggestion of any particular disease entity.

At the present time the Administrator is being advised by an advisory group, including prominent toxicologists and epidemiologists, experts in the various phases of concern regarding this question. The advisory group has been intimately involved in planning what the VA can do and what more it could do.

I think in summation that group at this time is unable to tell Mr. Cleland that there is any scientific basis for identifing a chronic disabling condition due to Agent Orange. It is well-known that

with acute exposure, agent orange is a well-recognized etiologic agent that will cause not only chloracne but other symptoms, including headache, malaise, weight loss, inflammation of the GI tract with an attendant nausea and diarrhea. There may be liver involvement at that acute stage, hepatitis. These are self-limited pathologic problems.

The chloracne can go on for years but it, too, ultimately is felt to be self-limited.

The other manifestation of poisoning from the dioxine has simply at the present time not been verified on a scientific basis. That is what we hope to find out with the study.

Mr. CLELAND. Mr. Stewart, this is of great concern to us in the VA. I personally was exposed to Agent Orange myself. This morning the Senate Committee on Veterans Affairs is holding hearings on the very question. I have issued a statement and gave some remarks this morning to the Senate. I would like to send you a copy of those remarks.

Monday morning the House Veterans Affairs Committee is going into this question extensively. I will have in effect a full-blown testimony that I would like to send you that in effect gives all we know from A to Z on this whole question. It has a lot of background on it.

Mr. STEWART. I would appreciate that.

EVALUATION OF CLAIMS

Mr. STEWART. The General Accounting Office, in a report made to me dated April 6, 1979, stated that "the Administrator of Veterans Affairs should provide guidance to insure that: In evaluating herbicide related claims, regional offices obtain all information from military records pertaining to a veteran's possible exposure to herbicides in Vietnam."

What action has the Veterans Administration taken in response to this GAO recommendation?

Mr. CLELAND. Mrs. Starbuck.

Mrs. STARBUCK. We are working very closely with the Department of Defense and have received from them a listing of those areas which have been sprayed with the Agent Orange. The difficult task for the Department of Defense is to identify specifically those units that were in areas being sprayed at the time the spraying was taking place.

But the Department of Defense is being as positively cooperative with us as they can be in trying to get these incidents nailed down both as to time and area.

IDENTIFICATION OF INDIVIDUALS EXPOSED

Mr. STEWART. One other question. An article in the Los Angeles Times of December 27, 1979 stated that "An attempt by the Veterans Administration to identify all individuals who might have been exposed to Agent Orange has been frustrated . . . by the refusal of the Pentagon to search its own files for names."

Is there any truth to those statements? Is the Pentagon cooperating with you?

Mrs. STARBUCK. Congressman, I can assure you that they are.

Mr. CLELAND. May I add to that?

Mr. STEWART. Yes.

Mr. CLELAND. GAO made another report and in effect said that more soldiers in Vietnam had been exposed to Agent Orange than the Pentagon had originally stated. We followed up with the Pentagon. Basically the names of people and the battalions that they were located within the Marine Corps are pretty readily available on computer tape. That would involve soldiers up around the northernmost portion of Vietnam where the Marine Corps units were operating.

However, the locations of the units of the Army battalions—and there were several hundred—are not as readily retrievable on computer tape as is the Marine Corps information. That is why we run into a problem.

It would take a good deal of man-hours to retrieve that information from the Army.

We are working with the Pentagon to make sure that if we need to go out to a specific unit or a specific group of veterans I think we can work out the details with them. Right now the scientific evidence is not such as in our opinion to cause us to contact almost 3 million Vietnam veterans.

Should the research data indicate we should do that, I am sure we can work with the Pentagon to do that. We are currently thinking with an interim solution on this outreach question. That is we are thinking about a toll free number where a veteran, if he thought he were exposed or had a symptom, could call that number and receive some guidance and information about his question and he would get a letter from his call and directions as to what to do about his concern.

That call would also be part of the permanent information we would have on that veteran in case later on we needed to contact him for some reason.

So we are thinking about that approach, the toll free number approach. We are thinking about testing out on a small basis and maybe going nationwide with it to in effect get those who think they have been exposed or have problems.

Should the scientific evidence come in later to justify a full-blown outreach to some 3 million Vietnam veterans, I am sure the Pentagon would work with us on that.

Mr. STEWART. I am sure that you can appreciate my concern and the concern of other Congressmen in the light of the fact that there is much talk about registration and drafting. If the general public is of the opinion that the Federal government and all of its agencies is not doing all that it can do to protect the people who are going into battle and being exposed to the various things and then coming back into the country and still not being taken care of, we are going to have serious problems if one of these tragedies occurs again.

Mr. CLELAND. I completely agree with you, Mr. Stewart. One thing I would like to mention is that regardless of the scientific evidence on questions surrounding Agent Orange, if a veteran has a problem, whether he thinks it is due to Agent Orange or any other problem, he is entitled to care at a VA medical facility. We have a coordinator at every one of our hospitals on Agent Orange

so we are able to provide treatment immediately to whatever problem he has regardless of whether or not he alleges it to be Agent Orange or later found to be due to that.

TESTING OF AGENT ORANGE

Mr. STEWART. Do you know whether there is any truth to the statement that Agent Orange was not properly tested before it was used?

Dr. CUSTIS. I haven't heard that before, Mr. Stewart. I wouldn't be surprised there is some element of truth in it because it is not at all appreciated as being the toxic agent it was when it was first used in Vietnam.

The reason for stopping it, I think, along about 1969 was the appearance of acute skin rashes, later recognized as chloracne, and even at that time there was no evidence and no claim on the part of any victims that there might be a chronic phase to such exposure.

The answer to your question is there is probably truth in that statement because it was not appreciated to be the danger that it is.

Parenthetically, it was not appreciated that dioxane was present as a contaminating toxic agent, which incidentally is present in many other things—PCB is another source of dioxane.

Mr. STEWART. Thank you.

RADIATION EXPOSURE

Mrs. BOGGS [presiding]. Mr. Administrator, are there radiation testing victims also being processed through these new procedures?

Mrs. STARBUCK. We have a track on all of the claims from individuals who have alleged exposure to radiation and resultant disability or disease and we do have a track on those.

CONSTRUCTION REPROGRAMMING

Mr. CRALLE. I wanted to make a few comments on the construction program related to reprogramming. Bids is a key word concerning programming. If we have a reprogramming it means we have been into the private sector, we have private firms who have become interested in a project, and they have a number of firms who have expended a considerable amount of money of their own resources in a bid for a competitive advantage to win that contract.

When we come to the Committee and ask for reprogramming it is a time sensitive thing. The contracts have been opened. The Committee has to judge the pressure. That is why we felt, in view of the number of reprogrammings which occurred in 1976 and 1977, it would be better to go through the normal budget process.

I might add that we have a chart that shows some of the problems that have been brought up and some of the progress that we have made in reprogramming. It is part of a general briefing of our construction program. I would like to offer it for the record at this time.

Mrs. BOGGS. We will receive it for the Committee's files.

59-500 O - 80 - 13

Mr. CRALLE. I would also like to mention that the Committee has expressed some doubt about the number of extra personnel we have asked for the Office of Construction. The Office of Manpower has reviewed that personnel request and actually has determined that it is modest. We have some documents which will show the workload involved versus the personnel requests.

We would like to furnish them for the record.

[The information follows:]

OFFICE OF CONSTRUCTION

JUSTIFICATION FOR INCREASE IN AVERAGE EMPLOYMENT FISCAL YEAR 1980–1981

The increase in average employment is consistent with the increase in workload for the Office of Construction. The 93 FTEE represents an increase of 13 percent from fiscal year 1980 to fiscal year 1981. The Office of Manpower Programs and the Office of Construction have identified key workload elements which indicate an overall large increase in workload for the Office of Construction. Some of the workload elements are:

Workload	Fiscal year 1980 estimate	Fiscal year 1981 estimate	Percent difference[1]
Contracts in progress	366	445	+22
Architect/engineer contract awards	104	167	+61
Construction contract awards	60	95	+58
Preliminary plans	73	120	+64
Project planning[2]	102	136	+33
	(165)	(248)	(50)

[1] Fiscal year 1981 over fiscal year 1980.
[2] The figures in parentheses show weighted values for workload. These totals were derived by assigning a higher value for major and master plan projects than for minor projects.

The largest single part (45 percent) of our personnel increase from fiscal year 1980 to fiscal year 1981 relates to the needs of our Resident Engineer Staff. This reflects the on-site supervision required for projects we anticipate being under construction. Staffing needs are determined by analyzing each scheduled project and establishing the levels of on-site supervision required for that particular job.

Workload	Fiscal year 1980 estimate	Fiscal year 1981 estimate	Percent difference [1]
Projects	193	214	+11
Sites	82	93	+13

[1] Fiscal year 1981 over fiscal year 1980.

Mrs. BOGGS. Thank you very much. We thank all of you very much. All of us on the Committee appreciate your splendid testimony, your effort in preparing it and the rapport we have with each of you and with all of you combined.

We congratulate you, Mr. Administrator, on bringing us all together.

I would personally like to thank those in the construction area for their forebearance in trying to work out the New Orleans situation. I hope that I will be able to work with you in this regard and that it will be settled in short order.

Mr. CLELAND. On behalf of the Veterans Administration, we appreciate the cooperation we received in this Committee.

Mrs. BOGGS. The VA budget justification will be inserted in the record at this point. Thank you all very much. The Committee stands adjourned.

[The justification follows:]

THE VETERANS ADMINISTRATION

FY 1981 Budget Presentation

The 1981 budget presentation for the Veterans Administration is comprised of the the following four volumes:

Volume I - General Operating Expenses, Benefit Programs

Volume II - Medical and Construction Programs

Volume III - Summary

Volume IV - Supplemental Proposals, FY 1980

Volumes I and II contain justification of estimates for the Budget year by appropriation account for each program administered by the Veterans Administration.

Volume III contains a series of tables and charts depicting the scope and magnitude of the Veterans Administration budget by Agencywide summaries, and highlights of VA appropriation and fund accounts. In addition to setting forth Agency totals, it is the purpose of this volume to provide a general but comprehensive analysis of FY 1981 budget requirements by appropriations and programs, and the current status of GAO audit reports as required by PL 91-510, Legislative Reorganization Act of 1970, approved October 26, 1970.

Justification of the agency current year supplemental requirements are contained in Volume IV.

VETERANS ADMINISTRATION

VOLUME I

GENERAL OPERATING EXPENSES
and
BENEFIT APPROPRIATIONS AND FUNDS

Table of Contents

Part		Page No.
1.	GENERAL OPERATING EXPENSES:	
	General Administration	1-7
	Department of Memorial Affairs	1-67
	Office of Data Management & Telecommunications	1-79
	Target System	1-95
	Department of Veterans Benefits	1-101
2.	BENEFIT APPROPRIATIONS/FUNDS:	
	Table of Contents	2-1
3.	HOUSING CREDIT ASSISTANCE FUNDS:	
	Table of Contents	3-1
4.	INSURANCE APPROPRIATION/FUNDS:	
	Table of Contents	4-1

GENERAL OPERATING EXPENSES

Appropriation Language

For necessary operating expenses of the Veterans Administration, not otherwise provided for, including uniforms or allowances therefor, as authorized by law; not to exceed $3,000 for official reception and representation expenses; cemeterial expenses as authorized by law, purchases of [twelve] nine passenger motor vehicles, for use in cemeterial operations, and hire of passenger motor vehicles; and reimursement of the General Services Administration for security guard service, and the Department of Defense for the cost of overseas employee mail; [$587,392,000] $645,175,000.

Explanation of Language Change

The authority is requested to purchase nine passenger cars for cemeterial operations. This will allow for the purchase of seven replacement and two new motor vehicles. The two new vehicles are necessary due to the expansion of the Cemetery System.

GENERAL OPERATING EXPENSES

This volume contains justification data for the non-medical administrative support costs. These costs are funded through the General Operating Expenses appropriation and support activities organized within the four segments: General Administration, Department of Memorial Affairs, Office of Data Management and Telecommunications, and Department of Veterans Benefits.

Appropriations Highlights
($'s in thousands)

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
General Administration:				
Average employment	2,392	2,397	2,409	+ 12
Total costs	$ 77,356	$ 84,679	$ 89,500	$+ 4,821
Dept. of Memorial Affairs:				
Average employment	1,143	1,165	1,186	+ 21
Total costs	28,798	31,394	33,609	+ 2,215
Ofc. of Data Man. & Telecommunications:				
Average employment	2,077	1,937	2,005	+ 68
Total costs	63,678	55,561	66,860	+11,299
Dept. of Veterans Benefits:				
Average employment	18,076	17,509	16,979	- 530
Total Costs	438,297	455,835	456,576	+ 741
Grand Total:				
Average employment	23,688	23,008	22,579	- 429
Total costs	608,129	627,469	646,545	+19,076
Changes in selected resources	+17,612	...	...	...
Total obligations	625,741	627,469	646,545	+19,076
Reimbursements	-2,007	-1,370	-1,370	...
Unobligated balance lapsing	7,941	...	...	...
Budget authority	631,675	626,099	645,175	+19,076
Supplementals:				
October 1979 pay raise	...	-24,754	...	+24,754
Wage Board pay raise	...	- 825	...	+ 825
Program	...	-13,128	...	+13,128
Appropriation	631,675	587,392	645,175	$+57,783
Outlays	603,295	638,101	643,576	$+ 5,475

Summary of Budget Request

The General Operating Expenses appropriation requires annual appropriation action by the Congress. Funds requested are to provide for the administration of non-medical veterans benefits through the Department of Veterans Benefits; operation and maintenance of 107 national cemeteries by the Department of Memorial Affairs; data processing operations and communications systems through the Office of Data Management and Telecommunications; and top management direction and support through Agency-level staff offices. The FY 1981 appropriation requested totals $645,175,000. Outlays are estimated at $643,576,000.

Changes from Original 1980 Budget Estimates

	1980 (dollars in thousands)		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
General Administration:			
Average employment	2,343	2,397	+ 54
Total costs	$ 79,041	$ 84,679	$+ 5,638
Dept. of Memorial Affairs:			
Average employment	1,167	1,165	- 2
Total costs	30,648	31,394	+ 746
Ofc. of Data Management & Telecommunications:			
Average employment	1,937	1,937	...
Total costs	49,789	55,561	+ 5,772
Dept. of Veterans Benefits:			
Average employment	17,106	17,509	+ 403
Total costs	434,652	455,835	+21,183
Grand Total:			
Average employment	22,553	23,008	+ 455
Total costs/obligations	594,130	627,469	+33,339
Reimbursements	-1,340	-1,370	- 30
Budget authority	592,790	626,099	+33,309

The FY 1980 current estimate of $626,099,000 represents an increase of $33,309,000 over the original FY 1980 Congressional request of $592,790,000. The FY 1980 current estimate includes $27,143,000 for the GS pay raise, $825,000 for the Wage Board pay increase, and $13,128,000 for program supplementals. As a result of reductions in personnel travel and transportation of things $2,389,000 is being applied towards funding the GS pay raise. Program supplementals are required as a result of delays in the Target implementation schedule, to enable the Department of Veterans Benefits to support General Counsel's debt collection activities at ten regional offices, and to fund additional FY 1980 GSA space costs. Pay raise and program supplementals total $38,707,000. Congressional action reduced the 1980 original budget by $5,398,000 resulting in a net increase of $33,309,000 over what was originally estimated.

Average employment is 455 above the original request. As a result of Congressional action, General Administration was provided additional personnel for debt collection activities at ten regional offices and to increase the Agency's audit staff. The Department of Veterans Benefits is 403 above the 1980 request primarily due to the loss of employment savings due to delays in the implementation of the CP&E Target System and to provide field support for Accounts Receivable debt collection activities. These increases are partially offset by a 55 work year reduction in the Vet Rep program resulting from Congressional Action.

Analysis of Increases and Decreases	FY 1980 Current Estimate	FY 1981 Estimate
o Prior year obligations	$ 625,741	$ 627,469
o Annualization of 10-78 pay raise	+ 404	...
o Cost and annualization of 10-79 GS pay raise	+ 24,339	+ 2,296
o Cost of two additional work days	+ 3,200	...
o Cost of one less work day	...	- 1,500
o Increase in cemeterial workloads	+ 2,272	+ 2,000
o Vet Rep reduction	- 1,100	- 75
o Target savings	- 7,000	- 6,290
o Education workload decline	- 5,000	- 5,000
o Civil Service Reform & Personnel training	...	+ 2,051
o HCIS Development	...	+ 3,169
o Development On-line insurance system	...	+ 1,356
o Redesign & upgrade of BIRLS	...	+ 6,848
o Increase Agency ADP support	...	+ 642
o Increase in payment to states & counseling cost.	+ 3,165	+ 1,500
o IG investigation increase	+ 860	+ 327
o Expand debt collection activities	+ 1,039	+ 388
o Increase Vocational Rehabilitation activities	...	+ 1,319
o Equipment (DVB)	- 1,227	+ 1,000
o Wage Board pay raise	+ 825	...
o SES pay	+ 415	...
o Uncontrollable items - within grades, ARS, FTS, GSA space, employee comp. payments, etc.	+ 7,043	+ 12,345

Analysis of Increases and Decreases (cont.)	FY 1980 Current Estimate	FY 1981 Estimate
o Employment decline (ODM&T)	$- 2,856	$ ...
o ADP Equipment and outside computer time	- 2,478	...
o General Non-payroll reductions	- 4,000	...
o Reduction TARGET investment	- 18,173	- 3,200
Total Obligations	$ 627,459	$ 645,545

Explanation of Increases and Decreases - FY 1981

The amounts requested for 1981 represents a net increase of $19.1 million above the 1980 estimate including supplemental requirements. The increase results primarily from the redesign and upgrading of the BIRLS system; development of a Health Care Information System; expanded rehabilitation program for the severely disabled Vietnam Era Veteran; and inceased cemeterial workloads. These increases are offset by reductions resulting from CP&E TARGET System savings; continued education workload decline; and non-recurrence of 1980 TARGET development costs.

FY 1980 Supplemental Funding Requirements

Included in the estimates for FY 1980 are supplemental requests totalling $38,707,000. Of this amount, $25,579,000 is required to fund the cost of both the wage board rate increase and the October 7, 1979 GS pay raise.

The remaining $13,128,000 is requested to provide both administrative ($7,490,000) and development resources ($4,250,000) resulting from delays in the implementation of the TARGET system; support accounts receivable debt collection activities ($297,000); and to fund unbudgeted GSA space rental requirements ($1,091,000).

Program Description

This appropriation funds the Veterans Administration non-medical administrative support costs for the following activities: General Administration, Department of Memorial Affairs, Office of Data Management and Telecommunications and the Department of Veterans Benefits.

General Administration covers the Administrator's Office and several other top Agency Staff Offices which provide management assistance and support to all Agency programs. The Office of Data Managaement and Telecommunications operates the Agency's computer centers and provides assistance in ADP system development and communications planning. The Department of Memorial Affairs operates and maintains 107 national cemeteries and 33 miscellaneous sites. The Department of Veterans Benefits operates a network of 59 field offices through which all non-medical veterans benefits are processed.

Program Activity

The primary activity in this appropriation covers the administration of non-medical veterans benefits. This account primarily supports payroll expenses of personnel responsible for administering these non-medical benefits to the nation's veteran population. These benefits include the administration of the VA compensation, pension, education, GI loan, and insurance programs as well as the maintenance of the National Cemetery System. In FY 1981, workloads are expected to remain basically unchanged in the compensation and pension programs and continue to drop by approximately 19% in the education program.

In addition, as a result of a study directed under PL 95-202 the Department of Veterans Benefits is broadening their vocational rehabilitation program to assist disabled veterans in obtaining jobs rather than limiting the programs function to restoring the employability of the disabled veteran.

It is currently estimated that both phases of the CP&E TARGET System will be installed at all stations in FY 1980. The 1981 budget estimates have been reduced 965 cumulative average employment in anticipation of productivity improvements resulting from installation of this project.

The basic mission of the Department of Memorial Affairs is to provide for the interment in any open National Cemetery of eligible deceased service persons and discharged veterans; to permanently maintain these graves, and to mark the graves of each person in National, or upon proper application, in private cemeteries. The requested FY 1981 budget provides for the maintenance and operation of 140 existing cemeterial activities including the operation of recently opened cemeteries in New York (opened late in FY 1978), California (opened in FY 1979), and Massachusetts (scheduled to open in FY 1981).

A narrative justification for each department and staff office under the General Operating Expenses appropriation follow the G.O.E. funding summary chart.

GENERAL OPERATING EXPENSES
DISTRIBUTION OF APPLIED COSTS
COSTS BY PROGRAM AND OBJECT
($'s in thousands)

	Average Employment	Personnel Compensation	Personnel Benefits	Personal Services Total	Travel and Transportation of Persons	Transportation of Things	Rents Communications and Utilities	Printing and Reproduction	Other Services	Supplies and Materials	Equipment	Lands and Structures	Insurance Claims and Indemnities	Budgeted Costs (Juris)	Common Service Adjustments	Budgeted Costs (Net)
FISCAL YEAR 1979 ACTUAL																
Staff Offices	2,392	$ 53,263	$ 8,886	$ 60,147	$ 2,235	$ 227	$ 7,627	996	3,363	1,444	879	....	236	77,356	....	77,356
Office of Data Management & Telecommunications	2,071	37,775	5,837	43,612	581	961	13,697	1,539	8,380	2,431	2,435	....	....	73,820	-10,163	63,658
Department of Veterans Benefits	18,076	296,197	29,798	325,995	3,220	1,475	57,129	4,744	36,201	5,720	4,127	....	....	441,306	- 3,209	438,097
Department of Memorial Affairs	1,145	17,504	1,879	19,388	198	55	1,228	71	2,564	2,153	1,327	617	....	28,799	....	28,799
Subtotal	23,688	402,787	42,200	444,987	8,436	2,500	89,679	7,000	50,014	10,948	7,063	617	236	621,480	-13,151	608,128
Common Service Adjustment (-)																
Office of Data Management & Telecommunications	....	- 7,902	- 648	- 8,551	....	- 43	- 246	- 648	- 307	- 349	....	....	....	-10,142	....	....
Department of Veterans Benefits	....	- 2,834	- 247	- 3,081	....	....	- 128	....	+ 25	- 25	....	....	....	- 3,209	....	....
Total - FY 1979	23,688	392,051	41,304	433,355	8,436	2,457	89,305	6,354	49,732	10,574	7,063	617	236	608,129	....	....
FISCAL YEAR 1980 ESTIMATE																
Staff Offices	2,297	58,542	8,173	66,715	2,738	236	8,731	969	3,165	1,300	473	....	290	82,679	....	82,679
Office of Data Management & Telecommunications	1,937	37,609	5,640	43,249	784	944	9,488	1,300	7,189	2,186	2,413	....	....	66,163	-10,562	55,561
Department of Veterans Benefits	17,509	309,197	32,340	341,537	5,993	1,200	63,787	5,000	36,143	6,400	1,500	....	....	459,318	- 3,523	455,795
Department of Memorial Affairs	1,265	19,221	2,040	21,261	261	96	1,474	80	1,828	1,300	1,908	1,307	....	31,396	....	31,396
Subtotal	23,008	424,569	46,193	470,862	9,376	2,793	83,478	7,349	50,327	9,686	3,606	1,307	290	661,574	-14,103	627,469
Common Service Adjustment (-)																
Office of Data Management & Telecommunications	....	- 8,369	- 682	- 9,047	....	- 43	- 190	- 648	- 307	- 348	....	....	....	-10,582	....	....
Department of Veterans Benefits	....	- 3,090	- 268	- 3,358	....	....	- 158	....	+ 25	- 30	....	....	....	- 3,523	....	....
Total - FY 1980	23,008	413,114	45,443	458,557	9,376	2,732	83,130	7,101	50,043	9,305	3,606	1,307	290	627,469	....	....
FISCAL YEAR 1981 ESTIMATE																
Staff Offices	2,409	59,726	9,027	68,753	3,331	272	9,708	1,074	4,198	1,338	483	....	324	89,500	....	89,500
Office of Data Management & Telecommunications	1,965	40,237	5,960	46,197	911	1,100	12,474	1,400	7,653	2,430	2,583	....	....	77,443	-10,583	66,860
Department of Veterans Benefits	16,378	302,846	37,099	339,945	5,987	1,200	68,326	5,000	37,810	6,400	1,500	....	....	468,158	- 3,980	464,178
Department of Memorial Affairs	1,186	19,673	2,140	21,813	292	95	1,778	100	4,210	1,830	1,950	1,510	....	33,608	....	33,608
Subtotal	22,579	424,501	47,188	471,668	10,541	2,967	90,186	8,074	53,273	10,338	11,825	1,510	324	668,707	-14,563	654,145
Common Service Adjustment (-)																
Office of Data Management & Telecommunications	....	- 8,365	- 682	- 9,047	....	- 43	- 190	- 648	- 307	- 349	....	....	....	-10,582	....	....
Department of Veterans Benefits	....	- 3,126	- 269	- 3,395	....	....	- 173	....	+ 21	- 33	....	....	....	- 3,580	....	....
Total - FY 1981	22,579	413,012	46,237	459,229	10,541	2,924	89,821	7,428	52,987	9,956	11,825	1,510	324	646,545	....	....

GENERAL ADMINISTRATION

TABLE OF CONTENTS

STAFF OFFICE	Page No.
Office of Administrator	1-11
Information Service	1-15
General Counsel	1-19
Board of Veterans Appeals	1-23
Assistant Administrator for Personnel	1-29
Office of Manpower Programs	1-35
Assistant Administrator for Planning & Program Evaluation	1-39
Inspector General	1-45
Management Services	1-51
Administrative Services	1-55
Controller	1-59
Office of Human Goals	1-63

GENERAL ADMINISTRATION

Introduction

"General Administration" is funded from the "General Operating Expenses" appropriation. This activity consists of the Office of the Administrator and all agency level staff offices, except the Office of the Assistant Administrator for Construction.

Summary of Requirements
($'s in thousands)

	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Office of Administrator	$ 1,838	$ 1,907	$ 1,958	$+ 51
Information Services	1,427	1,586	1,619	+ 33
General Counsel	16,468	18,792	18,923	+ 131
Board of Veterans Appeals	8,811	9,972	10,158	+ 186
Personnel	6,361	6,557	8,356	+1,799
Manpower	279	392	400	+ 8
Planning and Program Evaluation	2,837	2,956	3,044	+ 88
Inspector General	10,521	11,951	12,388	+ 437
Management Services	707	665	684	+ 19
Administrative Services	12,708	13,535	14,500	+ 965
Controller	14,496	15,399	16,400	+1,001
Office of Human Goals	903	967	1,070	+ 103
Total costs	77,356	84,679	89,500	+4,821

Summary of Budget Request

Funding of $89,500,000 is requested to support staff office operations for FY 1981. This request represents an increase of $4,821,000 over the FY 1980 level. Approximately $1.5 million of the increase is related to additional employment and contractual services costs related to Civil Service Reform and senior executive training. The remainder of the increase is related primarily to the full year cost of C.O. space expansion and uncontrollable increases in employee compensation payments; within-grade advances; and GSA communications costs.

Changes from Original 1980 Budget Estimates

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Office of Administrator	$ 1,828	$ 1,907	$+ 79
Information Services	1,519	1,586	+ 67
General Counsel	17,142	18,792	+1,650
Board of Veterans Appeals	9,445	9,972	+ 527
Personnel	6,251	6,557	+ 306
Manpower	368	392	+ 24
Planning and Program Evaluation	2,895	2,956	+ 61
Inspector General	10,761	11,951	+1,190
Management Services	652	665	+ 13
Administrative Services	12,380	13,535	+1,155
Controller	14,819	15,399	+ 580
Office of Human Goals	981	967	- 14
Total costs/obligations	79,041	84,679	+5,638

Changes from Original 1980 Budget Estimate (cont'd)

Office of Administrator - Up $79 thousand resulting from additional average employment ($+84,000); partially offset by Congressional Action ($-5,000) to the FY 1980 Budget request. Pay raise costs of $112,000 were absorbed.

Information Service - Up $67 thousand resulting from 10-7-79 GS pay raise ($+92,000);partially offset by pay cost absorption ($-12,000); and Congressional Budget Action ($-13,000).

General Counsel - Up $1,650 thousand resulting from 10-7-79 GS pay raise ($+1,089,000); partially offset by pay cost absorption ($-155,000), and Congressional action which provided a net increase of $716,000 for accounts receivable debt collection activities.

Board of Veterans Appeals - Up $527 thousand resulting from 10-7-79 GS pay raise ($+611,000); partially offset by pay cost absorption ($-68,000), and Congressional action ($-16,000).

Personnel - Up $306 thousand resulting from 10-7-79 GS pay raise ($362,000) partially offset by pay cost absorption ($-24,000) and Congressional action ($-32,000).

Manpower - Up $24 thousand resulting from 10-7-79 GS pay raise.

Planning & Program Evaluation - Up $61 thousand resulting from 10-7-79 GS pay raise ($153,000); partially offset by pay cost absorption ($-69,000) and Congressional action ($-23,000).

Inspector General - Up $1,190 thousand resulting from 10-7-79 GS pay raise ($+609,000); partially offset by pay cost absorption ($-209,000) and Congressional action which provided a net increase of $790,000 for expansion of Investigation function.

Management Services - Up $13 thousand resulting from 10-7-79 GS pay raise.

Administrative Services - Up $1,155 thousand resulting from 10-7-79 GS pay raise ($+212,000); program supplemental request for GSA space requirements ($+1,091,000); partially offset by Congressional Budget action ($-78,000) and a reduction in employment ($-70,000).

Controller - Up $580 thousand resulting from 10-7-79 GS pay raise ($764,000); partially offset by pay cost absorption ($-141,000) and Congressional action ($-43,000).

Human Goals - Down $14 thousand. Pay raise requirements of $50,000 absorbed through a reduction of average salaries and budgeted contractual costs.

OFFICE OF THE ADMINISTRATOR

Introduction

The Administrator of Veterans Affairs is the chief executive officer of the Veterans Administration. He is responsible to the President for the administration of laws relating to benefits provided by law for veterans, their dependents, and their beneficiaries. He is appointed by the President, with the advice and consent of the Senate. The Deputy Administrator, the Associate Deputy Administrator, and the Assistant Deputy Administrators of Veterans Affairs are appointed by the Administrator. These officials and their staffs constitute the Office of the Administrator and provide the executive direction of the VA.

Program Description

The mission of the Administrator of Veterans Affairs, as established in Title 38, U.S.C., is to properly execute and administer all laws administered by the Veterans Administration and for the control, direction, and management of the Veterans Administration. The Administrator is also responsible for continually reviewing veterans' needs and exercising constructive leadership in the development of new programs.

Program Activity

The Administrator is directly responsible for establishing basic policies governing Agency operations; the development and maintenance of its basic organizational structure; maintaining liaison with members and appropriate committees of both houses of Congress and State legislatures in matters involving legislation affecting laws pertaining to veterans' affairs, and the establishment of supplementary regulations; the stimulation and approval of long-range plans; and the development and maintenance of favorable relations with important organizations, groups, and individuals interested in veterans affairs. Responsibility for rendering final decisions on appeals from VA contractors has been delegated to the Contract Appeals Board.

Highlights of Fiscal Year 1979

During Fiscal Year 1979, the Office of the Administrator realized the following accomplishments:

(1) laid the basic plan for the Agency's 50th anniversary observance;

(2) implemented the Veterans Service Organizations Liaison plan;

(3) developed the first written standard operating procedures for the mail operation in the Office of the Administrator;

(4) performed planning and implementation of the Vietnam Veterans Week for the VA and the White House

Summary of Budget Estimates

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-) 1981 vs 1980
Average Employment	53	49	53	53	. . .
Costs:					
Personal Services. .	$1,671,628	$1,679,000	$1,763,300	$1,809,000	+ $45,700
Travel & Trans. of Persons	64,697	66,000	60,700	66,000	+ 5,300
Other Services . . .	41,455	59,000	59,000	59,000	. . .
Supplies & Materials	18,309	10,000	14,000	14,000	. . .
Equipment.	41,551	14,000	10,000	10,000	. . .
Total Costs . . .	$1,837,640	$1,828,000	$1,907,000	$1,958,000	+ $51,000

Summary of Budget Requests

An average employment level of 53, with an associated total cost of $1,958,000 is requested to support the Office of the Administrator's operation in FY 1981.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-) 1981 vs 1980
Average Employment	53	53	53	. . .
Personal Services	$1,671,628	$1,763,300	$1,809,000	+ $45,700

Estimated requirements cover the Office of the Administrator, Deputy Administrator, Associate Deputy Administrator, Assistant Deputy Administrators, and the Contract Appeals Board. Increased personal services costs reflect normal within-grade pay increases.

Travel and Transportation of Persons

Employee Travel . .	$ 64,409	$ 60,700	$ 66,000	+ $ 5,300
Local Travel. . . .	288	. . .	. . .	. . .
Total	$ 64,697	$ 60,700	$ 66,000	+ $ 5,300

A total estimate of $66,000 is requested for 1981. These funds are required for trips to be made by the Administrator, the Deputy Administrator, the Associate Deputy Administrator, the Assistant Deputy Administrators, members of their staffs, and Chairman and members of the Contract Appeals Board, in attending Hospital and Regional Office dedications, field station visits, hearings before the Board, and national service organization meetings.

Other Services - Contractual

Other Services. . .	$ 41,455	$ 59,000	$ 59,000	. . .

Included in this item are funds for consultant fees; seminars, conferences, training and education costs; and court reporters required for hearings before the Contract Appeals Board. Also included are funds incidental to the representation and reception activities the Administrator is required to perform in maintaining liaison with members of Congress and heads of various organizations interested in veterans affairs.

Supplies and Materials

Office Supplies & Materials	$ 18,309	$ 14,000	$ 14,000	. . .

These funds will provide for miscellaneous office supplies and other materials for the Administrator's Office and necessary supplies for the staff meetings, briefings, and top management training programs.

Equipment

Furniture, Furnishings, & Equipment.	$ 41,551	$ 10,000	$ 10,000	. . .

This item is for normal replacement of equipment and furnishings which meet the Agency's standard for replacement.

OFFICE OF INFORMATION SERVICES

Introduction

The Office of Information Services is charged with the conduct of the agency public information program. It is responsible directly to the Administrator, and, in a staff capacity, works closely with VA's top management, operating departments and other staff offices to carry out the program.

Program Description

The primary mission of the Office of Information Services is to keep the nation's veterans, their dependents and survivors of deceased veterans - nearly one-half of the country's total population - informed of the benefits provided for them by law, and the proper procedures to follow in applying for benefits. It also keeps the general public informed in regard to VA operations, activities and policy determinations through news releases, radio and television discs, spots and films, other information material, and responses to inquiries from media representatives, Congress, individuals and organizations. It is also charged with counseling and advising the Administrator, his principal assistants, and field station directors concerning public interest in and reactions to VA policies and practices.

Program Activity

Office of Information Services personnel in Central Office and in 13 small field offices will continue to perform the full array of information functions.

In Central Office this includes the preparation of news releases, benefits fact sheets, statistical summaries, radio and television materials, magazine articles, speeches, official statements, etc. Other activity includes answering in-person telephone and correspondence inquiries, and fulfilling requests received from media, Members of Congress, veteran organizations and the general public. And, in addition to advising the Administrator and department and staff office heads concerning public interest and reaction regarding VA policies and programs, the Central Office staff provides supervision for the field offices.

59-500 O - 80 - 14

At the Washington level, the Office of Information Services spearheads information activity for such government-wide programs as Veterans Day and the President's Committee for Employment of the Handicapped.

Office of Information Services field personnel extend the flow of information helpful to veterans to local and regional levels. Staffing each of the 13 field offices are one Information Specialist and a secretary. On an average, a field office serves a four-state area including 19 VA medical centers and regional offices, more than 2,000,000 veterans, nearly 900 daily and weekly papers, 450 radio stations, and some 60 television outlets.

At regional and local levels, the field offices localize and distribute national print and electronic media materials, and originate similar materials adapted to the areas they serve.

Field personnel advise VA regional office and medical center directors on informational and community relations matters; respond to inquiries and requests from regional media and organizations, and assist VA operating officials with such special occasion functions as facility dedications, open houses, etc. They assist veterans and their dependents through dissemination of information on continuing and new benefits, benefit deadline reminders, and changes in VA procedures and benefit administration. They help operating officials through publishing the need for hospital volunteers, the on-time return of pension income questionnaires, information on check deliveries, the importance of keeping clinic appointments, the need for full identification in correspondence, and in a variety of other ways.

Field personnel assist at the regional and local levels with such programs as Veterans Day, National Employ the Handicapped Week, and National Hospital Week. They also serve on Public Information Committees for Federal Executive Boards in major cities.

Highlights of Fiscal Year 1979

Mandated by Congress and approved by the President, the week of May 28-June 3, 1979, was proclaimed Vietnam Veterans Week so the nation could accord Vietnam era veterans the recognition and honor due them. Information Services played an important role in this recognition, developing materials for use by the nation's news media. It also planned public information materials and support for the new Readjustment Counseling program for Vietnam era veterans (PL 96-22). At the President's order, the VA's "Operation Boost" media campaign, to reach out to Vietnam era veterans, and encourage use of GI Bill educational entitlement before it expired, was expanded nationwide. Public information materials were prepared and distributed by Information Services. One TV spot drew 27,000 requests for more information.

Other VA programs in which Information Services was active included Veterans Day 1978 ceremonies throughout the country and the national observance at Arlington National Cemetery where the President placed a wreath and delivered the address. The takeover in FY 1979 by VA of the National Salute to Hospitalized Veterans required and received appropriate Information Services support, as did the enactment, effective January 1, 1979, of the new pension reform law. Information Services prepared and distributed facts and figures on the 35th anniversary of the GI Bill; supplied appropriate information materials for the start of VA's 50th anniversary year; and provided needed support for Architectural Barriers Week.

Plans and Trends

Information Services priority programs will be continued in FY 1980 and FY 1981, with modifications being made as necessary. Emphasis on reaching out to inform and help disadvantaged and minority veterans will be continued, as will Information Services' special attention and activity on behalf of service-connected disabled veterans.

Summary of Budget Estimates

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase + Decrease - 1981 vs 1980
Average Employment	46	46	46	46	. . .
Costs:					
Personal Svcs.	$1,274,175	$1,369,600	$1,439,800	$1,469,600	$+29,800
Tvl. & Trans. of persons	36,697	38,000	37,000	38,000	+1,000
Trans. of things	. . .	2,200	. . .	2,200	2,200
Other services ..	103,446	101,000	101,000	101,000	. . .
Supplies & materials	7,029	5,200	5,200	5,200	. . .
Equipment	5,413	3,000	3,000	3,000	. . .
Total costs ...	1,426,760	1,519,000	1,586,000	1,619,000	+33,000

Summary of Budget Request

Funding of $1,619,000 with average employment of 46 is requested for FY 1981. Increased requirements are for normal salary increases, higher travel costs, and for shipment of household goods.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase + Decrease - 1981 vs 1980
Average Employment				
Central Office ...	20	20	20	. . .
Field	26	26	26	. . .
Total	46	46	46	. . .
Personal Services.	$1,274,175	$1,439,800	$1,469,600	$+29,800

The personal services costs provide funding for employee salary costs, including normal salary increases and fringe benefits paid by the government, such as retirement, life insurance, and health benefits.

Other Costs

Travel and Transportation of Persons				
Employee travel ...	33,566	34,000	35,000	+1,000
Other travel.....	3,131	3,000	3,000	. . .
Total.....	36,697	37,000	38,000	+1,000

These funds provide for visits by personnel in field offices to major VA installations in their multi-state areas to assist and advise medical center and regional office directors in information and community relations matters. A small amount is also required for the Central Office staff. Funds for other travel provide for rental of GSA vehicles with a small amount required for use of taxicabs. The increased requirement is for higher transportation costs.

Transportation of Things				
Shipment of household goods	. . .	. . .	2,200	+2,200

These funds are to provide for the estimated cost of the shipment of household goods and personal effects.

Other Services-Contractual	103,446	101,000	101,000	. . .

Funds requested are to provide for the production of six national and 12 specialized recorded radio spot discs or tapes containing benefits information of importance to veterans and dependents. These will be distributed to more than 6,000 major radio outlets in the nation. VA will also produce a special release for Veterans Day and a Christmas program for hospitalized veterans that will also be broadcast by radio stations in communities where VA medical centers are located. Broadcast time for the recorded material is contributed in the public interest by radio stations.

Supplies & Materials..	7,029	5,200	5,200	. . .

This amount includes approximately 4,900 for newspapers and periodicals. Also included are funds for miscellaneous office supplies and materials.

Equipment-Furniture	5,413	3,000	3,000	. . .

This is for replacement of recording studio equipment which no longer performs to minimum industry specifications.

GENERAL COUNSEL

Introduction

The General Counsel is legal advisor to the Administrator of Veterans Affairs (and staff) and is Chief Officer of the agency in all matters of law and legislation arising within the statutory framework prescribed by Congress.

Program Description

The Office of General Counsel provides legal services to the Administrator and all agency components in Central Office and the field in all matters of law and legislation arising within the statutory framework prescribed by Congress. This includes services at the Federal as well as State level in legal and legislative areas of involvement. The functions of the Office of General Counsel are essentially staff functions with limited operational involvement in field offices. Its goal is to deliver to all agency components timely and quality legal services with maximum efficiency.

Program Activity

The primary activities of the Office of General Counsel include:

1. Furnishing legal advice to all agency components.
2. Examination for legal correctness of all regulations, rules and directives.
3. Collaborating with Department of Justice on litigation.
4. Initiation of and response to legal actions in state courts arising under the loan guaranty and guardianship programs.
5. Collections of funds owed the Federal government under the Medical Care Recovery Act, Workmen's Compensation, education overpayments, etc.
6. Maintaining liaison with members and appropriate committees of both Houses of Congress and State legislatures in matters involving legislation affecting laws administered by the Veterans Administration.
7. Supervising and coordinating matters pertaining to proposed State and Federal legislation, executive orders and proclamations.
8. Representing the Government in matters before the VA Contract Appeals Board.

Workloads

	1979 Actual	1980 Current Estimates	1981 Estimates
Court Actions	41,318	43,000	43,100
Legislative Actions . . .	407	420	420
Loan Guaranty Actions . .	40,795	35,300	30,800
Consultant Actions	401,684	418,800	389,800
Other Legal Actions . . .	29,948	36,960	39,140
Recoveries under MCRA, Workmens Comp., etc.	$14,510,910	$14,800,000	$14,400,000

SUMMARY OF BUDGET ESTIMATES

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Average Employment. . . .	560	556	585	570	-15
Costs					
Personal Svcs.	$14,994,854	$15,412,100	$17,020,900	$16,899,900	-$121,000
Tvl & Trans of persons. . . .	353,092	423,100	396,200	433,100	+ 36,900
Trans of things	17,973	31,700	22,200	26,600	+ 4,400
Rent Comm & Util	31,343	27,000	88,000	188,900	+ 100,900
Other services . . .	119,135	209,700	200,000	217,200	+ 17,200
Supplies & materials . .	572,999	515,200	570,200	588,700	+ 18,500
Equipment	142,328	205,000	205,000	244,500	+ 39,500
Insurance claims & indemnities . .	236,542	318,200	289,500	324,100	+ 34,600
TOTAL COSTS	$16,468,263	$17,142,000	$18,792,000	$18,923,000	+$131,000

Summary of Budget Request

Funds in the amount of $18,923,000 and an average employment of 570 are required in order to accomplish the duties of the General Counsel.

Increased funding of $131,000 in FY 1981 is primarily associated with increasing costs of travel for guardianship and collections of overpayments, equipment rentals, credit reports and court fees, library books, purchase word processing and microfiche/ filing equipment and claims under the Federal Tort Claims Act.

Workloads have increased over the past 3 years by 58.9% while employment has grown by only 14.1%. Reduced staffing for FY 1981 will dictate further gains in production efficiency from automation of clerical functions and better utilization of existing manpower.

Personnel Requirements

	FY 1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Average Employment				
Field	396	416	406	- 10
Central Office	164	169	164	- 5
TOTAL	560	585	570	- 15

	FY 1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Personal Services.	$14,994,854	$17,020,900	$16,899,900	-$121,000

Payroll costs reflect normal within grade increases, annualization of the 10/7/79 pay raise and extra days pay. An increase in the number of retirements and a staffing reduction will necessitate shifting of some field personnel. This situation dictates moderate increases in terminal leave payments, translocation costs and overtime pay. Funding and 30 positions were added in FY 1980 to test our ability to collect education overpayments. If proven successful, this program is expected to be expanded.

Travel and Transportation of Persons

	FY 1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Employee travel	$321,600	$355,100	$371,000	+$ 15,900
Other tvl	31,600	41,100	62,100	+$ 21,000
TOTAL	$353,092	$396,200	$433,100	+$ 36,900

Employee travel provides for temporary duty travel necessary to provide legal services to 287 VA installations and 106 VA cemeteries served in the areas of tort claims, procurement contracts, law enforcement actions; for coordination with U.S. attorneys on law enforcement and litigation activities; liaison with state legislatures; legal supervision of national cemeteries; conferences with judges, county prosecutors and sheriffs on security matters at VA installations; appearances in State and Federal courts and before worker's compensation boards in all legal matters; investigation and development of claims filed under the Federal Tort Claims Act; necessary travel of witnesses and employees appearing on behalf of the Government; court appearances in the area of guardianship/commitment; attendance at State bar meetings and specialized training sessions for attorneys; Central Office supervision of field stations; contract hearings and negotiations; and national training conferences. Other travel includes funds for the rental of passenger vehicles from the GSA motor pool, for bus tokens and taxi fares. Also included are costs for transfer and relocation of personnel.

We have tried to be restrictive in our travel as a part of the Nation's energy conservation efforts. To the extent feasible, discount fares and other savings have been realized through early scheduling and payment. In 1980 and 1981, increased travel funds will provide for collection of educational overpayments, steadily increasing guardianship appointments as WWII veterans, age and transfers of experienced personnel to replace District Counsels retiring from leadership positions.

	FY 1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Transportation of Things	$ 17,973	$ 22,200	$ 26,600	+$4,400

These funds will provide for necessary expenses involved in the movement of household goods that arise from the official transfer of employees to new duty stations. This situation cannot be avoided if we are to fulfill our mission of providing the professional talent necessary to deliver the highest quality legal services to all areas serviced by the Office of the General Counsel, in view of employee turnover, the small staff in most District Counsel offices, and frequently, the need to transfer experienced attorneys to these offices as experienced attorneys retire or resign. In addition, because of limited personnel ceilings in the field, there will be additional transfer of personnel to meet changing work demands at individual offices.

	FY 1979 Actual	1980 Estimate	1981 Estimate	Inc/Dec 81 vs 80
Rents, Communications and Utilities	$ 31,343	$ 88,000	$188,900	+$100,900

These expenditures are for telephone and teletype charges incurred in connection with field operations and for office equipment rentals. In 1980, a document tracking system will be installed at Central Office to provide status information, work measurement and operational budgetary/statistical information. This system will foster quicker response and indexing of requests for opinions, and reduce time consumed in reporting requirements.

Other services	$119,135	$200,000	$217,200	+$17,200

This includes funds for credit reports, court and legal fees, and appraisals incurred in the extension of legal services to field installations, as well as attendance at legal seminars and other professional training conducted outside the agency. Court actions on education overpayment cases will considerably escalate fees in this category in 1980 and 1981. In other areas, court actions are increasing rapidly. This is especially true in areas involving due process safeguards such as are required in the mental health area. Also included in this category are funds to provide for upward mobility, professional/technical and executive training. Costs are expected to increase somewhat do to rising course fees.

Supplies and materials . . .	$572,999	$570,200	$588,700	+$18,500

Almost 70% of expenditures are for the purchase of law books for the law libraries, such as new or revised legal texts and treatises and for replacement and continuation of existing subscriptions. Also included in this category are office and operating supplies.

Equipment	$142,328	$205,000	$244,500	+$39,500

The FY 1980 and FY 1981 amounts include the cost for replacement of filing equipment, purchase of additional microfiche equipment to expand filing space without having to expand floor space. We have need to upgrade some dictating equipment and further introduce word processing equipment to the field activities in order to better utilize the available support staff.

Insurance claims and indemnities ...	$236,542	$289,500	$324,100	+$34,600

This is to provide for payment of claims arising under the Federal Tort Claims Act not in excess of $2,500 and for compromise settlement of litigated claims which accrued prior to January 18, 1967, as approved by the Attorney General of the United States. The amount requested does not include payments of compromise settlements in tort claims where the claim is eligible for payment under 38 USC 351.

BOARD OF VETERANS APPEALS

Introduction

The Board of Veterans Appeals (BVA) is established by 38 U.S.C., Chapter 71. The Board, under the administrative control and supervision of a Chairman, is directly responsible to the Administrator.

Program Description

The Board of Veterans Appeals conducts an agency-wide appellate program. It makes final decisions on all appeals involving benefits administered by the VA.

BVA insures that appellants are afforded due process of law and that they receive all benefits to which they and their dependents are entitled.

Section 4001, Title 38, U.S.C. provides that:

(a) "There shall be in the Veterans' Administration a Board of Veterans' Appeals...under the administrative control and supervision of a Chairman directly responsible to the Administrator. The Board shall consist of a Chairman, Vice Chairman, such number (not more than fifty) of associate members as may be found necessary, and such other professional, administrative, clerical, and stenographic personnel as are necessary in conducting hearings and considering and disposing of appeals properly before the board.

(b) "Members of the Board (including the Chairman and Vice Chairman) shall be appointed by the Administrator with the approval of the President."

Program Activity

Each person seeking a veterans benefit files a claim in a VA field office. After adjudication, the field office sends its initial decision and notification about rights of appeal. The claimant has one year in which to appeal this decision. A dissatisfied claimant may file a notice of disagreement with the field office which took the initial action. That office reviews the case in light of the disagreement and, if unable to grant benefits sought, sends the appellant a statement of the case. This statement outlines the issue, evidence of record, laws and regulations involved, and the reason for the decision. Included also is a simple form for filing a substantive appeal.

If the appellant, after reviewing the statement of the case, still disagrees with the field office, he or she may submit a substantive appeal which sets out allegations of error of fact or law related to specific items in the statement of the case. If the matter still cannot be resolved to the satisfaction of the appellant, the field office certifies the case to the Board for de novo review and final decision.

Highlights for Fiscal Year 1979

Although there was a slight drop in new appeals filed and in the number of cases reaching the BVA, appellate activities remained high in 1979. Some noteworthy happenings included:

o Claimants filed nearly 61,100 notices of disagreement against field office determinations in claims.

o The Board received 34,124 appeals -- down from 36,655 a year before.

o BVA dispatched 34,972 decisions. While down slightly from 1978, this was the second largest number since passage of P. L. 87-666.

o Reflecting the general litigious nature of our society and the emphasis being placed on due process, more appellants than ever before asked for personal hearings before the Board. Of 1,521 formal hearings by the BVA, 1,037 were in Washington, and 484 were in field offices before traveling sections of the Board.

o Veterans Service Organizations continued their high rate of representation in appeals before the Board. Appellants chose service organizations in nearly 82 percent of their appeals. Two percent had attorneys or agents to represent them. The remaining 16 percent elected to handle their appeals without representation. In the decade of the 1970's, the portion of appellants without representation has declined steadily from about 25 percent to less than 16 percent.

Workloads

Questions on all benefits handled by the VA are subjected to appeal. However, the vast majority of appeals stem from adverse determinations on claims for compensation, pension, and related benefits. There were no significant changes in the breakdown of appeals by categories of benefits or by periods of service of the veterans.

o Just over 75 percent of all appeals decided by the BVA covered questions on claims for service connections of disabilities or for increased ratings of compensable disabilities.

o Nearly 7½ percent of the decisions involved claims for pension.

o Claims for death benefits accounted for 7 percent of the Board's cases.

Following is a breakdown of appeals decided by the Board in 1979 and of projected receipts of appeals for 1980 and 1981:

Category	1979	1980 Current Estimate	1981 Estimate
Disability	29,078	29,110	29,110
Death	2,427	2,420	2,420
Education and training	1,022	1,020	1,020
Medical treatment and reimbursement	510	510	510
Waivers of indebtedness	947	950	950
All other	988	990	990
	34,972	35,000	35,000

We continue to believe that there are two main factors behind the large number of appeals. First, reflecting widespread trends in our society, claimants are more litigious and are placing added emphasis on due process. Second, older veterans continue to file appeals as they seek compensation or pension benefits to supplement their incomes.

A tabulation of FY 1979 receipts, dispositions, and ending docket, and projections for FY 1980 and FY 1981 show:

Beginning docket	12,491	11,643	12,700
Appeals received	34,124	35,057	35,000
Total workload	46,615	46,700	47,700
Appeals decided	34,972	34,000	34,000
Ending docket	11,643	12,700	13,700

Summary of Budget Estimates

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-) 1981 vs 1980
Average employment	333	336	336	336	---
Costs:					
Personal services..	$8,471,423	$9,015,800	$9,524,000	$9,696,000	+$172,000
Tvl. and trans of persons	39,364	42,200	38,000	48,200	10,200
Trans of things ...	6,722	10,000	10,000	15,000	5,000
Other services	211,731	281,000	291,000	286,800	-4,200
Supplies & materials	31,240	45,000	58,000	58,000	---
Equipment	50,243	51,000	51,000	54,000	+3,000
Total costs	$8,810,725	$9,445,000	$9,972,000	$10,158,000	+$186,000

Summary of Budget Request

For Fiscal Year 1981 the Board of Veterans Appeals requests an average employment level of 336 and $10,158,000 to support its operations. This will permit the Board to continue its operations at the present level.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-) 1981 vs 1980
Average employment	333	336	336	---
Personal services $8,471,423		$9,524,000	$9,696,000	+$172,000

Increased personal services costs provide funds for normal within-grade pay increases.

Following is a summary of the distribution of BVA employees by organizational element:

Office of the Chairman	10	14	14	--
Associate Members	48	48	48	--
Attorney Advisers	104	100	100	--
Medical Advisers	4	4	4	--
Administrative Support	167	170	170	--
Total	333	336	336	--

o Office of the Chairman: 38 U.S.C. 4001 provides that "...(a) There shall be in the Veterans Administration a Board of Veterans Appeals ... under the administrative control and supervision of a Chairman directly responsible to the Administrator..." The proposed staffing is required to effectively plan, direct, and coordinate resources and to assure that the Board's mission is accomplished effectively and economically.

o Associate Members: 38 U.S.C. 4001 provides that "...The Board shall consist...such number (not more than fifty) of associate members as may be found necessary...." The budget calls for sixteen sections of the Board, each composed of three members. Each section is a quasi-judicial body whose principal functions are to consider all appeals properly before it, to conduct hearings, to evaluate the evidence of record, and to enter decisions in writing on the questions presented on appeal.

38 U.S.C. 4001(b) provides that, "Members of the Board (including the Chairman and Vice Chairman) shall be appointed by the Administrator with the approval of the President."

o Attorney Advisers: The Attorney Adviser staff assists the Board Members by performing research and preparing tentative decisions.

o Medical Advisers: These physicians serve as principal medical advisers to the Chairman and, in their respective specialties, to the Board Sections and Attorney Advisers on individual case issues.

Administrative support includes maintaining the docket, scheduling hearings, and providing correspondence, mail and record activities, secretarial services, and similar duties. Included also is the task of indexing and redacting (editing to remove identifying information) decisions and making them available to the public under the Freedom of Information Act.

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-) 1981 vs 1980
Tvl. and Trans. of Persons				
Employee travel	$39,306	$37,800	$48,000	+$10,200
Local travel	59	200	200	---
Total	$39,364	$38,000	$48,200	+$10,200

These funds will be used primarily for visits by 13 travel sections of the Board to 40 field stations to conduct formal hearings. Other expenses include travel by the Chairman and his staff to participate in major service organization conventions and other meetings involving veterans' affairs, travel for executive development and other attorney training, and travel for new employees transferred from field stations. Most of the increase is needed to cover added costs of air travel and per diem expenses.

Traveling sections of the Board use about 80 percent of our travel funds. This program brings our services closer to the veteran, promotes better understanding by service organization representatives and other case advocates, helps veterans develop their appeals more fully, and enables board members, especially medical members, to observe veterans' disabilities.

Trans. of things	$6,722	$10,000	$15,000	+$5,000

Funds are requested (a) to pay for shipment of household goods and personal effects for employees expected to be transferred to the Board from field offices; and (b) to cover shipping costs of dictated material to the Board's Wilkes-Barre, Pennsylvania, Transcription Section and for return of the transcriptions.

Other services	$211,731	$291,000	$286,800	-$4,200

Contractual support to the Board has risen markedly over the past few years. Most of the increase is tied to two requirements:

o Support for the Appellate Index and Retrieval System (AIRS) comes to $100,000 annually. This covers technical expertise and monitoring service for the system, data processing service, and preparation and publication of quarterly and cumulative annual indices of BVA decisions. The Freedom of Information Act requires these indices.

o The BVA is leasing a small microprocessor for its Veterans Appeals Control and Locator System (VACOLS). This equipment, at an annual cost of about $65,000 gives the Board a better ability to control its docket and keep accurate status and location of appeals in process. The very sharp increase in the size of the BVA docket - from less than 4,000 to over 12,000 - in recent years made it nearly impossible to maintain an accurate index and locator manually.

Other services costs also cover medical opinions requested under the provisions of Public Law 87-161 (38 U.S.C. 4009(a) and (b)). When, in the judgment of the Board, expert medical opinion, in addition to that available within the Veterans Administration, is warranted by the medical complexity or controversy involved in an appeal case, the Board is authorized to secure an advisory medical opinion from one or more independent medical experts who are not employees of the Veterans Administration. We estimate an annual requirement of 250 such opinions.

Also covered are office machine service contracts, leases of photocopiers used to reproduce BVA decisions, tuition for executive development and other training, and registration fees for conferences and meetings.

Supplies and material..	$31,240	$58,000	$58,000	---

Estimated in costs for FY 1981 are cassettes for recording decisions and hearings, microform supplies for AIRS, and other office supplies needed for day-to-day operations.

Equipment	$50,243	$51,000	$54,000	+$3,000

Approximately one-half of the 1981 equipment costs will cover purchases of an additional microfilm reader-printer and microfiche readers associated with the Appellate Index and Retrieval System (AIRS). Board Members, attorneys, and others working on appeals or researching past cases need these machines to review AIRS indices (on microfiche) and BVA decisions (on microfilm).

Other equipment costs cover normal replacement of items which meet standards for replacement.

ASSISTANT ADMINISTRATOR FOR PERSONNEL

INTRODUCTION

The Assistant Administrator for Personnel, as agency Director of Personnel is directly responsible to the Administrator for the personnel management policies and programs of the Veterans Administration.

Program Description

The Office of Personnel furnishes advice and assistance to the Administrator, top agency officials and the operating departments on all personnel management programs.

Program Activity

Passage of the Civil Service Reform Act of 1978 presents the Office of Personnel with one of its greatest challenges. It will be required to effectively and timely implement and administer such areas of civil service reform as the Senior Executive Service and new systems for performance appraisal and merit pay. In addition, it will need to implement EEOC Uniform Guidelines and negotiate and administer three union contracts at the national level. This is in addition to ongoing requirements under the new parameters of civil service reform to formulate plans, policies, systems, procedures and instructions for agency-wide personnel management; initiate and implement programs required to obtain, develop and maintain an effective work force and insure integrity of the career service; provide advice, and as required, on-the-spot assistance to station management on day-to-day field personnel operations.

Labor Relations, Employee Relations, Executive Development and Training

Staffing proposals are dictated by the need to develop policies, programs and procedures applicable agency-wide; negotiating agency level master agreements for multiple consolidated employee bargaining units and providing guidance, under the new parameters of the Civil Service Reform Act, to Central Office and field facility management regarding labor management relations and employee benefits, conduct, discipline, grievances, hearings, appeals, performance appraisal, executive development mandated by civil service reform, training and upward mobility.

Staffing, Evaluation and Systems

The proposed staffing is required for developing agency-wide policies. programs and procedures; providing guidance to the field stations in the areas of recruiting and staffing (including the employment of excepted personnel under Title 38 U.S.C., Chapter 73), qualification standards, identifying and selecting key personnel, evaluating personnel management programs, and servicing management through ADP personnel systems. Additional resources are needed for implementing EEOC Uniform Guidelines, and the Federal Equal Opportunity Recruitment Program.

Classification, Pay and Administration

The proposed staffing is required for developing agency-wide policies, programs, and procedures as well as legislative proposals; providing guidance to field stations in position classification, including the classification of key positions, position management, classification appeals, salary and wage administration, hours of duty, development of wage schedules, pay determinations for employees under administrative pay systems, incentive awards and suggestions. The staffing also provides administrative support for budget planning and control and top management reporting.

Central Office Personnel Operations

The proposed staffing is required for conducting the full range of personnel management operations for Central Office, the Washington, D.C. Data Processing Center, the Washington, D.C. Veterans Canteen Service Area Office and the Inspector General's Eastern Office of Audit.

HIGHLIGHTS - Fiscal Year 1979

During FY 1979 over 66,000 employees were hired through extensive recruitment efforts, particularly in the health care fields. For the key positions of physician and nurse, there was increased staffing in both categories. As of September 30, 1979, VA had over 10,000 physicians and about 28,700 nurses on the rolls. Special Pay provided by the VA Physicians and Dentists Pay Comparability Act of 1975 has improved our recruiting and retention of well qualified physicians.

By new initiatives and reinforcing ongoing approaches, we were able to substantially increase the number of Vietnam era veterans, minorities and women in our work force. Over 38,000 Vietnam era veterans were on the rolls as of September 30, 1979 -- up 3.9 percent over FY 1978. This number had increased to 39,541 by November 30, 1979. The nearly 60,000 minority group employees on the rolls comprised over 26 percent of our total work force, and the 116,600 women employees made up over 51 percent of the total. The number of women on the rolls increased to 118,309 as of November 30, 1979, almost 52 percent of our total work force. As part of an expanded employee development effort, about 2,000 executives and managers received training through VA's Executive Training Center and other allied facilities.

During the year, specific attention was focused on efforts geared to meet priority personnel management objectives. Efforts were intensified to motivate excellence in employee performance through recognition and counseling.

Two hundred-fifty senior executives were converted to SES and the SES performance appraisal system was implemented in October 1979.

Labor-management training was expanded for supervisory and higher-level management officials; methods of identifying future staffing requirements for key executive positions and potential replacement were improved, and stronger emphasis was placed on pertinent executive development activities; a new comprehensive approach to executive training, The Four-Tier System was expanded. Another "May I Help You" campaign was initiated.

PLANS AND TRENDS

Implementation of Civil Service Reform, negotiation of national level bargaining agreements, and implementation of Uniform Guidelines coupled with new developments in several areas of personnel management, places increased demands upon our staff. Some specific trends or actions planned follow:

- Continued priority is being given to improving the staffing of hospitals with health care professionals. This includes increased nationwide recruitment programs and development of new policies designed to improve retention of these professionals, e.g., in such areas as advancements and pay. Our staff will increase assistance to field stations to improve the recruitment and utilization of Vietnam era veterans, disabled veterans, and the handicapped.

- Our Federal Equal Opportunity Recruitment Program (FEORP) is being developed to recruit minorities and women for occupational categories where underrepresentation exists. This recruitment program to eliminate the underrepresentation of minorities and women is required by the Civil Service Reform Act. In addition to carrying out numerous action items for which the office is responsible, it will play the dominant role providing guidance and assistance to VA field facilities in the development and implementation of local FEORP plans.

- Labor relations activity will increase, both quantitatively and qualitatively. The VA has entered the era of large consolidated bargaining units with the attending negotiations of master agreements at the national level and supplemental agreements at the local facilities. Changes instituted under civil service reform will escalate the unions recourse to independent "third party" appeals and review of disputes involving grievances, grievance arbitration, unfair labor practice charges and complaints and negotiability issues.

- Efforts will be continued to motivate excellent employee performance through recognition and awards. The thrust of these measures will be in improving service to veterans.

- On-site personnel management evaluations will continue to strengthen station operations through improved personnel management and ensure effectiveness of position classification and position management. Continued attention will be given to reviewing management's compliance with merit system requirements and its commitment to such special emphasis programs as equal employment opportunity and employment of Vietnam era and disabled veterans and other handicapped persons.

- A revitalized Executive Training and Development Program will be implemented to meet agency requirements and comply with civil service reform's executive development mandates to develop/administer a program to facilitate continuing development of SES incumbents; identify, train and develop SES candidates; and select, train and evaluate non-managers who have high potential for assumption of future managerial positions.

- Uniform Guidelines on Employee Selection Procedures (EEOC Uniform Guidelines) are intended to assert a uniform Federal position in compliance with Federal equal employment opportunity law as it relates to employee selection procedures. The guidelines require validation studies of selection procedures (basic qualifications, appointments, reassignments, promotions, transfers, etc.), to ensure the procedures are valid and do not result in adverse impact. Compliance with the guidelines is necessary to ensure an advantageous position in court challenges.

SUMMARY OF BUDGET ESTIMATES

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Average Employment.....	215	199	198	221	+23
Costs:					
Personal Services.....	$5,466,350	$5,340,000	$5,664,000	$6,160,300	$+496,300
Travel & transportation of persons.....	393,038	465,000	434,000	845,000	+411,000
Transportation of things....	16,994	13,000	6,000	13,000	+7,000
Other services..	414,309	405,000	425,000	1,309,700	+884,700
Supplies & Materials....	63,196	16,000	16,000	16,000	----
Equipment.....	6,970	12,000	12,000	12,000	----
TOTAL COSTS....	$6,360,857	$6,251,000	$6,557,000	$8,356,000	$+1,799,000

Summary of Budget Request

Funds in the amount of $8,356,000 and an average employment of 221 are required in order to carry out the mission of the Office of Personnel, including civil service reform, negotiation and administration of national level union contracts, and implementation of EEOC Uniform Guidelines.

59-500 O - 80 - 15

Explanation of Increases -- 81 vs 80

	1979 Actual	1980 Estimate	1981 Estimate	Inc/Dec 81 vs 80
Average Employment				
Office of Assistant Administrator	7	6	6	--
Labor Relations, Employee Relations, Executive Development, and Training	51	46	55	+9
Staffing, Evaluation & Systems	70	60	71	+11
Classification and Pay and Administration	49	48	51	+3
Central Office Personnel Service	38	38	38	--
TOTAL	215	198	221	+23
Payroll costs	$5,466,350	$5,664,000	$6,160,300	$+496,300

Funds included for payroll costs are required to support staffing needs in this office. The requested increase for FY 1981 is needed to accomplish ongoing personnel program activities; implement civil service reform; negotiate and administer national level union contracts; and implement EEOC Uniform Guidelines.

	1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Travel and Transportation of Persons				
Employee Travel	$ 58,953	$ 63,000	$ 63,000	---
Local Travel	1,184	2,000	2,000	---
VA Executive Training	332,901	369,000	780,000	$+411,000
Total	$393,038	$434,000	$845,000	$+411,000

These funds will be used primarily for travel connected with VA's Executive Training Center and the Leadership VA Program. The Center provides special training for selected groups of directors and assistant directors of our medical centers and regional offices, including those newly appointed to these positions as well as for VA's mid-level managers in such areas as general management, labor management relations, etc. These funds will also be used for on-site assistance to train station personnel in labor negotiations, arbitration or complaint hearings; conduct on-site personnel management evaluations, training in new position classification and position management systems; conducting wage surveys under prevailing rate systems, including collection and refinement of wage data; on-campus recruitment; and special purpose troubleshooting visits to field stations. The $411,000 increase is to fund travel related to management development and training essential

for SES candidates and SES incumbent training and development programs required by civil service reform.

Transportation of Things	1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Shipment of household goods	16,994	6,000	13,000	$ +7,000

These funds will be used in fiscal year 1981 to cover the estimated cost of shipment of household goods and personal effects of field station employees transferred to Central Office to fill anticipated vacancies stemming from retirement and other types of losses.

Other Services--Contractual

Miscellaneous Contractual Services	186,927	193,000	193,000	------
VA Executive Training	249,521	232,000	1,116,700	+884,700
Total	436,448	425,000	1,309,700	+884,700

These funds will be used for such purposes as providing speakers and university classroom training involved in the VA Executive Training Center and Leadership VA Program; for recruitment advertisement and exhibits; for attendance of Office of Personnel employees at training meetings and seminars; for development of training films; to reimburse other agencies for health services provided to Central Office employees. Increase for executive training is needed to comply with civil service reform's executive development requirements to develop/administer a program to facilitate continuing development of SES incumbents; identify, train and develop SES candidates; and to select, train and evaluate non-managers who have high potential for assumption of future managerial positions.

Supplies and Materials	$103,200	$16,000	$16,000	-----

This amount is required for the purchase of needed special items of office supplies and purchases of supervisory training film for VA-wide use.

Equipment	6,970	12,000	12,000	------

Funds requested will be used for replacing outmoded and worn-out furniture and equipment.

OFFICE OF MANPOWER PROGRAMS

Introduction

The Office of Manpower Programs, which was established on October 1, 1978, is responsible for Agency-wide manpower policies and programs. The Director of the Office of Manpower Programs reports to the Administrator and Deputy Administrator through the Assistant Deputy Administrator for Manpower. The Office of Manpower Programs works closely with the departments and staff offices to encourage efficient and effective planning, budgeting and use of manpower resources by means of techniques such as work measurement, productivity and performance standards, and staffing guidelines.

Program Description

The Office of Manpower Programs (1) develops VA-wide manpower policies and monitors their implementation; (2) assists departments and staff offices in the development and maintenance of user-oriented manpower programs; (3) evaluates the effectiveness of manpower programs in the departments and staff offices; (4) develops and maintains an Agency-wide manpower management system; (5) makes independent, objective staffing recommendations to the Administrator; (6) develops VA-wide policies and serves as Agency coordinator on all matters related to productivity measurement and reporting; and (7) reviews proposed and new directives and legislation for manpower management implications.

Program Activity

VA-Wide Manpower Policies

The Office develops and monitors implementation of Agency-wide policies related to manpower planning, work force analysis, manpower utilization, productivity, performance standards and work measurement. Consistent Agency-wide policy facilitates manpower planning and review at the Agency level and provides a coherent base for department and staff office initiatives.

User-Oriented Manpower Programs

The Office helps departments and staff offices develop manpower programs which can assist in the determination of personnel requirements and in the effective management of personnel resources. This approach ensures that department and staff office manpower programs are tailored to their specific needs and are also compatible with the needs of an Agency-level manpower management system.

Evaluation of Manpower Programs

The Office evaluates user-oriented manpower programs in the departments and staff offices to ensure that concepts, procedures and data are valid and that these programs are resulting in better manpower utilization and increased productivity. After coordination with the department or staff office, recommendations for improvement are made to the Administrator.

Agency-Wide Manpower Management System

The Office is responsible for the development of an Agency-wide manpower management system. This system, utilizing inputs from department and staff office manpower programs, will integrate man-hour accounting, personnel costs, workload data, and performance standards in order to produce information that can be used by top management to determine the most effective and efficient allocation of personnel resources.

Staffing Recommendations

The Office conducts Agency-level reviews of staffing requirements contained in department and staff office budget requests and operating plans. The reviews, which are based on statistical analyses, relate workload estimates and program impacts to staffing requirements. On the basis of these reviews independent staffing recommendations are made to the Administrator, providing an objective tool for determining manpower levels among competing budget proposals.

Productivity

The Office is responsible for VA-wide policy with respect to productivity and productivity measurement and reporting. Monitoring policy implementation includes review of actual productivity performance as well as the accuracy of existing productivity indicators. If review shows that existing productivity indicators do not realistically portray the VA's accomplishments and shortcomings, the Office of Manpower Programs works with the departments and staff offices to develop improved productivity indicators.

Review of Proposed and New Directives and Legislation

The Office reviews and assesses proposed and new directives, legislation, organizational changes and VA and non-VA reports for manpower implications. Appropriate action is taken to respond to these initiatives.

Highlights for Fiscal Year 1979

- A prototype ADP system for tracking and analyzing medical care staffing and workloads at each health care facility was designed and tested. The system is designed to enable management to make meaningful comparisons among similar health care facilities. Such a comparison can help DM&S ensure equity and productivity in allocating manpower to individual health care facilities.

- As part of the VA's Zero Based Budgeting process, independent workload forecasts were developed. The workload forecasts were converted into "benchmark" staffing requirements by statistical analysis, factoring in productivity changes, and by identifying related programmatic impacts. This independent analysis provided VA's top management with an objective tool for evaluating competing budget proposals.

- In cooperation with the Department of Memorial Affairs, NMA productivity indicators were reviewed and modified to more accurately reflect the actual productivity of the work force. This effort included changing the maintenance indicator from acres maintained to gravesites maintained and changing the headstone/marker indicator from applications received to applications processed. As a result of the changes NMA is the first major element of the VA to use a single data base for budgeting, program management and Federal Productivity Management Project reporting.

- An initial review was completed of all productivity indicators the VA uses for reporting to the Federal Productivity Management Project. As a result of this review, initial work has begun on revising the DM&S productivity indicators in order to more accurately depict actual productivity performance. In addition, selected productivity data has been incorporated into the VA's regularly scheduled top management operating reviews.

Plans and Trends

- Development and testing of the automated system for tracking and analyzing medical care staffing and workloads will continue. The feasibility of placing the system in the offices of the DM&S Regional Directors and District Directors will be explored.

- DM&S productivity indicators which more clearly reflect the DM&S workload and associated work force performance are required so they can become more useful. Working closely with DM&S, the Bureau of Labor Statistics and the Office of Personnel Management, various alternative productivity indicators for DM&S will be developed and tested on historical and current data.

- In coordination with DVB and ODM&T, user-oriented manpower programs for DVB and ODM&T will be developed and tested. These systems will be designed to support Zero Based Budgeting, program management, and productivity reporting.

- Independent workload forecasts and associated staffing requirements will continue to be made for Zero Based Budgeting decision-makers. The process by which the workload and staffing requirements are estimated will be refined to produce more accurate and timely data and to provide more meaningful programmatic impacts.

Summary of Budget Estimates

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Inc./Dec '81 vs '80
Average Employment	9	10	10	10	...
Costs					
Personal Services	$249,788	$318,000	$349,000	$357,000	+ $8,000
Travel & Transportation of Persons	5,333	20,000	18,000	15,000	- 3,000
Rents, Comm. & Utilities	2,084	...	6,000	6,000	...
Other Services	3,192	25,000	17,000	20,000	+ 3,000
Supplies & Materials	17,698	1,000	1,000	1,000	...
Equipment	994	4,000	1,000	1,000	...
Total Costs	$279,089	$368,000	$392,000	$400,000	+ $8,000

Summary of Budget Request

Funds in the amount of $400,000 and an average employment of 10 are requested to support the Office of Manpower Programs in FY 1981. The $8,000 additional funding in personal services is due to normal within-grade increases and annualization of the October 1979 pay raise.

Explanation of Increases and Decreases - 1981

	FY 1979 Actual	FY 1980 Current Estimate	FY 1981 Estimate	Inc/Dec '81 vs. '80
Average Employment	9	10	10	...
Personal Services	$249,788	$349,000	$357,000	+ $8,000

The funding increase of $8,000 represents normal within-grade advances and annualization of the October 1979 pay raise.

Travel and Transportation of Persons	$ 5,333	$ 18,000	$ 15,000	- $3,000

Travel funds are required to visit Veterans Administration field facilities in conjunction with studies of manpower utilization and productivity measurement. The reduction in travel funds is related to a decrease in the travel planned to carry out this function. A small amount of travel funds will also be used for local travel.

	FY 1979 Actual	FY 1980 Current Estimate	FY 1981 Estimate	Inc/Dec '81 vs. '80
Rents, Comm. & Utilities	$ 2,084	$ 6,000	$ 6,000	...

These funds are required for the rental of word-processing equipment.

Other Services	$ 3,192	$ 17,000	$ 20,000	+ 3,000

Of the $20,000 requested, approximately $15,000 is for the continued development of a prototype ADP system for tracking medical care staffing and workloads at each individual health care facility. The system is being designed to enable management to make meaningful comparisons among similar health care facilities. The $3,000 increase in requested funds relates to the estimated cost of continued development and increased utilization of the system. The balance of $5,000 is requested to support technical and management training, executive development, maintenance and repair of furniture and equipment, and similar requirements.

Supplies and Materials	$ 17,698	$ 1,000	$ 1,000	...

FY 1979 costs were for the initial purchase of furniture and supplies for the Office of Manpower Programs. FY 1981 funds are requested for miscellaneous non-stock administrative supplies and materials.

Equipment	$ 994	$ 1,000	$ 1,000	...

These funds are requested for new equipment and for replacement of items which meet standards for replacement.

OFFICE OF PLANNING AND PROGRAM EVALUATION

INTRODUCTION

The Office of Planning and Program Evaluation provided: Development, maintenance and oversight of Agency planning; coordination of design and development of the Agency Management Information System; coordination of emergency planning; systematic independent evaluation and analysis of programs and operations; assessment and review of major systems acquisition policies and procedures; technical assistance in the application of management engineering techniques; and coordination of the Agency Consumer Plan.

PROGRAM DESCRIPTION

The Assistant Administrator for Planning and Program Evaluation acts as the Agency Acquisition Executive and through four services and two staff elements develops, coordinates and maintains the VA five year planning process and Agency long-range plans, conducts all VA program evaluations under Section 219, Title 38, United States Code, conducts special studies as directed by the Administrator, acts as the VA acquisition executive in providing oversight of Agency systems acquisition procedures, coordinates Agency emergency and disaster planning, furthers Agency wide application of Management Engineering techniques, and coordinates the Agency Consumer Affairs Program.

PROGRAM ACTIVITY

Four organizational elements and two special staffs report to the Assistant Administrator: Planning Service; Systems Acquisition and Management Service; Studies and Analysis Service; Program Evaluation and Appraisal Service; Special Assistant's Staff for Emergency Preparedness; and the Consumer Affairs Staff. Information provided by these elements support the Administrator and top staff in decision making and serve to enhance Agency management and administration.

Planning Service has as its primary function, the accomplishment and oversight of the VA planning process. It performs the following functions:

- Works with the Administrator, Departments and Staff Offices in identifying goals and requirements, and assists in developing the five year plan;

- Works with the Administrator, Departments and Staff Offices in identifying Agency goals, trends and projections and assists in developing Agency long-range plans.

Systems Acquisition and Management Service has prime oversight responsibility for major systems acquisition policies and procedures. The Service performs the following functions:

- Works with Departments and Staff Offices to establish systems acquisition, management, and control policy for the VA in conformance with OMB directives:

- Monitors major systems development activities and evaluates the effectiveness of systems acquisition management policies and practices.

- Fulfills Agency requirements for management engineering assistance by seeking out new skills, methods and techniques.

- Provides program management and oversight for Agency Management Information System development and operation.

Studies and Analysis Service develops, monitors and conducts Administrator directed studies, cost benefit analysis, post installation evaluation, and Department/Staff Office requested studies. The following functions are performed:

- Conducts selected studies and research concerning VA operations, procedures, organization, and management in support of Agency goals and objectives;

- Conducts post-installation and cost-benefit/cost effectiveness studies;

- Monitors the implementation of recommendations from major VA studies;

- Develops and maintains the Agency study plan and library of completed studies.

Program Evaluation and Appraisal Service plans, directs, controls and appraises the overall program evaluation (38 USC 219) effort within the Agency. The following functions are performed:

- Works with Departments and Staff Offices to formulate the policies, procedures, and implementation of program evaluation in the VA;

- Coordinates the definition of the goals and objectives of all VA programs under Title 38;

- Coordinates evaluation results with Departments and Staff Offices and provides these results to the Administrator and the Congress.

The Emergency Preparedness Staff works with Departments and Staff Offices to formulate Agency level policies, plans and procedures in the areas of continuity of government, crisis resource management, civil defense and disaster relief:

- Provides information, advice and assistance to line and staff officials on emergency planning matters;

- Provides Agency representation to the Federal Emergency Management Agency (FEMA); the National Resources Analysis Center and the Interagency Emergency Preparedness Committee (IEPC);

- Works with Departments and Staff Offices in the development and testing of the Agency's emergency plans;

- Assures Agency compliance with E.O.11490 charging the VA with major responsibilities under conditions of national emergency including health care in collaboration with Department of Defense and the Department of Health Education and Welfare.

Consumer Affairs Staff develops, maintains and monitors the Agency Consumer Affairs Program. It performs the following functions:

- Assists the Agency Consumer Coordinator;

- Works with the Departments and Staff Offices to formulate policies, procedures and implementation of an Agency Consumer Affairs Program;

- Reviews VA consumer policies and procedures for consistency with national consumer policy established by the President and the U.S. Office of Consumer Affairs;

- Provides Agency liaison with the U.S. Office of Consumer Affairs;

- Evaluates information obtained from the Consumer/Compliment Reporting System and other feedback systems and provides such information to the Agency Consumer Affairs Coordinator, Departments and Staff Offices;

- Coordinates with the Office of Information Services to ensure that information about VA programs reaches consumers.

WORKLOAD

	1979 Actual	1980 Estimate	1981 Estimate	Increase Decrease '81 vs '80
Agency Plans.....	5	5	5	—
System Acquisition and Oversight.....	4	4	4	—
Studies, Evaluations.....	51	51	51	—

HIGHLIGHTS

The Agency five year plan for FY 1981-85 was completed and the planning cycle for FY 1982-86 was initiated. Long-range planning considerations reflecting changes in the veterans population, participation in VA programs and other variables that may impact VA programs have been updated for the (FY 82-86) planning cycle. The VA draft Consumer Affairs Program was completed and inserted in a special edition of the Federal Register. A Consumer Complaint and Compliment Reporting System and Feedback System have been developed and field tests of these systems will be accomplished in the next fiscal year. Developed emergency preparedness procedures related to field station disasters and monitored the Agency's involvement in major natural disasters throughout the United States. A complete top to bottom review of the inter and intra agency agreements and requirements was undertaken and where necessary action was taken to clarify the Agency role.

Agency operating instructions outlining responsibilities and procedures to be followed in all Agency major acquisitions were published. Monitored the development and installation of major acquisitions continued in FY 1979.

The Studies and Analysis Service has completed the following studies:

- Admissions/Outpatient Area Study;

- Agency Study plan for FY 1979;

- Use of the United Parcel Service for shipment of packages;

- Study of the Special Wheelchair VAMC Denver;

The following studies were undertaken:

- Special study of Spinal Cord Injury Units;

- Survey of Public Attitudes Toward Vietnam Era Veterans;

- Study of Agency Audiovisual Capabilities;

- Study of Former Prisoners of War, P.L. 95-479;

The following program evaluations conducted under the provisions of Section 219, Title 38, United States Code, were submitted to Congress: Alcohol and Drug Dependence Treatment; Spinal Cord Injury; Vocational Rehabilitation for Disabled Veterans; Specially Adapted Housing for Disabled Veterans; Reimbursement for Burial Expenses; Burial Flags; Exchange of Medical Information. At the close of the year 22 additional program evaluations were in various stages of completion.

SUMMARY OF BUDGET ESTIMATES

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Inc/Dec. '81 vs '80
Average Employment.....	74	71	71	71	—
Costs:					
Personal Services.....	2,115,600	2,293,300	2,386,100	2,454,600	+68,500
Travel and Transportation..	66,000	104,900	100,000	114,400	+14,400
Transportation of Things.....	—	20,000	14,900	20,000	+5,100
Rents, Communications and Utilities...	43,300	—	45,000	45,000	—
Other Services....	529,100	285,000	298,000	298,000	—
Supplies and Materials.....	58,000	112,800	73,000	73,000	—
Equipment.....	26,000	79,000	39,000	39,000	—
Total Costs.....	2,838,000	2,895,000	2,956,000	3,044,000	+88,000

SUMMARY OF BUDGET REQUESTS

Funds in the amount of $3,044,000 and an average employment of 71 to support the Office of Planning and Program Evaluation's operation. The FY 1981 requirement reflect an increase of $88,000 over the FY 1980 current estimate.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase Decrease '81 vs '80
Personal Services.....	$2,115,600	$2,386,100	$2,454,600	+$68,500

The $68,500 increase provides for normal salary increases and the full year cost of the October 1979 pay raise.

Explanation of Increases and Decreases - 1981 (Continued)

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase Decrease '81 vs '80
Travel and Transportation..	$66,000	100,000	114,400	+14,400

The requested funding level is directly related to an anticipated program workload.

Transportation of Things..	$ —	14,900	20,000	+5,100

Additional funding will be required to pay for transportation of household goods for new employees.

Rents, Communications and Utilities.....	$43,300	45,000	45,000	—

Cost will be maintained at this level.

Other Services.....	$529,100	298,000	298,000	—

No increase in funding is anticipated to provide funds for contractual services such as rental of a computer terminal, survey costs for program evaluations (P.L. 93-508).

Supplies and Materials....	$58,000	73,000	73,000	—

The level of expenditures in FY 81 should not exceed the prior year. Costs are related to non-stock administrative supplies and special supply items necessary to fulfill programmatic objectives.

Equipment.....	$26,000	39,000	39,000	—

Costs are maintained at this level.

OFFICE OF THE INSPECTOR GENERAL

Introduction

On January 1, 1978, the Administrator of Veterans Affairs established the Office of Inspector General with reporting responsibilities directly to the Administrator. The Inspector General Act of 1978 gave a legislative foundation to the Office which had already been assigned organizational, mission and reporting relationships which closely paralleled those subsequently called for in the Act.

Prior to January 1, 1978, audit and investigation offices were small -- in fact, GAO, in a November 1976 report, cited VA as having the least number of auditors per dollar expended and per staff employed of any of the 49 Federal audit agencies studied. Organizationally, the audit and investigative activities reported to an Assistant Administrator, three organizational levels below the Administrator. Further, audit and investigative activities were not linked together in a joint mission effort to address fraud, waste and mismanagement.

By January 1, 1978 there had been some staff growth, up from 102 in FY 1977 to 155. The greatest growth occurred from April through September 1978 and consisted primarily of auditor positions. FY 1978 ended with an on-board strength of 356 and an average staff for the year of 218. For FY 1979 there was an average staff of 336. This will increase by 22 in FY 1980 due to added investigative staff approved by Congress to meet workload increases.

Program Description

Five key objectives have been established by the Inspector General. A description of these objectives and the percentage of professional resources applied during FY 1979 to each objective are set forth below:

	Percentage of Effort
Objective 1: Vulnerability Assessments	
To analyze major existing systems and programs, based on the results of investigations, audits and other studies, to determine primary weaknesses permitting fraud and abuse, or impacting on efficiency, economy or effectiveness, and to obtain preventive measures and improvement.	2
Objective 2: Preinstallation Reviews	
To review new legislation and regulations and major new systems, projects and organizational units to identify and obtain correction of control weaknesses and other problems which may affect future integrity, efficiency, economy or effectiveness.	4
Objective 3: Special Initiatives on Fraud, Waste and Mismanagement	
To initiate timely and effective special audits and investigations to actively seek out fraud, abuse and waste and other serious problems.	31

Objective 4: Cyclical Audits

To maintain recurring oversight of programs, functions, activities and organizations with sufficient frequency to encourage quality management and operations and to assure that out-of-line situations are timely identified and corrected.	56

Objective 5: Reactive Investigations

To investigate complaints of serious administrative and criminal irregularities and to assure that corrective actions are taken.	7

In addition to these activities, staff resources were applied to carry out the following other activities:

Liaison with CAO and FBI

Personnel and document security programs

Employee hotline

Program Activity

Consistent with the Inspector General Act of 1978, the organizational structure provides for two separate sub-units -- the Office of Audit and the Office of Investigation. Each is headed by an Assistant Inspector General. Routine coordination between these offices is carried out directly between these two Assistants and their staffs. Coordination of special initiatives or unique situations is accomplished under the leadership of the Inspector General or his Deputy.

Both the Offices of Audit and Investigation are currently undergoing further organizational changes. The Office of Investigation is in the process of decentralizing by establishing permanent field investigative offices in Atlanta, Chicago, Los Angeles, New York, Washington, D.C., and a suboffice in San Juan, Puerto Rico. This was made possible by 26 additional investigative positions to meet workload increases. The changes in the Office of Audit are in the headquarters structure and have been found necessary to (i) strengthen planning functions along VA programmatic lines, (ii) simplify the audit report review and clearance process, and (iii) enhance operational and quality control activities. We expect benefits in the timeliness, quality and impact of audit and investigative activities as a result of these changes.

A third organizational unit was established in August 1978 and staffed beginning in November 1978. This unit is called the Risk Analysis Staff which is responsible for:

1. Developing composite analyses of the vulnerability of VA programs, functions and activities to fraud, waste and mismanagement.

2. Reviewing new legislation and regulations and making recommendations for changes which will affect the future resulting programs and activities.

3. Operating a "hotline" to receive employee complaints of fraud, waste and mismanagement.

HIGHLIGHTS - FY 1979

During FY 1979, eight preinstallation reviews and 363 audits were completed. Reports for these projects contain numerous recommendations to strengthen controls and improve economy, efficiency, and effectiveness in a wide variety of agency programs, activities, and functions. To the extent results could be quantified, recommendations which were adopted produced economies of approximately $20.7 million.

As a result of our proactive investigations in FY 1979, fifty-nine cases were referred to the Department of Justice. The reactive type investigations conducted during the fiscal year resulted in appropriate administrative actions taken against VA employees ranging from removals to counselings. Investigative findings in some significant cases resulted in the strengthening of VA programs in areas where vulnerability to fraud or abuse was found.

In November 1978, the Office of Management and Budget required the Inspectors General to assess major programs for vulnerabilities. Using a methodology developed by the Office of Inspector General, VA's department and staff offices provided the following for their programs: (i) identification of vulnerabilities; (ii) identification of key existing controls; (iii) assess adequacy of the controls to the vulnerabilities. This resulted in identifying 562 vulnerabilities in 96 programs/activities.

Later, the Risk Analysis staff, working in conjunction with work performed by the Office of Investigation, analyzed DD 214's (Report of Separation from Active Duty) in determining eligibility to education benefits. This was the most significant risk analysis performed during the fiscal year involved. Risk Analysis of the VA Medication Distribution System and quality assurance features of the Pension Benefits Program were in process at the close of the fiscal year. Hotline contacts were received by the Inspector General's hotline for VA employees at the rate of 80 a month. Of the cases that have been closed during the fiscal year, about 26% were found to be substantiated or partially substantiated. As a result of reviewing proposed legislation and regulations, several suggestions were offered for improving the usefulness and effectiveness of the proposals.

The results of these audits, investigations, vulnerability assessments and other activities are described in semi-annual reports which were provided to the Congress and Office of Management and Budget on May 30 and December 3, 1979.

Also, during FY 1979 the necessary steps were taken to implement the Inspector General Act of 1978 which was approved by the President on October 12, 1978. Some steps involved changes in delegation of authority and similar procedural changes to adopt those features of the Act which enhance the independence of the Office of the Inspector General. Other steps were of a more substantive nature in terms of carrying out the intent of Act. These included: increased training for auditors and investigators on white collar crime; adjustments in audit, investigation, and vulnerability assessments to stress the prevention and

detection of fraud, waste and mismanagement; establishment of an employee hotline to encourage the direct reporting to the Inspector General of instances of fraud, waste and mismanagement; and encouraging heads of departments and staff offices to seek out and take initiatives to improve the economy, efficiency and effectiveness of these operations and to reduce the potential for fraud and abuse in their programs.

Early in FY 1979, the residual impacts were experienced due to the major FY 1978 increases in audit resources. These problems were overcome rather rapidly as indicated by the fact that audits completed in the second half of FY 1979 were 250 percent more than those completed in the first half.

WORKLOADS

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase + Decrease - 81 vs. 80
Vulnerability Assessments.....	3	10	10	...
Preinstallation Reviews:				
Systems.....	8	5	5	...
Legislation.....	77	100	100	...
Regulations.....	25	40	40	...
Special initiatives on Fraud, Waste & Misnanagement:				
Audits.....	38	24	24	...
Investigations.....	585	45*	65**	+ 20
Hotline Calls.....	650	1,000	1,000	...
Cyclical Audits:				
Organizational Units & Systems	79	138	138	...
Contractors/Mandated Contract Audits.....	246	300	300	...
Reactive Investigations.....	71	105	150***	+ 45
All Other:				
GAO Reports.....	100	140	140	...
GAO Contacts.....	1,077	1,200	1,200	...
Complaint Mail.....	760	800	800	...
Security Cases.....	3,778	4,000	1,200****	- 2,800
Laboratory Cases.....	172	175	175	...
FBI Arrest Records.....	475	500	500	...
FBI Reports.....	713	700	700	...
Field Station Inv. Reports Reviewed.....	429	430	430	...
Missing Vets. Cases Circularized	49	50	50	...

* During FY 79, each individual loan guaranty file which was investigated was counted as a separate investigation. In FY 80, all investigations centering around a particular lender/broker are considered as one investigation.

** During FY 81, the four additional Investigators will each complete approximately five investigations.

*** Approximately 105 reactive investigations are projected for FY 80. This estimate allows for hiring and training of additional Investigators. During FY 81, this estimate will increase by 45.

**** As a result of the A-71 review, the number of security cases dramatically increased during Fiscal Years 1979 and 1980. With the completion of the initial A-71 review during FY 80, approximately 1,200 security reviews are projected for FY 81.

Summary of Budget Estimates

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs. 80
Average Employment ..	336	332	358	362	+ 4
Costs:					
Personal services.....	$8,706,932	$8,557,800	$9,742,200	$10,079,700	+$337,500
Travel and transp.of persons.....	1,034,447	1,516,000	1,372,600	1,506,000	+133,400
Transp. of things....	24,306	26,000	46,000	46,000	...
Rents, Comm. & Utilities..	69,939	47,900	99,000	99,000	...
Other svcs....	406,472	546,700	546,700	$46,700	...
Supplies & materials....	121,705	44,400	88,400	88,400	...
Equipment.....	156,972	22,200	56,100	22,200	-33,900
Total costs.	10,520,773	10,761,000	11,951,000	12,388,000	+ 437,000

Summary of Budget Request

Funds in the amount of $12,388,000 and an average employment of 362 are requested to support the Office of the Inspector General. During fiscal year 1981 an additional $437,000 is required to support increased average employment, extra paid days, and provide for normal salary increases. An average employment of 362 is required to accomplish a management audit cycle of organizations, programs, functions and activities; perform special high priority audits of major problem areas; prepare annual composite reports of trends and special studies; review internal financial operations; validate adequacy and integrity of automated financial and management systems; provide adequate overview of contracts and grants administration; ensure effective liaison with the General Accounting Office; conduct complaint type investigations and a limited number of self-initiated investigations; and develop composite analyses with recommendations, to identify major patterns and weaknesses permitting fraud, abuse and error, or impacting on the efficiency, economy or effectiveness of systems and programs.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase+ Decrease- 81 vs. 80
Average Employment				
Office of Inspector General	5	5	5	...
Office of Audit.....	284	274	274	...
Office of Investigation....	43	72	76	+ 4
Risk Analysis Staff.....	4	7	7	...
Total.....	336	358	362	+ 4

1-49

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase + Decrease - 81 vs. 80
Personal Services....	$8,706,932	$9,742,200	$10,079,700	+$337,500

Personal services costs are estimated amounts required to support indicated employment including benefits, e.g., retirement, hospitalization and insurance. Funding increase reflects the additional employment, within grade increases, one extra paid day, and annualization of the October 1979 pay raise. The additional investigator positions authorized in FY 80 provided for an average employment of 26 in FY 80 and 30 in FY 81.

Travel and Transportation of Persons				
Employee Travel.....	$993,830	$1,328,600	$1,462,000	+$133,400
All Other.....	40,617	44,000	44,000	...
Total.....	1,034,447	1,372,600	1,506,000	+ 133,400

Funds are required for agency-wide travel for investigations; management, contract, and ADP audits; and special studies and reviews to be conducted at field stations. Other travel requirements are for filling vacancies resulting from employee turnover, and training and development of employees. Increase of $133,400 is related to increase in employment during FY's 80 and 81.

Transportation of Things.....	24,306	46,000	46,000	...

Provides for the estimated cost of shipment of household goods and personal effects resulting from the official transfer of employees to new duty stations.

Rents, Conn.& Utilities.....	69,939	99,000	99,000	...

Funds are required for rental of office spaces for the newly established field office of investigation in Puerto Rico; and word processing and photocopy equipment.

Other Services.....	406,472	546,700	546,700	...

To provide funds for contract services such as audit services obtained from the Defense Contract Audit Agency and HEW Audit Agency; reimbursement to Office of Personnel Management for full field investigations conducted under E.O. 10450 ($850 each) and maintenance and repair of furniture and equipment. Funds are also required to provide fees for attendance of employees at executive development seminars and other training provided outside the agency.

Supplies and Materials	121,705	88,400	88,400	...

Funds are required for miscellaneous non-stock administrative supplies and materials.

Equipment.....	156,972	56,100	22,200	- 33,900

For normal replacement of equipment and furniture and purchase of new equipment and furniture for additional personnel. Since equipment for the newly established Field Offices of Investigation was purchased in fiscal years 1979 and 1980, a decrease of $33,900 is expected for fiscal year 1981.

OFFICE OF MANAGEMENT SERVICES

Introduction

The Office of Management Services is responsible for formulating and recommending to the Administrator general policies and plans for the VA-wide administration of the VA's Records Management Programs and advising and assisting the departments and top staff offices in connection therewith. Serves as principal liaison with other Federal agencies (OMB, U.S. Postal Service, DoD, Federal Register, National Archives and Records Service, and others) regarding the exchange of records and information, as well as other interagency matters.

Program Description

Management Services establishes and coordinates VA policies and plans for the management of such programs and activities as Correspondence, Forms, Form Letters, Administrative Issues (i.e., manuals, regulations and other types of directives), Files, Mail, Office Copying, Word Processing, Records (creation, maintenance and disposition), Micrographics, Vital Records, and Employee and Beneficiary Travel. Prepares, reviews, and processes Federal Register documents and maintains liaison with OMB in implementing reporting burden reduction policies and the objectives of Executive Order 12044, "Improving Government Regulations," and EO 12174, "Paperwork".

Program Activity

Four organizational elements report to the Director -- Records Management Division, Administrative Issues Management Division, Forms and Correspondence Management Division, and the Mail and Travel Policy Staff. The primary focus of these elements is the implementation of particular laws and regulations pertaining to employee and beneficiary travel, efficient and economical paperwork and records management, the Freedom of Information Act (5 U.S.C. 552), the Privacy Act (5 U.S.C. 5a), liaison with the military services, and so on.

Records Management Division

This Division develops and recommends agencywide policy and procedures for the efficient and economical management of records of the VA. It provides controls over the creation, maintenance and use of records in the conduct of current business and applies authorities to retire to storage or destruction of those records which have served their purpose. Establishes policies and procedures for the protection of vital records which are required to carry out functions of the VA during and after a period of emergency. This responsibility includes operation of the VA Vital Records Depository, Neosho, Missouri. In addition, the Division is responsible for formulating requirements for the utilization of micrographics throughout the Agency. Technical advice and assistance is provided to all operating levels in the performance of all records related functions. The staff also serves as principal liaison with the DoD, GSA, and other Governmental agencies to develop and coordinate policies and procedures relating to the loan and exchange of information and records of the agencies concerned. As part of this responsibility, one staff member is assigned as the VA liaison representative at the National Personnel Records Center and the Reserve Components Personnel and Administration Center, both located in St. Louis, Missouri. It also has responsibility for implementing the agencywide Micrographics and Word Processing programs pursuant to requirements of Federal Property Management Regulations.

Major accomplishments during FY 79 include: (1) Served as Agency liaison contact with DoD to obtain needed records for conducting high priority studies on the effects of Agent Orange, other herbicide chemicals, nuclear radiation, and assisted in imposing an agencywide moritorium on destruction of all medical records in connection with these matters; (2) concluded the formal understanding between the VA and DoD on Reconciliation of Military Retired Pay records and VA Compensation and Pension records; (3) implemented OMB guidelines for the conduct of computer matching programs and prepared the VA report to OMB and the Congress on implementation plans; (4) issued a complete revision of VA policy on use and application of micrographics; (5) developed a proposed new policy on use and application of word processing equipment in VA.

Administrative Issues Management Division

This Division is responsible for formulating and recommending plans, policies, procedures and guidelines for a comprehensive program of administrative issues management in the agency (i.e., directives such as manuals, regulations, and other guidance material). This includes review of all numbered issues proposed for approval by the Administrator or one of the Deputies, and preparation of accompanying Federal Register documents for all VA Regulations and VA Procurement Regulations. Technical advice and assistance is furnished all elements of VA.

During FY 79 the Division fully implemented Executive Order 12044, "Improving Government Regulations", and published the agency procedures for developing, simplifying, and reviewing VA Regulations in the Federal Register. In connection with this effort, the Division began a complete review of the internal administrative procedures involved in processing all documents to be published by VA in the Federal Register.

In FY 79 the Division also reviewed and forwarded to the Administrator for approval 384 issues of various types (i.e., manuals, circulars, interim issues, VA Regulations, etc.). Of this total, 151 were Federal Register documents.

Forms and Correspondence Management Division

This Division formulates and recommends plans, policies, procedures and guidelines for a VA-wide forms and correspondence management program. Technical advice and assistance is furnished all elements of VA.

During FY 79, the Division completed implementation of the President's Reporting Burden Reduction Program. In connection with this effort, the Division also completed action on 27 recommendations of the Commission on Federal Paperwork, analyzed requests for and designed 215 new and revised forms and form letters, reviewed and processed 893 requests for replenishment of forms and form letters, and reviewed and processed 46 requests for OMB clearance of new and revised forms and form letters.

Mail and Travel Policy Staff

This Staff develops and recommends agencywide policy and controls over the receipt and dispatch of official mail and implementation of both the employee and beneficiary travel programs. It provides technical advice and assistance at all operating levels in the performance of these functions and administers agency-level and Government-wide controls over these functions. The Staff serves as principal VA liaison with the U.S. Postal Service, GSA, GAO, and other agencies and external elements regarding its functional responsibilities.

During FY 79, the Staff: (1) conducted one study required by statute to determine the adequacy of VA beneficiary travel allowances; (2) participated in or initiated studies to solve problems in VA's mail management program; (3) conducted agencywide semiannual mail volume and cost samplings utilized in budget planning and negotiations with the USPS regarding proper postage payment; (4) conducted a very successful program to utilize airline discount coupons for use in reducing costs of official travel by VA employees.

Summary of Budget Estimates

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Inc/Dec '81 vs '80
Average Employment...	26	24	24	24	...
Costs:					
Personal Services....	$684,140	$629,500	$642,900	$661,900	$+19,000
Travel & Transportation of Persons....	5,320	5,400	5,000	5,000	...
Other Services.....	11,264	10,100	10,100	10,100	...
Supplies and Materials.....	5,433	5,000	5,000	5,000	...
Equipment.....	1,166	2,000	2,000	2,000	...
Total Costs.....	$707,323	$652,000	$665,000	$684,000	$+19,000

Summary of Budget

Funds in the amount of $684,000 and an average employment of 24 support the Office of Management Services' operations. FY 1981 requirements reflect an increase of $19,000 over the FY 1980 current estimate for personal services. The increase results from the effect of normal salary increases.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec '81 vs '80
Personal Services.....	$684,140	$642,900	$661,900	$+19,000

Personal services costs are estimated amounts required to support indicated employment including benefits, e.g., retirement, hospitalization and insurance. Funding increase reflects normal within grade increases, one extra paid day, and annualization of the October 1979 pay raise.

Travel & Transportation of Persons				
Employee Travel.....	4,374	4,100	4,100	...
Other Travel.....	946	900	900	...
Total.....	5,320	5,000	5,000	...

Employee travel provides for temporary duty travel in connection with conferences and field trips.

Other Services.....	11,264	10,100	10,100	...

To provide funds for contractual services such as maintenance and repair of furniture and equipment, rental of a word processing machine, and training.

Supplies and Materials...	5,433	5,000	5,000	...

These costs reflect non-stock administrative supplies and special supply items.

Equipment.....	1,166	2,000	2,000	...

Funds requested for normal replacement or purchase of furniture and equipment.

OFFICE OF ADMINISTRATIVE SERVICES

Introduction

The Assistant Administrator for Administrative Services is responsible to the Assistant Deputy Administrator for Administration and Logistics for the provision of general administrative services support for Central Office and certain operating services on a VA-wide basis. These activities are accomplished by four services, one of which is funded under the Supply Fund.

Program Description

Administrative Services functions and services are varied and complex. Our objective is to assist those responsible for directing and carrying out substantive programs in their mission of "service to veterans and their dependents." Administrative Services has staff as well as operational responsibility for the printing, reproduction and distribution program as well as the audio-visuals program. The remaining functions are operational such as management of real property, supplies, equipment, furniture and furnishings; receipt, distribution and dispatch of mail; communications services, employee travel and records management. Our goal is to render the best possible service at the least possible cost and we are constantly striving to improve our service in order to meet this goal.

Program Activity

Office Operations Service - Provides office support services for VA Central Office by receipt, distribution and dispatch of mail, teletypes and facsimile documents, messenger service, telephone and employee travel, and records management. Issues Presidential Memorial Certificates to the next of kin of honorably discharged deceased veterans. Furnishes veteran identification data from BIRLS on inquiries from all Central Office elements, the Data Processing Center, other Government agencies such as the FBI, Department of Defense, and veterans organizations in the Washington Metropolitan area.

	FY 1979 Actual	FY 1980 Current Estimate	FY 1981 Estimate
Mail processed, VA Building.....	1,031,400	1,037,300	1,033,200
Teletype message actions.....	480,100	379,500	378,000
Memorial Certificates Issued.....	231,000	237,900	245,000

Building and Supply Service - Provides the services of purchasing, warehousing, accountability, storage, issue, inventory, disposition of excess supplies and equipment, and furniture and furnishings for Central Office elements. Acquires and disposes of office and other space in the Washington Metropolitan area. Provides layout assistance to improve space utilization, and also to improve working conditions by modernization, renovation and maintenance. Responsible for the implementation and conduct of a personal security program in the VACO Building.

Audio Visuals Service - Furnishes agency-wide guidance in planning the use of visuals to support all programs. Provides consultation services and production of art work for slides, film strips, TV spot announcements, and charts used for briefings, conferences, and training. Provides planning, consultation, design, photographic, and construction services associated with VA exhibits for display at national veterans organization conventions, specialized medical and scientific meetings, personnel and engineering seminars, and general public display. Distributes informational, educational, and training films, video tapes, and film strips throughout VA, and to veterans organizations, schools, professional and technical groups, and the public via television.

Summary of Budget Estimates

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Average Employment...	189	181	177	177	...
Costs:					
Personal svcs.....	$3,098,950	$3,193,400	$3,269,300	$3,337,200	$+ 67,900
Travel & trans. of persons.....	28,497	24,000	24,100	26,200	+ 2,100
Trans. of things...	146,047	124,400	112,400	124,400	+ 12,000
Rents, Comm. & utilities.....	7,251,653	7,294,100	8,285,100	9,125,900	+840,800
Printing & reproduction.....	995,054	968,500	968,500	1,073,900	+105,400
Other services.....	534,332	348,500	448,500	385,300	- 63,200
Supplies & materials.....	458,366	398,400	398,400	398,400	...
Equipment.....	195,305	28,700	28,700	28,700	...
Total costs.....	$12,708,204	$12,380,000	$13,535,000	$14,500,000	$+965,000

Summary of budget request

Funds in the amount of $14,500,000 and an average employment of 177 are required in order to carry out the mission of Administrative Services. The increases in FY 1981 are due primarily to communications, Government Printing Office, and GSA rate increases. Detailed justifications appear on subsequent pages.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Average Employment:				
Office of the Assist. Administrator.....	15	9	9	...
Office Operations Service.....	88	84	84	...
Building & Supply Service.....	52	50	50	...
Audio Visuals Service.....	34	34	34	...
Total.....	189	177	177	...

	1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Payroll Costs.....	$3,098,950	$3,269,300	$3,337,200	+ 67,900

Funds included for payroll costs are required to support the manpower needs. Funding requested for FY 1981 reflects costs of normal within-grade salary increases and annualization of the October 1979 pay raise.

Travel and transportation of persons

Employee travel	2,892	3,000	3,000	...
Other travel	25,605	21,100	23,200	+ 2,100
Total	28,497	24,100	26,200	+ 2,100

Employee travel provides for temporary duty travel in connection with conferences, veterans organization meetings and training required in the performance of official duties. Also provides visits to field stations by the Assistant Administrator and staff. Other travel includes funds for the rental of passenger vehicles from the GSA motor pool, and for METRO and taxi fares.

Transportation of things

Freight, express and drayage	22,454	18,400	22,400	+ 4,000
Parcel post reimbursement	119,281	92,000	100,000	+ 8,000
Rental of trucks from GSA pools.	4,312	2,000	2,000	...
Total	146,047	112,400	124,400	+12,000

Freight, express and drayage includes all miscellaneous shipping costs for Central Office including printed materials for binding, supplies, equipment and samples to other VA installations. Also provides funds for commercial carrier shipments of VA-owned exhibits and displays throughout the United States. All of these exhibits on all VA programs are controlled for presentation by Administrative Services. They are shipped, presented and returned to storage sites throughout the year in support of VA meetings and conferences.

Parcel post covers funds required for reimbursement to the U.S. Postal Service. Estimate is to cover shipment of tab cards, construction blueprints, books, pamphlets, etc. The amount is determined by a sampling technique of the material shipped.

Funds required for rental of one truck from GSA motor pool which is used to transport furniture and machines between buildings which house VA personnel.

Rents, communications and utilities

Communications	1,102,836	1,214,000	1,616,400	+402,400
Regular mail reimbursement	304,392	312,500	312,500	...
Equipment rental	180,337	182,000	187,000	+ 5,000
Standard level user charges	5,556,812	6,536,600	6,968,000	+431,400
Special space services	107,276	40,000	42,000	+ 2,000
Total	7,251,653	8,285,100	9,125,900	+840,800

The estimate for communications service represents costs for staff offices in Central Office including all types of telephone costs, record/data services and facsimile costs. These services are largely provided by the General Services Administration through its Federal Telecommunications and Advanced Record Systems. Charges are based on rates prescribed by GSA. In FY 1981 an increase ($225,500) is projected for ARS ($200,000) and FTS ($25,500) to cover increase in GSA maintenance costs and an increase in calling volume. The FY 1981 figure also provides for the conversion of the VACO switchboard to the latest GSA Metrex System ($152,000).

Funds for regular mail reimbursement represent the total estimated costs to be incurred by Central Office activities. Mail costs are projected on the basis of periodic samplings of actual volume handled, along with estimates of additional volume.

Equipment rental provides for photocopy equipment used in the Photocopy Center and other elements requiring the service.

Standard level user charges include payment required for rental of space from the General Services Administration as required by the Public Building Amendment. The estimate for FY 1981 provides for rental of 804,546 square feet of space in nine buildings. The estimate is based on 100% of the amount prescribed by GSA in accordance with established fair annual rental (FAR) appraisals.

Special space services provide for additional protective services for the VA Building, and other service requirements beyond the GSA standard level of services.

	1979 Actual	1980 Current Estimate	1981 Estimate	Inc/Dec 81 vs 80
Printing and reproduction.....	995,054	968,500	1,073,900	+ 105,400

To provide funds to reimburse the Supply Fund for all printing and reproduction for all staff offices other than the Assistant Administrators for Construction and Data Management and Telecommunications. Requirements include VA forms and form letters, manuals, circulars, printed envelopes, and other reproduction services produced by the VA Printing Plant and GPO. FY 1981 estimate provides for GPO rate increase.

Other Services

Repair of furniture & equipment	13,824	13,800	13,800	...
Nonrecurring reimbursable services to GSA.....	210,799	294,700	231,500	- 63,200
Miscellaneous contractual services.....	309,709	140,000	140,000	...
Total.....	534,332	448,500	385,300	- 63,200

Repair of furniture and equipment includes funds for maintenance of adding machines and calculators, recovery of platens, power and feed rolls on typewriters, and cost of maintenance contracts on mail sealing, addressograph and varityper equipment. Nonrecurring reimbursable services to GSA include funds for alterations and repair to VA occupied buildings, out-of-cycle painting and other miscellaneous services performed above the standard level. Rates charged for reimbursable services are fixed to recover cost incurred by GSA in providing these services. Miscellaneous contractual requirements include commercial acquisition of motion picture service for filming, processing and reproduction of motion picture films, TV films and spot announcements, and other special filming projects. Other expenditures in this area include audiovisuals equipment repair and modification, exhibits installation and removal, booth rental, special composition services in the design and production of charts, graphs, slides and other visual media. Also included is $1,400 for Executive Development training.

Supplies and materials	458,366	398,400	398,400	...

This request provides funds for all expendable supplies used in staff offices and departments in Central Office including operating supplies such as typewriter parts; miscellaneous parts and supplies for the operation of the photocopy equipment; chipboard for use with Presidential Memorial Certificates; airline and railroad guides used in the Travel activity; wrapping paper, tape, mailing tubes, etc.

Equipment	195,305	28,700	28,700	...

Estimated cost is for normal replacement of equipment which meets the standard for replacement and for non-serviceable items of furniture requiring replacement. Approximately 70% of equipment costs for FY 1979 was to up-date audio visuals equipment to maintain the "state of the art" in photography and exhibits design, and for the initial purchase of video-tape equipment.

OFFICE OF THE CONTROLLER

Introduction

The VA Controller is the financial management officer of the Agency and is responsible to the Administrator of Veterans Affairs for all Agency level budget, finance and statistical reporting functions of the Veterans Administration.

Program Description

Through his various staff services, the Controller (1) acts as the Administrator's agent in all matters pertaining to budget formulation and execution; (2) operates the VA finance program; (3) operates a centralized reports and statistics service; (4) reviews, evaluates, and coordinates the VA construction program in all its fiscal aspects; and (5) provides for ADP systems in such areas as fiscal accounting, payroll records management, and management information. The Controller also serves as the principal representative of the VA with other governmental agencies and offices, and the Congress on controllership matters.

Program Activity

Agency controllership functions are accomplished through three Services: Budget Service, Reports and Statistics Service, and Finance Service.

Budget Service exercises agencywide responsibility for budget formulation and execution activities.

This Service:

--formulates, reviews, and evaluates policies and basic procedures covering (1) formulation and execution functions; (2) administrative control of all apportioned funds, and (3) agencywide program and financial plans.

--reviews, monitors and coordinates the departments' and staff offices' budget preparation and execution processes.

--insures that the Administrator's policies, plans, and objectives with respect to budgeted resources are implemented.

--coordinates the development of budget estimates on proposed or pending legislation, and analyzes the increase or decrease in funding which would result from such legislation.

--provides liaison on VA budgetary matters with the Office of Management and Budget and the Professional Staffs of the Appropriations Committees of Congress, and assists in presenting and justifying appropriation estimates before the Office of Management and Budget and the Congress.

--coordinates the development of automated budget procedures.

Finance Service formulates plans, policies, systems and procedures for financial management of all VA programs.

This Service:

--performs processing, accounting, reporting, and auditing of payments and collections, costs and revenues, assets and liabilities and related fiscal activities.

--provides fiscal advice and assistance to departments, staff offices and field offices and conducts for them some of their financial management activities.

--operates on-site accounting service for VA programs in Central Office and at the Austin and Hines data processing centers.

--provides training assistance, Central Office field liaison, and quality control for field fiscal activities.

--maintains the agency financial control accounts; reviews, analyzes and consolidates field element financial reports.

--develops consolidated balance sheets and financial statements for all levels of the agency and controls cash balances and financial transactions with the Treasury Department.

--provides for application of ADP systems in such areas as fiscal accounting, and payroll records management.

--conducts the agencywide cash management program.

Reports and Statistics Service conducts an agency-level report management function and performs statistical research and reporting activities covering agencywide programs.

This Service:

--formulates standards, policies, and plans pertaining to the operation of a VA integrated reporting system.

--provides support in the methodology of statistical research and collaborates in statistical studies on the effectiveness of substantive programs.

--prepares the official veteran population estimates, current and projected, for use by VA and other government agencies.

--reviews and controls all proposals to obtain information from individuals or organizations subject to the Federal Reports Act.

--makes analyses of morbidity and mortality levels among veterans, and continuing analyses of patient stay, and immediate and long-term results of treatment.

--provides for application of ADP systems for management information and statistical analyses

Summary of Budget Estimates

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Inc/Dec 81 vs 80
Average Employment...	520	511	511	511	...
Costs					
Personal Services....	$12,670,500	$13,552,300	$14,145,300	$15,055,000	+$ 909,700
Travel and Trans. of Persons.....	159,400	200,000	186,000	186,000	...
Trans. of Things.....	14,500	20,000	16,000	16,000	...
Rents, Comm. & Util..	176,800	154,300	164,300	230,000	+ 65,700
Other Services.....	1,176,200	797,400	797,400	823,000	+ 25,600
Supplies & Materials.	49,800	53,000	50,000	50,000	...
Equipment.....	249,300	42,000	40,000	40,000	...
Total Costs.....	$14,496,500	$14,819,000	$15,399,000	$16,400,000	+$1,001,000

Summary of Budget Request

An average employment of 511 and $16,400,000 are requested to support the Controller's operations in FY 1981. Payroll increases are due to normal within-grade increases, annualization of the October 7, 1979, pay raise and an increase in the employee compensation payment to the Department of Labor. Non-payroll increases are due to an increase in the rates charged by GSA for space rental and to normal increases in the price of contractual services.

Explanation of Increases and Decreases - 1981

	FY 1979 Actual	FY 1980 Current Estimate	FY 1981 Estimate	Inc/Dec 81 vs 80
Average Employment				
Immediate Office	6	6	6	...
Budget Service	31	32	34	+2
Finance Service	360	354	352	-2
Reports & Statistics Service	123	119	119	...
Total	520	511	511	...
Personal Services	$12,670,500	$14,145,300	$15,055,000	+$909,700

There is no net change in our average employment. The transfer of two positions to the Budget Service reflects increased activity in the construction area, particularly construction project review. The funding increase of $909,700 represents normal within-grade increases, annualization of the 10/7/79 pay raise and an increase in the Employee Compensation payment to the Department of Labor (+$696,000). This payment covers not only the Controller's Office, but also ODM&T, DVB and all of the staff offices under the General Operating Expenses appropriation.

Travel and Transportation of Persons				
Employee Travel	$ 152,900	$ 180,000	$ 180,000	...
Local Travel	6,500	6,000	6,000	...
Total	159,400	186,000	186,000	...

Travel is required to conduct on-site evaluations of field element operations as they relate to the Controller's responsibilities in the functional areas of budget, financial management, reports management and statistical research and to provide fiscal assistance to field offices when requested. A total estimate of $186,000 is requested for FY 1981, which is the same request level as FY 1980.

Transportation of Things	$ 14,500	$ 16,000	$ 16,000	...

To pay for shipment of household goods and personal effects of employees expected to be transferred in order to provide the necessary expertise at the required duty station.

Rents, Comm. & Utilities	$ 176,800	$ 164,300	$ 230,000	+$ 65,700

Rents, Communications and Utilities funds are primarily for General Services Administration space rental at the Austin Data Processing Center. Funding for the rental of office machinery is also included in these estimates. The increase in requested funds in FY 1981 is due primarily to the increase in rates for space rental charged by GSA, along with increases for data and word processing equipment rental.

Other Services				
Research and Statistical Contracts	$ 1,106,400	$ 590,200	$ 590,200	...
Other Contractual Services	69,800	207,200	232,800	+$ 25,600
Total	1,176,200	797,400	823,000	+$ 25,600

Research and statistical contracts are primarily with the Bureau of the Census. These contracts concern the collection, processing, and tabulating of information on the current social and economic status of veterans, their families and their survivors. In an effort to obtain better data for program and planning purposes, the FY 1979 survey was conducted by personal interview rather than mailed questionnaire. Funding for program evaluation statistical support and the special population survey by the Bureau of the Census will also continue in both FY 1980 and FY 1981. Also included in this category are funds for professional and clerical education and training. The funding increase requested reflects increased cost of obtaining these contractual services.

Supplies and Materials.....	$ 49,800	$ 50,000	$ 50,000	...

These estimates reflect non-stock administrative supplies and special supply items.

Equipment.....	$249,300	$ 40,000	$ 40,000	...

Estimated costs are for normal replacement of equipment which meet the standards for replacement and for non-serviceable items of furniture and equipment requiring replacement.

OFFICE OF HUMAN GOALS

Introduction

The Office of Human Goals (OHG) is headed by an Assistant Administrator for Human Goals (AA/HG) who is also Agency Director of Equal Employment Opportunity (EEO). The AA/HG is directly responsible to the Administrator of Veterans Affairs and is the Administrator's advisor on all matters concerning the VA's civil rights and equal opportunity programs. The primary aims of OHG are:

o to give central direction to the VA's Equal Employment Opportunity, affirmative action and other human goals programs - including the Federal Equal Opportunity Recruitment Program (FEORP).

o to develop and maintain these programs as models in the achievement and protection of equality and human rights.

o to provide special emphasis to programs concerning disabled and Vietnam era veterans, handicapped individuals, racial and ethnic minorities, and women.

Program Description

The Office of Human Goals is the central coordinative mechanism between Agency Departments and Staff Offices and other elements within the VA for carrying out the Agency's equal opportunity and civil rights activities.

OHG is responsible for equal opportunity and civil rights program development. The Office monitors the VA's discrimination complaints processing system and the development and implementation of affirmative action plans. It develops and conducts program-related training and research projects. OHG provides advice, guidance and technical assistance to field personnel with equal opportunity responsibilities. The Office conducts community liaison and outreach efforts stressing prevention of problems. It also provides statistical reports on the employment of minorities and women.

Program Activity

The Agency's Federal Women's and Hispanic Employment Program Managers (FWPM and HEPM) are special assistants to the AA/HG. The FWPM provides a central point of contact for promoting and advancing FWP throughout the VA, coordinates policy, evaluates adequacy of FWP and represents VA with individuals and groups concerned with improvement of employment opportunities for women. The HEPM assures that recruitment efforts reach Hispanics, insures that EEO is afforded Hispanics, evaluates and implements VA's HEP, and establishes and maintains contact, as VA's representative, with Hispanic groups and organizations.

OHG has three constituent services - Discrimination Complaints, Affirmative Action, and Standards, Research and Training.

The Discrimination Complaints Service is responsible for monitoring all phases of complaint processing (except for final decisions). It reviews formal complaints for acceptability, assigns complaints to investigators, provides technical assistance to investigators and others with EO responsibilities, provides assistance to all employees in order to facilitate resolution and timely processing of complaints, reviews complaints for procedural compliance and serves as point of coordination for EEOC on all matters relating to complaints.

The Affirmative Action Service makes an indepth evaluation of EEO Plans of Action from all field stations for compliance with applicable EEO and Affirmative Action requirements, provides technical assistance and guidance to field station personnel with EO responsibilities. Develops Agency's Affirmative Action Plans for EEO and for handicapped individuals and disabled veterans. Develops National FEORP Plan and reviews field station plans. Represents OHG and VA at minority group-sponsored conferences. Serves as agency liaison with EEOC and OPM on matters concerning Affirmative Action Programs.

The Standards, Research and Training Service is responsible for developing policy, criteria and standards governing EO, civil rights and human goals program reviews, establishing systems for periodic assessment of the effectiveness of the Agency's EO efforts, and planning and conducting wide-ranging training for EEO Officers, counselors, investigators, supervisors, and other individuals with EEO responsibilities.

Highlights of Fiscal Year 1979

- For the first time, the number of complaints received declined from the previous year.
- Assumed lead responsibility for agency development and implementation of the FEORP mandated by the Civil Service Reform Act.
- Conducted agency's first series of FWPM regional training seminars.
- Conducted agency's first training seminars for field station HEPM's.
- Trained 493 EEO Officers, counselors, investigators and supervisors.
- Evaluated 145 field station EEO Plans of Action.
- Evaluated 245 field station Affirmative Action Plans for Handicapped Individuals and Disabled Veterans.
- Developed the Agency's regulations implementing Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112).
- Developed the Agency's National Affirmative Action Plans for EEO and for Handicapped Individuals and Disabled Veterans.
- Assisted in closing 346 discrimination complaint cases.
- Conducted 12 EO workshops/conferences.
- Participated in 30 other workshops/conferences.
- Monitored 300 complaint investigations.

59-500 O - 80 - 17

Plans and Trends

- Continued priority attention will be given to improving the overall management and administration of all VA civil rights and equal opportunity programs.
- Continued efforts will be made to ensure that the downward trend in complaints received continues.
- Affirmative Action Plan review process will be improved and strengthened as a management tool in line with new guidelines from Equal Employment Opportunity Commission (EEOC).
- Develop Agency's first National FEORP Plan.
- Training programs for EEO Officers, supervisors, counselors and investigators will be continued.
- Intensified efforts will continue (in conjunction with FEORP) for the recruitment and/or placement of disabled and Vietnam Era veterans, handicapped individuals, racial and ethnic minorities, and women.
- Continued efforts will be made towards monitoring and evaluating program progress through development of an automated management information system and data bank for the VA's equal opportunity and human goals programs.
- Reduce discrimination complaints processing time.
- Provide coordination for Agency programs under the Rehabilitation Act of 1973 (P.L. 93-112).
- Provide coordination for Agency programs under the Age Discrimination Act of 1975 (P.L. 95-478).
- Develop new Agency regulations on EEO and Affirmative Action.

SUMMARY OF BUDGET ESTIMATES

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	INC/DEC 81 VS 80
Average Employment	31	28	28	28	---
Costs:					
Personal Services	$741,000	$ 730,000	$742,000	$753,000	+$11,000
Travel & Transp. of persons	50,000	69,000	63,000	69,000	+6,000
Transp. of Things	1,000	9,000	8,000	8,000	---
Rents, Communic. and Utilities	18,000	---	33,000	33,000	---
Other Services	47,000	128,000	58,000	144,000	+ 86,000
Supplies & Materials	41,000	23,000	41,000	41,000	---
Equipment	5,000	22,000	22,000	22,000	---
Total Costs	903,000	981,000	967,000	1,070,000	+103,000

Summary of Budget Request

Funding of $1,070,000 with average employment of 28 is requested for FY 1981. Increased requirements are for normal salary increases, higher travel costs, cost of expanded FWPM and HEPM training efforts, and cost of supporting agency recruitment efforts associated with FEORP.

Explanation of Increases/Decreases

	1979 Actual	1980 Current Estimate	1981 Estimate	Increase + Decrease - 1981 vs 1980
Average Employment	31	28	28	---
Personal Services	$741,000	$742,000	753,000	+$11,000

The personal services costs provide funding for employee salaries, including fringe benefits paid by the government, such as retirement, life insurance, and health benefits. Increased costs in FY 1981 reflect normal salary increases. There will be no increase in average employment.

Travel and Transportation of Persons	$50,000	$63,000	$69,000	+$6,000

Funds are required for Equal Opportunity Specialists to travel in conjunction with the conduct of training seminars for field station personnel. Additionally, these funds will be used for resolving Equal Opportunity complaints, special purpose trouble-shooting and evaluation visits to field stations, and supervisory training at selected field stations. Increase in FY 1981 will be used for expanded recruitment efforts in conjunction with FEORP.

Transportation of things	$1,000	$8,000	$8,000	---

These costs are incurred by employees in the transportation of their furniture and personal effects in moving from one location to another on permanent assignment at the convenience of the government.

Rents, Communications and Utilities	$18,000	$33,000	$33,000	---

These funds are used to pay costs associated with leases of office equipment.

Other Services	$47,000	$58,000	$144,000	+$86,000

Funds are to be used for securing training facilities, speakers and material for seminars of field employees. Funds are also to be used to develop EO films and Office of Human Goals information update for agencywide distribution. A portion of these funds will be used for consultant fees on a very limited basis. Increased funds are to be used for executive and other training of office employees, to support expanded training efforts undertaken by FWPM and and HEPM and to support agency recruitment efforts associated with FEORP.

Supplies and Materials	$41,000	$41,000	$41,000	---

These costs reflect non-stock administrative supplies and special supply items.

Equipment	$5,000	$22,000	$22,000	---

Estimated costs are for normal replacement of equipment transferred from other VA elements which meet the standards for replacement and for nonserviceable items of furniture and equipment requiring replacement.

DEPARTMENT OF MEMORIAL AFFAIRS

Introduction

The Department of Memorial Affairs, established February 23, 1978, is one of the three operating Departments of the Veterans Administration. It is under the direction of the Chief Memorial Affairs Director, who concurrently serves as the Director, National Cemetery System. He is the principal advisor to the Administrator in regard to cemeterial and memorial matters.

The National Cemeteries Act of 1973 (Public Law 93-43), enacted June 18, 1973, authorized the Administrator of Veterans Affairs to establish a National Cemetery System within the Veterans Administration. The Act transferred some 82 national cemeteries and 32 miscellaneous burial plots and monument sites, as well as the mission of procurement of headstones and markers, from the Army to the Veterans Administration effective September 1, 1973. On July 1, 1974, some 21 cemeteries located at Veterans Administration Medical Centers were added to the system. In 1976, new national cemeteries were dedicated at Riverside, CA., Indiantown Gap, PA., and Bourne, Mass. In 1977, the U. S. Naval Home Cemetery in Philadelphia, PA. was accepted into the system. Another new cemetery was dedicated and opened during 1978 at Calverton, N. Y. A total of 140 cemeterial installations are now included in the National Cemetery System, located in 41 States, the District of Columbia and Puerto Rico. The Headstone and Marker Procurement Activity operates from the District of Columbia.

Program Description

The Department of Memorial Affairs administers a twofold mission: first, to provide, upon request, for the interment in any national cemetery with available grave space the remains of eligible deceased service persons and discharged veterans (together with their spouses and certain dependents) and to permanently maintain these graves; and second, to mark graves of eligible personnel in national and private cemeteries, upon proper application.

Program Activity

The existing 140 cemeterial activities total 7,562 acres. Quantico, upon formal dedication and designation as a national cemetery, will increase this total to 8,289 acres. The new cemetery at Bourne, Massachusetts is scheduled to open in fiscal year 1981, while those planned at Indiantown Gap, Pennsylvania and Quantico, Virginia are both scheduled for opening in Fiscal Year 1982. Since the establishment of the National Cemetery System by the Veterans Administration in 1973 and through FY 1981, approximately 312,000 decedents will have been interred in the national cemeteries. During the same 8-year period, roughly one and three quarter million headstones and markers will have been furnished to mark graves.

Plans and Trends

In 1979, a total of 39,248 remains of veterans, active duty personnel and dependents were interred in the national cemeteries. We project 42,000 in 1980 and have estimated 44,000 for 1981. A total of 254,883 headstone applications were processed in 1979 and the estimates for 1980 and 1981 are 258,000 and 260,000 respectively.

In addition to the five new cemeteries mentioned above (in California, Pennsylvania, Massachusetts, Virginia and New York), planning and initial construction funds have been appropriated under Major Construction for two others -- one in Federal Standard Region IV and the other in Federal Standard Region V, sites for which have been designated at Fort Gillem, Georgia and Fort Custer, Michigan respectively.

Summary of Budget Estimates

	1979 Actual	1980 Current Estimate	1981 Estimate	1981 vs 1980 Incr. (+) Decr. (-)
Workloads:				
Interments Accomplished				
New Cemeteries				
Riverside	3,085	3,466	3,550	+ 84
Calverton	5,941	6,500	6,500	- 0
Massachusetts	0	0	2,000	+ 2,000
Subtotal	9,026	9,966	12,050	+ 2,084
Other Cemeteries	30,222	32,034	31,950	- 84
Total	39,248	42,000	44,000	+ 2,000
Occupied Gravesites Maintained				
New Cemeteries				
Riverside	3,051	6,477	9,988	+ 3,511
Calverton	6,192	12,631	19,058	+ 6,427
Massachusetts	0	0	2,000	+ 2,000
Subtotal	9,243	19,108	31,046	+ 11,938
Other Cemeteries	1,358,502	1,378,529	1,399,641	+ 21,112
Total	1,367,745	1,397,637	1,430,687	+ 33,050
Headstone/Marker Applications Processed	254,883	258,000	260,000	+ 2,000
Average Employment:	1,143	1,165	1,186	+ 21
Costs:				
Personal services	$19,387,802	$21,261,000	$21,812,000	+$ 551,000
Travel & transportation of persons	198,415	261,000	292,000	+ 31,000
Transportation of things	55,020	95,000	95,000	0
Rent, comm. & utilities	1,227,501	1,474,000	1,710,000	+ 236,000
Printing & reproduction	71,175	80,000	100,000	+ 20,000
Other services	3,565,988	3,828,000	4,210,000	+ 382,000
Supplies & materials .	2,153,390	1,580,000	1,930,000	+ 350,000
Equipment	1,521,716	1,508,000	1,950,000	+ 442,000
Lands & structures ...	616,800	1,307,000	1,510,000	+ 203,000
Total Costs (Net)	$28,797,807	$31,394,000	$33,609,000	+$2,215,000

Summary of Budget Request

For FY 1981 a total of 1,186 average full-time equivalent employees and total estimated costs of $33,609,000 are requested. Sixty-five percent of the total costs or $21,812,000 is for personal services. The equipment and lands and structures accounts comprise ten percent of the total and all other accounts for 25%.

Changes from Original 1980 Budget Estimates

	1980 Budget Estimate	1980 Current Estimate	Incr. (+) Decr. (-)
Costs:			
Personal services	$20,048,000	$21,261,000	+$1,213,000
Travel & transportation of persons	292,000	261,000	- 31,000
Transportation of things	95,000	95,000	-
Rent, comm. & utilities	1,500,000	1,474,000	- 26,000
Printing & reproduction	80,000	80,000	-
Other services	4,503,000	3,828,000	- 675,000
Supplies & materials ..	1,480,000	1,580,000	+ 100,000
Equipment	1,408,000	1,508,000	+ 100,000
Lands & structures	1,242,000	1,307,000	+ 65,000
Total Costs (net) ..	$30,648,000	$31,394,000	+$ 746,000

The original 1980 budget totaled $30,648,000. As a result of Congressional action, this was reduced by $422,000 to an appropriated total of $30,226,000. The estimated cost of GS and WB employee pay raises is $1,342,000, of which $174,000 will be absorbed. The additional $1,168,000 required for pay is included in the 1980 supplemental request. The current estimated net costs for 1980 totals $31,394,000, some $746,000 above the original budget.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Current Estimate	1981 Estimate	1981 vs 1980 Incr. (+) Decr. (-)
Average Employment:				
Central Office	159	159	159	-
Field Operations	984	1,006	1,027	+ 21
Total	1,143	1,165	1,186	+ 21
Personal Services:	$19,387,802	$21,261,000	$21,812,000	+$551,000

Funding under Personal Services will support projected employment, including the Federal Government's cost of employee benefits such as retirement, hospitalization, and insurance. The increase covers the additional employment and within-grade step pay increases.

Central Office

Management of the National Cemetery System as well as the procurement of headstones and grave markers is provided by a Central Office staff averaging 159 employee-years, headed by a Chief Memorial Affairs Director. This staff is organizationally divided into (1) Office of the Director, (2) Staff Offices, (3) Cemetery Service, and (4) Monument Service.

o Chief Memorial Affairs Director: Has jurisdiction over and is responsible to the Administrator of Veterans Affairs for the direction, control, and management of the Department of Memorial Affairs and the National Cemetery System. In this capacity, functions concurrently as Director, National Cemetery System. Within his immediate office, the Director of Ceremonies and Special Activities, the Public Affairs Officer, and the Director of State Cemetery Grants provide the following personal support to the Chief:

a. Arrange and coordinate senior level conferences involving Department and Agency activities with participation by senior VA officials; members of Congress; Federal and State officials; and officials of patriotic, fraternal, civic, and national veterans service organizations.

b. Represent the Chief Memorial Affairs Director with Department and Staff Office heads or their senior principals in the furtherance of mutually desirable objectives or in the resolution of actual or potential problems.

c. Responsible for stimulating a nationwide awareness of the National Cemetery Burial and Monument Programs.

d. Develop, coordinate, and implement the Department of Memorial Affairs' Outreach Program.

e. Develop, coordinate, and implement the Department of Memorial Affairs' State Cemetery Grant-in-Aid Program.

o Staff Offices:

a. Administer and coordinate all controller-type activities for the System.

b. Recommend general policies, plans, procedures, and standards for budget formulation and operational activities related to the appropriations and funds available to the Department.

c. Maintain overall controls of departmental appropriations with primary responsibility to avoid violations of the Anti-Deficiency Act.

d. Develop, formulate, coordinate, and recommend Department-wide plans, policies, and procedures.

e. Evaluate and assess on a continuing basis the quality and effectiveness of the DMA programs and operations.

f. Conduct studies of the organizational structure of the DMA, its functions, relationships, and staffing in the interest of improving effectiveness, economy of operations, and providing for the elimination of overlapping functions.

g. Provide personnel liaison and administer the System's Manpower Management Program.

h. Administer the personnel program for the Chief Memorial Affairs Director; advise and assist in all departmental personnel matters.

i. Advise and participate in organization planning, selection for management positions, personnel planning and utilization, position management, and employee motivation.

o Cemetery Service:

a. Exercises general operational control over the National Cemetery Area Offices, the national cemeteries and miscellaneous activities.

b. Determines eligibility of decedents for interment in national cemeteries and designated national cemeteries in which group burials will be made.

c. Develops and formulates long-range plans for an overall National Cemetery Program.

d. Maintains the central register of interments in all cemeteries.

e. Conducts field surveys in connection with development and expansion of existing cemeteries and the establishment of new cemeteries.

f. Prepares, coordinates, reviews and controls engineering studies and projects.

g. Prepares detailed gravesite layout maps of all national cemeteries, soldiers' lots, etc.

o Monument Service:

a. Receives and processes applications for headstones and markers.

b. Determines eligibility of decedent, type of headstone or marker to be furnished and the authorized inscription.

c. Authorizes memorial headstones and/or markers for all non-recoverable decedents.

d. Maintains a register of all replacement headstones and markers authorized.

e. Develops technical specifications for all of the different types of headstones and markers, including quality control provisions and packing and crating requirements.

f. Prepares and issues Invitations for Bid and conducts openings in accordance with established regulations and procedures.

g. Determines the successful bidders and administers the contracts awarded.

h. Places orders for headstones and markers with appropriate contractor and maintains balanced allocations among contractors.

i. Determines mode of shipment and the originating carrier for each headstone and marker procured.

j. Prepares and issues bills of lading for each shipment.

Field Operations

Immediate supervision of the 140 cemeterial stations is accomplished through three National Cemetery Area Offices located at Atlanta, Georgia; Philadelphia, Pennsylvania; and San Francisco, California. Field functions fall within two main categories:

1. Administrative and Clerical. This includes all national cemetery directors, clerical and other administrative personnel who are primarily concerned with:

   (a) Supervision of cemetery activities
   (b) Arranging for and conducting interments
   (c) Providing advice and assistance to the general public

2. Operation and Maintenance. Hourly wage employees assigned to functions in this category perform the following operations:

   (a) Opening and closing graves
   (b) Setting up interment equipment
   (c) Setting, realigning, and cleaning of headstones
   (d) Caring for grass, shrubbery and trees
   (e) Filling and sodding sunken graves
   (f) Making minor repairs to buildings, grounds, walks and drives,etc.

	1979 Actual	1980 Current Estimate	1981 Estimate	1981 vs 1980 Incr. (+) Decr. (-)
Travel & Transportation of Persons				
Employee Travel	$ 187,025	$ 251,000	$ 282,000	+$ 31,000
Local Travel	11,390	10,000	10,000	-
Total	$ 198,415	$ 261,000	$ 292,000	+$ 31,000

Travel costs include estimates for Central Office and Field personnel in connection with operation and inspection of national cemeteries and miscellaneous activities as well as procurement and inspection of headstones and markers. Also included are temporary travel and permanent change of station of cemetery directors and other employees.

Transportation of Things				
Household Goods	$ 43,251	$ 82,000	$ 82,000	-
Other Shipments	11,769	13,000	13,000	-
Total	$ 55,020	$ 95,000	$ 95,000	-

Household goods are for transferring employees, principally cemetery directors, from one location to another. Other shipments consist of local drayage, shipment of materials and rental of trucks and other vehicles from commercial sources.

Rent, Communications and Utilities				
Telephones	$ 624,568	$ 690,000	$ 770,000	+$ 80,000
Telegraph & Teletype	18,949	37,000	67,000	+ 30,000
Electricity	197,784	243,000	308,000	+ 65,000
Water and Sewer	235,663	283,000	328,000	+ 45,000
Gas	43,682	52,000	65,000	+ 13,000
Other	106,855	169,000	172,000	+ 3,000
Total	$1,227,501	$1,474,000	$1,710,000	+$236,000

Communication increases represent primarily cost increases in FTS service and service for new cemeteries, as well as increased activity incident to verification of eligibility and burial of decedents. Utility increases are due to higher rates and increased requirements resulting from construction and development of additional land and also for service at new cemeteries.

	1979 Actual	1980 Current Estimate	1981 Estimate	1981 vs 1980 Incr. (+) Decr. (-)
Printing and Reproduction				
Forms & Form Letters ..	$ 31,169	$ 38,000	$ 48,000	+$ 10,000
Other	40,006	42,000	52,000	+ 10,000
Total	$ 71,175	$ 80,000	$ 100,000	+$ 20,000

The items include operating and technical manuals and regulations as well as pamphlets and historical brochures distributed to next of kin, other relatives and the general public.

Other Services				
Maintenance of Equipment	$ 86,846	$ 75,000	$ 80,000	+$ 5,000
Maintenance of Buildings & Grounds	427,222	475,000	574,000	+ 99,000
Support of Field Offices	125,000	125,000	125,000	-
Graveliners	1,834,158	1,968,400	2,150,800	+ 182,400
Misc. Services	1,092,762	1,184,600	1,280,200	+ 95,600
Total	$3,565,988	$3,828,000	$4,210,000	+$382,000

Included in Maintenance of Equipment is maintenance and repairs to sedans, busses, and trucks. Also for repairing lowering devices, mechanical grave excavators, tractors, backhoes, ditchers, mowers, generators and office machines. Maintenance of Buildings and Grounds involves over 300 buildings containing approximately 700,000 sq. ft., and acres of land divided among the 140 cemeteries and activities. Also covered are maintenance of roads, drives, parking lots and walks involving over a million and a quarter square yards; painting and pointing of walls, fences and gates; painting and cleaning flagstaffs, monuments and tablets. In FY 1979, 24,177 graveliners were installed and in 1980, it is estimated 25,900 will be installed while in 1981 the estimate is 28,300. In addition, provision is made for pruning, feeding and treating trees and shrubbery; for trash disposal service, rodent control and removal of rock (blasting) from burial sections. Increases are associated with additional interments and maintenance workload.

Supplies and Materials				
Flags & Halyards	$ 50,156	$ 50,000	$ 50,000	-
Office Supplies	41,119	42,000	45,000	+$ 3,000
Fuel & Petroleum	288,125	290,000	295,000	+ 5,000
Operating Supplies	738,913	510,000	730,000	+ 220,000
Grounds Maintenance....	939,573	650,000	770,000	+ 120,000
Miscellaneous Supplies	95,504	38,000	40,000	+ 2,000
Total	$2,153,390	$1,580,000	$1,930,000	+$350,000

Flags and halyards include post and storm flags as well as grave decorating flags. Fuel and petroleum products are used in motor vehicles, road sweepers, fork lifts, power mowers, trimmers, and sod cutters, compressors, tampers, air brooms, tractors, sprayers, steam cleaners, soil shredders, etc. Supplies for grounds maintenance include fertilizer, grass seed, humus, salt hay, top soil, weed killers, lime, insecticides, oil spray, fungicides, mulches, rodent poison, etc. Miscellaneous supplies include paint, paint brushes, electric light bulbs, fuses, tires, tubes, batteries, spark plugs, cement, sand, gravel, hardware items, twine, axes, shovels, spades, picks, etc. Increases are associated with expanding workloads and anticipated higher costs.

	1979 Actual	1980 Current Estimate	1981 Estimate	1981 vs 1980 Incr. (+) Decr. (-)
Equipment				
Total Equipment	$1,521,716	$1,508,000	$1,950,000	+$442,000

This item includes the replacement of equipment no longer economically operable. The non-availability of repair parts, high labor and material costs are factors prohibiting economical repairs. Additional equipment included is needed and in consonance with the opening of new cemeteries and to provide service and maintenance in newly developed acreage and facilities in existing cemeteries. Vehicles include sedans, pickup trucks, dump trucks and stake trucks. Furniture and fixtures include typewriters, adding machines, calculators, office furniture and similar equipment. Utility and operating equipment includes grave excavating equipment such as air compressors, pneumatic hammers, backhoes, casket-lowering devices, tents, grass sets, power mowers, trimmers, sprayers, lawn and road sweepers, etc.

A. Replacement Equipment:

Passenger Vehicles ...	$ 26,300	$ 27,500	$ 38,000	+$ 10,500
Non-Passenger Vehicles	202,018	161,000	125,000	- 36,000
Furniture & Fixtures .	41,359	46,000	49,000	+ 3,000
Utility & Operating Equipment	245,728	335,000	656,500	+ 321,500
Total	$ 515,405	$ 569,500	$ 868,500	+$299,000

1981 Replacement Vehicles

No.	Type	National Cemetery
7	Sedan, Class II	Baltimore, Calverton, Danville, IL, Jefferson Barracks, Long Island, and San Francisco
9	Truck, Pickup, 1/2 Ton	Baltimore, Beverly, Philadelphia, Nashville, Camp Nelson, Glendale, Salisbury, and Golden Gate (2)
3	Truck, Stake, 1 Ton	Long Island
2	Truck, Dump, 1 1/2 Ton	Beverly and Ft. Rosecrans
1	Truck, Dump, 2 Ton	Willamette
2	Truck, Van, 2 Ton	Long Island
2	Truck, Refuse, 16 Yds.	Long Island
26		

	1979 Actual	1980 Current Estimate	1981 Estimate	1981 vs 1980 Incr. (+) Decr. (-)
B. Additional Equipment:				
Passenger Vehicles ..	$ 0	$ 33,000	$ 11,500	-$ 21,500
Non-Passenger Vehicles	109,057	139,000	59,000	- 80,000
Furniture & Fixtures	52,639	104,000	111,000	+ 7,000
Utility & Operating Equipment	844,615	662,500	900,000	+ 237,500
Total	$1,006,311	$938,500	$1,081,500	+$143,000

1981 Additional Vehicles

No.	Type	National Cemetery
2	Sedan, Class II	Houston and Quantico
1	Truck, Pickup, 1/2 Ton	Quantico
4	Truck, Pickup, 3/4 Ton	Massachusetts (3) and Indiantown Gap
1	Truck, Pickup, 1 1/2 Ton	Puerto Rico
2	Truck, Dump, 2 1/2 Ton	Massachusetts
1	Truckster, Utility, 1 Ton	Port Hudson
11		

	1979 Actual	1980 Current Estimate	1981 Estimate	Incr (+) Decr (-) 1981 vs 1980
Land and Structures				
Replacement of Facilities	$271,392	$ 505,000	$ 563,000	+$ 58,000
Additional Facilities ...	345,408	802,000	947,000	+ 145,000
Total	$616,800	$1,307,000	$1,510,000	+$203,000

This item covers replacement of existing facilities and additional facilities required in connection with national cemetery lands and structures. Replacement items include roads, building roofs, ceilings, walls, heating systems, electrical services, water heaters, windows, etc. Additional items embrace storm windows, toilet facilities, screen fencing, heating units, landscaping, and extension of water facilities.

A. Replacement of Existing Facilities				
Buildings	$ 64,258	$ 90,000	$ 99,000	+$ 9,000
Fences, Walks & Gates ...	45,889	79,000	87,000	+ 8,000
Roads & Walks	13,768	31,000	38,000	+ 7,000
Utility Systems	78,028	163,000	182,000	+ 19,000
Landscaping	69,449	142,000	157,000	+ 15,000
Total	$271,392	$ 505,000	$ 563,000	+$ 58,000
B. Additional Facilities				
Buildings	$ 46,631	$ 79,000	$ 103,000	+$ 24,000
Fences, Walks & Gates ...	55,958	91,000	121,000	+ 30,000
Roads & Walks	74,946	279,000	316,000	+ 37,000
Utility Systems	93,263	195,000	230,000	+ 35,000
Landscaping	74,610	158,000	177,000	+ 19,000
Total	$345,408	$ 802,000	$ 947,000	+$145,000

Pertinent data including the location of each of the existing 107 National Cemeteries are shown on the following two pages.

LOCATION AND STATUS OF NATIONAL CEMETERY GRAVESITES
SEPTEMBER 30, 1979

National Cemetery	Grave-sites used	Grave-sites reserved	a/Grave-sites available	b/Close out date (fiscal year)
Alexandria, LA	6,034	159	265	1983
Alexandria, VA	4,054	28	0	Closed
Alton, IL	488	39	6	Closed
Annapolis, MD	2,896	38	0	Closed
Balls Bluff, VA	25	0	0	Closed
Baltimore, MD	33,237	3,678	2	Closed
Barrancas, FL	11,594	606	4,583	1988
Bath, NY	8,539	0	209	1981
Baton Rouge, LA	5,011	60	0	Closed
Bay Pines, FL	4,198	1	1	Closed
Beaufort, SC	11,284	184	5,577	2000+
Beverly, NJ	35,798	4,464	3	Closed
Biloxi, MS	2,242	266	12,518	2000+
Black Hills, SD	5,715	486	66,290	2000+
Calverton, NY	6,192	0	381,480	2000+
Camp Butler, IL	8,041	337	14,032	2000+
Camp Nelson, KY	5,731	71	8,404	2000+
Cave Hill, KY	5,633	3	0	Closed
Chattanooga, TN	23,488	623	28,002	2000+
City Point, VA	5,468	84	6	Closed
Cold Harbor, VA	959	0	6	Closed
Corinth, MS	6,214	26	7,246	2000+
Crown Hill, IN	795	0	0	Closed
Culpeper, VA	4,136	17	8,630	2000+
Cypress Hills, NY	18,540	64	34	Closed
Danville, IL	6,101	0	322	1984
Danville, KY	393	1	2	Closed
Danville, VA	2,130	32	16	Closed
Dayton, OH	24,521	2	17,260	2000+
Fayetteville, AR	3,261	125	272	1985
Finn's Point, NJ	2,703	2	0	Closed
Florence, SC	4,396	75	53	1980
Ft. Bayard, NM	1,825	0	781	2000+
Ft. Bliss, TX	14,125	1,289	30,176	2000+
Ft. Gibson, OK	7,282	148	13,640	2000+
Ft. Harrison, VA	1,077	2	9	Closed
Ft. Leavenworth, KS	17,120	643	1,093	1982
Ft. Logan, CO	22,324	824	107,996	2000+
Ft. Lyon, CO	868	0	24,950	2000+
Ft. McPherson, NE	3,460	105	7,752	2000+
Ft. Meade, SD	188	0	0	Closed
Ft. Rosecrans, CA	41,948	2,471	0	Closed
Ft. Sam Houston, TX	35,978	3,398	6,910	1984
Ft. Scott, KS	2,893	105	2,962	2000+
Ft. Smith, AR	5,318	240	3,171	2000+
Ft. Snelling, MN	66,526	14,910	211,952	2000+
Glendale, VA	1,294	0	4	Closed
Golden Gate, CA	92,842	9,097	0	Closed
Grafton, WV	2,078	51	1	Closed
Hampton, VA	20,866	514	106	Closed
Hampton, VA (VAC)	22	0	0	Closed
Hot Springs, SD	1,481	0	1	Closed
Houston, TX	10,853	36	231,406	2000+
Indiantown Gap, PA	0	0	313,000d/	Opens Jul 1982
Jefferson Barracks, MO	60,504	2,622	129,920	2000+
Jefferson City, MO	1,548	76	14	Closed
Keokuk, IA	2,474	69	13,052	2000+
Kerrville, TX	460	0	0	Closed
Knoxville, TN	7,209	259	7	Closed
Leavenworth, KS	13,482	2	51,308	2000+
Lebanon, KY	1,966	34	4	1980
Lexington, KY	1,388	0	0	Closed
Little Rock, AR	15,413	355	2,043	1987
Long Island, NY	231,180	13,893	0	Closed
Los Angeles, CA	68,611	704	419e/	Closed

1-77

LOCATION AND STATUS OF NATIONAL CEMETERY GRAVESITES
SEPTEMBER 30, 1979

National Cemetery	Grave-sites used	Grave-sites reserved	a/Grave-sites available	b/Close out date (fiscal year)
Loudon Park, MD	6,475	5	8	Closed
Marietta, GA	16,186	452	0	Closed
Marion, IN	4,492	0	16,056	2000+
Massachusetts	0	0	222,000e/	Opens Oct 1980
Memphis, TN	28,353	657	4,938	1988
Mill Springs, KY	1,703	34	550	2000+
Mobile, AL	3,571	284	2	Closed
Mound City, IL	6,739	76	1,070	2000+
Mountain Home, TN	5,880	0	8,684	2000+
Nashville, TN	24,622	440	5,990	1996
Natchez, MS	4,858	61	72	1981
NMCP, HI	24,520	684	833	1981
New Albany, IN	4,922	173	1	Closed
New Bern, NC	5,177	101	364	1983
Perryville, KY	0	0	0	Closed
Philadelphia, PA	10,300	43	0	Closed
Port Hudson, LA	6,124	32	998	2000+
Prescott, AZ	2,919	1	5,664	Closed
Puerto Rico, PR	11,593	1,433	48,056	2000+
Quincy, IL	455	1	121	2000+
Raleigh, NC	3,588	91	1,411	1991
Richmond, VA	7,174	288	13	Closed
Riverside, CA	3,051	0	404,049	2000+
Rock Island, IL	10,302	307	7,160	1997
Roseburg, OR	2,129	0	194	1981
St. Augustine, FL	1,126	26	1	Closed
Salisbury, NC	14,176	73	1,310	1995
San Antonio, TX	3,006	30	174	Closed
San Francisco, CA	22,381	740	0	Closed
Santa Fe, NM	11,171	465	13,070	1999
Seven Pines, VA	1,119	2	10	Closed
Sitka, AK	584	1	90	1992
Springfield, MO	7,040	252	910	1985
Staunton, VA	837	7	2	Closed
Togus, ME	5,371	0	0	Closed
White City, OR	1,297	0	22,746	2000+
Willamette, OR	46,747	2,445	73,764	2000+
Wilmington, NC	4,216	72	320	1982
Winchester, VA	5,036	41	0	Closed
Wood, WI	19,611	1	8,556	1989
Woodlawn, NY	6,206	246	0	Closed
Zachary Taylor, KY	8,268	1,195	0	Closed
TOTALS	1,367,745	74,077	2,557,083	

a/ Includes estimated gravesites in undeveloped areas.
b/ Cemeteries indicated as "Closed" will continue to make interments of eligible family members in occupied gravesites and previously reserved gravesites.
c/ Open only for inurned cremains. Availability: 381 Niches.
d/ Dedicated October 30, 1976. Scheduled to open FY 1982.
e/ Dedicated October 31, 1976. Scheduled to open FY 1981.

NOTE: Above listing of 107 national cemeteries does not include site selected at Quantico, VA., scheduled to open FY 1982 but not yet dedicated.

OFFICE OF DATA MANAGEMENT & TELECOMMUNICATIONS

INTRODUCTION

The Office of Data Management & Telecommunications (DM&T) is the largest Staff Office within the Veterans Administration's organizational structure. DM&T is under the direction of the Assistant Administrator for Data Management and Telecommunications, who also serves as the principal advisor to the Administrator on ADP and telecommunications policies and practices.

Program Description

The mission of the Office of Data Management & Telecommunications is to provide a complete range of automatic data processing (ADP) and telecommunications services to all Departments and Staff Offices of the Veterans Administration.

ADP services include (1) technical assistance and programing support to user offices in analyzing, designing, developing, testing, converting, installing and maintaining new computer applications and in modifying on-going computer applications; (2) operational support for on-going computer systems; (3) training for both the users and the ADP staffs; (4) equipment planning and acquisition; (5) development of systems software and operating systems; (6) development of standards for systems design and programing design; (7) operation of the data processing centers; (8) agency long range ADP planning; and (9) special studies of state-of-the-art computer applications and systems.

The telecommunications function provides VA-wide technical management and support for telecommunications systems, including telephone systems, teletype systems, hospital communications systems (nurse call, radio paging, closed circuit TV, etc.) and data transmission systems.

Currently, services are provided by a staff in VA Central Office, Wash., D.C. and six data processing centers located at:

Austin, Texas
Hines, Ill.
Los Angeles, Calif.
Philadelphia, Pa.
St. Paul, Minn.
Washington, D.C.

All of the consolidated nationwide computer processing and practically all of the computer programing is performed at these centers. Each center is also equipped and staffed according to services rendered, which range from providing ADP support on a local, regional or area basis to providing centralized processing on a VA-wide basis.

As of December 31, 1979, the data processing centers were operating a total of 28 computers. The computers range in size from small to large scale. Some are operated as single computers dedicated to a single program, while others are interfaced to permit sharing of storage media and other peripherals.

Program Activity

User Departments and Staff Offices have systems development capability enabling them to fulfill their assigned responsibilities in the overall ADP effort of the Agency. They are directly responsible for conceptualization and development of ADP applications. Planning and development through the requirements/specifications phase are vested with the user.

The Office of Data Management & Telecommunications provides the users with the technical assistance and programing support to:

- 0 Conduct studies of their activities to determine automation potential and feasibility.
- 0 Evaluate the capability of new and existing equipment required to accomplish objectives.
- 0 Design and develop ADP systems for those areas determined feasible for automation.
- 0 Test, convert and install ADP systems.
- 0 Provide programing support for maintenance of on-going systems.
- 0 Audit and certify all computer programs.

In addition to the systems support, the Office of Data Management & Telecommunications operates the data processing centers and certain ADP activities within hospitals where applications have been installed to enhance service and support management in carrying out veterans program responsibility.

Highlights - Fiscal Year 1979

- 0 Support efforts continued throughout the fiscal year in the redesign and development of the Compensation, Pension, and Education Systems (TARGET).
- 0 Since the award of the TARGET contract for equipment in early FY'78, substantial progress has been made on the implementation of the system. Phase I inquiry and update functions are now operational at all regional offices (ROs) except Newark, which is limited by space. Phase II claims processing functions are restricted to usage by a limited number of ROs.
- 0 The Education processing cycles of the Interim Target Central System were implemented on Honeywell equipment during 1979.
- 0 Procurement and installation of Uninterruptible Power Supply (UPS) systems continues at VA Data Processing Centers (DPCs) to protect against electrical damage and minimize computer disruptions. Austin and Hines DPCs now have full-scale, operational systems (Austin's including a diesel generator). Procurement began on a UPS system to replace the interim Philadelphia DPC system installed in 1978. Improvements were developed for the Los Angeles DPC system.
- 0 A new project management methodology was begun to better communications between agency users and project managers, and decrease risk in the development of new VA data processing systems.
- 0 A terminal-oriented minicomputer system was selected to automate the input functions of Centralized Accounting for Local Management (CALM) at the Austin DPC. This is expected to improve the efficiency and accuracy of standard financial information provided for monitoring station fiscal policy.
- 0 A project was initiated to expand hardware and software to improve the time-sharing capability and overall performance of the Washington DPC.
- 0 A Board of Veterans Appeals Case tracking system was installed at the VA Central Office (VACO) using computer terminals to increase accuracy and responsiveness.
- 0 An award was made to install a computer output microfiche unit in the Philadelphia DPC for decreasing the paper output from the Nationwide Insurance System.
- 0 Scan devices to read insurance premium remittance advices are operational at the Philadelphia DPC. Installation of such devices is continuing at the St. Paul DPC.

59-500 O - 80 - 18

- Action was initiated to take advantage of the accrued rental credits on the Honeywell Clinical Laboratory Systems. In this process all sites will be upgraded to comparable capability. The resulting functions that will be supported are the Clinical Laboratory, Admissions, Transfers and Discharges (ATD), and Scheduling.

- Eight new stations were added to the Drug Dependence Clinical Support System (DDCSS). A total of 25 stations are now using the system.

- ADP support is being provided in the Vietnam Veterans Readjustment Counseling Program (Outreach Program).

- Support is being provided the Department of Medicine and Surgery in establishing a Central Herbicide Registry file.

- VA's Federal Outlays by Geographic Location (FOGL) and Geographic Distribution of VA Expenditures (GDX) computer systems at the St. Paul DPC were converted to System 360/40 (from Systems 360/20 and 1401). The new system provided faster processing and savings in print costs. Reports produced by these systems contain VA dollar outlays for benefit programs at the county, congressional district, and, city (over 25,000 in population) level as well as VA wide.

- The Post Vietnam Era Veterans Education Assistance Program, or more commonly called the Chapter 32 Banking Systems, was transferred from the Austin DPC to the Hines DPC to consolidate like processing functions.

- The payment and processing function for consultant and attending personnel who perform services at 169 medical facilities was transferred and upgraded to a third generation computer environment at the Austin Data Processing Center. In addition, the receipt of input data was expedited by replacing the use of the Postal Service with the Advanced Records System (ARS) telecommunications network to transmit transactions.

- The VA agency level budget submission to the Office of Management and Budget (OMB) was formulated using an automated interactive timesharing Zero Based Budget (ZBB) system. The submission to OMB was accomplished by providing a magnetic tape that is in the proper format to be used by the OMB automated system.

- The CALM module was modified to cut the daily character transmission volume by 50% (from 4.2 million to 2.1 million). At the lower level of character transactions, the cost rate is 20¢/1000 characters. The expected savings for this innovation is $420 per day, or $100,000 per year.

- CALM file reorganization was accomplished with the following results: (1) file consolidation, (2) the ability to store selected fiscal year opening balances, (3) enhancement of programs to route teletype reports to multiple VA facilities, (4) fixed limit on control limitation points for fund control records was raised to a level that made it functional for the VA facilities, and (5) the installation of several technical enhancements to make the system simpler to change in the future and to reduce hardware resource requirements.

- VA computer system for Non-receipt of Benefit Checks was installed at the Austin DPC for the purpose of processing veterans claim for lost or stolen benefit checks.

- The Veterans Administration began participating in the Treasury's Direct Deposit/Electronic Funds Transfer for VA employee salary payments from the Personnel Automated Integrated Data (PAID) system. This program electronically transfers funds to financial institutions without the creation of a check.

- Four major projects were undertaken in the Personnel Automated Integrated Data (PAID) system as a result of the Civil Service Reform Act and tax reform legislation. These were Senior Executive Service (SES), the Federal Employees Part-Time Career Employment Act (FEPCA), the Grade and Pay Retention (GPR), and the Earned Income Credit (EIC).

- The Nationwide Trial Balance System was converted to process reports on an IBM 360/65.

- The method of gathering monthly General Accounts and Summary of Benefit Payment Expense data from regional offices was upgraded to use of ARS transmission instead of punched cards.

- Phase I of a three-phase upgrade effort to the Federal WAGE Survey System was installed. It consisted of incorporating the VACO remote job entry (RJE) facility and the LIBRARIAN function for editing of the survey data and the creation of a tape for delivery to the Department of Defense in lieu of card file.

- Requirements of VA computer system Multi-Level Care Financial Management System (MLC/FMS) were formulated in September and October 1979 for implementation as a subsystem application at the Austin DPC. This system is designed to capture costing, budgeting and billing for multi-level care VA patient activities. The Cincinnati, Martinsburg and Washington, D.C. VA medical centers will be used as VA test facilities for system acceptance testing.

- The Veterans Appeals Control & Locator System (VACOLS) was designed, developed and implemented in the Board of Veterans Appeals Administrative Service. This system provides the Board of Veterans Appeals (BVA) with the ability to respond quickly to requests for information about the status of a veteran's case before the BVA, to furnish quickly the current location of a veteran's claim case file, to show the prior file locations in chronological sequence, and to furnish periodic reports to management concerning the productivity of each section within the BVA.

- The Justice Retrieval Information System (JURIS) was obtained from the Department of Justice and installed in the General Counsel's Law Library to increase efficiency and productivity in the legal research areas.

- The Congressional Liaison Activity Support System (CLASS) was obtained from the Office of Administration, Executive Office of the President and installed in the General Counsel's Legal Services Division to facilitate communications and coordination among and between congressional liaison offices in the Executive Branch of the Federal Government. The system also tracks and provides status of the legislation that is of importance to the VA and the Administrator.

- A computer system was developed for use by the Special Assistant to the Administrator. The system maintains mailing address labels for various veterans service organizations.

- A Project Administration and Control System (PACS) quarterly report was developed and produced. This report displays statistical data by fiscal year, quarterly periods and year-to-date totals for the administrative and productive hours expended. Also, several PACS management reports were converted to microfiche production.

- A preliminary study plan was prepared for a system that will provide the General Counsel and District Counsel with a computerized management information system.

- Formatted screen terminal (CRT) entry and query were implemented on a distributed processor for the Construction Management Information System. The CRT capability is multi-functional in that it also supports a word processing application for the Office of Construction.

- A contract for conversion to in-house processing of the Critical Path Method System was completed incurring an annual cost avoidance of $150,000 in vendor processing costs.

- An interactive digitizing capability for the Office of Construction was installed which provides automated area take off reporting for project cost estimating purposes, as well as permitting large volume entry of contractor designed drawings for the Computer Aided Design (CAD) System.

- Resources and needs assessments were conducted for VA participation in the use of satellite communications.

- Teletype traffic studies have been conducted and equipment and line changes for toll free telephone service for selected VA Regional offices have been installed.

- Requests for proposals were released to industry for the upgrade of the Advanced Record System.

Plans & Trends

- Conversion to the TARGET system will continue throughout FY 1980. Claims processing functions of TARGET are to be implemented at all regional offices (ROs) by the end of the fiscal year.

- The Compensation and Pension processing cycles of the Interim Target Central System will be implemented early in FY 1980. A redesigned TARGET Central System is in progress. The redesign effort will continue throughout FY 1980, with implementation by phases beginning in FY 1980 and extending through 1983.

- The installation of a full-scale, redundant Uninterruptible Power Supply (UPS) at the Philadelphia DPC is expected to be completed by 1981. The site is currently protected from electrical disturbance by an interim device which will be available for reutilization upon completion of the UPS installation.

- Expansion of the Hines DPC warehouse and the construction of a new loading dock are planned for completion by 1981 to provide for more efficient receipt and storage of material. Also, improvements in the air conditioning and environmental systems are planned during FY 1980; these activities are necessary to prevent failure during extreme weather and temperatures.

- Installation and operation of a computer for the Automated Input Design (AID) functions of the Centralized Accounting for Local Management (CALM) system is expected in FY'80.

- Installation of a computerized correspondence tracking/management system in the Administrator's Office is expected within FY 1980.

- The Beneficiary Identification and Records Locator System (BIRLS) is to be redesigned utilizing a Data Base Management System. The redesign will meet increasing user data requirements, interface more efficiently with the TARGET system, and allow for future expansion of the master file in much faster and efficient manner.

- Efforts continue on conversion of the VA Insurance System at the Philadelphia DPC. A redesign is scheduled to provide better service, take advantage of the capabilities of the new Honeywell 66/80 computers, and implement new requirements of the user. The Insurance System administers $34 billion in insurance programs for some five (5) million policyholders,with an annual premium collection totalling nearly $675 million.

- ODM&T and the Department of Medicine and Surgery will jointly work toward the acquisition of an integrated Health Care Information System (HCIS) to provide comprehensive ADP support to the VA Health Care System. It has been determined that this acquisition will be conducted in accordance with OMB Bulletin A-109. It is planned that there will be three demonstrations at two sites for evaluation. The proposed system will be a high-speed,multi-station, controlled access information flow system. It will be a data system with application to both patient care and administrative functions. Such a system will allow patient information, wherever it is generated, to be stored by a computer and regenerated throughout VA health care facilities whenever and wherever it is needed. The purpose of the HCIS is to provide relief from the high volumes of routine information-handling tasks that are now manually performed by physicians, nurses, technicians and administrative personnel. The proposed system is to improve direct patient care; to provide an improved data communications system; and will improve the medical services rendered in several health care service areas.

- The tasks to upgrade the Personnel Accounting Integrated Data (PAID) system to efficiently process legislative changes are scheduled for completion by end of calendar year 1980. This will be accomplished by modularization of programs and the expansion of the PAID master record.

- The implementation of AMIS Phase VII is rescheduled for FY'80. Phase VII is a redesign of the input processing functions and will provide more flexibility to accommodate change.

- Efforts to develop a rapid access system for Centralized Accounting for Local Management (CALM) will be initiated in FY'81. This rapid access system will interface to medical facilities through their Multi-Level Care System (MLC).

- An Administrator's Controlled Correspondence System will be developed and implemented during FY'80 and later expanded to include other staff offices and departments.

- Design and development of a Consumer Complaint/Compliment System will continue through FY'80. The system will initially be implemented for DVB and DM&S. A second system, the Consumer Feedback Card System is also under development for the three departments.

- The design and development of the General Counsel Administrative Tracking System and General Counsel/District Counsel Information Management System will continue through FY'80. These systems will provide an on-line tracking capability for legislation, litigation and case load management and control.

- Conversion of the Construction Management to an integrated file management system will be initiated through the evaluation and initial development phases. Expansion of access to other appropriate agency managers will be continued.

- Screen formatted CRT entry will be installed for the Facility Planning System utilized by the Office of Construction and the Department of Medicine and Surgery to develop construction project requirements. Further evaluation of an interactive facility planning system will be conducted.

- Expansion of the Computer Aided Design/Computer Aided Review (CAD/CAR) system to permit enhanced, standardized, detailed review of architect/engineer drawings by estimating, requirements planning and preliminary planning staffs in the Office of Construction.

- Resources will be used to develop an ADP Central Office common data base. Commercially available data base management systems will be reviewed for compatibility to Agency needs. Common areas of information will be analyzed to access the present and future user needs and requirements.

- Engineering and implementing an emergency command and control radio network will commence and will include all VA facilities in California.

- Evaluation of telephone equipment and circuits will continue to provide the most economical and efficient methods to meet requirements.

- Implementation of a pilot integrated wide band transmission system is the VA medical facilities will begin.

- There is to be an upgrade to the Advanced Record System.

- ODM&T will continue to provide support to the users for all of the on-going systems.

In addition to the foregoing automation objectives, the ODM&T FY 1981 estimates include projections for training an estimated 40 employees in the Executive Development Program at a cost of $50,000. Also included are funds ($70,000) to cover participation in the Upward Mobility program which it is estimated will provide training to an equivalent of 7 manyears.

WORKLOADS

Workload units, along with actual and estimated volumes, are identified below which represent 130 different work units for which work measurement standards are presently in effect in the Office of Data Management & Telecommunications. These work units cover the Operations activities at our Data Processing Centers and are used to determine employment requirements for these activities.

WORKLOAD-SELECTED WORK UNITS	FY 1979 ACTUAL	FY 1980 ESTIMATED	FY 1981 ESTIMATED
1. Computer & Tape Library Activities.....	3,813,721	3,928,133	4,045,977
2. Keypunck/Key Tape Entries & Verification.....	39,777,868	40,971,204	42,200,340
3. Analysis & Control Input/Output Documents & Reports.....	61,735,432	63,587,495	65,495,120
4. Administrative Activities...	37,555,048	38,681,699	39,842,150

Explanation of the foregoing workloads:

1. Includes production hours on equipment, number of tapes pulled and filed, number of job setups and the number of changes to computer program manuals.

2. Represents the number of entries and verifications.

3. Represents the number of documents received and the number of reports produced.

4. Represents the number of pieces of incoming and outgoing mail and the number of bursting, decollating, microfilm and reproduction actions.

PRODUCTIVITY ANALYSIS

The above work units produce Standard Manhours as follows:

	FY 1979 ACTUAL	FY 1980 ESTIMATED	FY 1981 ESTIMATED
Standard Manhours.....	1,190,945	1,225,054	1,261,804

The Operations manhours available to produce the standard manhours are determined as follows:

Total Operations Employment.....	1,477	1,431	1,485
Less: Central Office Overhead.....	-300	-250	-261
*Clin. Lab & Pilot/Target.....	-140	-140	-132
HCIS.....	...	...	- 43
Net Available Manyears.....	1,037	1,041	1,049

*Clinical Lab and Pilot/Target -- these manpower requirements represent maintenance of the existing clinical lab systems and expansion of the Pilot/Target Systems. At present, this additional workload is not under the measurement system.

Productivity indicators have been computed for the current and budget years using the ratio of available manhours to standard manhours. A comparison of those ratios with a similar ratio for the past budget year is as follows:

Available Manhours	2,082,296	2,106,984	2,114,784
Standard Manhours	1,190,945	1,225,054	1,261,804
RATIO.....	174.8	172.0	167.6
Productivity Index.....	100.0	101.6	104.3
Percent of Change			
1979 - 1980		+1.6	
1979 - 1981			+4.3

The productivity increase of 1.6% in FY 1980 and 4.3% in FY 1981 is attributed to operations methods and procedures improvements and an increase in the development of Engineered Labor Performance Standards at the data processing centers.

The emphasis being placed on the Work Measurement Program of ODM&T is expected to increase operational efficiency and manpower utilization throughout the organization. A five year plan of accomplishment has been implemented. This plan, encompassing improved methods and procedures and the development of valid Engineered standards in all measurable areas, including Central Office functions, will increase the total number of ODM&T personnel subject to work measurement standards from 44% to approximately 70%. A comprehensive work measurement program of this nature will affect the productivity ratio by increasing the number of standard manhours to available manhours. The program will also highlight operational effectiveness and shifts in workload during the budget year.

Summary of Budget Estimates

	1979 Actual	1980 Estimate	1981 Estimate	Inc./Dec. 81 vs 80
Average employment	2,077	1,937	2,005	+68
Costs:				
Personal svcs.....	$41,412,219	$41,249,000	$44,139,000	+$2,890,000
Tvl & trans of persons.....	783,126	764,000	911,000	+147,000
Trans of things.....	942,766	944,000	1,100,000	+156,000
Rents, Comm & Utilities.....	15,696,381	9,488,000	12,474,000	+2,986,000
Printing & Reproduction.....	1,539,241	1,700,000	1,900,000	+200,000
Other services.....	8,380,363	7,189,000	7,055,000	-134,000
Supplies & Materials.....	2,630,705	2,184,000	2,470,000	+286,000
Equipment.....	2,435,192	2,625,000	7,393,000	+4,768,000
Total Costs (Juris.).....	73,819,993	66,143,000	77,442,000	+11,299,000
Common Svc. Adj. (-).....	-10,141,962	-10,582,000	-10,582,000	...
Total Costs (Net).....	63,678,031	55,561,000	66,860,000	+11,299,000
Adj. to oblig.	+7,032,334	...	...	...
Reimbursements	-342,312	-310,000	-310,000	...
Budget Authority	70,368,053	55,251,000	66,550,000	+11,299,000
Supplementals: Payraise		($2,010,000)		
Travel		(200,000)		
Other Services		(1,700,000)		
Equipment		(2,350,000)		

Summary of Budget Request

A request for 2,005 average employment is projected in FY 1981 to carry out the functions of ODM&T. Funding is requested in the amount of $66,550,000 which is an increase of $11,299,000 over the FY 1980 estimates. This increase in costs is caused by:

- o Increased employment
- o Increased printing, reproduction, supplies and materials for HCIS and Target
- o Equipment purchases for BIRLS and Insurance
- o Increased postage costs
- o Increased computer rent and data transmission costs for HCIS

Changes from Original 1980 Budget Estimates

	FY 1980 Budget Estimate	FY 1980 Current Estimate	Increase (+) Decrease (-)
Average Employment	1,937	1,937	...
Costs:			
Personal Svcs	$38,530,000	$41,249,000	+$2,719,000
Tvl & Trans of Persons	675,000	764,000	+89,000
Trans. of Things	965,000	944,000	-21,000
Rents, Comm & Utilities	9,488,000	9,488,000	...
Printing & Reproduction	1,900,000	1,700,000	-200,000
Other Services	5,868,000	7,189,000	+1,321,000
Supplies & Materials	2,384,000	2,184,000	-200,000
Equipment	275,000	2,625,000	+2,350,000
Total Costs (Juris)	60,085,000	66,143,000	+6,058,000
Common Svc. Adj.	-10,296,000	-10,582,000	-286,000
Total Costs (Net)	49,789,000	55,561,000	+5,772,000
Reimbursements	-280,000	-310,000	-30,000
Budget Authority	49,509,000	55,251,000	+5,742,000

The current FY 1980 estimate is $5,742,000 more than our original submission to the Congress. The change in funding is attributable to:

October 1979 Pay Raise (Net)	+2,010,000
Congressional Decrease	-518,000
Supplemental Request	4,250,000
	+5,742,000

With the exception of additional funding for the October 1979 pay raise, and the Congressional decrease, the changes to the original FY 1980 budget estimate are caused by the $4,250,000 supplemental request for Target. Slippage in FY 1979 precluded our obligating funds which were appropriated for FY 1979. This slippage did not obviate the requirement for this funding; it merely moves the requirement into FY 1980. The supplemental request appears in Travel and Transportation of Persons, Other Services and Equipment.

Explanation of Increases and Decreases - 1981

	1979 Actual	1980 Estimate	1981 Estimate	Increase + Decrease -
Avg. Employment	2,077	1,937	2,005	+68
Personal Svcs.....	$41,412,219	$41,249,000	$44,139,000	+$2,890,000

Employment in ODM&T falls into two broad categories, "Systems Activities" and "Operations Activities". The average employment for these categories is as follows:

Systems Activities	600	506	520	+14
Operations Activities.....	1,477	1,431	1,485	+54
Total.....	2,077	1,937	2,005	+68

Systems employment provides user departments and staff offices with ADP technical assistance and programing support. Employees engaged in Systems activities are primarily systems analysts, computer programers and systems auditors.

Operations employment is used to provide the departments and staff offices in the Veterans Administration with operational support for their automated systems and to administer an agency-wide telecommunications program. Employees engaged in Operations activities are primarily computer operators, peripheral equipment operators, tape librarians, key entry operators, telecommunications specialists, coding clerks and administrative support personnel.

The increase of 54 in Operations is attributable to:

HCIS	43
Common Data Base	3
CALM and PAID	4
Automate Controls on Drawings maintained on Micrographics	4

The increase of 14 in Systems is attributable to:

CALM and PAID	6
BIRLS	7
Automate Controls on Drawings maintained on Micrographics	1

	1979 Actual	1980 Estimate	1981 Estimate	Increase + Decrease - 81 vs 80
Tvl & Trans of Persons				
Employee Travel.....	$730,043	$727,000	$871,000	+$144,000
Local Travel.....	53,083	37,000	40,000	+3,000
Total.....	783,126	764.000	911,000	+147,000

Employee travel cost represents estimated funding for ADP training, and travel needed by the Technical Assistance Staff in providing the ADP user departments with the technical help requested. Also included are travel requirements by the Telecommunications Service in servicing the Agency's field stations, travel for supervisory visits to data processing centers and travel in connection with permanent transfer of employees. The increase in travel is attributable to HCIS, BIRLS and Insurance.

Trans of Things				
Parcel Post.....	776,661	700,000	900,000	+200,000
Shipment of Household Goods.....	33,896	111,000	67,000	-44,000
Other Shipments.....	132,209	133,000	133,000	...
Total.....	942,766	944,000	1,100,000	+156,000

Parcel Post funds are for reimbursement to the Postal Service to cover shipment of records and data to and from data processing centers, regional offices and hospitals, and are based on periodic samplings of the actual volume handled.

Shipment of household goods is for costs incurred by employees in the transportation of their furniture in moving from one location to another on permanent assignment at the convenience of the government.

Other shipment costs consist of expenses in conjunction with the shipment of computers and components, magnetic tape, tabulating cards and paper, and miscellaneous equipment and supplies.

Rents, Communications & Utilities				
Lease of Computer Equipment.....	8,056,370	1,433,000	2,028,000	+595,000
Mail Costs.....	3,160,327	2,800,000	4,550,000	+1,750,000
FTS Costs.....	624,000	690,000	647,000	-43,000
ARS Costs.....	248,779	344,000	344,000	...
Other Communications & Data Transmission Costs.....	560,547	583,000	1,253,000	+670,000
SLUC & Recurring Reimbursable Costs....	2,649,743	3,312,000	3,312,000	...
Other Rental.....	396,615	326,000	340,000	+14,000
Total.....	15,696,381	9,488,000	12,474,000	+2,986,000

Lease of Computer Equipment

Computer lease costs consist of costs for printers, optical scanning equipment, tape subsystems, disk subsystems and miscellaneous peripheral devices at the data processing centers. The increase in FY 1981 is for the demonstration computers required by the A-109 procurement process for HCIS.

Other Rents, Communications & Utilities

Mail costs are projected on the basis of periodic samplings of actual volume handled, along with estimates of additional volume. Charges are established by the Postal Service. The increase in FY 1981 is to bring our estimates in line with the latest samplings and allow for a projected increase in Target mailings.

FTS and ARS communications service is provided by the General Services Administration. Charges are based on rates prescribed by GSA and funds are projected accordingly.

Other communications and data transmission costs are primarily for leased lines and terminals used principally to transmit data between four of the larger data processing centers and provide time-sharing capability between Central Office elements and the Washington DPC. The increase in FY 1981 is attributable to the data transmission costs associated with HCIS.

Standard Level User Charges (SLUC) consist of costs to reimburse GSA for space occupied by our data processing centers. Rates vary according to the quality rating of the building, the type of space required and the geographic location of the DPCs.

Recurring Reimbursable service charges are for those services that are in excess of those provided the average tenant on an 8 hour day, 5 day week. This includes the cost of special air conditioning, heating, lighting, cleaning and guard or security service.

Other rental funds are for office machines, electrical accounting machines, photocopy machines, microfilming and other miscellaneous rental requirements.

	1979 Actual	1980 Estimate	1981 Estimate	Increase + Decrease - 81 vs 80
Printing & Reproduction				
Special Cards & Paper	$1,353,429	$1,400,000	$1,600,000	$+200,000
Other Printing & Reproduction	185,812	300,000	300,000	...
Total	1,539,241	1,700,000	1,900,000	+200,000

Special cards and paper consist of tabulating cards and paper that are not available as standard items and must be printed to VA specifications. Almost half of the cards and paper used for data processing in the Veterans Administration fall in this category. The Target slippage resulted in lowering the estimate for FY 1980. The FY 1981 increase represents the full-year cost for Target.

Other printing and reproduction includes costs for forms and form letters, printed envelopes and reproduction costs for administrative issues and manuals issued by the Office of Data Management & Telecommunications.

Other Services

Maintenance of Owned Equipment	2,301,942	3,716,000	3,954,000	+238,000
Outside Computer Svc	623,096	188,000	100,000	-88,000
Training	704,611	433,000	540,000	+107,000
Software	4,358,118	2,495,000	1,949,000	-546,000
Misc	392,596	357,000	512,000	+155,000
	8,380,363	7,189,000	7,055,000	-134,000

Maintenance costs for owned automatic data processing equipment are based on contracts that are negotiated each year with firms providing this service. The increase in FY 1981 is attributable to the BIRLS computer system and additional peripherals for Insurance.

Training costs are for certain ADP training for the VA that is arranged for and funded by the Office of Data Management & Telecommunications. This includes training that an ADP user department or office may require in connection with the design and development of new systems. Also included are funds for the Executive Development Program.

Software contract projections are consistent with the need for this type of service from available sources in those instances when in-house capabilities are insufficient, and for lease, purchase and maintenance of proprietary software packages. The requirements for vendor technical assistance and contract programing support for TARGET will decrease in FY 1981, but contracts of this type will be required for BIRLS, HCIS and Insurance.

Miscellaneous service costs include funding for office machine maintenance contracts, first aid health services and other miscellaneous service contracts.

	1979 Actual	1980 Estimate	1981 Estimate	Increase + Decrease - 81 vs 80
Supplies & Materials				
Standard Tab Cards & Paper.....	$1,237,912	$902,000	$1,000,000	$+98,000
Magnetic Tape.....	358,324	352,000	250,000	-102,000
Other Operating & Office Supplies.....	1,034,469	930,000	1,220,000	+290,000
Total.....	$2,630,705	$2,184,000	$2,470,000	$+286,000

Tabulating cards and pin feed paper which are not specially printed or assembled to VA specifications and are available as standard items are projected in direct relationship to the volume of workload on the computers. It is projected that increased use of computer output microfilm and key-to-tape data entry equipment will reduce our requirements for these items, but HCIS will produce a net increase.

Funds for magnetic tape consist of the requirements for new applications, plus the need to transfer data to new tapes from those tapes that have reached an age requiring replacement.

Funds projected for other operating and office supplies are for computer printer ribbons, reproduction paper, technical books and journals, general office supplies and items of furniture that are classed as expendable. Increased costs of operating and office supplies account for the increase.

Equipment				
Computer/Components.....	1,770,669	2,350,000	7,000,000	+4,650,000
Other.....	664,523	275,000	393,000	+118,000
Total.....	2,435,192	2,625,000	7,393,000	+4,768,000

The funding for computer equipment in FY 1980 is for Target Central System and RDPC disk drives and terminal and network components. This $2,350,000 is included in the supplemental request.

The $7,000,000 requested in FY 1981 is for a new computer system for BIRLS and additional components required by the Insurance system.

Other equipment purchases consist of office furniture, shelving, filing cabinets, calculators, adding machines, key entry units, typewriters, duplicating machines, magnetic tape storage racks and cabinets, decollators, collators, projectors and cassettes, and other miscellaneous operating and office equipment. The increase in FY 1981 is for purchase of a technical control center for HCIS.

OFFICE OF DATA MANAGEMENT & TELECOMMUNICATIONS

GENERAL OPERATING EXPENSES

DISTRIBUTION OF APPLIED COSTS

ACTUAL COSTS BY PROGRAM AND OBJECT - FISCAL YEAR 1979

	AVG. EMPL.	Personal Services & Benefits			Contractual Services & Supplies						ACQUISITION OF CAPITAL ASSETS	BUDGETED COSTS (JURIS)	COMMON SERVICE ADJ. (-)	BUDGETED COSTS (DET)
		PERSONNEL COMPENSATION	PERSONNEL BENEFITS	TOTAL PERS. SERVICES & BENEFITS	TRAVEL & TRANS. OF PERSONS	TRANS. OF THINGS	RENTS, COMM. & UTILITIES	PRINTING & REPRODUCTION	OTHER SERVICES	SUPPLIES & MATERIALS				
Total Employment and Costs	2,077	$37,774,638	$3,637,581	$41,412,219	$783,126	$942,766	$15,696,381	$1,539,241	$8,380,363	$2,630,705	$2,435,192	$73,819,993	$10,141,962	$63,678,031
Common Services Adjustment		-7,902,046	-648,488	-8,550,534		-42,960	-245,844	-646,392	-307,200	-349,032		-10,141,962		
Total Net Budgeted Costs		$29,872,592	$2,989,093	$32,861,685	$783,126	$899,806	$15,450,537	$ 892,849	$8,073,163	$2,281,673	$2,435,192	$63,678,031		$63,678,031

ESTIMATED COSTS BY PROGRAM AND OBJECT - FISCAL YEAR 1980

Total Employment and Costs	1,937	$37,609,000	$3,640,000	$41,249,000	$764,000	$944,000	$ 9,488,000	$1,700,000	$7,189,000	$2,184,000	$2,625,000	$66,143,000	$10,582,000	$55,561,000
Common Services Adjustment		-8,365,000	-682,000	-9,047,000		-43,000	-190,000	-646,000	-307,000	-349,000		-10,582,000		
Total Net Budgeted Costs		$29,244,000	$2,958,000	$32,202,000	$764,000	$901,000	$ 9,298,000	$1,054,000	$6,882,000	$1,835,000	$2,625,000	$55,561,000		$55,561,000

ESTIMATED COSTS BY PROGRAM AND OBJECT - FISCAL YEAR 1981

Total Employment and Costs	2,005	$40,237,000	$3,902,000	$44,139,000	$911,000	$1,100,000	$12,474,000	$1,900,000	$7,055,000	$2,479,000	$7,393,000	$77,442,000	$10,582,000	$66,860,000
Common Services Adjustment		-8,365,000	-682,000	-9,047,000		-43,000	-190,000	-646,000	-307,000	-349,000		-10,582,000		
Total Net Budgeted Costs		$31,872,000	$3,220,000	$35,092,000	$911,000	$1,057,000	$12,284,000	$1,254,000	$6,748,000	$2,121,000	$7,393,000	$66,860,000		$66,860,000

CP&E TARGET SYSTEM

Introduction

The objective of the CP&E Target Project is to automate the claims processing activities of the Compensation, Pension and Education Program. The present CP&E claims processing system was designed and installed in the late 1950's and is primarily a manual processing system with automation of only the claims payment process. The present system is technically limited, people intensive, paper bound, and is being redesigned to improve efficiency to take advantage of the new ADP technology. On October 25, 1977 the General Services Administration awarded a competitive contract to Honeywell Information Systems, Inc. of Minneapolis, Minnesota on behalf of the Veterans Administration.

Project Description

As a proposed Agency-wide improvement, the Veterans Administration has been developing and testing a modern revised systems design concept that will bring the advantages of recent computer technology directly to the claims processing and functions, but will also expand computer support directly to file control, data retrieval, award making, and certain adjudicative processes at the local station levels.

The basic objective of the Target System is to provide the capability for local regional offices to manipulate, store, and retrieve live claims file data from readily accessible computer files and to exchange and modify this data through communication with other files containing original source data or master record information. Through the use of that central computer file, regional computer files, and small computers (in the regional offices) attached to various types of interactive communications devices, the system will maintain a work-in-process file with automatic follow-up features, allow on-line award processing, provide answers to inquiries on benefit claims in a matter of seconds, and exercise greater control over accounts receivables, appropriation accounting, and audit functions. In addition to connecting the regional and central data files, the system will also be able to obtain and display information from the Beneficiary Identification and Records Locator System (BIRLS) at Austin, Texas.

When fully developed and installed, this system will significantly reduce claims development time and get initial benefit checks into the hands of veterans in a more timely fashion. And since these files can be readily accessed, veteran's inquiries can be quickly and accurately handled. The on-line nature of the award processing activity will lead to the elimination of the present off-line batch input function with related payroll savings of millions of dollars annually.

In order to accomplish these objectives, the new system will function on a regional basis. The operations of the proposed system will be supported by a communications-based ADP system involving: local processors distributed in three Regional Data Processing Centers (Philadelphia, Chicago and Los Angeles) supporting video terminal systems located in 59 Regional Offices throughout the country; a Target Central System (Chicago, Illinois) for data base maintenance, centralized reporting and accounting functions; and a computerized index of beneficiary information (BIRLS) located at the Austin Data Processing Center.

Each Regional Data Processing Center will be equipped with a large-scale dual Honeywell 66/80 multi-processor computer. The multi-processor capability will allow the workload to be routinely shared among the processors while providing a backup capability for

each in the event that one processor becomes inoperative. This type of backup improves system availability at a cost that is significantly less than redundant systems not sharing the workload.

Because of the considerable expense associated with the equipment requirements for this new Target System, it was decided to test the design concept at one location before expanding to a national operation. In September of 1974, a Prototype test phase was installed at the Philadelphia VA Center and the Baltimore Regional Office. Subsequently, this testing activity was expanded to the New York, Washington and Los Angeles Regional Offices. Results of this live test proved the design concept to be both feasible and desirable. The test equipment received genuine acceptance by employees who have worked with it.

On October 25, 1977, the General Services Administration awarded the contracts for mainframe hardware peripherals, software and the terminal system to Honeywell Information Systems, Inc. This contract award was a significant milestone in the development of the Target System. On August 30, 1978, the Chicago Regional Office became the first operational station (other than the test sites listed above) using the inquiry and update functions of the Target System. During 1979 all other regional offices, except the Newark Regional Office which is delayed because of physical space problems, became operational using these functions.

There were some delays in implementing these functions, basically caused by system software problems. Although the inquiry and update functions are operational, delays in their nationwide implementation also caused delays in the planned implementation of the claims processing functions. The Philadelphia Regional Office became operational on Honeywell equipment with all Target functions in April, 1979. The Baltimore Regional Office, which was only partially operational using the claims processing functions, became operational officewide on Honeywell equipment in May, 1979. The Chicago Regional Office began using claims processing functions in October, 1979 and the Seattle Regional Office in November, 1979. Nationwide implementation of the claims processing functions is expected in 1980.

The Education cycles of the ITCS were implemented on Honeywell equipment during 1979. The Compensation and Pension cycles will be implemented early in 1980.

Development of new functions will continue into 1980 with implementation of those functions planned in late 1980. The TCS redesign effort will continue through 1980, with a phased implementation beginning in 1980 and extending to 1983.

59-500 O - 80 - 19

SUMMARY OF BUDGET ESTIMATES

	FY 79 ACTUAL	1980 BUDGET ESTIMATE	1980 CURRENT ESTIMATE	1981 ESTIMATE	INCR. (+) DECR. (-)
AVERAGE EMPLOYMENT COSTS (in thousands)	343	453	453	453	
PAYROLL	$ 7,895	$10,005	$10,755	$10,863	$(+) 108
EMPLOYEE TRAVEL	326	90	290	160	(-) 130
CONTRACTS	4,274	3,495	5,429	4,611	(-) 818
COMMUNICATIONS	2,813	871	919	919	
SITE PREPARATIONS	560				
ADP RENTAL	6,143				
ADP PURCHASES	15,667		2,350		(-)2,350
All OTHER	1,058	820	820	820	
TOTAL	$38,736	$15,281	$20,563	$17,373	$(-)3,190

SUMMARY OF BUDGET REQUEST

To operate the Target Central System (TCS) and the three Regional Data Processing Centers (RDPC's) will require an average employment of 446 personnel. The contractual costs of $4.3 million are primarily for outside assistance to implement the Target System and maintenance of the ADPS and Terminal systems equipment and communications network. All other costs of $820 thousand include requirements for printing, supplies, transportation of things, GSA space payments, etc.

Included in the FY 1980 Budget is a Supplemental request for $4.25 million. The supplemental request includes: RDPC and Target Central System disk drives $1.6 million; contracts $1.2 million; Terminal and network component equipment $750 thousand; equipment maintenance $500 thousand; and travel $200 thousand.

REQUIREMENTS BY DEPT.	FY 79 ACTUAL	BUDGET ESTIMATE	1980 CURRENT ESTIMATE	1981 ESTIMATE	INCR. (+) DECR. (-)
ODM&T					
AVG. EMPLOYMENT	327	446	446	446	
COSTS	$24,803	$12,112	$17,087	$13,893	$(-) 3,194
DVB					
AVG. EMPLOYMENT	9	5	5	5	
COSTS	$13,787	$ 3,116	$ 3,423	$ 3,426	$(+) 3
P&E					
AVG. EMPLOYMENT					
COSTS					
CONTROLLER					
AVG. EMPLOYMENT	7	2	2	2	
COSTS	$ 146	$ 53	$ 53	$ 54	$(+) 1
DM&S					
AVG. EMPLOYMENT					
COSTS					
CONSTRUCTION					
AVG. EMPLOYMENT					
COSTS (Site Prep)					
TOTAL					
AVG. EMPLOYMENT	343	453	453	453	
COSTS	$38,736	$15,281	$20,563	$17,373	$(-) 3,190

Anticipated Benefits

The most recent study conducted by the VA indicates that the Target System can be expected to achieve savings in the range of 200 million dollars over a ten year period. The declining Regional Office workloads in the veterans benefits programs were considered in the cost benefit study. Reduced expenditures due to this projected decline have not been claimed as a part of the Target Savings.

The service improvements offered by the new system are many. New beneficiaries will receive their first payments much more quickly. Faster adjustments will be made to running awards, permitting earlier delivery of increased payments or conversely, preventing overpayments. Hundreds of thousands of status inquiries which now require days and weeks to answer can be resolved in a matter of seconds.

The Target inquiry and update functions, installed in all Regional Offices, have been received with enthusiasim by the employees who operate the system. Representatives of all of the Veterans organizations have given their endorsement.

Response to the System

The enthusiasm manifested by VA employees and Veterans Service organizations has followed the nationwide implementation of inquiry and update functions. Veterans and beneficiaries have also readily responded to the increased level of service which the system provides. The capability for on-line immediate access to the Compensation, Pension and Education (CP&E) data base approximately 13 million veteran's records, as well as immediate access to the Beneficiary Identification and Records Locator System, provides a level of service and degree of job satisfication which is extremely gratifying.

Although the implementation of the claims processing functions has been limited, there is a similarly enthusiastic response in those regional offices where claims processing has been implemented.

Recurring Target Operational Requirements

The Target System has been configured to include three Regional Data Processing Centers (RDPCs). This provides for a balanced workload and high reliability for the computers required, while minimizing communications cost. As workloads are consolidated, the aggregate workload increase directly affects the size and cost of computers required while increasing the significance of equipment failure. Likewise, consolidations affect the distance of the computer from a given Regional Office resulting in increased communications costs.

Once the system is redesigned and implemented, it is anticipated the complete Target System, including Central Office operations will require a total of 446 positions and a total estimated annual operation cost of $14.2 million.

Privacy/Security

During the Target System's entire development and testing period, careful attention has been paid to the problem of data privacy. State-of-the-art security techniques were developed. A complete data control system has been programmed into the computer with access permitted only on an authorized "need to know" basis. The computer will not provide file data unless the requestor has the correct password, the proper card key, and the appropriate level of security clearance. This entire security system will be constantly monitored and controlled by a designated Security Officer at every regional office and data processing center.

CP&E TARGET SYTEM COSTS 1/
FY 1973 - 1983
(dollar in thousands)

	1973 to 1979	1979	1980	1981	1982	1983	TOTAL
PERSONAL SERVICES	$ 17,306	$ 7,895	$ 10,755	$ 10,863	$ 10,972	$ 11,082	$ 68,873
TRAVEL	773	326	290	160	160	160	1,869
CONTRACTUAL SERVICES	9,653	4,274	1,320	500	120	120	15,987
COMMUNICATIONS	2,158	2,813	3,248	3,250	3,483	3,483	18,435
TERMINAL SYS EQUIP	92	2,032					2,124
TERMINAL SYS MAINT		387	2,329	2,331	2,564	2,564	10,175
OTHER	2,066	394	919	919	919	919	6,136
SITE PREPARATION	2,184	560					2,744
COMPUTER SITE	1,123						1,123
RO's	1,061	560					1,621
ADP	5,101	6,143	1,780	1,780	1,958	1,958	18,720
COMPUTER RENTAL	5,101	6,143					11,244
COMPUTER MAINT			1,780	1,780	1,958	1,958	7,476
ADP PURCHASES		15,667	2,350				18,017
COMPUTERS		6,912	2,350				9,262
TERMINAL SYS EQUIP		8,755					8,755
ALL OTHER	555	1,058	820	820	820	820	4,893
TOTAL	$ 37,730	$ 38,736	$ 20,563	$ 17,373	$ 17,513	$ 17,623	$ 149,538

1/ The total cost of $149.5 million through 1983 includes $82.4 million for development costs plus $67.1 million for operations.

DEPARTMENT OF VETERANS BENEFITS

Table of Contents

	Page No.
Introduction	1-103
Executive Direction	1-109
Veterans Services	1-111
Compensation, Pensions and Education	1-117
Loan Guaranty	1-123
Insurance	1-127
Office Services	1-129

DEPARTMENT OF VETERANS BENEFITS

Introduction

The Department of Veterans Benefits is one of three departments of the Veterans Administration. This Department is under the direction of a Chief Benefits Director who serves as the principal advisor to the Administrator on veteran benefit matters.

Program Description

The Department of Veterans Benefits administers an integrated program of veteran benefits consisting of Compensation, Pension, Education, Insurance, Loan Guaranty, Guardianship and Veterans Assistance activities.

Program Activities

The Department effectively administers this broad range of benefits to the veterans and other eligible beneficiaries through 59 major field stations. These stations are distributed nationwide (at least one office in every state plus the District of Columbia, Puerto Rico and the Philippines) and most provide the full range of veterans benefits.

These benefits include compensation for service-connected disabilities; pension for the aged, needy and unemployable veterans; vocational rehabilitation assistance; educational and training assistance; home buying assistance; estate protection services for veterans under legal disability; and information and assistance through personalized contacts.

Highlights Fiscal Year 1979

- Payments for compensation and pensions to veterans and dependents during the year amounted to over $10.3 billion.
- Veterans, dependents and survivors visiting or telephoning exceeded 18 million.
- More than 3.6 million compensation and/or pension claims filed by or on behalf veterans and dependents were adjudicated.
- Over 364 thousand loans were guaranteed. Of these, 38,941 loans were closed in which the veterans used restored entitlement, a 3% increase over 1978.
- The Chicago Regional Office became the first operational station, other than test sites, using the inquiry and update functions of the Target System. All other regional offices, excepting Newark Regional Office which is delayed because of physical space problems, have become operational using these functions.
- During FY 1979, holders reported 120,284 GI loan defaults, as compared to 117,204 during FY 1978, reflecting the increased exposure incident to the high volume of loans closed over the past several years. Nevertheless, VA supplemental servicing managed to restrict the number of claims to 13,179, a 9% decrease from FY 1978.
- The VA inventory of acquired properties stood at 9,453 at the end of FY 1979, a decrease of 16.3% from the 11,291 in inventory at the end of FY 1978. During FY 1979, 14,722 properties were sold, a decline from the 15,750 sales in FY 1978. The 1979 end of year inventory was the lowest experienced in the program since 1960.

Plans and Trends

Budget year plans provide for the implementation of a new concept in Vocational Rehabilitation directed to assisting veterans back to a productive life.

The Vet Rep Program will decline to its lowest level since the service was initiated. Outreach efforts will focus special attention to service-connected veterans, Vietnam Era veterans, and disadvantaged and aging veterans.

Compliance surveys and field examinations in 1980 and 1981 will exceed the levels attained in 1979.

Training of employees will continue to be emphasized in 1981 through two separate programs -- Upward Mobility and Executive Development. Upward Mobility provides for the establishment of training and education programs designed to provide a maximum opportunity for employees to advance so as to perform at their highest potential. For this program, $250,000 is included in the estimate. Executive Development is an effort to ensure improved systems within the Department for the selection, counseling, development and utilization of career executives, senior executive personnel and non-SES supervisory employees. Included in the estimate for this program is $320,000. Within this total, $220,000, is provided for the Senior Executive Service (SES) program. These funds will be utilized for development of a training program to establish a reservoir of employees identified as potentially qualified for advancement to SES level, as well as SES awards and merit pay for applicable employees.

Summary of Budget Estimate

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Personnel compensation ...	$294,242,250	$309,197,000	$304,866,000	$-4,331,000
Personnel benefits	29,797,798	32,540,000	32,099,000	-441,000
Total personal services and benefits	324,040,048	341,737,000	336,965,000	-4,772,000
Employee Travel	2,599,308	2,868,000	3,212,000	+344,000
All Other Travel	2,620,750	2,725,000	2,775,000	+50,000
Transportation of things .	1,275,334	1,500,000	1,500,000	...
Rents, communications and utilities	65,127,092	63,783,000	66,294,000	+2,511,000
Printing and reproduction.	4,393,492	5,000,000	5,000,000	...
Other services	34,502,501	36,145,000	37,810,000	+1,665,000
Supplies	4,720,397	4,600,000	4,600,000	...
Equipment	2,227,190	1,000,000	2,000,000	+1,000,000
Total Costs	441,506,112	459,358,000	460,156,000	+798,000
Common service adjustment 1/	-3,209,000	-3,523,000	-3,580,000	-57,000
Net costs	438,297,112	455,835,000	456,576,000	+741,000
Change in selected resources	+11,570,536	...	...	...
Obligations	449,867,648	455,835,000	456,576,000	+741,000
Reinbursements	-1,604,266	-1,000,000	-1,000,000	...
Appropriation estimate	$448,263,382	$454,835,000	$455,576,000	$+741,000
Supplemental included: Program workload		($7,787,000)		

1/ Department of Veterans Benefits provides Management, Finance and Administrative services to the Department of Medicine and Surgery at Regional Office - Hospital Centers. "Common Services" amounts reflect the costs of these services.

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Executive Direction	476	484	486	+2
Veterans Services	4,370	4,191	4,159	-32
Compensation, Pension & Education	6,019	5,788	5,516	-272
Loan Guaranty	2,450	2,503	2,503	...
Insurance	528	528	528	...
Office Services	4,233	4,015	3,787	-228
Total Average Employment ..	18,076	17,509	16,979	-530

Summary of Budget Request

The 1981 request of $455,576,000 is $741,000 over 1980 and will support an average employment of 16,979 which is a reduction of 530 from 1980. Employment reductions due to implementation of the Target System are reflected in this estimate. Savings during this year are estimated to be 533 Average Employment, raising the cumulative savings to date to 965.

The major portion of this funding increase is distributed to the following categories:

- o Employee travel
- o Communications and rental of space
- o Contractual services and payments to state approving agencies
- o Purchase of initial and replacement office equipment.

A detailed explanation of all changes is reflected on subsequent pages.

Change from original 1980 Budget Estimate

	Budget Estimate	Current Estimate	Increase(+) Decrease(-)
Personnel compensation	$280,313,000	$309,197,000	$+28,884,000
Personnel benefits	29,250,000	32,540,000	+3,290,000
Total personal services and benefits	309,563,000	341,737,000	+32,174,000
Employee Travel	3,117,000	2,868,000	-249,000
All Other Travel	3,110,000	2,725,000	-385,000
Transportation of things ...	1,500,000	1,500,000	...
Rents, communications and utilities	71,491,000	63,783,000	-7,708,000
Printing and reproduction ..	4,500,000	5,000,000	+500,000
Other Services	39,580,000	36,145,000	-3,435,000
Supplies	4,100,000	4,600,000	+500,000
Equipment	1,000,000	1,000,000	...
Total Costs	437,961,000	459,358,000	+21,397,000
Common Service adjustment	-3,309,000	-3,523,000	-214,000
Net Costs	434,652,000	455,835,000	+21,183,000
Change in selected resources	...	...	...
Obligations	434,652,000	455,835,000	+21,183,000
Reimbursements	-1,000,000	-1,000,000	...
Appropriation estimate	$433,652,000	$454,835,000	$+21,183,000
Average employment (jurisdictional)	17,106	17,509	+403

Original FY 1980 estimate ..	$433,652,000
o Congressional action on intital appropriation request	(5,707,000)
o Payraise effective October 7, 1979	20,504,000
o Urgent program supplemental requesting partial restoration of planned employment savings resulting from Target implementation	7,490,000
o Program supplemental requesting 15 FTE and $297,000 for Departmental participation with General Counsel in the Debt Collection test	297,000
o Payraise absorption	(1,621,000)
o Senior Executive Service	220,000
Current FY 1980 Requirements	454,835,000

Intra-departmental reprogramming and partial restoration of planned Target employment savings are the chief components contributing to the net increase of 403 in average employment. The current estimate shows a net increase of $21,183,000 over the original budgeted requests. The increases are primarily due to the payroll increases for the G.S. payraise ($+20,504,000), SES ($+220,000), and program supplementals partially restoring planned Target savings ($+7,490,000) and to assist General Counsel in the collection of receivables at the field station ($+297,000). These increases are partially offset by decreases in Rents, Communications, and Utilities, Other Services, and travel resulting from Congressional Action on the FY 1980 appropriation request ($-5,707,000), and the cost of partially absorbing the October 1979 GS payraise ($-1,621,000). The reduction in rents is primarily due to lower than budgeted FTS, ARS and postage costs. Reporting Allowance, Payments to States and fee basis counseling costs are expected to decrease based on FY 1979 experience.

DEPARTMENT OF VETERANS BENEFITS
DISTRIBUTION OF APPLIED COSTS
ACTUAL COSTS BY PROGRAM AND OBJECT—FISCAL YEAR 1979

PROGRAM	Average Employment DVB	20--CONTRACTUAL SERVICES AND SUPPLIES										Budgeted Costs (Jurisdiction)	Common Service Adjustment	Budgeted Costs Net
		11	12	10	21	22	23	24	25	26	30			
		Personnel Compensation	Personnel Benefits	Total Pers. Services & Benefits	Travel and Transp. of Persons	Transportation of Things	Rents, Communications & Utilities	Printing & Reproduction	Other Services	Supplies and Materials	Acquisition of Capital Assets			
Executive Direction	476	12,234,803	1,277,287	13,512,090	299,462				2,510			13,814,062	1,158,000	12,656,062
Veterans Services	4,370	77,749,455	8,015,442	85,764,897	* 2,068,291				4,596,431			92,429,619		92,429,619
Compensation, Pension & Education	8,019	102,602,761	10,039,805	112,642,566	323,245				21,760,805			134,726,616		134,726,616
Loan Guaranty	2,450	41,321,050	4,257,590	45,578,640	511,543				1,893,967			47,984,150		47,984,150
Insurance	528	7,710,479	754,024	8,464,503	2,965							8,467,468		8,467,468
Office Services	4,233	52,623,702	5,453,650	58,077,352	2,014,532	1,275,334	65,127,092	4,393,492	6,248,788	4,720,397	2,227,190	144,084,177	2,051,000	142,033,177
Total Employment & Costs	18,076	294,242,250	29,797,798	324,040,048	5,220,058	1,275,334	65,127,092	4,393,492	34,502,501	4,720,397	2,227,190	441,506,112	3,209,000	438,297,112
Common Service Adjustments (-)		2,834,000	247,000	3,081,000			93,000		10,000	25,000		3,209,000		
Total Net Budgeted Costs	18,076	291,408,250	29,550,798	320,959,048	5,220,058	1,275,334	65,034,092	4,393,492	34,492,501	4,695,397	2,227,190	438,297,112		438,297,112

ESTIMATED COST BY PROGRAM AND OBJECT—FISCAL YEAR 1980

Executive Direction	484	13,567,000	1,535,000	15,102,000	200,000				3,000			15,305,000	1,259,000	14,046,000
Veterans Services	4,191	81,200,000	8,660,000	89,860,000	2,528,000				5,700,000			98,088,000		98,088,000
Compensation, Pension & Education	5,788	105,300,000	10,981,000	116,281,000	300,000				22,777,000			139,358,000		139,358,000
Loan Guaranty	2,503	45,664,000	4,855,000	50,539,000	565,000				1,900,000			53,004,000		53,004,000
Insurance	528	8,446,000	840,000	9,286,000	4,000							9,290,000		9,290,000
Office Services	4,015	55,000,000	5,669,000	60,669,000	1,996,000	1,500,000	63,783,000	5,000,000	5,765,000	4,600,000	1,000,000	144,313,000	2,264,000	142,049,000
Total Employment & Costs	17,509	309,197,000	32,540,000	341,737,000	5,593,000	1,500,000	63,783,000	5,000,000	36,145,000	4,600,000	1,000,000	459,358,000	3,523,000	455,835,000
Common Service Adjustments (-)		3,090,000	268,000	3,358,000			123,000		12,000	30,000		3,523,000		
Total Net Budgeted Costs	17,509	306,107,000	32,272,000	338,379,000	5,593,000	1,500,000	63,660,000	5,000,000	36,133,000	4,570,000	1,000,000	455,835,000		455,835,000

ESTIMATED COST BY PROGRAM AND OBJECT—FISCAL YEAR 1981

Executive Direction	496	13,797,000	1,558,000	15,355,000	215,000				3,000			15,573,000	1,272,000	14,301,000
Veterans Services	4,159	81,720,000	8,712,000	90,432,000	2,871,000				6,552,000			99,855,000		99,855,000
Compensation, Pension & Education	5,516	101,720,000	10,616,000	112,336,000	327,000				22,975,000			135,638,000		135,638,000
Loan Guaranty	2,503	46,273,000	4,914,000	51,187,000	565,000				1,900,000			53,652,000		53,652,000
Insurance	528	8,554,000	857,000	9,411,000	4,000							9,415,000		9,415,000
Office Services	3,787	52,802,000	5,442,000	58,244,000	2,005,000	1,500,000	66,294,000	5,000,000	6,380,000	4,600,000	2,000,000	146,023,000	2,308,000	143,715,000
Total Employment & Costs	16,979	304,866,000	32,099,000	336,965,000	5,987,000	1,500,000	66,294,000	5,000,000	37,810,000	4,600,000	2,000,000	460,156,000	3,580,000	456,576,000
Common Service Adjustments (-)		3,124,000	269,000	3,393,000			140,000		14,000	33,000		3,580,000		
Total Net Budgeted Costs	16,979	301,742,000	31,830,000	333,572,000	5,987,000	1,500,000	66,154,000	5,000,000	37,796,000	4,567,000	2,000,000	456,576,000		456,576,000

EXECUTIVE DIRECTION

Introduction

This program is comprised of the office of the Chief Benefits Director, Regional Field Directors, Station Directors and their immediate staff.

Program Description

The Chief Benefits Director is responsible to the Administrator for the operation of the Department which involves an annual expenditure in excess of twelve billion dollars.

Program Activity

There are 59 field stations (regional offices and centers) under the jurisdiction of the Department of Veterans Benefits. These are divided into three geographical areas, each of which is administered by a Regional Field Director. Station Directors provide local management and administrative direction of field station operations. Also included in this program is the Budget Staff, responsible for acquiring necessary funding for all programs within the Department and the Management Staff which reviews and analyzes field station operations. Employment in fiscal years 1980 and 1981 includes staff assistant trainee positions at various field station locations and expansion of the Chief Benefits Director's staff to provide resources to implement the Civil Service Reform Act, which includes the Senior Executive Service.

Summary of Budget Estimates

	FY 1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Average employment	476	484	484	486	+2
Costs:					
Personal svcs. ..	$13,512,090	$13,820,000	$15,102,000	$15,355,000	$+253,000
Tvl. & Trans. of Persons	299,462	155,000	200,000	215,000	+15,000
Other services ..	2,510	3,000	3,000	3,000	...
Total costs ...	13,814,062	13,978,000	15,305,000	15,573,000	+268,000
Common service adjustment	-1,158,000	-1,179,000	-1,259,000	-1,272,000	-13,000
Net costs	$12,656,062	$12,799,000	$14,046,000	$14,301,000	$+255,000

Summary of Budget Request

Funds of $14,301,000 are requested to support the Executive Direction function for FY 1981. This represents an increase of $255,000 over FY 1980 due to increases in employment and travel, the annualization of the October 1979 G.S. payraise, and normal within-grade advances.

Analysis of Increases and Decreases - 1981

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Personal Services				
Average employment	476	484	486	+2
Payroll costs	$13,512,090	$15,102,000	$15,355,000	$+253,000

The personal services costs are the estimated amounts required to support the employment indicated, including the agency share of benefits such as retirement, hospitalization, and insurance. The increase is due to the addition of 2 in average employment, the annualization of the October 1979 G.S. payraise and normal within grade increases.

Travel and transportation of persons				
Employee travel	$299,462	$200,000	$215,000	$+15,000

Funds requested will provide for travel expenses incurred in (a) supervising, evaluating, surveying, and coordinating field station operations; (b) the travel of Directors and staff members to Central Office and other locations for the purpose of attending conferences and meetings pertaining to the business of veterans affairs; and (c) travel expenses incurred by the transfer of employees between stations. The FY 1980 estimate reflects implementation of Public Law 96-86. The 1981 estimate represents total program needs.

Other Services				
Representation allowance .	$1,510	$2,000	$2,000	...
Official residence allowance	1,000	1,000	1,000	...
Total	$2,510	$3,000	$3,000	...

Funds are required to pay residence and representation allowances for the Director at Manila Regional Office as provided by Public Laws 86-116 and 86-707.

300

VETERANS SERVICES

Introduction

The Veterans Services Program operates through a wide network of veterans services field locations whose personnel assist veterans, their dependents and survivors on veterans benefits matters. It includes extensive outreach activities to assure that information and assistance are provided for the educationally disadvantaged and the disabled.

Program Description

The Veterans Services Program provides for veterans, their dependents and survivors, information, advice and assistance concerning the availability and procurement of benefits under laws administered by the VA and other agencies. This includes providing educational and vocational counseling, rehabilitation assistance, on-campus assistance to veteran students and overseeing payment of VA benefits to those payees who are under legal disabilities.

It includes arrangements with the Armed Forces to assure that personnel approaching separation are informed about veterans benefits and how they may be obtained. To assist veterans, dependents and survivors residing at a distance from regional offices in obtaining information and advice, toll-free telephone service is provided.

The program also provides the away-from-office service needed to obtain information, maintain liaison with educational institutions, serve veterans at educational institutions and assure compliance with laws (including Title VI of the Civil Rights Act) and regulations in the Education and Rehabilitation program.

Program Activity

The activity is conducted at all 58 Veterans Administration Regional Offices, 17 Veterans Assistance Offices and 171 hospitals, 5 outpatient clinics, plus 2,552 (203 full-time and 2,349 part-time) educational institution campuses and 62 itinerant points.

Highlights Fiscal Year 1979

Veterans, dependents and survivors visiting or calling totaled over 18 million (3.6 million interviews; 15.2 million telephone calls).

U.S. Veterans Assistance Centers operating at Veterans Services locations continued efforts to inform recently separated veterans, particularly the educationally disadvantaged (those having less than a high school education), about available veterans benefits. Over 150,000 such veterans were interviewed, almost 12% being educationally disadvantaged. Employment was found for 14,336 veterans out of about 57,727 who requested assistance.

The toll-free telephone service to VA regional office locations initiated in 1967 was completed late in fiscal year 1977. The service is now available throughout the continental United States, Alaska, and Hawaii. Veterans and beneficiaries throughout the 50 states can now call VA regional offices or centers for, at most, the cost of a local call. During FY 1979, 4,782,046 calls were received over these lines.

Mobile Office Vans were transferred in May 1979 to the VA Hospitals to provide transportation for handicapped veterans thereby providing those veterans with transportation to their homes or elsewhere as circumstances required. Prior to the transfer the Vans had visited 31 communities, traveling 7,913 miles, interviewing 1,481 veterans about 9% of whom were Vietnam veterans interviewed for the first time.

Participation continued in a joint project undertaken by VA and the Department of Labor in cooperation with the National Alliance of Businessmen to provide employment assistance for disabled Vietnam era veterans. Veterans Services personnel interviewed 2,659 veterans, completed 9,834 telephone actions and released 5,282 correspondence items.

During the year, 103,453 field examinations were conducted; 26,517 were for the purpose of appointing guardians or other fiduciaries to receive payments on behalf of minors or incompetent adults; 62,347 were for the purpose of reviewing previously established fiduciary arrangements; and 14,589 were conducted to obtain information in connection with other Department operations. Current emphasis on according due process to persons previously found incompetent required a modification of simplified procedures adopted in FY 1974. This will cause increased reviews of previously established fiduciary arrangements. At the end of the year there were 143,286 beneficiaries for whom payments were being supervised. Almost 80% of the beneficiaries are adults and about 20% are minors.

The Vet Rep program during the year provided service to over 2,500 schools. Of these 209 (203 college level and 6 other) were served full-time and 2,349 (1,538 college level and 811 other) received part-time service. The Vet Reps expedited over 260,000 payment inquiries and conducted over 1.7 million interviews. To reduce travel costs, they have been trained to perform other duties in the areas of schools they service. They performed over 4,500 field examinations and conducted 475 compliance surveys at schools other than those they serve. Title VI Civil Rights review was included in 355 of the compliance surveys. They performed almost 3,000 liaison visits with school authorities and conducted visits to prisons in their area to assure that veteran-inmates are advised of benefit eligibility.

Vet Reps and other Veterans Services personnel expended about 77 staff years in obtaining from schools certifications of enrollment and attendance. Obtaining such certifications is necessary to assure prompt payment of educational benefits.

The Community Service activity located at some regional offices provided initial assistance to 4,356 veterans, found employment for 572 veterans and placed 712 veterans in education or training programs.

Compliance surveys decreased about 7% over those performed in FY 1978. With increasing emphasis on this function, performance in the last half of the fiscal year was at the rate of about 12,500 surveys annually.

Plans and Trends

Increases in personal and telephone interviews are expected as the result of changes in compensation and pension laws.

Interviews with hospital patients will increase slightly as the result of procedures emphasizing the necessity for contacting all service-connected disabled patients.

There will be a slight increase in FX/WATS incoming calls because of Vet Rep reductions.

Vet Rep service will be at its lowest level since the program was installed. Outreach efforts will focus special attention and priority service to service-connected disabled veterans, Vietnam era veterans and disadvantaged and aging beneficiaries. There will be no mobile van program.

Cross training of personnel will be continued in order to provide maximum flexibility at-office and away-from-office, thereby minimizing travel and resulting costs.

There will be increased emphasis on providing assistance to veterans in finding employment and entering into On-the-Job Training programs. In this connection, there will be cooperation with CETA prime sponsors in connection with the HIRE II program and with State Employment Services, the National Alliance of Businessmen and the Department of Labor in obtaining employment plus outreach to employers to obtain On-the-Job Training opportunities.

Veterans Services personnel will be required to participate in the programs of the White House Veterans Federal Coordinating Committee and in the Readjustment Counseling program for Veterans of the Vietnam Era established by PL 96-22 and operated by DM&S as Operation Outreach. Also the Career Development Center Program being established by VA will require much assistance from Veterans Service personnel.

The VA's counseling responsibility is considerably expanded, due to recent legislative changes. As a result of the implementation of recommendations from the study mandated by PL 95-202, counseling workload will grow significantly.

In FY 1981 there will be a coordinated rehabilitation program, consisting of 55 FTE from the Department of Veterans Benefits, primarily designed to assist this nation's severely disabled Vietnam Era Veterans. This program, outlined in the Chapter 31 Study as mandated by Public Law 95-202, offers a new framework in the VA Vocational Rehabilitation program, which has virtually remained unchanged since 1943. VA will broaden the meaning of Vocational Rehabilitation under Chapter 31 so that we may enable some of these veterans to obtain suitable jobs, rather than limit our function to restoring employability. VA services will include social, psychological, vocational and economic support to enable these veterans to prepare for and engage in meaningful employment. Also included in all years of this budget are funds for contracts with public and non-profit agencies, including institutions of higher learning, to provide training for VA counseling and rehabilitation staff, to insure continuing vocational rehabilitation staff development through regular in-service training, attendance at professional meetings and, as appropriate, support of formal graduate education for staff.

• WORKLOAD

	FY 1979 Actual	1980 Estimate	1981 Estimate
Interviews	3,617,265	3,360,000	3,280,000
Telephone actions	19,668,598	21,500,000	21,400,000
Correspondence	2,773,915	2,650,000	2,600,000
Field examinations	103,453	105,000	110,000
Compliance Surveys	11,800	12,500	13,500
Liaison actions	86,873	84,000	82,000
Total	26,261,904	27,711,500	27,485,500
Counseling:			
Fee basis:			
Vocational rehabilitation	3,227	4,000	5,000
Dependents	9,305	10,000	10,000
Readjustment training	33,603	43,000	47,000
Total	46,135	57,000	62,000
VA Staff:			
Vocational rehabilitation	36,153	43,000	53,500
Dependents	8,604	8,000	8,000
Readjustment training	28,948	24,000	17,000
Total	73,705	75,000	78,500

Summary of Budget Estimates

	FY 1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Average employment	4,370	4,151	4,191	4,159	-32
Costs:					
Personal svcs.	$85,764,897	$81,219,000	$89,860,000	$90,432,000	$+572,000
Tvl & trans. of persons	2,068,291	3,217,000	2,528,000	2,871,000	+343,000
Other services	4,596,431	8,740,000	5,700,000	6,552,000	+852,000
Total costs	$92,429,619	$93,176,000	$98,088,000	$99,855,000	$+1,767,000

Summary of Budget Request

Funds of $99,855,000 are requested to support the Veterans Services program for FY 1981, which represents an increase of $1,767,000 over FY 1980. This increase is primarily attributable to the Chapter 31 improvements commencing in FY 1981, which adds 55 in average employment. Increases in employee and beneficiary travel, counseling and miscellaneous contractual services are estimated, offset by the continuing implementation of the Target System, decreases in trainees in education programs and to reductions in the Vet Reps on campus.

Explanation of Increases and Decreases - 1981

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Personal Services				
Average employment	4,370	4,191	4,159	-32
Payroll costs	$85,764,897	$89,860,000	$90,432,000	$+572,000

Average employment for FY 1980 includes restoration of resources due to slippage in the Target implementation schedule. Costs represent salaries for the employment indicated plus finge benefits such as retirement, hospitalization and insurance paid by the government. The increase in FY 1981 is due to the Chapter 31 improvements offset by full Target implementation and reductions in the Vet Rep on Campus program.

Travel and transportation of persons				
Employee travel	$1,319,199	$1,703,000	$1,996,000	$+293,000
Beneficiary travel	749,092	825,000	875,000	+50,000
Total	$2,068,291	$2,528,000	$2,871,000	$+343,000

Travel costs are incurred by employees in the performance of official duties such as compliance surveys, visits to guidance centers and in the placement and supervision of disabled veterans as well as attendance at meetings, workshops, seminars, etc.

The increase in employee travel in FY 1980 and FY 1981 is due to several factors: (1) an accelerated outreach effort with particular emphasis on service-connected disabled veterans, Vietnam Era veterans, disadvantaged and aging beneficiaries; (2) the current reduction in the Vet Rep program which increases the need for travel to provide service on an itinerant basis; (3) the rise in per diem rates in many parts of the country.

Veterans in rehabilitation training and most children of deceased or totally and permanently disabled veterans must be counseled before entering training and prior to any change of course. It is also required for readjustment trainees upon a second or any subsequent change of course or educational objective. Other trainees may request counseling at any time. When counseling is required by the VA the roundtrip cost of transportation between point of residence and the counseling location is paid by the VA and is charged to Beneficiary Travel.

Other Services				
Miscellaneous contractual services	...	...	$352,000	$+352,000
Fee basis counseling	$4,596,431	$5,700,000	6,200,000	+500,000
Total	$4,596,431	$5,700,000	$6,552,000	$+852,000

59-500 O - 80 - 20

The increase in miscellaneous contractual service is a result of the Chapter 31 improvements and provides for research, innovation, expansion and demonstration grants and training for VA staff to provide increased service to severely disabled veterans.

Fee basis counseling costs are based on the number of cases completed at guidance centers at an average cost of approximately $100 per case. The increased cost in FY's 1980 and 1981 is a result of: (1) an Outreach campaign which informed veterans of the availability and the advantages of counseling services; (2) referrals from career development centers and DM&S storefront operations and; (3) an attempt to increase VA manhours to provide the expanded Vocational Rehabilitation Counseling services to the severely disabled by in-house personnel.

COMPENSATION, PENSION AND EDUCATION

Introduction

This program is comprised of two primary functions; the adjudication of claims for compensation or pension and the administration of the veteran's education and rehabilitation program.

Program Description

The Compensation and Pension program provides financial assistance to veterans, their dependents and survivors. The component activities are: compensation, which provides financial aid to veterans who, because of service-connected disabilities, have suffered a loss or impairment of earning capacity; and pension, which provides a measure of financial assistance to needy wartime veterans who, because of disabilities not necessarily related to military service, are precluded from gainful employment.

Additionally, there are specific benefit programs of dependency and indemnity compensation and death pension for survivors and dependents under each of these major categories.

The Education and Rehabilitation program provides financial assistance to veterans, their dependents, and their survivors to aid them in obtaining education or training. The component activities are: vocational rehabilitation which provides assistance to disabled veterans to overcome the employment problems caused by their service-connected disabilities; educational assistance which provides financial benefits to veterans and other eligible persons to assist them in obtaining education.

Program Activity

Activities of the Compensation, Pension and Education program are conducted through a network of regional adjudication offices located in all states as well as the District of Columbia, Puerto Rico and the Philippines.

Highlights Fiscal Year 1979

About 3,625,100 claims for compensation and pension submitted by or on behalf of returned Vietnam era veterans as well as older veterans and their dependents were adjudicated in 1979.

Over $10.4 billion was paid to veterans and dependents in compensation and pension benefits. This includes payments of over $5.6 billion to 2.3 million veterans for service-connected disabilities and $2.2 billion to 997 thousand veterans as non-service-connected disability pensions. Dependents and survivors of approximately 1.5 million deceased veterans received $2.6 billion in death compensation, dependency and indemnity compensation and pension payments. A total of about $1.2 billion was paid in compensation and dependency and indemnity compensation to approximately 361,000 survivors and $1.4 billion to 1.2 million survivors on the pension rolls. Additionally, $94.2 million was paid in burial allowances, $41.4 million for cemetery plots, $8.7 million for service-connected deaths, $11.0 million for headstones and grave markers and $4.6 million for burial flags to drape the caskets of deceased veterans. These figures plus those in the workload table give an indication of current trends and the overall magnitude of the program. There are, however, other factors which have an impact on operations. In the field of new legislation and amendments to existing legislation, the following changes occured within the past fiscal year:

(a) Public Law 95-479, effective October 1, 1978, increased compensation for service-connected disability by 7.3 percent. Statutory awards relating to more serious disabilities were also increased by 7.3 percent. Additional amounts for dependents which are paid to certain veterans were increased by 7.3 percent. This law also reduced from 50 percent to 30 percent the rate of disability required before additional compensation for dependents is payable to veterans.

A new provision of the law pays a new statutory award of $175 monthly to certain veterans who have suffered the service-connected loss or loss of use of an extremity ratable at not less than 40 percent and who have subsequently suffered the non-service-connected loss or loss of use of the paired extremity at a level ratable at no less than 40 percent.

Public Law 95-479 also increased non-service connected death burial allowance from $250 to $300 and increased service connected death benefits from $800 to $1,100.

Payments of DIC to surviving spouses and children of veterans who died of service-connected causes are increased 7.3 percent.

(b) Public Law 95-588, effective January 1, 1979, provided for major reform of the non-service connected pension program. One of the principal purposes of the Act is to assure that VA pension benefits will never be reduced solely as a result of cost-of-living increases in social security payments. The act automatically indexes pension rates to the Consumer Price Index on the same basis as social security.

Maximum annual rates, which were automatically increased on June 1, 1979 in line with the Consumer Price Index, for a single veteran is $3,902, a veteran with one dependent is $5,112. A single veteran receiving aid and attendance has a maximum rate of $6,243; if he is housebound the rate is $4,770. Veterans of WWI and Mexican Border Period have an additional $880 added to these maximum rates. Surviving spouses have a maximum rate of $2,615 if they have no dependents and $3,425 if there is also a dependent child. If the spouse is in need of aid and attendance the maximum rate is increased to $4,183. A widow alone who is housebound has a maximum of $3,196.

A child alone who meets all the requirements, is entitled to a maximum annual payment of $660.

Pensioners who receive benefits under Public Law 86-211, or the prior protected pension law, have the right to elect benefits under PL 95-588. Such election is irrevocable.

During FY 1979, 29,470 veterans received vocational rehabilitation training; 1,278,994 veterans and servicepersons and 102,956 dependents of veterans received educational assistance.

Education Loan volume declined to 11,040 loans disbursed in FY 1979, following implementation of stricter eligibility and processing guidelines.

Plans and Trends

In 1981 the average age of World War I veterans will be 86.0 years, World War II veterans 61.0 years, Korean conflict veterans 51.7 years, and Vietnam veterans 33.6 years. As age and disability take their toll, we expect an increase in the number of death claims in future years.

Public Law 96-128, effective October 1, 1979, provides increases in disability compensation for service-connected veterans by 9.9 percent. Statutory awards, relating to more serious disabilities are also increased by 9.9 percent. Additional allowance for dependents which are paid to certain veterans are increased by 9.9 percent.

Payments of DIC to surviving spouses and children of veterans who died of service connected causes are increased 9.9 percent.

The annual clothing allowance will be increased from $218 to $240 for veterans whose service connected disabilities require the wearing or use of a prosthetic or orthopedic appliance which tends to wear or tear the clothing.

Under the Veterans and Survivors Pension Improvement Act of 1978 (Public Law 95-588) increases in pension are based on the increase in the Consumer Price Index on the same basis as social security increases. Effective June 1, 1979 rates were increased 9.9 percent.

Field station workload will decline in FY 1980 as the estimated number of trainees continues to decrease. Chapter 31 trainees will decrease to 27,600 in FY 1980 and 26,000 in FY 1981. Chapter 34 trainees will decline to 1.04 million in FY 1980 and to just over .8 million in FY 1981.

Chapter 35 trainees are expected to fall in FY 1980 to 99,200, then in FY 1981 to 95,200. Tutorial assistance will continue to gradually decline -- to 14,100 in FY 1980 and 11,400 in FY 1981.

WORKLOAD

	1979 Actual	1980 Estimate	1981 Estimate
Compensation and Pension:			
Claims:			
Initial disability	198,954	202,000	202,000
Non-Original	456,768	480,000	485,000
Dependency and income	2,404,370	1,600,000	1,575,000
New death	131,564	137,500	147,000
Burial	377,960	395,000	405,000
Statement of case	55,482	59,000	60,000
Total	3,625,098	2,873,500	2,874,000
Education:			
Number of Trainees:			
Post Vietnam (Chapter 32)	456	6,100	15,000
Vocational rehabilitation	29,470	27,600	26,000
Dependents	102,956	99,200	95,200
Readjustment training	1,278,538	1,040,200	817,000
Total	1,411,420	1,173,100	953,200

Summary of Budget Estimates

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Average employment	6,019	5,493	5,788	5,516	-272
Costs:					
Personal svcs.	$112,642,566	$99,069,000	$116,281,000	$112,336,000	$-3,945,000
Tvl. & trans. of persons	323,245	280,000	300,000	327,000	+27,000
Other svcs.	21,760,805	23,804,000	22,777,000	22,975,000	+198,000
Total cost	$134,726,616	$123,153,000	$139,358,000	$135,638,000	$-3,720,000

Summary of Budget Request

Funds of $135,638,000 are requested to support the Compensation, Pension and Education program for FY 1981. This represents a decrease of $3,720,000 from FY 1980 due to reduction in employment, and decreased reporting allowance, offset by increased costs in employee travel, payments to states and the annualization of the October 1979 G.S. payraise.

Analysis of Increases and Decreases - 1981

	1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Personal Services				
Average employment	6,019	5,788	5,516	-272
Payroll costs	$112,642,566	$116,281,000	$112,336,000	$-3,945,000

Average Employment for FY 1980 includes restoration of resources due to slippage in the Target implementation schedule. Costs represent salaries for the employment indicated plus fringe benefits such as retirement, hospitalization and insurance paid by the government. The reduction in payroll cost in FY 1981 reflects full Target savings and a general decline in employment offset by the annualization of the October 1979 payraise and normal within-grade salary increases.

Travel and transportation of persons •				
Employee travel	$323,245	$300,000	$327,000	$+27,000

Travel costs are incurred by employees in the performance of official duties such as visits to various veterans organizations and to county service officers for the purpose of advising or consulting with them concerning legislative matters or VA regulations or decisions affecting veterans. Also included is the cost of attendance at meetings, seminars, workshops, etc. The FY 1980 estimate reflects the implementation of Public Law 96-86. The FY 1981 estimate represents total program needs.

Other Services				
Miscellaneous contractual services	$10,725	$20,000	$20,000	...
Book handling charges ...	197,417	200,000	200,000	...
Reporting allowance	6,815,076	5,757,000	4,955,000	$-802,000
Payments to states	14,737,587	16,800,000	17,800,000	+1,000,000
Total	$21,760,805	$22,777,000	$22,975,000	$+198,000

The reporting allowance fee is paid annually to schools to cover the costs of administrative activites and report preparation for veterans and/or dependent trainees. The amount paid is based on the number of trainees on the rolls as of October 31st and identified as Reporting Allowance. The estimated cost for FY 1980 and FY 1981 is based on the expected number of trainees in these years. Payment is at a rate of $11 each for trainees who have elected to receive advance pay and $7 each for all other trainees.

Payments to states covers payments to State Approval Agencies as reimbursement for costs incurred in inspecting and approving courses at schools and other training institutions where veterans or dependents are enrolled or are about to enter. These payments are based on an approved contract with individual State Approval Agencies and cover all levels of scholastic endeavor.

Increasing costs in FY 1980 and FY 1981 are attributable to the following: (a) Additional State Approval Agency personnel, resulting from the requirement that justification be provided which verifies that at least one-half of all persons in vocational training courses during the preceding two year period have been employed in the occupational category for which the course was designed. (b) Many states provide annual salary increases for their employees. When these occur, the cost to the VA of the service provided by the SAA is increased.

LOAN GUARANTY

Introduction

The Loan Guaranty program provides housing credit assistance to eligible veterans and service personnel through guaranties of loans made by private lenders and through direct loans in capital-short areas.

Program Description

The program provides credit assistance whereby housing credit needs of veterans and service personnel may be satisfied by private capital on more liberal terms than generally available to non-veterans, without the assumption of undue risks by the Government.

Assistance is chiefly through substituting the Government's guaranty on loans in lieu of the substantial downpayments, relatively short terms, and other investment safeguards applicable to conventional mortgage transactions. The program also assists totally disabled veterans in receiving specially adapted housing grants.

The Direct Loan Program provides credit assistance to veterans living in rural and remote areas where private credit for guaranteed loans is not generally available. The primary objective of the program is to place such veterans on parity with veterans living in metropolitan areas.

Cumulatively through September 30, 1979, 10,976,136 loans aggregating $174.4 billion have been made or guaranteed to purchase conventional housing, condominiums, and mobile homes. In addition, 16,612 severely disabled veterans have obtained $229.2 million in grants to purchase housing specially adapted to their particular needs.

Since the inception of the program, 398,732 claims have been settled for less than $2.7 billion. Incident to these claims, and as a result of foreclosures of direct loans, 434,290 properties have been acquired - 419,644 of these properties have been sold for $5.8 billion. In addition, 5,163 properties were redeemed.

Program Activity

The activities of this program are identified in the following highlights.

Highlights Fiscal Year 1979

During FY 1979, 364,578 loans were guaranteed. Vietnam era veterans continue to account for the majority of the loans. The effects of legislation liberalizing the eligibility for restoration of entitlement was observed in the increasing use of the program by veterans using restored entitlement. In FY 1979, 38,941 loans were closed in which the veteran used restored entitlement, a 3% increase over the previous year.

During FY 1979, the willingness of private lenders to make guaranteed loans in areas eligible for direct lending required the VA to make only 1,419 direct loans. This volume continued the trend of the past several years. Total loans closed decreased to 364,578 in FY 1979 from 380,874 in FY 1978. This decrease was primarily the result of a tighter money market which caused the escalation of interest rates including the FHA/VA maximum rate thereby hampering the income qualifications of many veterans. The following is a summary of the changes in origination workloads experienced during FY 1979:

Origination Workload	Volume in Fiscal Year 1978	1979	% Change
Homes Loans Closed	360,782	344,616	-4.5
Condominium Loans Closed	3,320	3,482	+4.9
Refinancing Loans Closed	12,459	9,752	-21.7
Mobile Home Loans Closed	4,313	6,728	+56.0
Total Loans Closed	380,874	364,578	-4.3
Total GI Applications Received	418,431	436,441	+4.3
GI Home Loan Appraisal Requests	639,150	691,280	+8.2

During FY 1979, holders reported 120,284 GI loan defaults, as compared to 117,204 during FY 1978, reflecting the increased exposure incident to the high volume of loans closed over the past several years. Nevertheless, VA supplemental servicing managed to restrict the number of claims to 13,179, a 9% decrease from FY 1978.

The VA inventory of acquired properties stood at 9,453 at the end of FY 1979, a decrease of 16.3% from the 11,291 in inventory at the end of FY 1978. During FY 1979, 14,722 properties were sold, a decline from the 15,750 sales in FY 1978. The 1979 end of year inventory was the lowest experienced in the program since 1960.

Plans and Trends

The demand for housing in 1980 should continue to support a historically high level of VA loan activity. In order to support this high level, VA loans must be kept competitive with alternative investments through timely adjustments in the maximum interest rate and an ample supply of mortgage investment funds, including an active secondary mortgage market (FNMA and GNMA), must be available.

Defaults for FY 1980 are expected to increase from the FY 1979 level due to increased exposure incident to the high volume of loan activity which over the past five years has exceed all volumes with the exception of the activity experienced during the housing boom of the 1950s. A continued aggressive program of supplemental servicing for veterans in default will be necessary to prevent an excessive increase in claims.

VA's obligation to help veterans does not stop once loans are closed. Every reasonable effort is made to help veterans keep their homes. Loan Guaranty personnel provide assistance in the form of financial counseling by telephone, telegram, letter or personal contact. VA also contacts the holder of the mortgage to encourage forbearance when appropriate. With sufficient personnel available current high rates of cured defaults will be maintained. This not only benefits the veteran and his family, but reduces claim and property management costs to the government.

Thus, while defaults reported for FY 1979 increased by more than 3%, claims processed actually decreased by 9%. A major portion of this decrease must be attributed to VA's successful supplemental servicing effort.

Property management activity will continue to be stressed for FY 1980. When VA acquires a home or condominium unit, the property must be put in a saleable condition and on the market as soon as possible. The length of time VA holds a property is critical. Longer holding periods result in increased costs for management fees and taxes. In order to maintain property inventory at the 1979 goal level of 10,000 properties, VA must continue to dispose of properties at the rate that they are acquired. In addition, this property sales goal must be accomplished in order to make sufficient vendee loans available to the portfolio to achieve the FY 1980 projected level of vendee loan sales.

Because of continued high levels of activity and increased concern over the prevention of fraud and misrepresentation in government programs, VA has increased the monitoring of participants in the housing programs through increases in the percentages of workload audited by program personnel. The percentage of prior approval applications audited for completeness and accuracy has been increased from 5% to 10% of total applications. Similarly, staff field reviews of appraisals and compliance inspections performed by fee personnel have been increased from a 5% to a 10% sample. This increased monitoring of VA activity should convince program participants of VA's vigilance in preventing the perpetration of fraud or misrepresentation in loan applications or home valuations.

Personnel at the levels requested are needed not only to continue the above program, but also to carryout the provisions the Veterans' Housing Benefits Act of 1978, Public Law 95-476, which made changes having an impact on the program as follows:

- o The period of service necessary for Vietnam Era veterans to become eligible for the program was reduced from 181 to 90 days, thereby increasing the number of veteran eligibles by approximately 168,000.
- o The number of condominium loans closed is expected to increase further as a result of the change permitting the guarantee of loans on converted condominium units.
- o The addition of solar heating, heating and cooling and application of residential conservation measures are added as types of loans which can be guaranteed. This is expected to produce a higher volume of home improvement loans.
- o The changes that were made in the mobile home loan program should further increase this volume.

Workload

	1979 Actual	1980 Estimate	1981 Estimate
Units in Appraisal Requests	724,407	659,329	639,700
Loan Originations	365,997	366,000	363,230
Property Acquisitions	13,145	18,280	18,365
Properties Disposed of	14,983	18,290	18,380
Claims Processed	13,179	17,550	18,000

The preceding items are key workload factors for this program indicating the trend in anticipated workloads.

Summary of Budget Estimates

	FY 1979 Actual	1980 Budget Estimate	1980 Current Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Average Employment	2,450	2,603	2,503	2,503	...
Costs:					
Personal services	$45,578,640	$49,694,000	$50,539,000	$51,187,000	$+648,000
Tvl & trans. of persons	511,543	565,000	565,000	565,000	...
Other services	1,893,967	1,900,000	1,900,000	1,900,000	...
Total costs	$47,984,150	$52,159,000	$53,004,000	$53,652,000	$+648,000

Summary of Budget Request

Funds of $53,652,000 are requested to support the Loan Guaranty program for FY 1981. This represents an increase of $648,000 from FY 1980 which is due to normal within grade increases, and the annualization of the October 1979 GS payraise.

An employment level of 2,503 is needed for FY's 1980 and 1981 to support increased supplemental servicing activities affording assistance to veterans to retain their homes through temporary financial crises preventing claims and to strengthen the property management activity in order to reduce inventory to a minimum level, and to continue the increased auditing of program participants begun in FY 1979. While guaranteed loans decline slightly for FY's 1980 and 1981, an increase in direct loans closed from FY 1979 offsets the decline in 1980.

Analysis of Increases and Decreases - 1981

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Personal Services				
Average employment ...	2,450	2,503	2,503	...
Payroll costs	$45,578,640	$50,539,000	$51,187,000	$+648,000

These costs represent salaries for the employment indicated plus the fringe benefits such as retirement, hospitalization, and insurance paid by the Government. The increase is due to normal within-grade increases, and the annualization of the October 1979 GS payraise.

Travel & Transportation of Persons				
Employee Travel	$511,543	$565,000	$565,000	...

Nearly all employee travel is directly related to the origination and servicing of loans and to the management and sale of VA owned properties. To ensure that fee personnel are performing their duties in a manner that is in the best interests of the Government, a sample of all appraisals and compliance inspections are subjected to a field review by a staff technician. Other personnel perform extensive travel, to service portfolio loan accounts and provide supplemental servicing of guaranteed loans where such supplemental servicing appears to be in the Government's best interest. Another major category of employee travel is incident to the management and sale of VA owned properties, particularly inspections made prior to undertaking any major repairs. In addition, employee travel is undertaken as necessary to maintain close personal contact with fee personnel and program participants such as lenders, builders, developers, mobile home manufacturers and mobile home dealers.

The estimated travel costs for FY 1980 and FY 1981 reflects continuing responsibilities in loan servicing and property management functions as well as the review of appraisals and compliance inspections.

Other Services				
Miscellaneous contractual services ..	$1,893,967	$1,900,000	$1,900,000	...

The costs for appraisals, compliance inspections, and credit reports incident to the guaranteeing, insuring and making of loans are paid by the buyers, sellers, or other interested parties associated with such transactions. The VA does, however, order credit reports on a sample basis to ensure that complete and accurate reports are being submitted with applications for guaranty. Further, VA obtains appraisals in all cases where holders of GI loans give notice of intention to foreclose. In addition, there are some cases each year involving controversies over construction problems, and in such cases it is often necessary for VA to engage the services of engineering firms to make land planning, drainage and sanitation surveys which are necessary to resolve such problems.

INSURANCE

Introduction

The Insurance programs provide life insurance protection for servicepersons and veterans. These programs furnish insurance coverage similar to that of commercial insurance, with a contractual agreement between the Veterans Administration and the policyholder which creates a legal obligation to honor the provisions of the insurance contract.

Five ordinary life insurance programs are administered for the benefit of servicepersons, veterans and their beneficiaries. In addition to the Government administered programs, the Veterans Administration supervises the administration of the Servicemen's Group Life Insurance and the Veterans Group Life Insurance Programs and Veterans Mortgage Life Insurance. The latter is a group program for seriously disabled veterans who qualify for specially adapted housing.

Program Description

The program mission is to administer and supervise the existing insurance activities and to seek modifications which appear warranted for the benefit and protection of the servicepersons, veterans and their beneficiaries.

Program Activity

The overall trend of this program is for a gradual decline in workload volume. Workload declines are expected primarily in the high volume but low processing time in the Policy Service activities and to a lesser degree in the Medical Determinations activity. The increases in the workloads of the Death and Disability Claims activities will continue as the average age of our policyholders increases. A mass mailing of disability insurance benefits information is now underway and will continue throughout FY 1980 and FY 1981. This is substantially increasing the workload in the Disability Claims activity. Increases in Death and Disability Claims activities are especially significant in that they are areas which require high processing time.

Workload

	FY 1979 Actual	1980 Estimate	1981 Estimate
Policy service	2,001,493	1,933,400	1,901,600
Underwriting	12,806	12,630	12,375
Disability claims	80,880	94,225	96,625
Death claims	74,987	77,600	79,200
Total	2,170,166	2,117,855	2,089,800

Summary of Budget Estimates

	FY 1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Average employment ..	528	563	528	528	...
Costs:					
Personal svcs.	$8,464,503	$9,311,000	$9,286,000	$9,411,000	$+125,000
Tvl. & trans. of persons	2,985	5,000	4,000	4,000	...
Total costs	$8,467,488	$9,316,000	$9,290,000	$9,415,000	$+125,000

Summary of Budget Request

Funds of $9,415,000 are requested to support the insurance program for FY 1981. This represents an increase of $125,000 from FY 1980 due to the annualization of the October 1979 GS payraise and normal within grade increases.

Analysis of Increases and Decreases - 1981

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Personal Services				
Average employment ..	528	528	528	...
Payroll costs	$8,464,503	$9,286,000	$9,411,000	$+125,000

The above represents employee salary costs as well as the fringe benefits paid by the Government. The increase is due to the anualization of the October 1979 GS payraise and normal within grade increases.

Travel and transportation of persons				
Employee travel ..	$2,985	$4,000	$4,000	...

Funds will provide for travel expenses incurred in supervising, evaluating, surveying and coordinating operations, and the attendance of officials at conferences and seminars.

OFFICE SERVICES

Introduction

Each large organization requires an operating system to keep its books, handle its mail, and administer its personnel program. In the Department of Veterans Benefits, these activities are accomplished by three separate programs which comprise the Office Services functions. These activities are conducted in the Regional Offices through three basic elements -- Administrative, Finance and Personnel.

Program Description

This Service consists of three operating Divisions:

Administrative - Receipt and disbursement of mail; identification of claimants; preliminary development of benefit applications; operation of remote control dictating systems; maintenance of publications and forms management programs for the Department.

Finance - Payment of all expenses incurred at the station level; control and collection of accounts receivable; maintenance of accounting records pertaining to portfolio loans and responsibility for all fiscal records including the preparation and submission of monthly and quarterly reports.

Personnel - All personnel matters such as recruitment and placement; policies and procedures; and the incentive awards program.

Program Activity

The requested employment of 3,787 for FY 1981 is divided among the three Divisions as indicated below:

Administrative	2,155
Finance	1,412
Personnel	220

The Finance employment includes 140 for the Centralized Accounts Receivable Service at St. Paul which handles the majority of the collection activities for overpayments and loan guaranty debts established since January 1, 1975. They also handle those receivables established prior to that date against debtors whose file number ends in 00 through 04.

Workload (in thousands)

	1979 Actual	1980 Estimate	1981 Estimate
Administrative:			
Mail/Publications/Files	258,723	260,784	242,269
Centralized Transcription	11,857	11,952	11,115
Records Processing Center	4,748	5,840	5,431
Correspondence/Telecommunications	21,970	16,218	15,082
Total	297,298	294,794	273,897
Finance:			
Accounting	4,605	4,328	4,199
Operations	11,624	11,159	10,712
Total	16,229	15,487	14,911

Summary of Budget Estimates

	FY 1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Average employment	4,233	3,812	4,015	3,787	-228
Costs:					
Personal svcs...	$58,077,352	$56,450,000	$60,669,000	$58,244,000	$-2,425,000
Tvl. & trans. of persons	2,014,532	2,005,000	1,996,000	2,005,000	+9,000
Trans. of things	1,275,334	1,500,000	1,500,000	1,500,000	...
Rents, Comm. & Utilities	65,127,092	71,491,000	63,783,000	66,294,000	+2,511,000
Printing & reproduction ..	4,393,492	4,500,000	5,000,000	5,000,000	...
Other services .	6,248,788	5,133,000	5,765,000	6,380,000	+615,000
Supplies & materials	4,720,397	4,100,000	4,600,000	4,600,000	...
Equipment	2,227,190	1,000,000	1,000,000	2,000,000	+1,000,000
Total costs .	$144,084,177	$146,179,000	$144,313,000	$146,023,000	$+1,710,000
Common service adjustment	-2,051,000	-2,130,000	-2,264,000	-2,308,000	-44,000
Net Costs ...	$142,033,177	$144,049,000	$142,049,000	$143,715,000	$+1,666,000

Summary of Budget Request

Funds in the amount of $143,715,000 are requested for this program. This amount includes, in addition to personal service costs of $58,244,000 for 3,787 employees, the housekeeping costs for the entire Department. These include communications, rent, printing, supplies and equipment used by the Department and costed to this program. Detailed justification for these items appear in subsequent pages.

Analysis of Increases and Decreases - 1981

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Personal Services				
Avg. Employment	4,233	4,015	3,787	-228
Payroll Costs	$58,077,352	$60,669,000	$58,244,000	$-2,425,000

These costs represent salaries for the employment indicated plus the fringe benefits such as retirement, hospitalization and insurance paid by the Government. The decrease is due to the reduction in employment, in part, as a result of Target savings, offset by normal within-grade salary increases, as well as the annualization of the October 1979 GS payraise.

Travel and Transportation of persons				
Employee travel	$142,874	$96,000	$105,000	$+9,000
Local travel	139,151	200,000	200,000	...
Reimbursement for GSA vehicles	1,732,507	1,700,000	1,700,000	...
Total	$2,014,532	$1,996,000	$2,005,000	$+9,000

Travel costs are paid in behalf of employees and their dependents on permanent changes of station, round-trip between old and new official stations to seek permanent residence quarters prior to permanent change of station, and temporary duty travel in connection with conferences, meetings, surveys and such other administrative travel as required in connection with the employees' official duties. The FY 1980 estimate reflects implementation of Public Law 96-86. The FY 1981 estimate more closely represents total program needs.

Local travel includes all travel within a metropolitan area of an employee's duty station and is paid by tickets, tokens, fares for taxis and mileage.

Reimbursement for GSA vehicles covers the rental of passenger vehicles for the department from Government motor pools. Vehicles are rented on a long-term or a trip basis. The majority of our costs are for rental on a long-term basis with the vehicles being assigned to personnel whose official duties require constant traveling such as veterans assistance counselors, field examiners, and other officials whose duties require personal contact with veterans and their beneficiaries.

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Transportation of things				
Other shipments	$185,512	$250,000	$250,000	...
Shipment of household goods	494,210	650,000	650,000	...
Parcel post	595,612	600,000	600,000	...
Total	$1,275,334	$1,500,000	$1,500,000	...

Included are charges incurred by the department for the transportation of things and their care while being transported and consists of the following items:

Other shipments -- transportation costs of miscellaneous items shipped between stations.

Shipment of household goods -- costs incurred by employees in the transportation of their personal furniture in moving from one location to another on permanent change of assignment at the convenience of Government.

Parcel post -- represents funds paid the Postal Service to cover the cost of records shipped between stations. The amount is determined by a sampling of the volume of material shipped.

Rents, communications and utilities				
Long distance				
Commercial	$362,548	$450,000	$450,000	...
GSA (FTS)	5,580,585	5,955,000	6,570,000	$+615,000
Recurring costs				
Commercial	3,002,833	3,000,000	3,000,000	...
GSA	2,637,082	2,600,000	2,600,000	...
Teletype and telegraph				
GSA (ARS)	3,892,924	3,859,000	4,440,000	+581,000
Other communications	2,932,295	3,071,000	3,071,000	...
Mail	14,609,628	11,130,000	11,130,000	...
Standard level user charge	30,815,268	32,418,000	33,733,000	+1,315,000
Other rental charges	304,173	200,000	200,000	...
Rental office machines	989,756	1,100,000	1,100,000	...
Total	$65,127,092	$63,783,000	$66,294,000	$+2,511,000

The above detailed communication items represent the Departmental cost for services rendered. FTS and ARS costs are expected to continue to rise due to continuing increases in the GSA system maintenance costs.

Mail costs represent the total expenditure of the Department (Field and Central Office) incurred in the official mailing of material. Estimates are based on a sampling taken twice a year of the volume of mail dispatched.

Funds requested for standard level user charges in FY 1980 and FY 1981 represent the cost of leased space, including parking in Government owned space. Increases are projected which represent anticipated rate increases, plus expansion and/or moves to new facilities as well as the full year cost of space utilized for part of the previous year.

Other rental charges include cost of space utilized in non-governmental facilities. Estimated cost for FY 1980 and FY 1981 reflects the lessened usage of such space.

Funds are requested for the rental of office equipment such as photocopy, microfilm, typing and proofing machines. The estimate for FY 1980 and FY 1981 includes rental and maintenance costs associated with the insurance collection processing system in the Philadelphia and St. Paul Insurance Centers.

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Printing and Reproduction				
Forms and form letters	$2,365,297	$2,700,000	$2,700,000	...
Other printing	2,028,195	2,300,000	2,300,000	...
Total	$4,393,492	$5,000,000	$5,000,000	...

Funds are requested for forms and form letters, printed envelopes and letterheads, special printing and reproduction services, printing of manuals and technical and information bulletins utilized throughout the Department. These funds also include cost of standard forms when specially printed or assembled to order. Funds to pay GSA for centralized duplicating services are also included in this object, as well as the cost of printed material published in the Federal Register. The rising cost of printing is accountable for the increased requirements in fiscal years 1980 and 1981.

Other services				
Repair of furniture and equipment	$918,772	$900,000	$900,000	...
Miscellaneous services	5,330,016	4,865,000	5,480,000	$+615,000
Total	$6,248,788	$5,765,000	$6,380,000	$+615,000

Repair of furniture and equipment represents Departmental costs of annual maintenance contracts for adding machines, calculators and accounting machines. Additional funds are included for miscellaneous repair of office machines not under an annual maintenance contract.

Funds requested for miscellaneous services cover the contract maintenance expense of the Target Terminal equipment and the cost of contracts with individuals, institutions and organizations. Also included are costs for credit reports, guard service, health services, training, shared administrative support services and payments to GSA for cost of operation of office space during non-regular working hours. The predicted increases in credit report requests, more costly and expanding guard service and maintenance of Government-owned Career Development Center (CDC) equipment account for the projected increase in FY 1981.

Supplies and materials				
Office supplies	$2,318,522	$2,600,000	$2,600,000	...
Operating and maintenance	2,401,875	2,000,000	2,000,000	...
Total	$4,720,397	$4,600,000	$4,600,000	...

Funds are requested for normal office supplies and for miscellaneous operating and maintenance supplies required for normal operations such as (1) lock boxes for property owned, (2) supplies for health units and (3) routine supplies not classified as administrative office supplies.

59-500 O - 80 - 21

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Equipment	$2,227,190	$1,000,000	$2,000,000	$+1,000,000

Funds are requested for the initial and/or replacement cost of office furniture and equipment such as typewriters, adding machines, transcribing and dictating equipment. The FY 1980 estimate cites the minimal Departmental need. An increase of $1.0 million in FY 1981 represents the cost of replacement items.

Part 2. Benefits Appropriations and Funds

Table of Contents

	Page No.
Compensation	2-3
Pensions	2-11
Burial Benefits and Miscellaneous Assistance	2-21
Readjustment Benefits	2-27
Post-Vietnam Era Veterans Education Account	2-41
Vocational Rehabititation Revolving Fund	2-45
Education Loan Fund	2-47
Grants for Construction of State Veterans Cemeteries	2-51

FY 1981 Congressional Budget Submission
Compensation
Appropriation Language

[For the payment of compensation, pensions, gratuities, and allowances, including burial awards, plot allowances, burial flags, headstone and grave markers, emergency and other officers' retirement pay, adjusted-service credits and certificates and other benefits as authorized by law; and for payment of premiums due on commercial life insurance policies guaranteed under the provision of Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940 as amended $11,201,800,000, to remain available until expended.]

For the payment of compensation benefits to or on behalf of veterans as authorized by law (38 U.S.C. section 107, chapters 11, 13, 51-61) $7,508,000,000, to remain available until expended. (Department of Housing and Urban Development - Independent Agencies Appropriation Act, 1980.)

Explanation of Language Change

It is proposed to split the Compensation and Pensions appropriation into three new appropriation accounts: Compensation; Pensions: and, Burial benefits and miscellaneous assistance. This structure is recommended in order to achieve a more informative presentation of the budgetary requirements for these major benefit programs. Adoption of this new appropriation structure would more closely correspond to the functional program classification and facilitate program summary functions.

Appropriation Highlights

	1979 Actual	1980 Estimate	1981 Estimate	Increases (+) Decreases (-)
		(dollars in thousands)		
Major Activities:				
Compensation:				
Veterans	$5,554,098	$6,115,808	$6,163,200	$47,392
Survivors	$1,215,677	$1,322,494	$1,329,000	$+6,506
Clothing Allowance	$13,763	$15,424	$15,800	$+376
Total Appropriation	$6,909,452	$7,337,300	$7,508,000	$+170,700
Obligations	$6,793,026	$7,453,726	$7,508,000	$+54,274
Costs	$6,783,538	$7,453,726	$7,508,000	$+54,274
Outlays	$6,743,320	$7,410,800	$7,466,500	$+55,700
Caseload:				
Veterans	2,261,507	2,271,808	2,284,708	+12,900
Survivors	361,178	360,133	359,613	-520
Total	2,622,685	2,631,941	2,644,321	+12,380

Summary of Budget Request

Congress is being requested to approve a new appropriation account entitled "Compensation". It is also being requested to appropriate $7,508,000,000 in fiscal year 1981 for this new account. This is $170.7 million greater than the 1980 estimate, and is based upon a projected increase of 12,380 compensation cases in 1981.

Change from original 1980 Budget Estimate

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Major Activities:			
Compensation:			
Veterans	$5,544,849	$6,115,808	$+570,959
Survivors	$1,212,556	$1,322,494	$+109,938
Clothing Allowance	$14,192	$15,424	+1,232
Total Appropriation	$6,771,597	$7,337,300	$+565,703
Obligations/Cost	$6,771,597	$7,453,726	$+682,129
Outlays	$6,817,079	$7,410,800	$+593,721
Average Cases	2,616,538	2,631,941	+15,403

The Compensation program increases are primarily attributable to PL 96-128 which increased benefit payments to disabled veterans and DIC spouses by 9.9% effective October 1, 1979. The clothing allowance was also increased. The cost of this legislation is $632.1 million. The additional increase of $50.0 million is due to revised caseload and average cost estimates.

To meet the funding requirements imposed by the above new legislation, supplemental funds will be requested.

Analysis of Increases and Decreases
(dollars in thousands)

	FY 1980 Current Estimate	FY 1981 Estimate
Prior Year Obligations	$6,793,026	$7,453,726
Increases and Decreases:		
PL 96-128 Compensation, and clothing allowance increases	+632,100	+10,900
Compensation caseload and average payment changes	+38,088	+43,374
Changes in benefit overpayments collectable from beneficiaries	-9,488	...
Estimates	7,453,726	7,508,000

Explanation of Changes

Public Law 96-128, effective October 1, 1979, increased compensation benefits for disabled veterans, their dependents and DIC spouses and children by 9.9%. In addition, it increased the clothing allowance from $218 to $240 and increased the additional allowance for anatomical loss or loss of use from $56 to $62, effective September 1, 1980. The benefits provided by this legislation will total $632.1 million in 1980 and $643.0 million in 1981.

The $38.1 million increase in 1980 and $43.4 million increase in 1981 represents increases in caseload and unit cost. The rise in unit cost represents the effects of such factors as degree of disability, dependency, death, armed forces strength and discharge rate.

The $9.5 million change in overpayment represents collection of overpayments to veterans and survivors.

Program Highlights
Compensation

	FY 1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Caseload:					
Veterans.....	2,261,507	2,257,308	2,271,808	2,284,708	+12,900
Survivors.....	361,178	359,230	360,133	359,613	-520
Clothing Allowance.	(63,431)	(65,100)	(65,100)	(66,300)	(+1,200)
Total.....	2,622,685	2,616,538	2,631,941	2,644,321	+12,380
Unit Cost:					
Veterans.....	$2,456	$2,456	$2,692	$2,698	$+6
Survivors.....	3,366	3,375	3,672	3,696	+24
Clothing Allowance.	217	218	237	238	+1
Total.....	$2,586	$2,588	$2,832	$2,839	+7
Cost (000)					
Veterans.....	$5,554,098	$5,544,849	$6,115,808	$6,163,200	$+47,392
Survivors.....	1,215,677	1,212,556	1,322,494	1,329,000	+6,506
Clothing Allowance	13,763	14,192	15,424	15,800	+376
Total.....	6,783,538	6,771,597	7,453,726	7,508,000	+54,274

Explanation of Changes

The above table shows the anticipated increase in cost for the compensation program. Veterans cost are expected to increase $47.4 million with survivors cost expected to increase by $6.5 million. The cost of providing clothing allowance to certain veterans is expected to increase $.4 million.

Unit cost increases for both veterans and survivors coupled with the increase for veteran caseload, are responsible for the $54.3 million rise projected for this program in 1981. The increase in unit cost reflects a continuing increase in the veteran's average degree of disability and below average children and parent survivor cases.

Changes from the original 1980 Budget Estimate

Major causes for deviation between the 1980 Budget and the Current Estimates are:

- o The enactment of PL 96-128 and, to a lesser degree,
- o The increase in total caseload of 15,403 cases

The above factors had the combined effect of increasing the orginal 1980 estimate by $682.1 million to our current estimate of $7,453.7 million.

Program Description

Compensation is a benefit payable as either a disability benefit or a survivorship benefit. Criteria for entitlement are based on a veterans disabilities incurred in or aggravated by his active military service; or his death, while on active duty or as the result of his service-connected disabilities if not on active duty. The rate payable is modified by such factors as degree of disability (live cases), service rank (survivor cases), and number of dependents in both cases.

The major objectives are: (1) to compensate those living veterans who have suffered the loss of or reduction of earning capacity resulting from service-connected disabilities; and (2) to afford benefits to the widow and dependents of veterans whose deaths are related to service-connected disabilities to make-up for the loss of a family income.

Program Activity

Although the total number of compensation cases continued to rise in 1979, the observed pattern for veteran and survivors are dissimiliar. Veteran cases increased as a result of Vietnam era and Peacetime service increases (a net increase of 35,570 cases during the year), while survivor cases decreased, due largely to the decline in World War II cases (a net decrease of 3,272 cases).

The effects of the Presidential proclamation (No. 4373) ending the Vietnam era wartime period as of May 7, 1975 continues to cause the Peacetime rather than Vietnam era war period, to play a more significant role in the redistribution of casesloads by service period, for both veterans and survivor cases. As an example in FY 1979, the Peacetime category experienced a net increase of 16,328 veteran cases while in FY 1978 the increase was 15,226. In FY 1979 the Vietnam era category experienced a net increase of 19,242 veteran cases while in FY 1978 the increase was 26,327.

Proposed Legislation

Legislation will be proposed to provide a 13% Compensation rate increase for veterans, DIC spouses, children and clothing allowance effective October 1, 1980. The cost of this legislation is estimated to be $923.1 million in FY 1981.

The effects of this proposal has not been reflected in the appropriation request.

COMPENSATION
SUMMARY OF REQUIREMENTS
(Total Cost in Thousands of Dollars)

	FY 1979			FY 1980			FY 1981		
	Average Cases	Average Cost	Total Cost	Average Cases	Average Cost	Total Cost	Average Cases	Average Cost	Total Cost
Compensation - Total	2,622,685	$2,586	$6,783,538	2,637,941	$2,832	$7,453,726	2,644,321	$2,839	$7,508,000
Veterans - Total	2,267,507	2,456	5,564,998	2,271,808	2,692	6,115,808	2,272,308	2,698	6,130,000
Spanish-American War	4	4,230	17	3	4,650	14	3	4,650	14
Mexican Border Period	5	8,968	45	5	9,290	46	5	9,295	46
World War I	35,995	3,043	109,545	31,900	3,333	106,310	28,300	3,336	94,410
World War II	1,228,286	2,305	2,830,935	1,206,300	2,523	3,043,417	1,183,800	2,523	2,987,210
Korean Conflict	237,695	2,781	660,947	236,600	3,045	720,392	235,500	3,048	717,726
Vietnam Era	528,405	2,499	1,320,729	546,400	2,737	1,495,618	563,900	2,740	1,545,129
Peacetime Service	231,117	2,734	631,880	250,600	2,993	750,011	273,200	2,996	818,615
Survivors - Total	361,178	3,368	1,216,677	360,133	3,672	1,322,494	359,613	3,696	1,329,000
Indian Wars	1	2,868	3	1	3,152	3	1	3,155	3
Civil War	6	3,679	22	5	4,000	20	5	4,005	20
Spanish-American War	154	3,916	603	125	4,176	522	105	4,180	439
Mexican Border Period	3	4,151	15	2	4,500	9	2	4,525	9
World War I	31,522	3,846	121,220	30,600	4,186	128,078	29,800	4,199	125,140
World War II	177,916	2,932	521,698	174,300	3,169	552,271	170,900	3,181	543,687
Korean Conflict	39,227	3,241	127,133	39,200	3,532	138,473	39,100	3,547	138,673
Vietnam Era	63,411	3,898	247,151	66,400	4,288	284,744	69,700	4,300	299,747
Peacetime Service	48,938	4,042	197,827	49,600	4,411	218,374	50,000	4,426	221,282
Clothing Allowance Total	(63,431)	217	13,763	(65,100)	$237	15,424	(66,300)	236	15,600

FY 1980 CHANGE IN REQUIREMENTS
(Total Cost in Thousands of Dollars)

	FY 1980 Budget Estimate			FY 1980 Current Estimate			Net Change		
	Average Cases	Average Cost	Total Cost	Average Cases	Average Cost	Total Cost	Average Cases	Average Cost	Total Cost
Compensation - Total	2,616,538	$2,583	$6,771,597	2,637,941	$2,832	$7,453,726	+21,403	$+243	$+682,129
Veterans - Total	2,257,308	2,456	5,544,849	2,271,808	2,692	6,115,808	+14,500	+236	+570,959
Spanish-American War	3	8,748	26	3	4,650	14	...	-4,098	-12
Mexican Border Period	5	10,528	53	5	9,290	46	...	-1,238	-7
World War I	30,700	3,114	95,603	31,900	3,333	106,310	+1,200	+219	+10,707
World War II	1,194,000	2,297	2,742,481	1,206,300	2,523	3,043,417	+12,300	+226	+300,936
Korean Conflict	236,800	2,706	653,604	236,600	3,045	720,392	-200	339	+66,788
Vietnam Era	553,300	2,502	1,384,484	546,400	2,737	1,495,618	-6,900	+235	+111,134
Peacetime Service	242,500	2,757	668,598	250,600	2,993	750,011	+8,100	+236	+81,413
Survivors - Total	359,230	3,375	1,212,556	360,133	3,672	1,322,494	+903	+335	+109,938
Indian Wars	1	3,047	3	1	3,152	3	...	+105	...
Civil War	2	5,249	10	5	4,000	20	+3	-1,249	+10
Spanish-American War	125	3,672	459	125	4,176	522	...	+504	+63
Mexican Border Period	2	4,166	8	2	4,500	9	...	+334	+1
World War I	30,400	3,867	117,556	30,600	4,186	128,078	+200	+319	+10,522
World War II	173,400	2,903	503,371	174,300	3,169	552,271	+1,000	+266	+48,900
Korean Conflict	39,100	3,234	126,468	39,200	3,532	138,473	+100	+298	+12,005
Vietnam Era	66,700	3,972	264,949	66,400	4,288	284,744	-300	+316	+19,795
Peacetime Service	49,500	4,035	199,732	49,500	4,411	218,374	...	+376	+18,642
Clothing Allowance Total	(65,100)	218	14,192	(65,100)	$237	15,424	...	+19	+1,232

COMPENSATION

PROGRAM TRENDS

CHARACTERISTICS OF VETERANS COMPENSATION CASES

FY	Total Vets.	Vets. <50%	%	Vets. ≥50%	%	Vets. w/dep.	%	No. of Dependents	Dep/ Case	Avg. degree of disability
1975	2,220,169	1,737,221	78.2	482,948	21.7	366,825	16.5	724,009	1.97	30.57
1976	2,232,213	1,743,838	78.1	488,375	21.9	371,411	16.6	711,307	1.92	30.62
1977	2,247,315	1,750,442	77.9	496,873	22.1	379,908	16.9	697,484	1.84	30.73
1978	2,258,790	1,757,091	77.8	501,699	22.2	384,241	17.0	686,797	1.79	30.74
1979	2,266,243	1,762,417	77.8	503,826	22.2	669,978	29.7	1,176,302	1.76	30.74

DEGREE OF DISABILITY

FY	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
1975	28,765	867,866	344,756	315,208	180,626	112,573	117,217	78,394	38,154	13,215	123,395
1976	28,483	870,404	346,999	315,762	182,190	112,928	119,003	81,196	39,057	13,440	122,751
1977	28,039	872,817	350,069	316,149	183,368	113,982	121,450	84,922	39,939	13,714	122,866
1978	27,687	876,374	352,850	316,372	183,808	114,649	123,115	87,540	40,677	13,973	121,745
1979	27,390	878,620	354,645	316,900	184,862	114,721	124,044	89,236	40,786	13,945	121,094

Program Trends (Cont'd)

Survivor Compensation is payable to surviving spouses, children and dependent parents of a serviceperson or veteran who died from service-connected causes not the result of willful misconduct.

Composition of Survivor Compensation Cases

FY	Total Cases	Death Comp.	%	DIC	%
1975	368,955	91,746	24.9	277,209	75.1
1976	367,601	84,355	22.9	283,246	77.1
1977	364,881	75,722	20.8	289,159	79.2
1978	362,189	69,520	19.2	292,669	80.8
1979	360,688	64,018	17.7	296,670	82.3

Survivor Compensation Cases and Beneficiaries

FY	Total Cases	Total Beneficiaries	Widows	Children	Parents	Benef./ Case
1975	368,955	496,432	209,260	112,557	174,615	1.35
1976	367,601	482,957	216,112	102,789	164,056	1.31
1977	364,381	474,377	223,533	98,705	152,139	1.30
1978	362,189	463,919	228,915	92,434	142,570	1.28
1979	360,688	454,009	235,790	85,940	132,279	1.26

Program Trends (cont'd)

Death Compensation is payable to the surviving spouse, unmarried children under 18 (or until 23 if attending a VA-approved school), helpless children, and dependent parents of servicepersons or veterans who died before January 1, 1957, from a service-connected cause not the result of willful misconduct.

Death Compensation Cases and Beneficiaries

FY	Total Cases	Total Beneficiaries	Widows	Children	Parents	Benef./Case
1975	91,746	109,158	230	56	108,872	1.19
1976	84,355	94,343	151	22	94,170	1.12
1977	75,722	83,909	126	16	83,767	1.11
1978	69,520	76,515	118	16	76,381	1.10
1979	64,018	70,041	117	15	69,909	1.09

Dependency and Indemnity Compensation (DIC) is payable to surviving spouses, unmarried children under 18 (as well as certain helpless children and those between 18 and 23 if attending a VA-approved school) and certain parents of veterans or servicepersons whose service-connected death occurred on or after January 1, 1957. If the veteran's death occurred before January 1, 1957, his survivors have a right to elect dependency and indemnity compensation; however, they may not reelect to receive death compensation.

DIC Cases and Beneficiaries

FY	Total Cases	Total Beneficiaries	Widows	Children	Parents	Benef./Case
1975	277,209	387,274	209,030	112,501	65,743	1.40
1976	283,246	388,614	215,961	102,767	69,886	1.37
1977	289,159	390,468	223,407	98,689	68,372	1.35
1978	292,669	387,404	228,797	92,418	66,189	1.32
1979	296,670	383,966	235,671	85,925	62,370	1.29

FY 1981 Congressional Budget Submission
Pensions
Appropriation Language

[For the payment of compensation, pensions, gratuities, and allowances, including burial awards, plot allowances, burial flags, headstones and grave markers, emergency and other officers' retirement pay, adjusted-service credits and certificates, and other benefits as authorized by law; and for 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, $11,201,800,000, to remain available until expended.]

For the payment of pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapter 15, 51-61; 92 Stat. 2508), $4,073,700,000, to remain available until expended. (Department of Housing and Urban Development - Independent Agencies appropriation Act, 1980.)

Explanation of Language Change

It is proposed to split the Compensation and Pensions appropriation into three new appropriation accounts: Compensation; Pensions; and, Burial benefits and miscellaneous assistance. This structure is recommended in order to achieve a more informative presentation of the budgetary requirements for these major benefit programs. Adoption of this new appropriation structure would more closely correspond to the functional program classification and facilitate program summary functions.

Appropriation Highlights

	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Major Activities:				
Veterans				
Improved Law	$259,825	$779,551	$1,254,500	$+474,949
Prior Law	1,840,597	1,491,738	1,261,450	-230,288
Old Law	49,889	41,900	34,900	-7,000
Total	$2,150,311	$2,313,189	$2,550,850	$+237,661
Survivors				
Improved Law	$91,644	$316,202	$571,450	$+255,248
Prior Law	1,264,815	1,064,509	917,300	-147,209
Old Law	45,639	39,600	34,100	-5,500
Total	$1,402,098	$1,420,311	$1,522,850	$+102,539
Appropriation (adjusted)	$3,554,848*	$3,733,500	$4,073,700	$+340,200
Obligations	$3,568,563	$3,733,500	$4,073,700	$+340,200
Costs	$3,552,409	$3,733,500	$4,073,700	$+340,200
Outlays	$3,521,725	$3,712,500	$4,031,600	$+319,100
Caseload:				
Veterans	997,021	984,000	980,000	-4,000
Survivors	1,221,936	1,183,000	1,164,000	-19,000
Total	2,218,957	2,167,000	2,144,000	-23,000

Summary of Budget Request

Congress is being requested to approve a new appropriation account entitled "Pensions." It is also being requested to appropriate $4,073,700,000 in fiscal year 1981 for this new account. This is $340.2 million greater than the estimated 1980 level. The 1981 request is based upon an expected 23,000 decrease in pension caseload while the average payment is expected to increase from $1,723 to $1,900.

* Transfer of $63,855,000 to Readjustment Benefits account.

Changes from original 1980 Budget Estimates

	1980 Budget Estimate	1980 Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Major Activities:			
Veterans			
Improved Law	$1,196,300	$779,551	$-416,749
Prior Law	1,378,460	1,491,738	+113,278
Old Law	44,900	41,900	-3,000
Total	$2,619,660	$2,313,189	$-306,471
Survivors:			
Improved Law	$468,600	$316,202	$-152,398
Prior Law	1,111,950	1,064,509	-47,441
Old Law	39,000	39,600	+600
Total	$1,619,550	$1,420,311	$-199,239
Appropriation	$4,239,210	$3,733,500	$-505,710
Obligations/Cost	$4,239,210	$3,733,500	$-505,710
Outlays	$4,174,511	$3,712,500	$-462,011
Caseload:			
Veterans	1,024,700	984,000	-40,700
Survivors	1,271,800	1,183,000	-88,800
Total	2,296,500	2,167,000	-129,500

The estimated decrease in the cost of the Pensions program reflects the experience to date of the Improved Pension program which became effective on January 1, 1979. Of the total number who would benefit by switching to the higher-paying Improved Pension Program, the actual switchers are over 100,000 less than anticipated. This has greatly reduced the estimated funds required for the Improved Pension program while slightly increasing the estimated funds required for the Prior Pension program. The downward revision of the estimated cost was heightened when an unusually large number of veterans and survivors, previously exempt from filing the annual income questionnaire due to age, failed to return their 1978 questionnaires and thus left the Pension program. A similar reduction in caseload and cost is projected to occur in the Pension survivor population due to the age limitation for a large number of surviving child cases. This reduction in surviving child caseload will not be offset by accessions as in the past due to the Improved Pension requirement that all income must now be considered for this group.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior Year Obligations	$3,568,563	$3,733,500
Increases and Decreases:		
Improved Pension COL increases	+166,100	+272,000
Pension caseload and average payment changes	+14,991	+68,200
Changes in benefit overpayment collectable from beneficiaries and undelivered orders	-16,154	...
Estimates	$3,733,500	$4,073,700

Explanation of Changes

Public Law 95-588, effective January 1, 1979, improved the pension program by establishing a new system of benefit payments designed to better meet the needs of pensioners. Payments are now increased automatically each year by the same percentage as the Social Security cost of living. Improved pension beneficiaries received a 9.9% increase effective July 1, 1979 and will receive the same percentage increase as Social Security each July 1 in the future. The additional benefits provided by these cost-of-living adjustments will total $166.1 million in 1980 and $272 million in 1981.

Changes in caseloads and unit costs arising from the combined effects of such factors as: countable income, dependency, death and transfers from Prior Law to Improved Pensioners, are projected to cost $15.0 million in 1980 and $68.2 million in 1981.

Program Highlights

Pensions

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Caseload:					
Veterans:					
Improved Law....	49,602	332,000	199,000	291,000	+92,000
Prior Law.....	895,936	645.700	740,100	650,100	-90,000
Old Law.....	51,483	47,000	44,900	38,900	-6,000
Total.....	997,021	1,024,700	984,000	980,000	-4,000
Survivors:					
Improved Law....	28,240	178,000	118,000	187,000	+69,000
Prior Law.....	1,126,479	1,030,800	1,002,700	919,100	-83,600
Old Law.....	67,217	63,000	62,300	57,900	-4,400
Total.....	1,221,936	1,271,800	1,183,000	1,164,000	-19,000
Total Cases.....	2,218,957	2,296,500	2,167,000	2,144,000	-23,000
Unit Cost:					
Veterans:					
Imvproved Law..	$5,238	$3,603	$3,917	$4,311	$+394
Prior Law.....	2,054	2,134	2,016	1,940	-76
Old Law.....	969	955	933	897	-36
Total.....	$2,157	$2,556	$2,351	$2,603	$+252
Survivors:					
Improved Law....	$3,245	$2,633	$2,680	$3,056	$+376
Prior Law.....	1,123	1,078	1,062	998	-64
Old Law.....	679	619	636	589	-47
Total.....	$1,147	$1,273	$1,201	$1,308	$+107
Total Unit Cost....	$1,601	$1,846	$1,723	$1,900	$+177
Cost (000):					
Veterans:					
Improved Law...	$259,825	$1,196,300	$779,551	$1,254,500	$+474,949
Prior Law.....	1,840,597	1,378,460	1,491,738	1,261,450	-230,288
Old Law.....	49,889	44,900	41,900	34,900	-7,000
Total.....	$2,150,311	$2,619,660	$2,313,189	$2,550,850	$+237,661
Survivors:					
Improved Law....	$91,644	$468,600	$316,202	$571,450	$+255,248
Prior Law.....	1,264,815	1,111,950	1,064,509	917,300	-147,209
Old Law.....	45,639	39,000	39,600	34,100	-5,500
Total.....	$1,402,098	$1,619,550	$1,420,311	$1,522,850	$+102,539
Total Cost.....	$3,552,409	$4,239,210	$3,733,500	$4,073,700	$+340,200

Explanation of Changes

The $340.2 million increase is primarily the result of the automatic cost-of-living increases of July 1981 as compounded by similar increases in 1980 and 1979. These automatic increases are the result of the Veterans' and Survivors' Pension Improvement Act of 1978 (PL 95-588), effective January 1, 1979, which provides for automatic annual cost-of-living increases for the Pension program. The projected 23,000 caseload decrease is due primarily to failure to file terminations in the veteran population and surviving child age delimiting terminations in the survivor population.

Changes from original 1980 Budget Estimate

The Veterans' and Survivors' Pension Improvement Act of 1978 was the principal cause for the decrease of $505.7 million from the 1980 budget estimate. This legislation enabled pension recipients, who might otherwise have had their benefits terminated or reduced, to continue receiving their benefits after December 31, 1978 at the existing rate. A larger than anticipated number of these cases have elected to remain under the PL 86-211 program rather than switch to the higher-paying Improved Pension program. In addition to raising the income limits for those pensioners remaining under the PL 86-211 program, it provided a new method of payment determination which increased payments to low income recipients thereby increasing unit cost of the Pension program. The 129,500 caseload reduction from the 1980 budget estimate is primarily due to a larger than anticipated termination rate among surviving child cases in the survivor population and "failure to file" terminations in the veteran population.

Program Description

As with compensation, pension is paid to a veteran or his survivor(s). Veterans 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 a given level. For survivorship cases, there is no disability requirement. The rate payable for both Disability and Death Pension is predicated on a recipient's countable income and prescribed by law, and the number of dependents for which additional benefits may be paid.

Since the amount of pension payable to a recipient bears an inverse relationship with the recipients countable income, the level of funding required for this benefit is extremely sensitive to across the board changes in programs, like Social Security, Railroad Retirement, and other types of retirement incomes. The requirements for entitlement to pension benefits suggest that a large majority will in fact draw Social Security or a similar retirement benefit. Consequently caseload and average cost data contained in the Pension tables reflect projected Social Security cost-of-living increases and like increases in similar programs.

The Veterans' and Survivors' Pension Improvement Act of 1978, effective January 1, 1979 (PL 95-588), revised the Pension payment computation method for new accessions. Current beneficiaries are permitted to remain under the PL 86-211 program and are granted annual automatic increases in income limits according to the increase in the cost of living. Payments for PL 95-588 beneficiaries are computed by reducing dollar-for-dollar, their income from income standards specified in the Act. PL 95-588 provides for automatic annual increases in the income standards of the same percentage as Social Security and effective on the same date in order that pension payments will not be reduced solely as a result of Social Security payment increases.

Program Activity

The average caseload of the pension program decreased by 70,555 cases in FY 1979 from the FY 1978 average caseload of 2,289,513. During FY 1979, 359,651 new cases began receiving benefits, while at the same time, 430,207 cases were terminated for various reasons such as death, excess income, failure to file and age limitation for children.

In addition, there were 254 veterans receiving the $200 per month special pension for Medal of Honor recipients.

PENSIONS
SUMMARY OF REQUIREMENTS
(Cost Totals in Thousands of Dollars)

	FY 1979			FY 1980			FY 1981		
	Average Cases	Average Cost	Total Cost	Average Cases	Average Cost	Total Cost	Average Cases	Average Cost	Total Cost
Pensions - Total	2,218,958	$1,601	$3,552,409	2,167,000	$1,723	$3,733,500	2,144,000	$1,900	$4,073,700
Veterans-Total	997,022	2,157	2,150,311	984,000	2,351	2,313,189	980,000	2,603	2,550,856
Spanish-American War	238	3,487	830	190	3,501	665	132	3,591	474
Mexican Border Period	230	2,157	496	189	2,169	410	130	2,238	291
World War I	215,594	2,218	478,194	187,395	2,517	471,740	161,715	2,664	430,860
World War II	686,826	2,098	1,440,778	699,785	2,255	1,578,300	718,125	2,541	1,824,960
Korean Conflict	79,380	2,425	192,521	80,415	2,730	219,555	82,620	2,982	246,350
Vietnam Era	14,730	2,545	37,486	16,005	2,657	42,513	17,259	2,776	47,909
Peacetime Service	24	242	6	21	286	6	19	324	6
Survivors - Total	1,221,936	1,147	1,402,098	1,183,000	1,201	1,420,311	1,164,000	1,308	1,522,850
Indian Wars	51	1,255	64	48	1,292	62	40	1,400	56
Civil War	232	1,060	246	205	1,112	228	178	1,208	215
Spanish-American War	15,649	1,195	18,703	14,046	1,196	16,801	12,201	1,230	15,003
Mexican Border Period	583	906	528	523	910	476	464	938	426
World War I	513,127	1,009	517,997	492,500	1,100	541,615	479,980	1,218	584,690
World War II	556,436	1,228	683,067	541,415	1,255	679,255	535,100	1,340	717,030
Korean Conflict	106,295	1,319	140,180	104,120	1,331	138,555	105,395	1,498	158,385
Vietnam Era	29,555	1,398	41,311	30,135	1,437	43,317	30,335	1,551	47,043
Peacetime Service	8	296	2	8	311	2	7	340	2

FY 1980 CHANGE IN REQUIREMENTS
(Cost Totals in Thousands of Dollars)

	FY 1980 Budget Estimate			FY 1980 Current Estimate			Net Change		
	Average Cases	Average Cost	Total Cost	Average Cases	Average Cost	Total Cost	Average Cases	Average Cost	Total Cost
Pensions - Total	2,296,500	$1,846	$4,239,210	2,167,000	$1,723	$3,733,500	-129,500	$-123	$-505,710
Veterans-Total	1,024,700	2,567	2,629,660	984,000	2,351	2,313,189	-40,700	-206	-306,471
Spanish-American War	185	2,638	488	190	3,501	665	+5	+863	+177
Mexican Border Period	160	2,013	322	189	2,169	410	+29	+156	88
World War I	192,280	2,279	438,136	187,395	2,517	471,740	-4,885	+238	+33,604
World War II	730,460	2,543	1,857,832	699,785	2,255	1,578,300	-30,675	-288	-279,532
Korean War	84,038	3,240	272,325	80,415	2,730	219,555	-3,623	-510	-52,770
Vietnam Era	17,555	2,879	50,548	16,005	2,657	42,513	-1,550	-222	-8,035
Peacetime Service	22	409	9	21	286	6	-1	-123	-3
Survivors - Total	1,271,800	1,273	1,619,550	1,183,000	1,201	1,420,311	-88,800	-72	-199,239
Indian Wars	45	1,333	60	48	1,292	62	+3	-41	+2
Civil War	195	1,118	218	205	1,112	228	+10	-6	+10
Spanish-American War	13,625	1,159	15,789	14,046	1,196	16,801	+421	+37	+1,012
Mexican Border Period	540	778	420	523	910	476	-17	+132	+56
World War I	505,990	1,055	533,677	492,500	1,100	541,615	-13,490	+45	+8,038
World War II	599,090	1,393	834,424	541,415	1,255	679,255	-57,675	-138	-155,169
Korean War	118,345	1,509	178,550	104,120	1,331	138,555	-14,225	-178	-39,995
Vietnam Era	33,963	1,664	56,510	30,135	1,437	43,317	-3,828	-227	-13,193
Peacetime Service	7	273	2	8	311	2	+1	+38	0

PENSION PROGRAM TRENDS

"Old Law" refers to the pension program in existence prior to July 1, 1960 in which the benefit rate is fixed for all eligibles, regardless of specific countable income. Current income limits are $3,884 for veterans and surviving spouses without dependents, $5,603 for veterans and surviving spouses with dependents, and $3,884 for children.

Composition of "Old Law" Pension Cases

	Veterans				Surviving Spouse				
As of September	Number	%	Vets Alone	Vets w/Dep.	Number	%	Surv. Spouse Alone	Surv. Spouse w/Children	Children Alone
1975	105,617	10.5	35,278	70,339	96,124	7.6	93,737	1,086	1,301
1976	90,004	9.0	30,459	59,545	87,835	7.0	85,675	895	1,265
1977	70,256	6.8	23,563	46,693	79,099	6.2	77,156	734	1,029
1978	59,294	5.8	19,462	39,832	72,414	5.7	70,609	654	1,151
1979	44,995	4.6	15,130	29,865	61,632	6.5	61,068	546	1,197

"PL 86-211" refers to the pension program in existence since July 1, 1960. Benefit rates are established by formula, and are reduced for each dollar of countable income. Current income limits under "New Law" are $4,438 for veterans and surviving spouses without dependents, $5,968 for veterans and surviving spouses with dependents, and $3,626 for surviving children.

Composition of "PL 86-211" Pension Cases

1975	900,510	89.5	333,242	567,268	1,163,036	92.4	724,698	141,933	296,405
1976	913,207	91.0	343,319	569,888	1,175,371	93.0	743,670	140,002	291,699
1977	960,891	93.2	364,780	596,111	1,188,575	93.8	779,401	133,659	275,515
1978	964,772	94.2	365,602	599,170	1,187,647	94.3	796,995	127,560	263,092
1979	782,076	80.3	276,760	505,316	802,764	84.7	696,071	106,693	257,120

Pension Program Trends (cont'd)

Average Countable Income of Veterans
(as of April)

FY	"Old Law" Vets Alone	"Old Law" Vets w/deps.	"PL 86-211" Vets Alone	"PL 86-211" Vets w/deps.	"Improved Law" Vets Alone	"Improved Law" Vets w/deps.
1975	$1,553	$2,602	$1,260	$2,164	...	...
1976	$1,671	$2,491	$1,395	$2,298	...	...
1977	$1,799	$2,655	$1,479	$2,451	...	...
1978	$1,938	$2,766	$1,588	$2,614	...	...
1979	$1,854	$2,782	$1,489	$2,281	$656	$948

Average Countable Income of Survivors
(as of April)

FY	"Old Law" Surv. Spouse Alone	"Old Law" Surv. Spouse w/children	"Old Law" Surv. children 1/	"PL 86-211" Surv. Spouse Alone	"PL 86-211" Surv. Spouse w/children	"PL 86-211" Surv. children 1/	"Improved Law" Surv. Spouse Alone	"Improved Law" Surv. Spouse w/children	"Improved Law" Surv. children
1975	$1,837	$2,001	*	$1,516	$1,793	*	...	...	...
1976	$1,968	$2,362	*	$1,607	$1,906	*	...	...	...
1977	$2,094	$2,472	*	$1,675	$2,013	*	...	...	...
1978	$2,230	$2,619	*	$1,821	$2,141	*	...	...	...
1979	$2,244	$2,670	*	$1,661	$1,836	*	$131	$395	$33

NOTE: FY 1975 - 1976 Program trend data are as of June of each year, except where indicated. FY 1977 - FY 1979 Program trend data are as of September, except where indicated.

1/ After Entitlement is established for surviving child cases, there is no requirement for an annual submission of income data.

Pension Program Trends (Cont'd)

"IMPROVED PENSION" refers to the pension program in existence since January 1, 1979. Benefit rates are established by income standards which are reduced dollar for dollar for each dollar of beneficiary income. Current income standards for "Improved Pension" are $3,902 for veterans without dependents, $5,112 for veteran with one dependent, $2,615 for a surviving spouse without dependents, $3,425 for a surviving spouse with one dependent, and $660 for surviving children.

Composition of "Improved Pension" Cases

	Veterans				Surviving Spouse				
As of September	Number	%	Vets Alone	Vets w/Dep.	Number	%	Surv. Spouse Alone	Surv. Spouse w/Children	Children Alone
1979	146,810	15.1	98,412	48,398	82,844	8.8	80,559	2,285	564

FY 1981 CONGRESSIONAL BUDGET SUBMISSION
BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

APPROPRIATION LANGUAGE

[For the payment of compensation, pensions, gratuities, and allowances including burial awards, plot allowances, burial flags, headstones and grave markers, emergency and other officers' retirement pay, adjusted - service credits and certificates, and other benefits as authorized by law; and for 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, $11,201,800,000, to remain available until expended.]

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 the provisions of article IV of the Soldiers' and Sailors' Civil Relief Act of 1940 as amended and by other benefits as authorized by law (38 U.S.C. secs. 107, 412, 617, 777, and 806, chapters 23, 51-61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198), $191,000,000, to remain available until expended.

Explanation of Language Change

It is proposed to split the Compensation and Pensions appropriation into three new appropriation accounts: Compensation; Pensions; and, Burial benefits and miscellaneous assistance. This structure is recommended in order to achieve a more informative presentation of the budgetary requirements for these major benefit programs. Adoption of this new appropriation structure would more closely correspond to the functional program classification and facilitate program summary functions.

Appropriation Highlights

	1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Major Activities:				
1. Burial Benefits				
Burial Allowances	$102,929	$107,175	$110,088	$+2,913
Burial Plot	41,351	43,500	44,250	+750
Flags, Markers/Allowances	15,618	17,125	18,162	+1,037
Total	$159,898	$167,800	$172,500	$+4,700
2. Miscellaneous Assistance				
Invalid Lifts and devices	$ 12,306	$ 12,985	$ 13,445	$ +460
Insurance	4,261	3,001	3,301	+300
All other	2,081	1,914	1,754	-160
Total	$ 18,648	$ 17,900	$ 18,500	$ +600
Appropriation	$178,545	$185,700	$191,000	$+5,300
Obligation/Costs	$178,546	$185,700	$191,000	$+5,300
Outlays	$176,881	$184,600	$190,000	$+5,400

Summary of Budget Request

Congress is being requested to approve a new appropriation account entitled "Burial Benefits and Miscellaneous Assistance." Congress is also being requested to appropriate $191,000,000 in fiscal year 1981 for this new account.

Changes from original 1980 Budget Estimates

	1980 Budget Estimate	1980 Current Estimate	Increase(+) Decrease(-)
	(dollars in thousands)		
Major Activities:			
1. Burial Benefits			
Burial Allowance	$112,804	$107,175	$-5,629
Burial Plot	45,450	43,500	-1,950
Flags, Markers/Allowance	19,022	17,125	-1,897
Total	$177,276	$167,800	$-9,476
2. Miscellaneous Assistance			
Invalid Lifts and Devices	$ 9,126	$ 12,985	$+3,859
Insurance	2,689	3,001	+312
All other	1,902	1,914	+12
Total	$ 13,717	$ 17,900	$+4,183
Appropriation	$190,993	$185,700	$-5,292
Obligations/Costs	$190,993	$185,700	$-5,293
Outlays	$191,066	$184,600	$-6,466

For comparability, the 1980 budget estimate shown above reflects the estimates presented in the 1980 Compensation and Pensions Appropriation estimates. The reduction of $5.3 million in the appropriation request is attributable to the fewer number of veterans deaths, offset somewhat by the combined increases in the number and average costs of invalid lifts and devices provided.

Analyses of Increases and Decreases
(dollars in thousands)

	FY 1980 Current Estimate	FY 1981 Estimate
Prior Year Obligations	$178,546	$185,700
Increases and Decreases:		
Burial workload and average payment changes	+7,902	+4,700
Miscellaneous workload and average payment changes	-748	+600
Estimates	$185,700	$191,000

Explanation of Changes

Projected increases in the number of burial deaths, affects all aspects of the burial program costs. A favorable mortality experience in 1979 and projected into 1980 for the Veterans Group Life Insurance program is the primary reason for the decrease shown between FY 1979 and FY 1980. The $600 thousand increase shown in 1981 is primarily due to projected increases in Veterans Mortgage Life Insurance and the number and average costs of invalid lifts and devices.

PROGRAM HIGHLIGHTS

Burial Benefits

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Workload:					
Burial Allowance	313,651	330,000	320,000	325,000	+5,000
Burial Plot	283,454	303,000	290,000	295,000	+5,000
Service Connected Deaths	10,247	11,200	10,500	10,500	...
Burial Flags	296,117	300,000	300,000	305,000	+5,000
Headstone/Markers	210,707	225,000	215,000	220,000	+5,000
Headstone Allowance	7,681	65,000	25,000	25,000	...
Cost: (dollars in thousands)					
Burial Allowance	$94,218	$102,164	$97,420	$100,113	$+2,693
Burial Plot	41,351	45,450	43,500	44,250	+750
Service Connected Deaths	8,711	10,640	9,755	9,975	+220
Burial Flags	4,582	5,100	5,125	5,472	+347
Headstone/Markers	10,661	10,802	10,750	11,440	+690
(Transportation Costs)	(1,625)	(1,646)	(1,639)	(1,744)	(+105)
Headstone Allowance	375	3,120	1,250	1,250	...
Total	$159,898	$177,276	$167,800	$172,500	$+4,700

Explanation of Changes

A continued projection of increases in the death rate is affecting all areas of the burial benefit programs administered by the Veterans Administration. The "Summary of Requirements" chart shows the detail of anticipated increases for these benefits.

Changes from Original 1980 Budget Estimate

While the death rate is going up, it is not increasing at the expected rate. Hence, the decrease from $177.3 to $167.8 million in the FY 1980 current estimate.

Program Description

The Burial Benefits program 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 expenses of a deceased veteran; (b) the payment of an allowance 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 $1,100 when a veteran dies as the result of service-connected disability; (d) furnish a flag to drape the casket of each deceased veteran entitled thereto; (e) furnish a headstone or marker for the grave of the veteran or;(f) provide an allowance towards its purchase.

Program Activity

The Veterans Administration administers the most comprehensive burial benefits program for deceased veterans. The benefits have succeeded in helping defray a large portion of funeral expenses incurred by veterans' survivors.

Miscellaneous Assistance

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Workload:					
Retired Officers	220	200	200	175	-25
Adjusted Service & Dep. Pay	6	...	4	4	...
Special Allowance Dep.	2,922	...	2,400	2,200	-200
Invalid Lifts & Devices	49,876	54,600	51,900	52,800	+900
Mortgage Insurance	5,720	5,700	5,885	6,035	+50
VGLI	1,528	519	...	...	...
Soldiers' & Sailors' Civil Relief	2	1	1	1	...
Cost: (dollars in thousands)					
Retired Officers	$1,249	$1,140	$1,160	$1,050	$-110
Adjusted Service & Dep. Pay	6	12	4	4	...
Special Allowance Dep.	826	750	750	700	-50
Invalid Lifts & Devices	12,306	9,126	12,985	13,445	+460
Mortgage Insurance	2,600	2,400	3,000	3,300	+300
VGLI	1,660	288	...	...	...
Soldiers' & Sailors' Civil Relief	1	1	1	1	...
Total	$18,648	$13,717	$17,900	$18,500	$+600

Explanation of Changes

The estimated increases in the number and average cost of invalid lifts, combined with the greater amount of government contributions for Mortgage Protective Life Insurance, are the primary reasons for the $600 thousand increase in FY 1981.

Changes from Original 1980 Budget Estimate

Substantial increases in the number and average costs of invalid lifts are the primary factors responsible for the 1980 budget estimate being increased by $4.2 million. Another important factor was the revised government contribution in the Mortgage Insurance program.

Program Description

The Miscellaneous Assistance portion of this appropriation provides for the following:

(a) Retired officers - Emergency officers of World War I and certain officers of the Regular Establishment who have retired because of service-connected disability are entitled to special benefits.

(b) Adjusted service and dependence pay - Claims made pursuant to the provisions of the World War Adjusted Compensation Act of 1924, as amended, are payable from this appropriation.

(c) Special allowance dependents - Under certain conditions, a special allowance (38 U.S.C. 412) is payable to dependents of certain veterans who died after December 31, 1956, but who were not fully and currently insured under the Social Security Act.

(d) Invalid lifts and other devices - The Administrator, under 38 U.S.C. 617, may furnish invalid lifts and other devices to veterans in receipt of pension based on the need of regular aid and attendance.

(e) Mortgage insurance - PL 92-95 approved August 11, 1971 provided mortgage protection life insurance for service-conencted disabled veterans who have received grants for specially adapted housing. The maximum amount of this insurance is $40,000.

(f) Veterans group life insurance - PL 93-289, effective August 1, 1974, provided that this appropriation pay the extra risk portion of the Veterans Group Life Insurance attributable to veterans service-connected disabilities.

(g) Soldiers' and Sailors' civil relief - Claims arising from the guarantee of premiums due on commercial life insurance policies held by servicepersons while in service and for two years after discharge are payable from this appropriation. This activity was formerly under the Soldiers' and Sailors' Civil Relief Fund.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

Summary of Requirements
(Cost totals in Thousands of Dollars)

	FY 1979			FY 1980			FY 1981		
	Number	Avg Cost	Cost	Number	Avg Cost	Cost	Number	Avg Cost	Cost
Total Burial and Miscellaneous			$178,546			$185,700			$191,000
Burial Benefits - Total			159,898			167,800			172,500
Burial Allowance	313,651	300	94,218	320,000	304	97,420	325,000	308	100,173
Burial Plot	283,454	146	41,351	290,000	150	43,500	295,000	150	44,250
Service Connected Deaths	10,247	850	8,711	10,500	929	9,755	10,500	950	9,975
Burial Flags	296,117	15	4,582	300,000	17	5,125	305,000	18	5,472
Headstone/Markers	210,707	50	10,661	215,000	50	10,750	220,000	52	11,440
Headstone Allwance	7,681	49	375	23,000	50	1,250	25,000	50	1,250
Miscellaneous Assistance - Total			18,648			17,900			18,500
Retired Officers	220	5,676	1,249	200	5,800	1,160	175	6,000	1,050
Adjusted Service & Dep. Pay	6	1,000	6	4	1,000	4	4	1,000	4
Special Allowance Dep	2,922	283	826	2,400	313	750	2,200	318	700
Invalid Lifts & Devices	49,876	247	12,306	51,900	250	12,985	52,800	255	13,445
Mortgage Insurance	5,720	455	2,600	5,885	510	3,000	6,035	547	3,300
VGLI	1,528	1,086	1,660	...	...	...	...	...	...
Soldiers' & Sailors' Civil Relief	2	500	1	1	500	1	1	500	1

FY 80 Change in Requirements
(Cost totals in Thousands of Dollars)

	FY 1980 Budget Estimate			FY 1980 Current Estimate			Net Change		
	Number	Avg Cost	Cost	Number	Avg Cost	Cost	Number	Avg Cost	Cost
Total Burial and Miscellaneous			$190,993			$185,700			$-5,293
Burial Benefits - Total			177,276			167,800			-9,476
Burial Allowance	330,000	310	102,164	320,000	304	97,420	-10,000	-6	-4,744
Burial Plot	303,000	150	45,450	290,000	150	43,500	-13,000	...	-1,950
Service Connected Deaths	11,200	950	10,640	10,500	929	9,755	-700	-21	-885
Burial Flags	300,000	17	5,100	300,000	17	5,125	...	...	+25
Headstone/Markers	225,000	48	10,802	215,000	50	10,750	-10,000	+2	-52
Headstone Allowance	65,000	48	3,120	25,000	50	1,250	-40,000	+2	-1,870
Miscellaneous Assistance - Total			13,717			17,900			+4,183
Retired Officers	200	5,700	1,140	200	5,800	1,160	...	+100	+20
Adjusted Service & Dep. Pay	...	...	12	4	1,000	4	+4	+1,000	-8
Special Allowance Dep	...	...	750	2,400	313	750	+2,400	+313	...
Invalid Lifts & Devices	54,600	167	9,126	51,900	250	12,985	-2,700	+83	+3,859
Mortgage Insurance	5,700	421	2,400	5,885	510	3,000	+185	+89	+600
VGLI	519	555	288	...	...	...	-519	-555	-288
Soldiers' & Sailors' Civil Relief	1	1,000	1	1	500	1	...	-500	...

FY 1981 CONGRESSIONAL BUDGET SUBMISSION
READJUSTMENT BENEFITS

APPROPRIATION LANGUAGE

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 21, 31, 32, 34-36, 39 [and] and 51-61), [$2,278,535,000] $1,822,308,000, to remain available until expended.

EXPLANATION OF LANGUAGE CHANGE

Appropriation language is being changed to include Chapters 51-61 of Title 38 United States Code. These are the general administrative provisions applicable to the Veterans Administration.

APPROPRIATION HIGHLIGHTS

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Major Activities:				
Education and Training	$2,654,216	$2,188,153	$1,743,596	$-444,557
Special Assistance to Disabled Veterans	$131,470	$124,985	$117,030	$-7,955
Appropriation (adjusted)	$2,509,555*	$2,278,535	$1,822,308	$-456,227
Obligations	$2,796,208	$2,283,150	$1,822,308	$-460,842
Costs	$2,785,686	$2,313,138	$1,860,626	$-452,512
Outlays	$2,810,812	$2,305,550	$1,837,308	$-468,242
Number of Trainees:				
Post-Korean Conflict Veterans (Chapter 34)	1,278,538	1,040,200	817,000	-223,200
Post-Vietnam Era Veterans (Chapter 32)	456	6,100	15,000	+8,900
Dependents Training (Chapter 35)	102,956	99,200	95,200	-4,000
Vocational Rehabilitation (Chapter 31)	29,470	27,600	26,000	-1,600
Total	1,411,420	1,173,100	953,200	-219,900

SUMMARY OF BUDGET REQUEST

Budget authority of $1,822,308,000 will be required in 1981 in order to finance education and rehabilitative assistance for 953,200 veterans and dependents. This request represents a decrease of $456.2 million when compared to the $2,278,535,000 appropriated for 1980. The primary factor for the decrease is the reduction in the number of Chaprter 34 trainees.

CHANGES FROM ORIGINAL 1980 BUDGET ESTIMATE

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Major Activities:			
Education and Training	$2,180,506	$2,188,153	$+7,647
Special Assistance to Disabled Veterans	$132,866	$124,985	$-7,881
Appropriation	$2,278,535	$2,278,535	...
Obligations	$2,278,535	$2,283,150	$+4,615
Costs	$2,313,372	$2,313,138	$-234
Outlays	$2,293,535	$2,305,550	$+12,015
Number of trainees:			
Chapter 34	987,700	1,040,200	+52,500
Chapter 32	11,400	6,100	-5,300
Chapter 35	98,600	99,200	+600
Chapter 31	28,300	27,600	-700

*Includes $63,855,000 transferred from the Compensation and Pension Appropriation

There has been little change in dollar estimates from the orginal 1980 Budget estimate. Overall, there has been an increase of 47,100 in the expected number of trainees. Generally, trainees are expected to be training at a slightly lower average cost than originally expected with a resulting decrease in costs of $234 thousand.

ANALYSIS OF INCREASE AND DECREASE

	FY 1980 Current Estimate	FY 1981 Estimate
Prior Year Obligations.....	$2,796,208	$2,283,150
Legislation: PL 95-202 - Increase in work study allowance.....	+711	+769
Education and training average payment and caseload changes.....	-466,732	-445,274
Special assistance to disabled veterans caseload and average payment changes.....	-6,527	-8,007
Changes in selected resources.....	-40,510	-8,330
Estimate.....	$2,283,150	$1,822,308

Explanation of changes

- Public Law 95-202, enacted November 23, 1977, tied the work-study allowance to the hourly minimum wage in effect under section 6(a) of the Fair Labor Standards Act of 1938 as amended. The add-on cost of this legislation is $. 7 million in FY 1980 and $. 8 million in FY 1981. These figures represent the annualization of the work-study increase effective on January 1, of the previous fiscal year as well as the increase in the minimum wage that takes place on January 1 of the fiscal year in question.

- The prime reason for the decrease in obligations in both FY 1980 and FY 1981 is the decline in the number of trainees, particularly Chapter 34 trainees. It is expected that 238,338 fewer veterans and servicepersons will train in FY 1980 than trained in FY 1979 and that 223,200 fewer will train in FY 1981 than trained in FY 1980.

Proposed Legislation

Legislation will be proposed to:

- Eliminate flight and correspondence training at an estimated savings of 53,590 trainees and $56.3 million in cost.

- Extend the delimiting period for two years for Vietnam veterans in on-the-job training and educationally disadvantaged Vietnam veterans in vocational technical or high school training at an additional cost of $63.2 million and 35,600 trainees.

- Enhance the vocational rehabilitation program by (1) providing open-ended eligibility for vocational rehabilitation, (2) allowing evaluation of rehabilitation potential through a comprehensive restorative services program, (3) extending basic eligibility to 64 months, and (4) providing other expansions of the program as recommended by a study of the program that was mandated by PL 95-202. The additional cost would be $7.9 million for an additional 1,400 trainees.

- Terminate authority for training in the Predischarge Education Program (PREP) for Post-Vietnam era veterans, with a savings of $2.8 million and a reduction of 5,600 trainees.

- Extend eligibility for Specially Adapted Housing grants to veterans who have lost or lost the use of both upper extremities, at a cost of $450 thousand with an additional 15 grants.

- o Increase educational assistance allowances by 10% for GI Bill training, Dependent's training and Vocational Rehabilitation at a cost of $180.0 million. Flight and correspondence training would be excluded from this increase.

The effects of these proposals have not been reflected in the appropriation request.

PROGRAM HIGHLIGHTS

Education and Training - Post-Korean Veterans (Chapter 34)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Trainees:					
College (IHL)	895,100	686,700	723,700	558,700	-165,000
Correspondence	28,585	32,700	22,700	19,300	-3,400
Flight	18,256	10,500	15,300	13,000	-2,300
On-Job-Training	84,267	60,900	66,000	49,400	-16,600
Secondary and other	137,502	115,100	114,600	88,500	-26,100
Farm	10,518	...	9,000	7,600	-1,400
(Work Study)	(39,178)	(47,300)	(30,500)	(23,500)	(-7,000)
Total	1,174,228	905,900	951,300	736,500	-214,800
Unit Costs:					
College (IHL)	$2,098	$2,237	$2,098	$2,098	$...
Correspondence	320	243	305	305	...
Flight	2,582	3,299	2,500	2,500	...
On-Job-Training	1,591	1,573	1,591	1,591	...
Secondary and other	1,904	1,987	1,904	1,904	...
Farm	2,666	...	2,666	2,666	...
(Work Study)	475	480	514	554	+40
Total	$2,065	$2,126	$2,025	$2,024	$-1
Cost (000):					
College (IHL)	$1,878,308	$1,536,194	$1,518,323	$1,172,153	$-346,170
Correspondence	9,160	7,956	6,924	5,886	-1,038
Flight	47,136	34,639	38,250	32,500	-5,750
On-Job-Training	134,065	95,796	105,006	78,595	-26,411
Secondary and other	261,861	228,740	218,198	168,504	-49,694
Farm	28,039	...	23,994	20,262	-3,732
(Work Study)	18,624	22,697	15,677	13,019	-2,658
Total	$2,377,192	$1,926,022	$1,926,372	$1,490,919	$-435,453

Explanation of Changes

The above table shows that the anticipated decrease in cost is due to fewer trainees participating in FY 1980. This decrease in trainees results from a declining pool of eligible veterans as more veterans reach their delimiting date. Those veterans who have lost their eligibility are being replaced by a much smaller number of separatees who are eligible for benefits.

Changes from original 1980 Budget Estimate

Dollar estimates for FY 1980 Post-Korean veterans remain basically unchanged with increased trainees being offset by reduced average costs. The 1980 Budget incorporated data for farm training with secondary and other training.

Program Decription

This program was established by PL 89-358 approved March 3, 1966, and is currently authorized by chapters 34 and 36, Title 38, U.S.C. It provides educational assistance allowances, mainly on a monthly basis, in order to restore lost educational opportunities to those individuals whose careers were interrupted or impeded by reason of active military service after January 31, 1955 and before January 1, 1977. In addition, tutorial assitance allowances, work-study allowances, and counseling services are available to eligible veterans.

Over the thirteen and a half years since its establishment, the program has undergone several major amendments in order to increase the monthly rates of payment and to liberalize the scope of benefits available.

Currently, the basic monthly rate for full-time institutional training by a single veteran is $311 and a single veteran in the first six months of an apprenticeship/OJT program receives $226 per month. Additional amounts are paid for dependents, and rates for half-and three-quarter time institutional training are proportional to the full-time rates. Veterans training on a less than half-time basis, as well as certain persons training while on active military duty, are paid a lump-sum allowance to cover charges for tuition and fees, provided these charges do not exceed $311 per months for a full-time course. Trainees pursuing flight and correspondence programs receive 90% of the established charges for the course. Unmarried trainees in cooperative and farm cooperative programs receive $251 a month for full-time training. The above rates were provided by PL 95-202, effective October 1, 1977.

Under the provisions of PL 94-502,, enacted October 15, 1976, any person entering the Armed Services after December 31, 1976 will not be entitled to participate in this program. Persons entering the Armed Services before that date will remain entitled to their benefits under these chapters for the ten-year period after their separation from active duty. No educational assistance will be provided any eligible veteran under chapters 34 and 36 after December 31, 1989.

For persons entering active military service after December 31, 1976, PL 94-502 provided a program under Chapter 32, Title 38, U.S.C. entitled "Post-Vietnam Era Veterans' Educational Assistance Program." A program description for Chapter 32 benefits can be found immediately after the Chapter 34 program highlights.

Cumulatively, since inception of the program, over 7.6 million veterans and active duty personnel have received $30.0 billion in educational assistance through September 1979.

Program Activity

Nearly 1.2 million veterans received over $2.3 billion in educational assistance in FY 1979. This number of trainees is expected to decline to approximately 950 thousand veterans receiving $1.9 billion in educational assistance in FY 1980. This reduction reflects the decrease in the number of eligible veterans as more veterans reach their delimiting date.

Education and Training - Servicepersons (Chapter 34)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Trainees:					
College (IHL).....	72,690	48,200	63,800	57,800	-6,000
Correspondence.....	22,798	27,000	18,100	16,400	-1,700
Flight.....	6,650	4,100	5,300	4,800	-500
Secondary and others	2,172	2,500	1,700	1,500	-200
Total.....	104,310	81,800	88,900	80,500	-8,400
Unit Cost:					
College (IHL).....	$650	$643	$650	$650	$...
Correspondence.....	326	244	302	302	...
Flight.....	2,526	2,100	2,688	2,688	...
Secondary and others	587	485	587	587	...
Total.....	$697	$579	$699	$699	$...
Cost (000):					
College (IHL).....	$47,231	$30,993	$41,470	$37,570	$-3,900
Correspondence.....	7,431	6,588	5,466	4,953	-513
Flight.....	16,795	8,610	14,246	12,902	-1,344
Secondary and others	1,275	1,212	998	880	-118
Total.....	$72,732	$47,403	$62,180	$56,305	$-5,875

Explanation of Changes

As with Chapter 34 veterans, the Chapter 34 servicepersons show a decrease in costs that is a result of decreasing numbers of trainees. The decrease reflects the smaller number of service persons eligible for Chapter 34 benefits, since persons entering the service on or after January 1, 1977, are not eligible for this program.

Changes from original 1980 Budget Estimate

The increase of 7,100 trainees in the current FY 1980 estimate versus the FY 1980 Budget estimate results from a larger percentage of eligible servicepersons receiving Chapter 34 benefits in FY 1979 than originally expected. The increased training load coupled with a higher average cost results in the increase of $14.8 million.

Program Description

This program was established by PL 89-358 and is currently authorized by Chapters 34 and 36, U.S.C. Servicepersons with over 180 days of active duty, any part of which was before January 1, 1977, are eligible to participate. Payments are made in a lump-sum form to cover tuition and fees, provided these charges do not exceed $311 per month for a full-time course. Aside from the provision that servicepersons do not receive a subsistence allowance, the programs available to them are the same as those described in the "Program Description for Veterans."

Program Activity

With the declining number of servicepersons who are eligible for Chapter 34 benefits, it is expected that 80,500 servicepersons will train in FY 1981 at a cost of $56.3 million.

Education and Training - Post-Vietnam Era Veterans (Chapter 32)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Trainees.....	456	11,400	6,100	15,000	+8,900
Unit Cost.....	$506	$789	$492	$500	$+8
Total Cost (000).....	$231	$9,000	$3,000	$7,500	$+4,500

Explanation of Changes

PL 94-502, enacted October 15, 1976, established this education benefits program with an effective date of January 1, 1977. Since this program is newly established, all increases reflect the growth pattern as servicepersons leave the military and begin to pursue training.

Changes from original 1979 Budget Estimate

The decreases in trainees and average cost are based on participation experience in the program to date.

Program Description

This program was established by PL 94-502, enacted October 15, 1976, and currently authorized under Chapter 32, Title 38, U.S.C. The basic delimiting date is ten years after the date of last release or discharge from active duty on or after January 1, 1977. Benefits will be accumulated by including contributions from the participating serviceperson with matching funds from the VA at the rate of $2 for each $1 contributed by the participant. DOD may contribute an additional unspecified amount. The participant's contributions are limited to the range of $50 to $75 monthly and a total maximum of $2,700. Entitlement is limited to a maximum of 36 months or the number of months of participation, whichever is less. Participants may pursue PREP in the last six months of their first enlistment, with the Veterans Administration paying the entire cost.

Program Activity

With the basic enlistment period in the all-volunteer Army being 3 years and eligibility restricted to those who enter the military on or after January 1, 1977, the 456 trainees in FY 1979 represent people who separated from the service primarily for hardship reasons. FY 1980 will see the first trainees in this program who have completed a full tour of military service.

59-500 O - 80 - 23

Education and Training - Sons and Daughters (Chapter 35)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Trainees:					
College (IHL).....	77,915	70,630	75,200	72,500	-2,700
On-Job-Training...	528	340	500	500	...
Secondary and Other	7,180	6,300	6,800	6,600	-200
Total.....	85,696	77,270	82,500	79,600	-2,900
Unit Costs:					
College (IHL).....	$2,085	$2,099	$2,085	$2,085	$...
On-Job-Training...	1,454	1,265	1,454	1,454	...
Secondary and Other	1,898	1,765	1,898	1,898	...
Total.....	$2,065	$2,068	$2,066	$2,066	$...
Cost (000):					
College (IHL).....	$162,459	$148,242	$156,792	$151,162	$-5,630
On-Job-Training...	768	430	727	727	...
Secondary and Other	13,766	11,122	12,906	12,527	-379
Total.....	$176,993	$159,794	$170,425	$164,416	$-6,009

Explanation of Changes

The number of sons and daughters in training is expected to decrease in 1981 to 79,600. This decrease results from a declining number of dependents of World War II veterans in training and a smaller number of dependents whose entitlement is derived from later service periods. Average costs are expected to remain stable.

Changes from original 1980 Budget Estimate

An increase of 5,230 trainees partially offset by a slightly reduced average cost will result in increased costs of $10.6 million.

Program Decription

This program provides benefits to children of veterans who died of a service-connected disability or whose service-connected disability is rated permanent and total. In addition, children of servicepersons missing in action or interned by a hostile foreign government for more than 90 days are also eligible under this program.

The original law, PL-84-634, approved June 29, 1956, provided benefits only the children of veterans who died from a war-time service-connected disability. Later amendments liberalized the coverage of the benefits in order to include eligible wives and children of veterans from all service periods since the start of the Spanish-American War on April 28, 1898, including eligible children of Philippine Commonwealth Army Veterans and of "new" Philippine Scouts. (Such Philippine nationals are paid at a rate in pesos equivalent to $150 for each dollar.)

Various educational assistance allowance increases have been enacted over the years. Currently, the monthly rate for full-time institutional training is $311.

Initally, only institutional college and trade/technical training was permitted. This was liberalized by PL 92-540, approved October 24, 1972, to include on-job/apprenticeship training. PL 93-508 added cooperative farm training.

Cumulatively, since the inception of the program, 275,114 sons and daughters have trained through September 30, 1979.

Program Activity

Chapter 35 Sons and Daughters continues to be a relatively stable program and is expected to show a moderate decrease in participation in 1981, with 79,600 trainees at a cost $164.4 million.

Education and Training - Wives and Widows (Chapter 35)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Trainees:					
College (IHL).....	13,977	16,685	13,450	12,560	-890
Correspondence....	89	200	100	90	-10
On-Job-Training...	42	45	50	50	...
Secondary and other	3,152	4,400	3,100	2,900	-200
Total.....	17,260	21,330	16,700	15,600	-1,100
Unit Cost:					
College (IHL).....	$1,551	$1,852	$1,551	$1,551	$...
Correspondence....	240	280	218	218	...
On-Job-Training...	1,327	1,178	1,327	1,327	...
Secondary and other	1,686	1,665	1,686	1,686	...
Total.....	$1,568	$1,795	$1,567	$1,568	$+1
Cost (000):					
College (IHL).....	$21,678	$30,894	$20,861	$19,481	$-1,380
Correspondence....	21	56	22	20	-2
On-Job-Training...	56	53	66	66	...
Secondary and other	5,313	7,284	5,227	4,889	-338
Total.....	$27,068	$38,287	$26,176	$24,456	$-1,720

Explanation of Changes

The number of wives and widows in training is expected to decrease between 1980 and 1981. Trainees in 1979 were down 2,134 from the peak year for this program of 1978. This trend is expected to continue. Average costs are expected to remain relatively stable.

Changes from original 1980 Budget Estimate

The reduction in trainees and in average cost has been made to reflect the actual experience of FY 1978.

Program Description

This program provides benefits to wives and widows of veterans who died of a service-connected disability or whose service-connected disability is rated permanent and total. In addition, wives of servicemen missing in action, or interned by a hostile foreign government for more than 90 days, are also eligible under this program.

The original law, PL 84-634, approved June 29, 1956, provided benefits only to the children of veterans who died from a war-time service-connected disability. Later amendments liberalized the coverage of the benefits in order to include eligible wives and children of veterans from all service periods since the start of the Spanish-American War on April 28, 1898.

Various educational assistance allowance increases have been enacted over the years. Currently, the monthly rate for full-time institutional training is $311.

Initially, only institutional college and trade/technical training was permitted. This was liberalized by PL 92-540, approved October 24, 1972, to include correspondence, on-job/apprenticeship, and high school training. PL 93-508 added cooperative farm training.

Cumulatively, since the inception of the program, 55,159 wives and widows have trained through September 30, 1979.

Program Activity

It is expected that 15,600 wives and widows will train in FY 1981, a decrease of 1,100 from FY 1980. The majority of these trainees will be IHL students. The cost for wives and widows is expected to be over $24.5 million in FY 1981, a decrease of $1.7 million from FY 1980.

Special Assistance to Disabled Veterans - Vocational Rehabilitation (Chapter 31)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Number of Trainees...	29,470	28,300	27,600	26,000	-1,600
Unit Cost.....	$3,271	$3,400	$3,367	$3,450	$+83
Total Cost (000)	$96,405	$96,220	$92,941	$89,696	$-3,245
Work Study Cost 1/ (000).....	$1,011	$1,381	$977	$958	$-19

Explanation of Increases and Decreases

Trainees are expected to continue decreasing from 1979 through 1981 as fewer disabled veterans are being added to the compensation rolls. The increase in average cost is related to expected increases in charges for tuition, books, supplies and equipment that will be furnished.

Changes from original 1980 Budget Estimates

The number of vocational rehabilitation trainees has been decreasing since FY 1977 which was the peak year. This decrease is expected to be slightly greater than planned in 1980. Average cost will be slightly less than originally expected based on FY 1979 actuals.

Program Description

This benefit originated in 1916 with the National Defense Act of 1916. PL 78-16, approved March 24, 1943, provided vocational rehabilitation for disabled World War II veterans. Later laws extended benefits to eligible disabled veterans who served after World War II. This program pays a monthly subsistence allowance, now $241 a month for a single veteran in full-time institutional training, plus an allowance for tuition, books, supplies and equipment.

As of September 30, 1979 more than 832,000 disabled veterans had trained under the vocational rehabilitation program since July 1943, and nearly 110,000 of these were disabled Vietnam era veterans.

Program Activity

The number of veterans participating in this program is expected to decrease moderately in FY 1979. The average cost is expected to increase commensurate with the cost of books, tuition, supplies and equipment. The cost of the work study program is expected to decrease slightly with fewer veterans participating.

1/ Included in total cost.

Special Assistance to Disabled Veterans - Housing Grants

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Number of Grants.....	728	840	685	520	-165
Average Cost.....$31,055		$30,000	$30,000	$30,000	$...
Total Costs (000).....$22,608		$25,200	$20,550	$15,600	$-4,950

Explanation of Increases and Decreases

It is anticipated that the number of housing grants will decrease in FY 1980 and 1981 as the effects of PL 95-117, which liberalized eligibility, begin to subside.

Changes from original 1980 Budget Estimate

The reduction in grants was based on the reduced number of grants made in FY 1979. The 1980 Budget anticipated 870 grants in FY 1979 versus an actual total of 728 grants.

Program Description

This program was originally established by PL 80-702, approved June 19, 1948. It currently provides grants of up to $30,000 to aid certain permanently and totally disabled veterans in acquiring a specially adapted housing unit with such fixtures or movable facilities as are made necessary by the nature of the veterans' disability. PL 95-117 enacted October 3, 1977 extended eligibility for housing grants to veterans who have lost or lost the use of one arm and one leg and who require canes, braces, crutches or wheelchairs for locomotion.

Over $228.1 million has been expended for 16,612 homes since FY 1949.

Program Activity

It is anticipated that 520 grants will be made in FY 1981 at a cost of $15.6 million. The FY 1979 average cost in excess of the statutory maximum represents monies paid in FY 1979 for housing grants approved in FY 1978.

Special Assistance to Disabled Veterans - Automobiles or Other Conveyances for Disabled Veterans

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Autos and other conveyances:					
No. of Conveyances.....	1,337	940	900	800	-100
Average Cost.....	$3,701	$3,787	$3,800	$3,800	$...
Total Cost (000).....	$4,948	$3,560	$3,420	$3,040	$-380
Adaptive Equipment, etc.:					
No. of items.....	8,081	10,515	8,350	8,400	+50
Average Cost.....	$929	$750	$967	$1,035	$+68
Total Cost (000).....	$7,510	$7,886	$8,074	$8,694	$+620

Explanation of Increase and Decreases

The number of conveyances will decrease from FY 1979 through FY 1981 as the effect of the enactment of PL 93-538 subsides. This law extended benefits under this program to veterans who served between World War II and the Korean Conflict, effective December 22, 1974.

This decrease will be partially offset by the effects of PL 95-116, enacted October 3, 1977. This legislation extended eligibility for automobile grants and adaptive equipment to certain disabled veterans of World War I and the peacetime period between the World Wars.

The number of adaptive equipment items are expected to increase slightly in FY 1981 as veterans who gained eligibility through PL 95-116 return for replacement or repair of equipment.

The average cost of adaptive equipment (including maintenance, repair and installation) will continue to increase due to the continuation of the trend toward higher prices in the field of auto repairs.

Changes from original 1980 Budget Estimate

The number of auto grants is expected to decrease only slightly from the original estimate. Adaptive equipment cases will decrease but will be offset by an increased average cost resulting in an increase in cost of $188 thousand.

Program Description

This program was established for certain disabled World War II veterans by PL 79-663, approved August 8, 1946. It was later expanded to encompass eligible disabled veterans and servicepersons who have served since the start of World War II through the present. PL 95-116 enacted October 3, 1977 further extends eligibility to veterans of World War I and the peacetime period between the World Wars. The law currently provides for a grant of up to $3,800 for the purchase of an automobile or other conveyance for certain severely disabled veterans and servicepersons. It also provides for such adaptive equipment as is deemed necessary to insure safe operation of the vehicles. The basic grant is only paid once, however, the Agency will pay for the cost of installation, repairs and replacement of adaptive equipment on automobiles subsequently acquired by the eligible veteran. Cumulatively, through September 30, 1979, over $191.9 million has been expended under this program since its inception.

Program Activity

In 1979, 1,337 automobilies were purchased at a cost of $4.9 million. This is down from 1,949 automobiles at a cost of $6.4 million in FY 1978. In 1979 8,081 items of adaptive equipment were approved at a cost of $7.5 million. This is down from 8,826 items of adaptive equipment in 1978 but up slightly in cost from $7.3 million.

READJUSTMENT BENEFITS
SUMMARY OF REQUIREMENTS
(Cost Totals in Thousands Of Dollars)

	FY1979			FY1980			FY1981		
	Trainees	Average Cost	Total Cost	Trainees	Average Cost	Total Cost	Trainees	Average Cost	Total Cost
			$2,765,696			$2,313,139			$1,960,626
Total Chapters 34, 35, 31 and 32	1,411,400	1,949	2,750,821	1,173,100	1,944	2,281,094	953,200		1,833,292
EDUCATION AND TRAINING									
Post-Korean Veterans & Servicepersons - Total	1,278,538	1,917	2,449,924	1,040,200	1,912	1,988,552	817,000	1,894	1,547,224
Veterans - Total	1,174,228	2,065	2,377,192	954,300	2,025	1,926,372	736,500	2,024	1,490,915
College (IHL)	895,100	2,098	1,878,308	723,700	2,098	1,518,323	556,700	2,098	1,172,153
Non-College Degree (NCD)	194,861	1,777	346,196	161,600	1,778	287,366	128,400	1,769	227,152
Correspondence	26,585	320	9,160	22,700	305	6,924	19,300	305	5,886
Flight	18,256	2,582	47,136	15,300	2,500	38,250	13,000	2,500	32,500
Secondary and Other	137,502	1,904	261,861	114,600	1,904	218,198	88,500	1,904	168,504
Vocational/Technical*	120,390			98,200			76,400		
High School*	17,112			16,400			12,100		
Cooperative Farm	10,518	2,866	28,039	9,900	2,866	23,994	7,600	2,866	20,262
On-Job Training (OJT)	64,267	1,591	134,065	96,000	1,591	105,006	49,400	1,591	78,595
Work Study	(39,178)	475	16,624	(35,900)	514	15,677	(23,500)	514	13,018
Servicepersons - Total	104,310	697	72,732	85,900	699	62,180	80,500	699	56,309
College (IHL)	72,690	650	47,221	53,800	650	41,970	57,800	650	37,570
Non-College Degree (NCD)	31,620	806	25,501	25,100	825	20,710	22,700	825	18,730
Correspondence	22,798	326	7,431	18,100	302	5,466	16,400	302	4,953
Flight	9,650	2,526	16,795	5,300	2,668	14,246	4,800	2,668	12,902
Secondary and Other	2,172	587	1,275	1,700	567	968	1,500	567	860
Vocational/Technical*	1,644			1,300			1,200		
High School*	528			400			300		
Post-Vietnam Era Veterans - Total	456	506	231	6,100	492	3,000	15,000	500	7,500
Dependents - Total	102,956	1,962	204,061	99,200	1,962	196,801	95,200	1,964	186,872
Sons and Daughters - Total	85,696	2,065	176,993	82,500	2,066	170,425	79,500	2,069	164,416
College (IHL)	77,915	2,085	162,459	75,300	2,085	156,792	72,500	2,085	151,162
Non-College Degree (NCD)	7,253	1,898	13,766	6,800	1,898	12,906	6,600	1,898	12,527
Secondary and Other	7,190			6,735			6,540		
Special Restorative*	73			65			60		
On-Job Training (OJT)	528	1,454	768	500	1,454	727	500	1,454	727
Wives and Widows - Total	17,260	1,566	27,068	16,700	1,567	26,176	15,600	1,568	24,456
College (IHL)	13,977	1,551	21,678	13,450	1,551	20,861	12,560	1,551	19,481
Non-College Degree (NCD)	3,241	1,646	5,335	3,200	1,646	5,249	2,990	1,642	4,909
Correspondence	86	240	21	100	218	22	90	218	20
Secondary and Other	3,150	1,686	5,313	3,100	1,686	5,227	2,900	1,686	4,889
Special Restorative*	2			—			—		
On-Job Training (OJT)	42	1,327	56	50	1,327	66	50	1,327	66
SPECIAL ASSISTANCE TO DISABLED VETERANS									
Vocational Rehabilitation	29,470	3,271	96,405	27,600	3,367	92,941	26,000	3,450	89,696
College (IHL)*	22,010			20,960			19,730		
Non-College Degree (NCD)	6,195			5,350			5,100		
Vocational/Technical*	5,221			4,550			4,290		
Elementary/Secondary*	456			400			390		
Special Rehabilitation*	438			360			340		
Homebound*	80			80			80		
Institutional On-Farm*	148			170			160		
On-Job Training (OJT)*	1,116			1,060			1,010		
Work Study	(3,078)	328	1,011	(2,200)	444	977	(2,000)	479	958
Housing Grants	728	31,055	22,608	685	30,000	20,550	520	30,000	15,600
Automobiles and Other Conveyances	1,337	3,701	4,948	900	3,800	3,420	800	3,900	3,040
Adaptive Equipment	8,081	920	7,510	8,350	967	8,074	8,400	1,035	8,694

**Reporting system for cost data is currently being developed. Cost data will be available upon completion of reporting system.*

FY 1981 CONGRESSIONAL BUDGET SUBMISSION
Post-Vietnam Era Veterans Education Account

Fund Highlights

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Major Activities :				
1. Disbursements to trainees	$313	$2,550	$7,050	$+4,500
2. Participant disenrollments	$13,652	$17,200	$30,800	$+13,600
Appropriation (perm., indef.)...	$70,788	$98,800	$114,200	$+15,400
Obligations/Costs.....	$13,965	$19,750	$37,850	$+18,100
Outlays.....	$13,815	$13,450	$23,450	$+10,000
Number of participants.....	146,078	152,900	160,200	+7,300
Undisbursed balance of fund.....	$92,020	$177,370	$268,120	$+90,750

Summary of Budget Request

This program is funded by contributions from servicepersons, the Department of Defense, and by two-for- one matching funds from the Readjustment Benefits account. No Congressional appropriation action is requested.

Changes from original 1980 Budget Estimates
(dollars in thousands)

	1980 Budget Estimate	1980 Current Estimate	Increase (+) Decrease (-)
Major Activities :			
1. Disbursements to trainees	$13,500	$2,550	$-10,950
2. Participant disenrollments	$4,000	$17,200	$+13,200
Appropriation (perm., indef.)	$80,977	$98,800	$+17,823
Obligations.....	$17,500	$19,750	$+2,250
Outlays.....	$17,500	$13,450	$-4,050
Number of participants.....	140,300	152,900	+12,600
Number of trainees	11,400	3,600	-7,800
Number or disenrollments	10,000	26,900	+16,900

The 1980 current estimates shown above primarily reflect revised projections of the number of participants and trainees, using FY 1979 experience and persons disenrolling.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior year outlays.....	$13,815	$13,450
Increases (+) and Decreases (-)		
Participant disenrollments.....	+3,548	+13,600
Disbursement to Post-Vietnam Era veteran trainees.....	+2,237	+4,500
Change in obligated balances.....	-6,150	-8,100
Estimate.....	$13,450	$23,450

Explanation of Changes

Since this program was newly established as of January 1, 1977, all increases reflect growth patterns as eligible servicepersons continue to make contributions to the program, disenroll from the program, and begin to pursue training.

Program Description

This program was established by PL 94-502 in October 1976 (Chapter 32, Title 38, U.S.C.) to provide educational assistance to those persons who enter the Armed Forces after December 31, 1976. It is a voluntary contributory matching program and each person entering military service has the right to enroll in and make contributions to the educational benefits program at any time during the person's service on active duty. After enrollment, each person must participate for at least 12 consecutive months before disenrolling or suspending participation

Contributions to the program will be accumulated from servicepersons participating in the program with the Veterans Administration matching the serviceperson's contribution on a two-for-one basis. The Secretary of Defense may elect to contribute, as deemed necessary in order to encourage persons to enter or remain in the Armed Forces.

Each serviceperson that has completed a full tour of duty and contributed, is entitled to a maximum of 36 monthly benefits, or a pro-rata share for part-time training.

Program Activity

During FY 1979 the number of trainees increased from 37 in 1978 to 456. The number of participants also increased, from 81,200 to over 146,000, with a corresponding increase in contributions from $31.7 million to $70.6 million. However, the number of disenrollments and the amount of refund also increased from 5,306 disenrollments in 1978 valued at $2.3 million to 21,322 disenrollments and refunded a total of $13.7 million in 1979. Shown below is the activity this program is expected to have through 1981.

Workload and Obligations

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Obligations:				
Disbursement Post-Vietnam Era veteran trainees	$313	$2,550	$7,050	$+4,500
Participant disenrollments	$13,652	$17,200	$30,800	$+13,600
Total	$13,965	$19,750	$37,850	$+18,100
Workload:				
Participants	146,078	152,900	160,200	+7,300
Trainees	456	3,600	9,400	+5,800
Cash Income (Budget Authority):				
Serviceperson Contributions	$70,558	$97,100	$109,500	$+12,400
Transfer from RB Appropriation	230	1,700	4,700	+3,000
Department of Defense	...	...	...	...
Total Income (Budget Authority)	$70,788	$98,800	$114,200	$15,400

Program Financing

The following table summarizes the financing of the fund:

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate
	(dollars in thousands)		
Program by Activities:			
Disbursement to Post-Vietnam Era veteran trainees	$313	$2,550	$7,050
Participant disenrollments	$13,652	$17,200	$30,800
Total operating costs/ obligations	$13,965	$19,750	$37,850
Financing:			
Unobligated balance, start of year	$-35,045	$-91,867	$-170,917
Unobligated balance, end of year	91,867	170,917	247,267
Budget Authority (appropriation) (permanent, indefinite)	$70,788	$98,880	$114,200

Fund Status

The following table summarizes the current and estimated financial condition of the fund:

Undisbursed balance, beginning of year	$35,047	$92,020	$177,370
Total cash income	$70,788	$98,800	$114,200
Total cash disbursed	-13,815	-13,450	- 23,450
Undisbursed balance, end of year	$92,020	$177,370	$268,120

FY 1981 CONGRESSIONAL BUDGET SUBMISSION
VOCATIONAL REHABILITATION REVOLVING FUND
APPROPRIATION LANGUAGE

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Vocational rehabilitation revolving fund" (38 U.S.C. Chapter 31).

Explanation of Language Change

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

Fund Highlights

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Major activity:				
Loans to veterans				
Obligations/cost	$986	$975	$920	$-55
Offsetting collections	$-967	$-995	$-935	$+60
Outlays	$23	$-20	$-15	$+5
Number of loans	5,861	5,740	5,410	-330

Summary of Budget Request

No appropriation is being requested since offsetting collections will be sufficient to fund the expected $920,000 in new loans.

Changes from Original 1980 Budget Estimates

	FY 1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Major activity:			
Loans to veterans			
Obligations/cost	$938	$975	$+37
Offsetting collections	$-928	$-995	$-67
Outlays	$10	$-20	$-30
Number of loans	5,420	5,740	+320

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior Year Outlays	$23	$-20
Increases and Decreases		
Decrease in loans to veterans	-11	-55
Increase/decrease in loans repaid	-28	+60
Change in obligated balance	-4	...
Current Outlays	$-20	$-15

Explanation of Changes

Experience has shown that the rate of decrease in demand for Vocational Rehabilitation Loans is not as sharp as previously estimated. Therefore outlays are expected to decrease and repayments increase in 1980.

Program Description

Chapter 31, paragraph 1507, of 38 U.S.C. provides for a revolving fund for the purpose of granting loans to disabled veterans who are commencing or are in pursuit of a program of vocational rehabilitation and are without sufficient funds to meet their expenses. Limited to a maximum of $200, these loans are normally repaid by offset from benefits, at a rate of 10% of the loan amount each month.

Program Activity

Loan activity is normally governed by the number of disabled veterans in vocational rehabilitation training. The projected decrease in loans in FY 1981 reflects the decrease in trainees.

Workload, Amount Loaned and Repaid

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Change
Number of loans made	5,861	5,740	5,410	-330
Amount of loans made (000)	$986	$975	$920	$-55
Average amount	$168	$170	$170	...
Number of loans outstanding	3,636	3,350	3,140	-210
Average outstanding balance	$114	$115	$115	...
Repayments (000)	$967	$995	$935	$-60

Proposed Legislation

Legislation will be proposed to increase the debt limit from $200 to $400 at an estimated increase in Budget Authority of $350 thousand.

The effects of this proposal have not been included in this justification.

FY 1981 CONGRESSIONAL BUDGET SUBMISSION
EDUCATION LOAN FUND
APPROPRIATION LANGUAGE

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Education loan fund" (38 U.S.C. Chapters 32, 34, 35 and 36).

Explanation of Language Change

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

Fund Highlights

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Major activity:				
Loans to veterans and survivors				
Obligations/Cost	$8,031	$8,500	$7,700	$-800
Offsetting collections	$-1,706	$-2,825	$-3,931	$-1,106
Outlays	$6,367	$5,600	$3,800	$-1,800
Number of loans	11,040	10,900	9,450	-1,450

Summary of Budget Request

Because the remaining unobligated balance and the expected offsetting collections will be sufficient to fund new loans, no budget authority is requested.

Changes from original FY 1980 Budget Estimate

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Major activity:			
Loans to veterans and survivors			
Obligations/Cost	$15,217	$8,500	$-6,717
Offsetting collections	$4,212	$2,825	$-1,387
Outlays	$11,000	$5,600	$-5,400
Number of loans	17,900	10,900	-7,000

The FY 1980 budget estimate has been reduced consistent with an expected decrease in loan demand.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior Year Outlays	$6,367	$5,600
Increase and Decreases:		
Increase in loans repaid	$-586	$-590
Decrease/increase in loan fees paid	$-14	$+24
Increase in interest earned	$-519	$-530
Increase in recovered writeoffs	...	$-10
Decrease/increase in loans to veterans	$+469	$-800
Increase/decrease in change in obligated balance	$-117	$+106
Estimate	$5,600	$3,800

Outlays are expected to decrease in FY 1980 from FY 1979. Increases in both repayments and interest income, due to an increase in the number of loans due for repayment are the chief reasons for the reduction. This decline in outlays is expected to continue through FY 1981.

Program Description

Persons in training under Chapters 32, 34, and 35 of Title 38 U.S.C., who meet certain criteria are eligible to borrow up to a maximum of $2,500 per academic year to pursue their education. This fund, which was initially capitalized by a transfer from the Readjustment Benefits appropriation, now operates as a revolving fund with new loans being financed by loan repayments, fees and interest income. Losses from loans are covered by proceeds from an initial 3% loan fee. Limitations to eligibility are as follows: (1) trainees must be attending, on no less than half-time basis, a program leading to a standard degree (or approved professional or vocational objective) and (2) students must show that the costs related to the pursuit of the educational program exceed his or her available financial resources. The borrower must agree to repay the loan, commencing payments no later than nine months following the time that their training drops below half-time, with full repayments due no later than ten years and nine months from that date.

The Education Loan program is also used to extend education benefits to persons who have passed their delimiting dates but have entitlement remaining. Persons in full-time training within two years after delimiting continue to be eligible for Education Loans up to the amount of their unused entitlement. Furthermore, the program allows for the acceleration of education benefits to certain trainees by securing a loan and having one-third of it repaid by both the VA and the State.

Program Activity

The effect of a decrease in the number of trainees, and implementation of more specific standards for loan eligibility are reflected in the reduced number of loans granted in Fiscal Year 1979. There were 28,932 loans granted in FY 1978 compared to 11,040 in FY 1979. The average loan granted also decreased, down from $1,238 to $727. This can be primarily attributed to the new policy of limiting the school period on which each loan is based to a single semester or two quarters. This and other measures were instituted to reduce the incidence of defaulted loans.

Program Activity (cont'd)

WORKLOAD, AMOUNT LOANED AND REPAID

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Change
Number of loans made.....	11,040	10,900	9,450	-1,450
Total amount of loans made (in thousands).....	$8,031	$8,500	$7,700	$-800
Average amount of loans made.....	$727	$780	$815	$+35
Number of loans outstanding.....	63,003	69,960	74,380	+4,420
Average balance per loan outstanding.....	$966	$927	$898	$-29
Repayment of loans.....	$1,094	$1,680	$2,270	$+590
Number of defaults.....	11,983	11,425	8,790	-2,635
Total amount of defaults.....	$11,770	$12,550	$9,180	$-3,370

VETERANS ADMINISTRATION

Grants for Establishment, Expansion and Improvement of State Veterans Cemeteries

Appropriation Language

For grants to aid States in establishing, expanding or improving State Veterans' Cemeteries as authorized by law (P.L. 95-476), $5,000,000 to remain available until September 30, 1983.

Appropriation Highlights

	1979 Actual	1980 Estimate	1981 Estimate	1981 vs 1980 Increase (+) Decrease (-)
		(in thousands of dollars)		
Major Activities or Programs:				
Cost of establishment, expansion or improvement of State Veterans' Cemeteries	...	$5,000	$5,000	...
Appropriation	...	5,000	5,000	...
Obligations	...	5,000	5,000	...
Outlays	...	2,000	5,000	+ 3,000

Summary of Budget Request

The estimated requirement for Fiscal Year 1981 is based on the legislative authorization and represents the second year of a five year program. Direct grants will be made to the States in accordance with the law, Federal criteria and published standards.

Justification of Estimates

Public Law 95-476, enacted October 18, 1978, amends Title 38, United States Code and authorizes this grants program to assist the individual States in establishing, expanding and/or improving Veterans' Cemeteries. The Act provides that the Administrator may make grants in an amount not to exceed 50% of the total value of the land and the cost of improvements with the remaining amount to be contributed by the State. The Act further provides that no State may receive in any Fiscal Year a total amount in excess of 20% of the total amount appropriated for that Fiscal Year.

59-500 O - 80 - 24

Part 3. Housing Credit Assistance

Table of Contents

	Page No.
Loan Guaranty Revolving Fund	3-3
Direct Loan Revolving Fund	3-29

FY 1981 CONGRESSIONAL BUDGET SUBMISSION
Loan Guaranty Revolving Fund

APPROPRIATION LANGUAGE

During the current fiscal year, the Loan Guaranty Revolving Fund shall be available for expenses for property acquisitions, payment of participation sales insufficiencies, and other loan guaranty and insurance operations as authorized by law (38 U.S.C. chapter 37, except administrative expenses, as authorized by section 1824 of such title): Provided, that the unobligated balances including retained earnings of the Direct Loan Revolving Fund shall be available during the current fiscal year, for transfer to the Loan Guaranty Revolving Fund in such amounts as may be necessary to provide for the timely payment of obligations of such fund and the Administrator of Veterans Affairs shall not be required to pay interest on amounts so transferred after the time of such transfer.

During 1981 and within the resources available, gross obligations for direct loans and total commitments to guarantee loans are authorized in such amounts as may be necessary to carry out the purposes of the "Loan Guaranty Revolving Fund". (Department of Housing and Urban Development - Independent Agencies Appropriation Act, 1980)

EXPLANATION OF LANGUAGE CHANGE

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations and commitments to guarantee loans.

LOAN GUARANTY REVOLVING FUND

Fund Highlights

(dollars in thousands)

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Costs/Obligations	$453,022	$634,219	$683,867	$+49,648
Offsetting Collections	$246,185	$667,874	$879,977	$+212,103
Outlays	$207,112	$-31,625	$-195,000	$-163,375
Number of guaranteed or insured loans	364,578	367,950	362,850	-5,100
Number of claims processed	13,179	17,550	18,000	+450
Number of property acquisitions processed	11,245	15,675	15,700	+25

Summary of Budget Request

Congress is being requested to authorize the transfer from the Direct Loan Revolving Fund to the Loan Guaranty Revolving Fund, such amounts as may be necessary to provide for the timely payment of obligations.

Changes from original 1980 Budget Estimates

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Costs/Obligations	$645,459	$634,219	$-11,240
Offsetting Collections	$675,747	$667,874	$-7,873
Outlays	$-29,625	$-31,625	$-2,000
Number of guaranteed or insured loans	380,150	367,950	-12,200
Number of claims processed	17,878	17,550	-328
Number of property acquisitions processed	16,253	15,675	-578

The current estimated outlays for 1980 have been decreased by $2 million from the original budget estimate. The primary reasons are:

1. A reduction of $11.2 million in obligations consisting primarily of a reduction of $7 million in the estimate for claims and property acquisitions, $1.5 million in property improvements and $2 million in repurchases and acquired loans and .7 million in other expense items.

2. A reduction of $7.9 million in offsetting collections reflecting declining interest and principal collections partially offset by cash received on sale of property.

The repayments on vendee loans are decreased to reflect reduced vendees established in 1979. Cash receipts from property sales are increased to reflect an increase in the estimated average cash sale.

The acquisition costs and claim payments are decreased to reflect the increased cure rate. Property improvements estimates were decreased to reflect a reduced inventory. Repurchases were reduced to reflect a reduction in the estimate of the number of repurchases and acquired loans were decreased to reflect a decrease in the estimate of the number of acquired loans, partially offset by an increase in the average.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
Prior Year Outlays	$207,112	$-31,625
Decreases:		
Increase in sale of vendee loans	-408,797	-224,203
Increase in other revenue and receipts	-12,892	...
Change in obligated balance	...	-920
Increases:		
Program activity increases such as property acquisitions and improvements, claims paid, loans advances, and other operating expenses	+166,722	+43,343
Increase in discounts on the sale of vendee loans	+14,475	+6,305
Decrease in other revenue and receipts	...	+12,100
Change in obligated balance	+1,755	...
Estimate	-31,625	-195,000

Explanation of Changes

- o A decrease in the outlays in FY 1980 from 1979 is due primarily to an increase in the sale of vendee loans.
- o A decrease in FY 1981 outlays is also due to increased receipts from vendee loan sales.
- o The increases in receipts for 1980 and 1981 are partially offset by increases in both the volume and the average cost of property acquisitions, claims, and discounts reflecting the high volume of loan sales.

Program Description

The Loan Guaranty Revolving Fund is authorized by 38 U.S.C., Section 1824, to finance all operations of the Loan Guaranty Program except administrative costs.

The principal objective of the Loan Guaranty Program is to encourage and facilitate extension of favorable credit terms by private lenders to veterans for the purchase, construction or improvement of homes to be occupied by the veterans and their families.

The program operates by substituting The Federal Government's guaranty to lenders against financial loss on loans to veterans for the investment protection afforded under conventional mortgage terms by substantial downpayments and relatively shorter loan terms.

Eligible veterans are thus enabled to finance home purchases even though they may not have the resources to qualify for conventional loans. Under present law, home loans may be guaranteed up to 60 percent of the amount of the loan but not to exceed $25,000. This amount was increased from $17,500 by the Veterans Housing Benefits Act of 1978 (Public Law 95-476), effective October 18, 1978.

In the event of an insoluble default, the Veterans Administration, through its contract of guarantee, stands ready to make good any loss sustained by the holder of the loan, up to the amount of the guarantee, and in most cases accept title to the property for ultimate disposition.

The Loan Guaranty Program originated in Title III of the Servicemen's Readjustment Act of 1944. The Act was conceived as a comprehensive GI Bill of Rights for returning World War II veterans, to help reintegrate them into the civilian population. Credit assistance was authorized for home, farm and business purposes, for a limited time after the veterans' separation from service. In subsequent Acts, credit assistance for all purposes was opened to Korean Conflict veterans, and, for housing purposes only to: Post-Korean veterans, certain current members of the armed forces and unremarried spouses of certain deceased veterans. The Veteran's Housing Act of 1970, Public Law 91-506, restored unused entitlement of veterans whose eligibility term had expired under prior laws and made all veterans' entitlement available until used.

"The Veterans Housing Act of 1974" made further improvements in loan benefits for veterans by: extending the mobile home loan authority and increasing the loan maximums for mobile home loans, authorizing loans on used mobile homes, increasing the amount of guaranty on conventionally built homes, liberalizing provisions for restoration of a veteran's entitlement, expanding the number of condonimium units eligible for VA loans, and perfecting other provisions of the program.

"The Veterans Housing Amendments Act of 1976" for the first time made veterans, whose only active duty occurred after July 25, 1947 and prior to June 27, 1950, eligible for the VA loan guaranty benefit. The act also helped improve the availability of mobile home loans by increasing the maximum amount of mobile home guaranty from 30 to 50 percent.

"The Veterans Housing Benefits Act of 1978 (Public Law 95-476), enacted 10/18/78, authorized the following additional benefits: (1) the extension of entitlement to Vietnam Era veterans who served between 90 to 180 days; (2) the guarantee of loans for solar energy and for energy conservation related to home improvements; (3) and the providing of loan guarantees for the purchase of units in approved converted condominium projects or developments. The Act will also improve the VA mobile-home loan program by eliminating maximum loan amounts and setting the maximum loan guaranty at $17,500. The act also provides for restoration of entitlement for a veteran using entitlement for any mobile-home purpose and eliminates the requirement that the maximum guaranty be available for a veteran to be eligible for a mobile-home loan.

"The Veterans Disability Compensation and Survivors Benefits Amendments of 1979" (Public Law 96-128), enacted November 28, 1979, exempted VA mortgages from state anti-usury provisions, thereby insuring veterans the benefits of the VA guaranty during periods of high interest rates.

1. Program Obligations

The Loan Guaranty Revolving Fund total obligatons in FY 1980 are expected to be $634.2 million, an increases of $181.2 million over the FY 1979 obligations.

In FY 1981 the total obligations are expected to be $683.9 million or $49.6 million more than in FY 1980.

The summary table and descriptions of the actual and estimated significant items are as follows:

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Capital outlay, funded:				
a. Real property acquisitions processed	$286,814	$416,955	$439,983	$+23,028
b. Claims processed	38,716	50,934	54,954	+4,020
c. Property improvements	24,471	32,560	34,376	+1,816
d. Repurchase of loans sold, net	28,930	41,958	55,541	+13,583
e. Loans acquired	1,445	1,912	2,008	+96
f. Cash advances-Vendee Loans	2,027	3,000	3,000	...
Total	$382,403	$547,319	$589,862	$+42,543
Operating costs, funded:				
g. Property management	$16,470	$15,926	$16,708	+782
h. Property sales expense	17,993	23,807	25,200	+1,393
i. Discount on sale of loans	-480	13,995	20,300	+6,305
j. Interest expense on participation certificates	36,636	33,172	31,797	-1,375
Total	$70,619	$86,900	$94,005	$+7,105
Total program costs/ funded obligations	$453,022	$634,219	$683,867	$+49,648

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
Capital Outlay				
a. Real property acquisitions:				
Number of property acquisitions processed.....	11,245	15,675	15,700	+25
Average cost per acquisition.....	$25,506	$26,600	$28,024	$+1,424
Total cost (in thousands)...	$286,814	$416,955	$439,983	$+23,028

Private lenders who have acquired property as a result of foreclosure on defaulted guaranteed home loans may elect to convey that property to the Veterans Administration. The Veterans Administration acquires about 95 percent of the properties foreclosed, with the exception of mobile homes which are repossessed and resold on the market by the lenders.

The real property acquisitions are presented by type of property as follows:

(1) Single family resident:				
Number of acquisitions processed.....	11,211	15,630	15,650	+20
Average cost per acquisition.....	$25,492	$26,585	$28,007	$+1,422
Total cost (in thousands)...	$285,797	$415,524	$438,313	$+22,789
(2) Condominiums:				
Number of acquisitions processed.....	34	45	50	+5
Average cost per acquisition	$29,912	$31,800	$33,400	$+1,600
Total cost (in thousands)...	$1,017	$1,431	$1,670	$+239
b. Claims Processed:				
Number of claims processed..	13,179	17,550	18,000	+450
Average cost per claim.....	$2,938	$2,902	$3,053	$+151
Total cost (in thousands)...	$38,716	$50,934	$54,954	$+4,020

These payments are made to lenders in accordance with the Veterans Administration guaranty contract. In most home loan cases, they represent the difference between the amount owed by the veteran on a defaulted loan and the value of the foreclosed property as established by the Veterans Adminstration. These payments are in addition to property acquisition costs shown in item (a). In mobile home cases the payments are the guaranty contract portion of the net debt after the lender sells the repossessed mobile home.

The claims processed are presented by type of property as follows:

(1) Single family residential:				
Number of claims.....	12,338	16,455	16,550	+95
Average cost per payment.....	$2,954	$2,888	$3,028	$+140
Total cost (in thousands).....	$36,448	$47,529	$50,116	$+2,587

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
(2) Mobile home/lot:				
Number of claims.....	807	1,050	1,400	+350
Average cost per payment.....	$2,672	$3,094	$3,326	$+232
Total cost (in thousands).....	$2,156	$3,249	$4,656	$+1,407
(3) Condominiums:				
Number of claims.....	34	45	50	+5
Average cost per payment.....	$3,294	$3,467	$3,640	$+165
Total cost (in thousands).....	$112	$156	$182	$+26
c. Property improvements:				
Number of properties acquired.....	13,082	18,190	18,285	+95
Avg. cost per property	$1,870	$1,790	$1,880	$+90
Total cost (in thousands).....	$24,471	$32,560	34,376	+1,816

After conveyance of the property to the Veterans Administration, capital expenditures are often necessary to place the property in salable condition. The above table summarizes these expenditures.

The property improvements are presented by type of property as follows:

(1) Single family residential:				
Number of properties acquired.....	13,037	18,135	18,225	+90
Avg. cost per property	$1,870	$1,790	$1,880	$+90
Total cost (in thousands).....	$24,386	$32,461	$34,263	$+1,802
(2) Condominiums:				
Number of properties acquired.....	45	55	60	+5
Avg. cost per property	$1,888	$1,800	$1,883	$+83
Total cost (in thousands)	$85	$99	$113	$+14
(d) Repurchase of loans sold, net				
Number of loans repurchased..	1,637	2,160	2,730	+570
Avg. cost per repurchase.....	$17,672	$19,425	$20,344	$919
Total cost (in thousands)....	$28,930	$41,958	$55,541	$+13,583

Pursuant to Veterans Administration Regulation 4600, dated March 22, 1962, the Administrator may sell, with full recourse, loans which have been created incident to the sale of Veterans Administration acquired property. If the loans go into default, the Administrator may repurchase them. The table above reflects this activity. All loans repurchased were for single family residential units.

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
e. Loans acquired:				
Number of loans acquired	55	65	65	...
Average cost per acquired	$26,273	$29,415	$30,892	$+1,477
Total cost (in thousands)	$1,445	$1,912	$2,008	$+96

In order to avoid foreclosure of a guaranteed or insured loan in default status when forebearance will allow the veteran borrower to cure the default, the loan may be purchased by the Administrator. All loans acquired were for single family residential units.

f. Cash advances-Vendee Loans				
Number of advances	N/A	N/A	N/A	...
Average cost per advance	N/A	N/A	N/A	...
Total cost (in thousands)	$2,027	$3,000	$3,000	...

In order to protect the interest of the Government, cash advances on vendee loans are occasionally made to borrowers to cover taxes, hazard insurance, and necessary repairs. These amounts are added to the current loan balance. The advances are presented by the type of property involved as follows:

(1) Single family residential:				
Number of advances	N/A	N/A	N/A	...
Average cost per advance	N/A	N/A	N/A	...
Total cost (in thousands)	$2,023	$2,996	$2,996	...
(2) Condominiums:				
Number of advances	N/A	N/A	N/A	...
Average cost per advance .	N/A	N/A	N/A	...
Total cost (in thousands)	$4	$4	$4	...

Operating Expenses	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
g. Property management expense:				
Average number of properties owned	10,335	9,410	9,398	-12
Average cost per property	$1,594	$1,692	$1,778	$+86
Total cost (in thousands)	$16,470	$15,926	$16,708	$+782

This includes all the cost of ownership of acquired properties except capitalized expenditures made incident to the acquisition and rehabilitation of properties. Included in the management expense are payments for services performed by management brokers, real estate taxes and maintenance of properties. The management expenses are presented by type of property involved as follows:

(1) Single family residential:				
Average number of properties owned	10,307	9,384	9,372	-12
Average cost per property	$1,594	$1,692	$1,778	$+86
Total cost (in thousands)	$16,425	$15,882	$16,661	$+779
(2) Condominiums:				
Average number of properties owned	28	26	26	...
Average cost per property	$1,607	$1,692	$1,808	$+116
Total cost (in thousands)	$45	$44	$47	$+3
h. Property sales expense:				
Number of sales	14,663	17,900	18,000	+100
Average cost per sale	$1,227	$1,330	$1,400	$+70
Total cost (in thousands)	$17,993	$23,807	$25,200	$+1,393

This includes brokers fees and advertising costs incident to the sale of properties owned by Veterans Administration. Sales expenses are presented by type of property involved as follows:

(1) Single family residential:				
Number of sales	14,616	17,845	17,940	+95
Average cost per sale	$1,226	$1,329	$1,399	+70
Total cost (in thousands)	$17,920	$23,718	$25,098	$+1,380
(2) Condominiums:				
Number of sales	47	55	60	+5
Average cost per sale	$1,553	$1,618	$1,700	$+82
Total cost (in thousands)	$73	$89	$102	$+13

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)

i. Discount on sale of loans. Represents the discount absorbed by the Veterans Administration incident to the sale of vendee accounts or the discount recoveries on repurchases. Discounts occur when the contract rate of interest does not afford a yield commensurate with the market.

Total costs (in thousands).....	$ -480	$13,995	$20,300	$+6,305

j. Interest expense on participation certification. Represents the amount of interest the trustee is required to pay holders of participation certificates in respect to which vendee accounts have been set aside pursuant to 38 U.S.C. 1820(c).

Total costs (in thousands).....	$36,823	$33,172	$31,797	$-1,375

To the extent this expense exceeds the amount of interest collections on an equal amount of loans pledged to the trustee, participation sales insufficiencies result. Financing of the participation sales insufficiencies are as follows (in thousands of dollars):

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
Total interest accrued on participation certificates.....	$36,823	$33,172	$31,797	$-1,375
Interest accrued in Government Mortgage Liquidation Trust for which insufficiencies are not authorized.....	-7,131	-3,667	-2,748	-919
Interest accrued in Federal Assets Financing Trust (FAFT) for which insufficiencies are authorized.....	29,692	29,505	29,505	...
Interest on equal amount of loans in the FAFT trust.....	-15,989	-13,888	-11,800	+2,088
Insufficiency.....	13,703	15,617	17,705	2,088
Financed by:				
Investment income from participation sales fund in the FAFT trust.....	-13,703	-15,617	-17,705	-2,088
Carried forward to subsequent period.....	-4,742	-4,742	-4,742	...
Brought forward from prior period.....	+4,742	+4,742	+4,742	...
Budget authority.....	...	...	...	...

2. Program Financing

Normal revenue and receipts consist principally of interest income, cash proceeds from the sale of real property acquired as a result of foreclosure on guaranteed loans, and repayments on mortgages made incident to such sales. It is estimated that $259.1 million in 1980, and $247.0 million in 1981 will be received from these sources. Also, an estimated $408.8 million vendee loans will be sold in 1980 and $633 million in 1981.

The Department of Housing and Urban development -- Independent Agencies Appropriation Act, 1980 (Public Law 96-103) provided that the unobligated balances including retained earnings of the Direct Loan Revolving Fund shall be available for transfer to the Loan Guaranty Revolving Fund. In 1980, $200.0 million is expected to be transferred. No transfer is projected in 1980. The following table indicates the amounts available for obligation at the beginning of each year, the source of funds becoming available during the year, the disposition of funds during the year, and the amounts available at the end of each year.

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Unobligated balance:				
Start of year	$193,941	$241,899	$428,608	$+186,709
Offsetting collections:				
Sale of Vendee loans	...	408,797	633,000	+224,203
Repayment of				
Vendee loans	89,225	95,100	94,600	-500
Acquired loans	1,457	1,741	1,777	+36
Sale of properties (cash)	48,259	54,200	57,200	+3,000
Collection of claims receivable (veterans indebtedness)	5,580	4,300	4,300	...
Other repayments	-515	300	300	...
Total capital receipts	144,006	564,438	791,177	+226,739
Operating income:				
Interest income	79,040	80,000	66,400	-13,600
Investment income from participation sale fund	20,286	20,436	19,400	-1,036
Rental and other revenue	2,853	3,000	3,000	...
Total operating income	102,179	103,436	88,800	-14,636
Total offsetting collections	246,185	667,874	879,977	+212,103
Transfer from Direct Loan Revolving Fund	300,000	200,000	...	-200,000
Total available funds.	$740,126	$1,109,773	$1,308,585	$+198,812
Less:				
Principal collections transferred to trustee	-45,205	-46,946	-74,072	+27,126
Obligations	-453,022	-634,219	-683,867	-49,648
Unobligated balance:				
End of year	$241,899	$428,608	$550,646	$+122,038

3. Relation of Obligations to Outlays

Obligations	$453,022	$634,219	$683,867	$+49,648
Offsetting Collections	-246,185	-667,874	-879,977	-212,103
Obligations incurred, net	206,837	-33,655	-196,110	-162,455
Obligated balance, start of year	36,424	36,149	34,119	-2,030
Obligated balance, end of year	-36,149	-34,119	-33,009	+1,110
Outlays	207,112	-31,625	-195,000	-163,375

4. Financial Condition

The program transactions described in the preceding pages will result in the following financial condition at the close of periods for FY 1979, FY 1980 and FY 1981 as follows:

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
	(dollars in thousands)			
Assets:				
Fund balance with Treasury	$278,048	$461,024	$604,685	$+143,661
Current receivables:				
Accounts receivables, net	4,190	4,200	4,200	...
Interest collections held by or for trustee	13,300	13,890	7,791	-6,099
Interest collections in escrow for trustee	-1,090	-2,045	-2,040	+5
Total current receivables	294,448	477,069	614,636	+137,567
Invested capital				
Loans receivable:				
Vendee accounts	1,194,137	1,111,269	829,077	-282,192
Acquired loans	12,210	12,156	12,162	+6
Total loans	1,206,347	1,123,425	841,239	-282,186
Veterans Indebtedness:				
Claims receivable, net	49,799	66,033	83,287	+17,254
Real Property:				
Real property owned, net	219,465	251,805	279,980	+28,175
Total assets	1,770,059	1,918,332	1,819,142	-99,190
Liabilities:				
Current accounts payable and accrued liabilities	52,156	48,451	46,236	-2,215
Deferred credits	393	10	12	+2
Total current liabilities	52,549	48,461	46,248	-2,213
Long-term:				
Participation certificates outstanding	593,880	569,626	472,441	-97,185
Principal collections in escrow for trustee	3,466	3,100	2,750	-350
Principal payments to be applied to redemption of participation certificates	-258,203	-280,529	-257,066	+23,463
Debt issued under borrowing authority: Borrowings from Treasury	905,718	1,105,718	1,105,718	...
Net Long-term liabilities	$1,244,861	$1,397,915	$1,323,843	$-74,072
Total liabilities	$1,297,410	$1,446,376	$1,370,091	$-76,285

4. Financial Condition (Cont.)

Government Equity:	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Paid-in capital	$649,488	$649,488	$649,488	$...
Deficit:				
Opening balance	-196,107	-176,839	-177,532	-693
Net income or loss (-)	19,268	-693	-22,905	-22,212
Closing balance	-176,839	-177,532	-200,437	-22,905
Total Government equity	$472,649	$471,956	$449,051	$-22,905

5. Revenue and Expense

The net loss in FY 1981 is projected to increase by 22.2 million. This is due to a $10.1 million increase in expenses and a $14.6 million decline in income, partially offset by a $2.5 million increase in income from property sales.

The following table reflects the major items of revenue and expense:

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Revenue:				
Interest income	$79,040	$80,000	$66,400	$-13,600
Investment income from Participation Sales Fund	20,286	20,436	19,400	-1,036
Premium on loan sales	...	...	...	...
Rental and other revenue	2,853	3,000	3,000	...
Total operating revenue	$102,179	$103,436	$88,800	$-14,636
Expense:				
Funded expense	70,619	86,900	94,005	+7,105
Non-Funded expense:				
Adjustments in connection with:				
1. Sales and repurchases	297	300	300	...
2. Asset writeoffs, etc.	1,369	1,400	1,400	...
Provision for allowance on:				
(1) uncollectible receivables	26,730	29,000	32,000	+3,000
(2) unsold properties	3,836	4,000	4,000	...
Total unfunded cost	32,232	34,700	37,700	+3,000
Total expenses	102,851	121,600	131,705	+10,105
Net operating loss (-)	-672	-18,164	-42,905	-24,741
Non-operating income or loss:				
Sale of properties:				
Cash proceeds	48,259	54,200	57,200	+3,000
Vendee loans	316,639	414,800	427,500	+12,700
Total sales	364,898	469,000	484,700	+15,700
Net book value of properties sold	-344,958	-451,529	-464,700	-13,171
Net non-operating income or loss (-)	19,940	17,471	20,000	+2,529
Net income or loss (-)	19,268	-693	-22,905	-22,212

6. Statement of Accountability

Funds have been provided through FY 1979 for the expenses of the Loan Guaranty Fund from the following sources:

Assumption of Assets at Inception of Fund	$521,335,096
Appropriation for Payment of Participation Sales Insufficiencies	32,420,742
Receipts from Operations, Net	6,205,759,176
Transfers from Direct Loan Fund:	
Capital	905,718,022
Direct Loan earnings	128,152,978
Total Availability	7,793,386,014

As of September, 1979, $225.9 million of the total shown above remained available for obligation. A summary statement of the use made of the total amounts which have become available to this fund is shown below:

Unobligated balance	241,898,744
Accounts Receivable, Net	-16,035,762
Cash available for obligation	225,862,982
Expenditures:	
Payment of claims and acquisition of properties	5,416,205,480
Property management, selling and other expenses	2,123,417,436
Total	7,539,622,916
Insufficiencies Paid Participation Sales Fund	27,900,116
Total Expenditures and Transfers	7,567,523,032
Total availability	7,793,386,014
Reconciliation of net accountability:	
Insufficiencies Paid Participation Sales Fund	27,900,116
Expenditures	7,539,622,916
Receipts from Operations, Net	-6,205,759,176 1/
Capital transferred from the Direct Loan Revolving Fund	-905,718,022
Appropriation for Payment of Participation Sales Insufficiencies	-32,420,742
Net Accountability	423,625,092
Invested Capital:	
Loans receivable	1,206,346,334
Real Property	219,465,400
Veterans indebtedness	50,083,006
Total	1,475,894,740
Deficit - September 30, 1979	176,839,098
Accounts receivable, net	16,035,762
Receivables in Transit	-284,036
Total Government Investment	1,668,485,564
Long Term liabilities:	
Borrowings from Treasury	-905,718,022
Participation certificates outstanding - Net	-339,142,450
Excess of Government investment over long term liabilities - Net	$423,625,092

1/ Excludes $658,857,549 in principal collections transferred to Participation Sales Fund.

59-500 O - 80 - 25

7. Explanation of Deficit

The $209,259,839 net loss existing in the Loan Guaranty Fund at the close of fiscal year 1979 is the net cost to date, exclusive of administrative expenses, which has resulted from paying claims for the guaranty or insurance issued on 10.6 million loans in the amount of $171.0 billion. The net loss reflects the results of the liquidation of properties as well as claim payments.

On this basis, there has been an average loss of $523.64 on the claims paid through September 30, 1979. Cast in other terms, the loss has been about one-tenth of one percent of the dollar value guaranteed or insured.

The elements which hade up the net cumulative loss through fiscal year 1979 are as follows:

Expenses and Losses:		
Guaranty Losses, Net 1/		$442,324,540
Operating expenses and losses:		
Property management expenses	$296,579,556	
Property selling expenses	293,775,820	
General expenses	9,644,789	
Write-offs	24,109,485	
Commission on sale of participations	2,879,254	
Interest and insufficiencies on participation certificates	597,048,314	
Discount on loan sales & repurchases	37,004,502	
Provision for valuation allowance on unsold properties	15,627,983	1,276,669,703
Total expenses and losses		1,718,994,243
Income:		
Interest collection on veterans indebtedness		5,607,866
Operating income:		
Gross profit on sale of property	106,596,647	
Interest on loans	1,080,118,485	
Late payment charges on loans	7,536,203	
Rental and miscellaneous income	145,426,303	
Premium on vendee accounts sales and repurchases	22,856,905	
Income from participation sales fund	141,591,993	1,504,126,536
Total income		1,509,734,404
Net loss		209,259,839
Less: Appropriation for insufficiencies paid on participation certificates		-32,420,741
Deficit September 30, 1979		$176,839,098

1/ For all practical purposes, guaranty losses, net are the difference between payments to holders for claims against defaulted guaranteed or insured loans and the value of properties conveyed to the VA.

8. Other Program Information

a. Guaranteed or insured loans closed by entitlement

In fiscal year 1979, of 364,578 GI loans closed, 57.1 percent were to Vietnam era veterans; 10.0 percent to Post-Korean veterans; 12.5 percent to servicemen; 3.3 percent to Korean Conflict veterans; 4.9 percent to World War II veterans; 0.2 percent for P.L. 94-324, and 10.8 percent for restored and 1.2 percent to Post Vietnam veterans. The following table shows GI loans closed by entitlement:

	1978 Actual	1979 Actual	1980 Estimate	1981 Estimate	1980 to 1981 Decrease (-) Increase (+)
World War II	20,160	17,767	17,000	16,000	-1,000
P.L. 94-324	694	581	600	600	...
Korean Conflict	13,947	12,075	12,100	11,100	-1,000
Post-Korean	41,200	36,340	35,500	34,500	-1,000
Vietnam Era	218,390	208,342	206,450	205,700	-750
Post-Vietnam Era	...	4,521	5,500	6,500	+1,000
Servicemen	48,225	45,558	46,000	46,000	...
Restored	37,856	39,394	41,000	41,000	...
Total GI loans Closed	380,472	364,578	364,150	361,400	-2,750
Direct Loans Sold With a Guaranty	0	0	3,800	1,450	-2,350
Total Guaranteed or Insured Loans	380,472	364,578	367,950	362,850	-5,100

GI loans closed from the beginning of the program through fiscal year 1979 total 10,644,299 with a principal amount of $171.0 billion. These totals included 10,310,216 home loans aggregating $169.7 billion, 33,684 mobile homes totaling $395.9 million, 71,157 farm loans for $284 million, and 229,242 business loans for $652.2 million.

As of September 30, 1979, of the 10,644,299 home loans closed from the beginning of the program, 4,040,006 remained outstanding with principal balances of $87.4 billion and an estimated Veterans Administration contingent liability of $40.4 billion. Home loan repaid in full amounted to 6,217,361 or 58 percent of the total loans closed, while foreclosures numbered 375,959, only 3.5 percent of the total.

b. Guaranteed or insured loans closed by Station*

	Cumulative thru 9/30/79		FY 1979 Only	
	Number	Principal Amount	Number	Principal Amount
Totals	10,644,299	$170,997,334,992	364,578	$16,158,964,331
Montgomery	169,616	3,001,979,878	7,727	306,317,666
Juneau	10,604	464,739,665	1,083	78,418,748
Phoenix	149,351	3,171,429,905	9,938	440,885,474
Little Rock	64,652	976,660,339	4,391	164,525,301
Los Angeles	1,053,781	22,403,797,813	34,234	2,005,034,412
San Francisco	572,382	10,525,417,962	12,938	759,984,484
Denver	279,524	6,327,409,326	17,967	892,288,624
Hartford	115,154	1,466,865,907	2,552	101,875,988
Wilmington	33,075	482,529,767	1,151	40,256,866
Washington	242,391	6,577,786,700	12,779	843,740,295
St. Petersburg	313,744	6,767,110,571	19,862	900,499,344
Atlanta	259,236	4,812,748,417	15,631	568,122,629
Honolulu	23,049	797,774,483	2,459	173,924,920
Boise	38,365	747,048,809	2,955	127,880,944
Chicago	341,467	5,087,702,015	12,029	536,447,894
Indianapolis	234,833	2,699,520,563	7,614	246,727,020
Des Moines	119,280	1,453,178,924	3,705	148,716,750
Wichita	128,227	1,598,229,788	4,495	156,456,768
Louisville	83,624	1,153,254,634	3,579	130,023,324
New Orleans	154,172	2,695,425,757	6,482	232,557,428
Togus	57,290	696,445,812	2,304	42,392,503
Baltimore	152,193	2,342,341,068	5,270	249,065,095
Boston	400,996	4,478,296,412	2,805	92,220,061
Detroit	316,917	3,697,887,618	5,127	165,805,678
St. Paul	235,784	3,982,267,316	7,761	377,435,878
Jackson	87,109	1,444,811,917	4,247	159,277,796
St. Louis	196,622	2,552,485,393	4,888	174,515,198
Ft. Harrsion	29,602	540,703,285	2,128	94,947,589
Lincoln	63,117	1,026,134,043	3,631	103,938,589
Reno	12,099	287,185,609	502	29,147,600
Manchester	56,085	623,967,923	675	28,108,028
Newark	416,760	5,861,166,131	6,326	261,728,266
Albuquerque	59,566	884,794,775	2,759	70,170,981
Buffalo	159,418	1,735,344,863	2,183	64,193,218
New York	695,310	7,699,055,411	4,197	153,460,506
Winston-Salem	193,100	3,431,765,591	8,030	291,186,959
Fargo	19,851	303,026,882	868	31,536,077
Cleveland	526,153	7,769,137,136	14,636	545,764,888
Muskogee	171,130	2,248,834,351	8,381	313,197,757
Portland	56,889	969,259,376	1,999	102,811,716
Philadelphia	348,342	3,557,119,961	6,147	227,229,172
Pittsburgh	181,603	1,878,533,041	2,475	77,212,808
San Juan	35,716	874,405,054	1,523	58,362,028
Providence	26,362	229,777,593	3	100,800
Columbia	106,596	1,920,479,761	6,554	240,719,917
Sioux Falls	21,317	265,950,957	869	34,336,907
Nashville	192,347	2,854,141,425	7,035	264,887,296
Houston	383,771	6,762,933,223	20,499	879,070,566
Waco	365,834	5,902,794,188	20,793	835,734,054
Salt Lake City	64,816	1,277,685,175	3,829	190,643,061
White River Jct.	22,006	173,917,644	31	881,600
Roanoke	217,088	4,067,801,806	10,892	471,335,319
Seattle	193,055	2,878,385,698	5,069	376,335,372
Huntington	39,492	438,401,143	1,349	49,107,493
Milwaukee	130,673	1,664,918,312	3,207	149,606,231
Cheyenne	22,763	464,507,876	2,015	97,812,445

*Includes direct loans sold with a quaranty and mobile home loans.

c. Guaranteed or insured home loan foreclosure rates, cumulative through September 30, 1979

		Number of Loans		
		Closed	Foreclosed[1/]	Foreclosure Rate
	Totals	10,310,246	375,959	3.6
AL	Montgomery	164,616	7,473	4.5
AK	Juneau	9,432	51	0.5
AZ	Phoenix	137,304	6,436	4.7
AR	Little Rock	59,492	1,673	2.8
CA	Los Angeles	1,008,808	43,515	4.3
	San Francisco	562,802	13,006	2.3
CO	Denver	268,664	8,791	3.3
CT	Hartford	111,548	1,149	1.0
DE	Wilmington	32,698	1,078	3.3
DC	Washington	17,627	235	1.3
FL	St. Petersburg	337,891	24,990	7.4
GA	Atlanta	253,183	12,681	5.0
HI	Honolulu	23,353	34	0.1
ID	Boise	37,098	588	1.6
IL	Chicago	332,913	12,839	3.8
IN	Indianapolis	208,445	6,698	3.2
IA	Des Moines	109,477	1,464	1.3
KS	Wichita	122,846	8,051	6.6
KY	Louisville	79,388	2,091	2.6
LA	New Orleans	152,350	6,100	4.0
ME	Togus	54,318	1,720	3.2
MD	Baltimore	150,172	4,720	3.1
	Washington, D.C.	105,476	815	0.8
MA	Boston	392,835	8,233	2.1
MI	Detroit	311,532	20,519	6.6
MN	St. Paul	223,622	4,108	1.8
MS	Jackson	82,217	4,299	5.2
MO	St. Louis	186,751	8,149	4.4
MT	Ft. Harrison	27,744	241	0.9
NE	Lincoln	60,157	1,037	1.7
NV	Reno	11,919	199	1.7
	Los Angeles, CA	35,878	2,052	5.7
NH	Manchester	53,843	1,412	2.6
NJ	Newark	402,414	14,593	3.6
NM	Albuquerque	58,124	3,803	6.5
NY	Buffalo	136,446	1,385	0.9
	New York	603,943	10,848	1.8
NC	Winston-Salem	190,461	6,110	3.2
ND	Fargo	16,623	251	1.5
OH	Cleveland	520,818	24,522	4.7
OK	Muskogee	167,034	6,965	4.2
OR	Portland	52,089	863	1.6
PA	Philadelphia	342,265	14,992	4.4
	Pittsburgh	171,498	3,088	1.8
PR	San Juan	35,410	1,549	4.4
RI	Providence	25,689	620	2.4
SC	Columbia	103,823	4,891	4.7
SD	Sioux Falls	17,761	213	1.2
TN	Nashville	190,195	4,803	2.5
TX	Houston	379,822	22,583	5.9
	Waco	355,075	19,656	5.5
	Little Rock, AR	1,375	54	3.9
UT	Salt Lake City	63,585	1,046	1.6
VT	White River Jct.	20,546	493	2.4
VA	Roanoke	214,474	3,906	1.8
	Washington, D.C.	117,013	463	0.4
WA	Seattle	187,524	6,869	3.7
	Portland, OR	6,537	115	1.8
WV	Huntington	33,914	519	1.5
	Pittsburgh, PA	3,963	55	1.4
WI	Milwaukee	123,657	3,630	2.9
WY	Cheyenne	21,769	627	2.9

1/ Claims Paid

d. Sale of loans and loans repurchased

Vendee loans are mortgage loans or installment contracts established when the Veterans Administration sells acquired property from liquidation of defaulted GI and/or portfolio loans for less than all cash. These loans are sold to private investors with the provision that in case of default, they will be repurchased by the Veterans Administration. From the inception of the program through FY 1979, $2.9 billion has been received from the sale of vendee loans. $443.0 million, or $15.2 percent of the vendee loans have been repurchased through FY 1979.

The proceeds from the sale of loans are available for expenses of the Loan Guaranty Revolving Fund. The following table summarizes the sale and repurchase of loans in thousands of dollars.

Fiscal Year	Loans Sold	Loans Repurchased
1962[1/]	$ 28,041	
1963	281,311	$ 3,039
1964	208,133	13,340
1965	265,551	24,580
1966	95,729	43,910
1967	64,702	40,980
1968	4,693	24,251
1969	199	15,732
1970	37,847	9,677
1971	185,254	13,400
1972	190,557	17,058
1973	319,371	24,231
1974	178,093	31,114
1975	162,922	30,579
1976	293,200	28,425
T.Q.	96,083	6,623
1977	289,547	43,522
1978	198,423	43,633
1979	...	28,930
Total	$2,899,656	$443,024
Estimated		
1980	408,797	41,958
1981	633,000	55,541

1/ Cumulative from inception of program

e. Property acquisitions and dispositions

Properties acquired as a result of foreclosure, are sold either for cash or on terms. In term sales, VA takes back a first mortgage or establishes an installment contract with the borrower. Cumulatively through fiscal year 1979, 380,186 of these loans, called vendee accounts, had been established. This represents 94 percent of all GI loan properties sold through fiscal year 1979. In fiscal year 1979 alone, of the 14,663 properties sold, 2,370 were sold for cash and 12,293 were sold for terms. Total sales value was $345.0 million, with $316.6 million in term sales.

The following table shows the property acquisitions and disposals from both foreclosed GI loans and vendee accounts:

Fiscal Year	Acquired	Redeemed	Sold	Inventory End of Year
Cumulative				
1951-60	53,705	579	46,966	6,160
1961	14,137	63	9,609	10,625
1962	20,442	113	13,470	17,484
1963	24,222	113	18,605	22,988
1964	25,947	92	29,337	19,506
1965	28,868	109	31,406	16,859
1966	27,312	158	28,933	15,080
1967	26,239	183	27,205	13,931
1968	22,150	302	23,219	12,560
1969	17,148	268	18,136	11,304
1970	13,835	299	14,960	9,880
1971	13,353	362	13,185	9,686
1972	14,948	363	13,993	10,278
1973	16,843	219	15,698	11,204
1974	17,395	243	17,355	11,001
1975	16,921	324	16,849	10,749
1976	18,240	335	17,273	11,381
T.Q.	4,134	61	4,411	11,043
1977	17,495	225	16,628	11,685
1978	15,499	253	15,676	11,255
1979	13,082	259	14,663	9,415
Total	421,915	4,923	407,547	
Estimate				
1980	18,190	300	17,900	9,405
1981	18,285	300	18,000	9,310

The inventory of real property decreased by 16.4 percent from fiscal year 1978 to fiscal year 1979. Property sales and redemptions decreased by 6.3%, however, property acquisitions decreased by 15.6%. The inventory at the end of fiscal year 1978 had a total value of $219.5 million.

f. Average loss per property sold

The summary below measures the average loss on sale of properties acquired from holders through claim payment and liquidation of defaulted guaranteed and insured loans in fiscal years 1978 and 1979. Some of this loss is recovered from the collection of veterans indebtedness and from interest income from term sale of properties.

	Fiscal Year 1978	Fiscal Year 1979
Net Claim Amount	$ 1,961	$ 2,352
Additional Cost to Acquire	23,024	24,241
Capitalized Improvements and Rehabilitation Cost	1,606	1,643
Net Property Expense	833	1,109
Selling Expense	1,248	1,324
Total Cost	$28,672	$30,669
Loss: Selling Price	-25,375	-26,588
Average Loss Per Property Sold	$ 3,297	$ 4,081

The cumulative average loss per property sold, as of September 30, 1979 was $2,052 on properties acquired directly from GI loan liquidations.

Cumulatively through September 30, 1979, the VA sold 407,547 properties of the 421,915 properties acquired from foreclosed GI loans and VA portfolio loans (4,923 of the properties acquired were redeemed). The selling prices totaled $5,838 million, and the book value $5,731 million, resulting in a gross profit of $106 million, or an average $265 per property. Net expenses on the properties sold included $296 million in management expenses while they were in VA custody and $293 million for sales expense. The difference between the gross profit and expenses was a net loss of $484 million, or an average net loss of $1,187 on all classes of properties sold since the beginning of the program.

g. Outlays by Type of Property

	1979 Actual	1980 Estimate	1981 Estimate
1. Single Family Residential			
(a) Real Property Acquisitions:			
Number of aquisitions processed	11,211	15,630	15,650
Average cost per acquisition	$25,492	$26,585	$28,007
Total cost (in thousands)	$285,797	$415,524	$438,313
(b) Property Improvements:			
Number of properties acquired	13,037	18,135	18,225
Average cost per property	$1,870	$1,790	$1,880
Total cost (in thousands)	$24,386	$32,461	$34,263
(c) Loan Repurchases:			
Number of loans repurchased	1,637	2,160	2,730
Average cost per repurchase	$17,672	$19,425	$20,344
Total cost (in thousands)	$28,930	$41,958	$55,541
(d) Claims Processed:			
Number of claims processed	12,338	16,455	16,550
Average cost per claim	$2,954	$2,888	$3,028
Total cost (in thousands)	$36,448	$47,529	$50,116
(e) Loans Acquired:			
Number of loans acquired	55	65	65
Average cost per acquisition	$26,273	$29,415	$30,892
Total cost (in thousands)	$1,445	$1,912	$2,008
(f) Cash Advances - Vendee Loans:			
Total cost (in thousands)	$2,023	$2,996	$2,996
(g) Property Management Expense:			
Average number of properties owned	10,307	9,384	9,372
Average cost per property	$1,594	$1,692	$1,778
Total cost (in thousands)	$16,425	$15,882	$16,661

g. Outlays by Type of Property (Cont.)

	1979 ACTUAL	1980 Estimate	1981 Estimate
(h) Property Sales Expense:			
Number of sales	14,616	17,845	17,940
Average cost per sale	$ 1,226	$ 1,329	$ 1,399
Total cost (in thousands)	$17,920	$23,718	$25,098
2. Mobile home/lot			
(a) Claims Processed:			
Number of claims processed	807	1,050	1,406
Average cost per claim	$ 2,672	$ 3,094	$ 3,326
Total cost (in thousands)	$ 2,156	$ 3,249	$ 4,656
3. Condominiums			
(a) Real Property Acquisitions:			
Number of acquisitions processed	34	45	50
Average cost per acquisition	$29,928	$31,800	$33,400
Total cost (in thousands)	$ 1,017	$ 1,431	$ 1,670
(b) Property Improvements:			
Number of properties acquired	45	55	60
Average per property	$ 1,888	$ 1,800	$ 1,883
Total cost (in thousands)	$ 85	$ 99	$ 113
(c) Claims Processed:			
Number of claims	34	45	50
Average cost per payment	$ 3,311	$ 3,475	$ 3,640
Total cost (in thousands)	$112	$156	$182
(d) Cash Advances - Vendee Loans:			
Total cost (in thousands)	$ 4	4	$ 4
(e) Property Management Expense:			
Average number of properties owned	28	26	26
Average cost per property	$ 1,607	$ 1,692	$ 1,808
Total cost (in thousands)	$ 45	$ 44	$ 47
(f) Property Sales Expense:			
Number of sales	47	55	60
Average cost per sale	$ 1,553	$ 1,618	$ 1,700
Total cost (in thousands)	$ 73	$ 89	$ 102

GUARANTEED LOANS

PERCENTAGE OF LIQUIDATED GI LOANS BY LIFE OF LOAN

Six Month Period Ending 9-30-79

Life of Loan Months	% Home Loans	% Condominium Loans	% Mobile Home Loans
0-11	4.9	0.0	20.0
12-23	25.4	36.4	31.9
24-25	19.8	13.7	11.1
36-47	13.8	22.7	5.6
48-59	10.0	9.1	6.8
60-71	7.4	4.5	12.2
72-83	4.5	4.5	6.3
84-95	4.3	9.1	5.6
96-107	1.9	0.0	0.5
108-119	1.6	0.0	0.0
Over 119	6.4	0.0	0.0
Total	100.0	100.0	100.0

NUMBER OF PROPERTIES IN ABSOLUTE TITLE BY AMOUNT OF TIME IN VA INVENTORY
September 30, 1979

Type of Property	Number of Months in Inventory 0-5 Months	6-11 Months	12-17 Months	18-23 Months	24 Months or More	Total
Single Family	4,684	2,296	1,019	416	359	8,774
Condominium	16	5	4	1	1	27
Total	4,700	2,301	1,023	417	360	8,801

DEFAULT AND CLAIM AGING ANALYSIS

PORTFOLIO LOANS AS OF 9-30-79

Type	Number of Months Delinquent 1-3 Months	3-6 Months	More Than 6 Months	Total
Direct Loan	1,790	243	103	2,136
Vendee	5,937	1,115	582	7,634

FY 1981 CONGRESSIONAL BUDGET SUBMISSION
DIRECT LOAN REVOLVING FUND

APPROPRIATION LANGUAGE

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Direct Loan Revolving Fund".

EXPLANATION OF LANGUAGE CHANGE

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

FY 1981 CONGRESSIONAL BUDGET SUBMISSION
Direct Loan Revolving Fund

Fund Highlights
(dollars in thousands)

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
Costs	$ 57,884	$ 76,986	$ 71,942	$ -5,044
Obligations	57,376	77,966	72,948	-5,018
Offsetting Collections	109,310	230,806	149,215	-81,591
Outlays	-65,358	-175,000	-107,000	+68,000
Number of loans approved	1,410	1,850	1,850	...

Summary of Budget Request

In fiscal year 1981 Direct Loan Fund requirements are estimated to be $72.9 million, a $5.0 million decrease from fiscal year 1980. Collections are anticipated to be $149.2 million, a decrease of $81.6 million over 1980.

Changes from original 1980 Budget Estimates
(dollars in thousands)

	1980		
	Budget Estimate	Current Estimate	Increase(+) Decrease(-)
Costs	$ 95,949	$ 76,986	$-18,963
Obligations	98,307	77,966	-20,341
Offsetting Collections	262,846	230,806	-32,040
Outlays	-165,473	-175,000	-9,527
Number of loans approved	2,225	1,850	-375

A. The $20.3 million decrease in obligations is due to the following:

- o A $14.6 million decrease in the amount of direct loans to veterans as a result of a projected decrease in the number of direct loans approved from 2,225 to 1,850.
- o A $3.4 million decrease in interest on borrowings paid to the Treasury.
- o A $1.4 million decrease in change in selected resources.
- o A $0.9 million decrease in discount on loan sales.

B. The $32.0 million decrease in offsetting collections is due to the following:

- o A $29.2 million decrease in the estimates for sale of loans as a result of fewer loans being available for sale which reflects the reduced loan activity in fiscal years 1978 and 1979.
- o A $1.8 million decrease in the estimate for interest collections on direct and vendee loans.
- o A $1 million decrease in principal repayments on direct and vendee loans.

Analysis of Increases and Decreases
(dollars in thousands)

	FY 1980 Current Estimate	FY 1981 Estimate
Prior year outlays	$-65,358	$-175,000
Decreases:		
Increase in sale of loans	-116,000	...
Increase in all other offsetting collections	-5,496	...
Decrease in operating costs	...	-7,414
Decrease in selected working capital	-7,248	-8,547
Increases:		
Decrease in sale of loans	...	+69,900
Decrease in all other offsetting collection	...	+11,691
Increase in operating costs	+1,311	...
Increase in selected working capital	..	..
Increase in capital outlays (primarily direct loans to veterans	+17,791	+2,370
Estimate	-175,000	-107,000

o In FY 1981, outlays will increase by $68 million primarily because of the reduction of $69.9 million in loan sales in FY 1981.

The Veterans Administration is responsible for administering a direct loan program which was initiated by Public Law 81-475, effective July 25, 1950. Public Law 82-139 established the "Revolving Fund". The program was originally scheduled to end on June 30, 1951, but over the years the termination date has been extended. Public Law 91-506, approved October 23, 1970 revived the expired unused loan entitlement of World War II and Korean Conflict veterans. It also propvided that direct loan authority and veterans' eligibility would be open-ended until their entitlement is used.

Direct loans are made to veterans to purchase, construct, or improve single family residential homes for their own use. Direct loans may also be made to purchase farms on which there is a residence to be occupied by the veteran as his home; or to contruct, repair or improve the farm dwellings to be occupied by him as his home.

Direct loans are made in rural areas, small towns and cities where private capital is not generally available and the Administrator has declared the area a "credit shortage area". The maximum term is 30 years and the maximum loan amount was increased from $25 to $33 thousand, effective October 1, 1976, pursuant to PL 94-324. The interest rate is the same as the existing rate allowable for guaranteed loans.

Direct loans are not authorized for the purchase of a residential unit in a condominium housing development, a mobile home, or a lot for a mobile home.

PL 91-506 expanded the direct loan program to permit the Administrator to make direct loans to disabled veterans who have been approved for "Specially Adapted" housing grants regardless of where the property is located.

PL 95-476, approved October 18, 1978, extended eligibility for direct loans to Vietnam Era veterans who had at least 90 days of active duty (reduced for 181 days), one day of which must have been served between August 5, 1964, and May 7, 1975.

1. Program Obligations

Actual and estimated significant items are summarized below. The description of each item follows:

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
Capital Outlay, funded:	38,094			
Direct loans to veterans.....	$ ~~38,904~~	$ 55,815	$ 58,194	$+2,379
Property improvements.....	39	56	52	-4
Cash advances-Vendee loans.....	67	120	115	-5
Total capital outlay, funded.	38,200	55,991	58,361	+2,370
Change in selected resources.	-508	980	1,006	+26
Total capital outlay, obligations.....	$37,692	$56,971	$59,367	$+2,396
Operating Expenses, funded:				
Interest on borrowings.....	6,968	5,648	5,072	-576
Property management & selling expense.....	256	369	369	...
Interest expense on participation certificates.....	12,460	11,104	6,600	-4,504
Discount on sale of loans . .	...	3,874	1,540	-2,334
Total operating expenses....	19,684	20,995	13,581	-7,414
Total obligations.....	$57,376	$77,966	$72,948	$-5,018

Capital Outlay

a. Direct Loans to Veterans

Loans Closed:				
Number.....	1,419	1,830	1,830	...
Average per loan..	$26,846	$30,500	$31,800	$+1,300
Amount (in thousands).....	$38,094	$55,815	$58,194	$+2,379

The above table shows the actual direct loans closed in 1979 and estimated closings for 1980 and 1981. These amounts represent the cost of loans actually disbursed, which includes loans approved and obligated in a prior year. The table below shows the direct loans approved and obligated which includes loans to be disbursed in a subsequent year.

Loans Approved				
Number.....	1,410	1,850	1,850	...
Average per loan.	$26,652	$30,700	$32,000	$+1,300
Amount (in thousands).....	$37,580	$56,795	$59,200	$+2,405

The number of direct loans closed or disbursed and those approved or obligated are expected to be the same in 1980 and 1981. The increase in the average cost per loan reflects the trend in the housing market.

b. All Other:
(Property improvements and cash advances and repurchases of loans sold)

Amount (in thousands).....	$106	$176	$167	$-9

Properties are acquired either by foreclosure or the voluntary conveyance of title to properties securing loans by the Veterans Administration. Capital expenditures are often necessary to put the property in a salable condition.

Advances are occasionally made to borrowers to cover taxes, hazard insurance and necessary repairs. These amounts are added to the current loan balance.

Pursuant to VA Regulaton 4600, the Administrator may sell with full recourse loans which have been created incident to the sale of VA acquired property. If the loans go into default, the Administrator may repurchase them.

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Operating Expenses				
c. Interest on borrowings: Amount (in thousands).....	$6,968	$5,648	$5,072	$-576

Interest expense is accrued monthly and paid semi-annually to the Treasury. These accruals are computed on the interest-bearing capital of the fund, and adjusted for the unexpended balance of the fund.

d. Property management, selling and general operating expenses: Amount (in thousands).....	$256	$369	$369	...

Property management expense includes local real estate taxes, services performed by management brokers, and maintenance of the property in a salable condition. Sales expense includes brokers' fees and advertising costs incident to the sale of property owned by the Veterans Administration. This cost averages approximately 5% of the selling price. Operating expenses generally include a variety of miscellaneous expenses paid by the Government, incident to closing and liquidating loans.

e. Interest expense on participation certificates: Amount (in thousands).....	$12,460	$11,104	$6,600	$-4,504

This represents the amount of interest the trustee is required to pay holders of participation certificates in respect to which direct loans have been set aside pursuant to 38 U.S.C. 1820(e). To the extent this expense exceeds the amount of interest collections on an equal amount of loans pledged to the trustee, participation sales insufficiencies result.

Financing of participation sales insufficiencies is as follows (in thousands of dollars):

Total interest accrued on participation certificates.....	$12,460	$11,104	$6,600	$-4,504
Interest accrued in Government Mortgage Liquidation Trust for which insufficiencies are not authorized.....	-5,895	-4,539	-35	+4,504
Interest accrued in Federal Assets Financing Trust (FAFT) for which insufficiencies are authorized...	6,565	6,565	6,565	...
Interest on equal amount of loans in the FAFT trust.....	-2,832	-2,650	-2,490	+160
Insufficiency.....	3,733	3,915	4,075	+160
Financed by:				
Investment income from participation sales fund.....	-5,082	-5,346	-5,847	-501
Retained earnings reserved for payment of insufficiencies.....	1,349	1,431	1,772	341
Budget authority.....	...	...	...	...

f. Discount on sale of loans: Amount (in thousands).....	...	$3,874	$1,540	$-2,334

This represents the discount absorbed by VA incident to the sale of direct loans. Discounts occur when the contract rates do not afford yields commensurate with the market. Sales of $116 million are projected for FY 1980 and loan sales of $46.1 million are planned in FY 1981.

59-500 O 80 - 26

2. Program financing

The following table indicates the amounts available for obligation at the beginning of each year, the source of funds becoming available during the year, the disposition of funds during the year, and the amounts available at the end of each year.

Normal revenue and receipts consist principally of interest income and repayments on direct loans made to veterans. It is estimated that $114.8 million in 1980 and $103.1 million in 1981 will be received from these sources. In addition, it is estimated that $116 million in 1980 and $46.1 million in 1981 will be realized from sale of direct loans.

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Unobligated balance, start of year	$1,012,171	$677,610	$561,073	$-116,537
Offsetting Collections:				
Capital receipts:				
Sale of loans	.	116,000	46,100	-69,900
Sale of properties (cash)	136	177	150	-27
Repayment of:				
Direct loans	62,222	70,590	66,220	-4,370
Vendee loans	3,040	3,200	3,000	-200
Other repayments	-110	-95	-95	...
Total capital receipts	65,288	189,872	115,375	-74,497
Operating income:				
Investment income from participation sales fund	13,343	11,164	9,300	-1,864
Interest on loans	28,931	27,770	22,640	-5,130
Rental and other revenue	1,748	2,000	1,900	-100
Total operating income	44,022	40,954	33,840	-7,094
Total offsetting collections	109,310	230,806	149,215	-81,591
Total available	$1,121,481	$908,416	$710,288	$-198,128
Less:				
Unobligated balance transferred to other acounts:				
Loan Guaranty Revolving Fund	$-300,000	$-200,000	...	$+200,000
Participation Sales Fund (HUD)	-86,495	-69,377	-6,531	+62,846
Obligations	-57,376	-77,966	-72,948	+5,018
Unobligated balance, end of year	$677,610	$561,073	$630,809	$+69,736
3. Relation of obligations to outlays:				
Obligations	57,376	77,966	72,948	-5,018
Offsetting Collections	-109,310	-230,806	-149,215	+81,591
Obligations, incurred, net	-51,934	-152,840	-76,267	+76,573
Receivables in excess of obligations:				
Start of year	-59,386	-45,962	-23,802	+22,160
End of year	45,962	23,802	-6,931	-30,733
Outlays	$-65,358	$-175,000	$-107,000	$+68,000

4. Financial condition

The program transactions described in the preceding pages result in the following financial condition at the close of fiscal years 1979, 1980, and 1981.

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
Assets:				
Current:				
Fund balance with Treasury...	$631,648	$527,181	$628,982	$+101,801
Accounts receivable, net.....	1,071	1,531	1,638	+107
Interest collections in escrow for trustee.....	195	639	553	-1,192
Interest collections held by or for trustee.....	74,932	60,869	32,311	-28,558
Total current assets.....	76,198	63,039	33,396	-29,643
Loans receivable, net:				
Direct loans.....	448,256	316,685	261,808	-54,877
Vendee loans.....	21,960	19,426	17,016	-2,410
Total loans receivable, net.....	470,216	336,111	278,824	-57,287
Real property owned, net	529	706	881	+175
Total assets.....	$1,178,591	$927,037	$942,083	$+15,046
Liabilities:				
Current:				
Accrued interest payable.....	2,010	1,412	1,268	-144
Accounts Payable and accrued liabilities.....	19,039	21,512	23,018	+1,506
Deferred credits.....	633	-35	-35	...
Total current liabilities.....	21,682	22,889	24,251	+1,362
Long-term:				
Participation certificates outstanding.....	183,104	105,243	105,243	...
Principal collections in escrow for trustee.....	3,541	250	240	-10
Principal payments to be applied to redemption of participation certificates..	-99,719	-91,235	-97,766	-6,531
Debt issued under borrowing authority:				
Borrowing from Treasury.....	824,360	624,360	624,360	...
Net long-term liabilities...	911,286	638,618	632,077	-6,541
Total liabilities.....	$932,968	$661,507	$656,328	$-5,179

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
Government Equity:				
Retained income:				
Opening balance.....	$ 221,325	$ 245,623	$ 265,530	$+19,907
Net income for the year.....	24,298	19,907	20,225	+318
Government equity, end of year.....	245,623	265,530	285,755	+20,225
Total liabilities & Gov't. equity.....	$1,178,591	$927,037	$942,083	$+15,046

5. Revenue and expense

The net income in FY 1980 is estimated to be $19.9 million or $4.4 million less than it was in FY 1979. The net income in FY 1981 will increase to $20.2 million or $0.3 million more than FY 1980.

The following table reflects the major items of revenue and expense:

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Revenue:				
Interest income.....	$28,931	$27,770	$22,640	$-5,130
Investment income from participation sales fund.....	13,343	11,164	9,300	-1,864
Rental and other revenue.....	1,748	2,000	1,900	-100
Total operating income.....	$44,022	$40,934	$33,840	$-7,094
Expenses:				
Funded operating expenses.....	19,684	20,995	13,581	-7,414
Unfunded operating expenses				
Write-offs:				
Direct loans to veterans.....	26	20	20	...
Vendee loans.....	2	3	3	...
Acquired Properties.....	...	...	...	...
Misc. Adjustments.....	1	18	18	...
Provision for allowances on unsold properties.....	7	10	10	...
Total unfunded operating expenses.....	36	51	51	...
Total operating expense	19,720	21,046	13,632	-7,414
Net operating income.....	24,302	19,888	20,208	+320
Non-operating income:				
Sale of properties:				
Cash proceeds.....	136	177	150	-27
Vendee loans established....	534	768	698	-70
Total sales.....	670	945	848	-97
Book value of properties sold.....	674	926	831	-95
Net non-operating income.....	-4	19	17	-2
Net income for year.....	$24,298	$19,907	$20,225	$+318

6. Statement of accountability

The following table indicates by source the cumulative amount of funds that were available for the Direct Loan Fund and their use through September 30, 1979.

Source of Funds:		
Borrowed from Treasury		$1,733,055,599
Less:		
Repayments to Treasury		2,977,603
Capital transferred to Loan Guaranty Fund		905,718,022
Interest bearing capital		824,359,974
Proceeds from sale of participation certificates:		
Gross from sale of P.C.'s	$1,097,000,000	
Unobligated balance applied to redemption of unmatured P.C.'s	(88,591,259)	
Net proceeds		1,008,408,741
Receipts from Operations:		
Sale of loans		1,034,564,743
Repayments		960,463,813 1/
Total Net Available		3,827,797,271
Use of Funds:		
Loans to veterans		3,426,608,755
Obligated for loans		8,553,413
Available for new loans		392,635,103
Total		3,827,797,271
Earnings through September 30, 1979:		
Interest on loans		1,185,817,441
Investment income		120,585,092
Rental and other revenue		65,093,651
Total income		1,371,496,184
Expenses and Losses:		
Interest on U. S. Treasury loans		514,449,740
Interest on participation certificates		431,331,573
Other expenses		29,877,287
Discount on loan sales		22,061,659
Total		997,720,259
Net earnings		373,775,925
Earnings transferred to Loan Guaranty Fund		128,152,978
Retained income as of September 30, 1979		245,622,947

1/ Excludes $1,015,016,697 principal collections transferred to Participation Sales Fund.

7. Other program information

Since the inception of the Direct Loan program through September 1979, a total of about $4.8 billion has become available for making direct loans. These funds were provided from the following sources:

- o Initially by periodic U.S. Treasury advances.
- o Proceeds from the sale of direct loans to private investors.
- o Proceeds of principal repayments on loans made.
- o Sales of participation certificates.

From July 1950 through September 1979, 331,839 loans have been made in the amount of about $3.4 billion. This reflects the intent of the program - only to supplement the loan guaranty program in providing credit assistance to veterans; it represents only a small fraction of the number of loans guaranteed or insured by the Veterans Administration.

As of September 30, 1979, 167,442 direct loans have been repaid in full, 85,898 have been sold, and 11,341 have been terminated by foreclosure or voluntary conveyance. There were 67,157 loans still outstanding with an unpaid principal balance of approximately $447.8 million.

There have been several laws enacted which authorized the transfer of capital funds and earnings from the Direct Loan Revolving Fund to the Loan Guaranty Revolving Fund. To date, over $1 billion has been transferred under the authority granted by these acts.

The following activity took place in the direct loan program during fiscal year 1979:

- o 3,132 applications received
- o 1,419 loans closed
- o 6,817 loans repaid in full
- o 45 loans terminated by foreclosure or voluntary conveyance

a. Direct loans closed by entitlement

In fiscal year 1979, of 1,419 loans closed, 83 percent were to Vietnam Era veterans; 16 percent to Post-Korean veterans; 5 percent to servicemen; 6 percent to Korean Conflict veterans; 10 percent to World War II veterans; and 9 percent to restored entitlement. The following table shows direct loans closed by entitlement.

	1978 Actual	1979 Actual	1980 Estimate	1981 Estimate	Inc/Dec 81 vs 80
World War II	136	108	100	100	...
PL 94-324	1	3	1	1	...
Korean Conflict	83	60	60	55	-5
Post-Korean	221	153	165	165	...
Vietnam Era	1,182	941	1,290	1,295	+5
Servicemen	75	39	54	54	...
Restored	132	98	135	135	...
Post Vietnam	...	17	25	25	...
Total loans	1,830	1,419	1,830	1,830	...

b. Direct loans closed by station

	Cumulative Thru 9-30-79		FY 1979 Only	
	Number	Principal Amount*	Number	Principal Amount*
Totals	331,837	$3,421,069,467	1,419	$38,094,139
Montgomery	7,990	79,256,234	0	34,725
Juneau	1,651	24,036,767	0	11,084
Phoenix	2,238	22,287,840	1	32,570
Little Rock	10,243	110,331,770	58	1,534,957
Los Angeles	1,977	20,801,849	0	2,619
San Francisco	2,929	31,334,996	0	2,795
Denver	3,773	35,707,804	0	0
Hartford	0	0	0	0
Wilmington	637	8,715,746	2	55,461
Washington	0	0	0	0
St. Petersburg	6,858	77,505,537	4	76,433
Atlanta	10,260	96,667,697	7	199,131
Honolulu	0	0	0	0
Boise	11,477	163,318,441	69	1,907,101
Chicago	11,541	105,431,099	42	960,120
Indianapolis	11,357	98,633,798	1	40,200
Des Moines	7,050	64,967,008	4	117,232
Wichita	5,106	45,054,279	0	12,156
Louisville	13,126	125,940,358	46	1,352,033
New Orleans	7,770	77,775,014	2	82,442
Togus	5,645	56,543,959	182	4,544,515
Baltimore	2,558	27,851,755	0	629
Boston	0	0	0	0
Detroit	8,805	84,931,651	0	60,559
St. Paul	17,721	201,765,317	187	4,774,172
Jackson	8,002	75,326,713	0	13,359
St. Louis	13,718	134,982,388	2	52,798
Ft. Harrison	7,380	93,391,005	196	5,358,957
Lincoln	5,520	56,259,081	17	415,910
Reno	938	10,315,726	0	0
Manchester	292	7,226,641	53	1,590,226
Newark	0	0	0	0
Albuquerque	2,162	20,338,100	0	1,441
Buffalo	1,439	12,240,946	0	4,977
New York	1,225	11,057,540	4	104,777
Winston-Salem	14,282	135,979,626	0	29,756
Fargo	3,325	35,727,057	10	233,199
Cleveland	18,088	181,745,380	9	284,709
Muskogee	8,201	89,118,194	50	1,220,087
Portland	4,449	47,012,898	3	77,709
Philadelphia	3,686	29,260,839	14	441,389
Pittsburgh	4,280	35,093,631	0	3,768
San Juan	3,114	33,185,378	0	11,425
Providence	0	0	0	0
Columbia	7,258	73,398,495	0	23,887
Sioux Falls	5,821	59,190,799	37	932,797
Nashville	8,210	74,736,360	4	137,864
Houston	3,883	42,883,635	62	1,589,006
Waco	9,494	95,880,601	48	1,192,240
Salt Lake City	7,149	89,650,526	24	765,853
White River Jct.	1,530	20,805,740	104	2,959,923
Roanoke	11,678	113,884,705	39	1,024,694
Seattle	4,162	44,215,353	0	20,586
Huntington	11,576	113,149,518	7	191,625
Milwaukee	7,069	73,813,718	27	695,465
Cheyenne	3,194	52,339,955	104	2,914,778

*Includes advances

c. Sale of Loans and Loans Repurchased

Direct loans are sold with a guarantee, and in case of default, the claim and property acquisition costs are paid from the Loan Guaranty Revolving Fund.

Direct Loan Fund Vendee loans are sold, usually, with the provision that in case of default, the Veterans Administration will repurchase them. Vendee loans are mortgage loans, or installment contracts, that are established when the Veterans Administration sells acquired properties for less than all cash. Direct Loan Fund properties are acquired through foreclosure or other liquidation of defaulted direct loans from the portfolio.

Proceeds from the sale of loans are available for capital expenditures of the Direct Loan Fund. From the inception of the program through FY 1979, $1,022.4 million has been received from the sale of direct loans and $12.2 million from Vendee loans. Cumulative vendee loan repurchases totaled $753 thousand or 6.2% of vendee loans sold through FY 1979. The following table summarizes in thousands of dollars.

Fiscal Year	Direct Loans	Vendee Loans	Total	Vendee Loans Repurchased
1962 1/	$ 84,139	$...	$ 84,139	$...
1963	181,140	62	181,202	...
1964	133,523	134	133,657	...
1965	60,545	282	60,827	14
1966	8,764	159	8,923	44
1967	5,166	746	5,912	36
1968	2,922	...	2,922	36
1969	1,012	...	1,012	3
1970	...	...	...	36
1971	58,412	532	58,944	35
1972	190,643	...	190,643	6
1973	159,647	9,828	169,475	37
1974	30,216	415	30,631	159
1975	...	...	...	106
1976	...	...	...	79
TQ	...	...	...	17
1977	106,278	...	106,278	87
1978	...	...	...	49
1979	...	...	...	9
Total	$1,022,407	$12,158	$1,034,565	$753
Estimated				
1980	$116,000	...	...	20
1981	46,100	...	46,100	20

1/ Cumulative from inception of program.

d. Direct loan foreclosure rates, cumulative through September 30, 1979, by station

		Number of Loans		Foreclosure Rate
		Closed	Foreclosed[1/]	
Totals		331,837	11,341	3.4
AL	Montgomery	7,990	165	2.1
AK	Juneau	1,651	90	5.5
AZ	Phoenix	2,238	88	3.9
AR	Little Rock	10,243	136	1.3
CA	Los Angeles	1,977	144	7.3
	San Francisco	2,929	72	2.5
CO	Denver	3,773	165	4.4
CT	Hartford	0	0	0
DE	Wilmington	637	17	2.7
DC	Washington	0	0	0
FL	St. Petersburg	6,858	420	6.1
GA	Atlanta	10,260	285	2.8
HI	Honolulu	0	0	0
ID	Boise	11,477	465	4.1
IL	Chicago	11,541	731	6.3
IN	Indianapolis	11,357	424	3.7
IA	Des Moines	7,050	73	1.0
KS	Wichita	5,106	155	3.0
KY	Louisville	13,126	273	2.1
LA	New Orleans	7,770	293	3.8
ME	Togus	5,645	243	4.3
MD	Baltimore	2,558	103	4.0
MA	Boston	0	0	0
MI	Detroit	8,805	582	6.6
MN	St. Paul	17,721	567	3.2
MS	Jackson	8,002	267	3.3
MO	St. Louis	13,718	447	3.3
MT	Ft. Harrison	7,380	191	2.6
NE	Lincoln	5,520	53	1.0
NV	Reno	938	26	2.8
NH	Manchester	292	3	1.3
NJ	Newark	0	0	0
NM	Albuquerque	2,162	105	4.9
NY	Buffalo	1,439	56	3.9
	New York	1,225	48	3.9
NC	Winston-Salem	14,282	482	3.4
ND	Fargo	3,325	112	3.4
OH	Cleveland	18,088	1,078	6.0
OK	Muskogee	8,201	192	2.3
OR	Portland	4,449	131	2.9
PA	Philadelphia	3,686	52	1.4
	Pittsburgh	4,280	276	6.4
PR	San Juan	3,114	9	.3
RI	Providence	0	0	0
SC	Columbia	7,258	275	3.8
SD	Sioux Falls	5,821	188	3.2
TN	Nashville	8,210	179	2.2
TX	Houston	3,883	122	3.1
	Waco	9,494	227	2.4
UT	Salt Lake City	7,149	227	3.2
VT	White River Junction	1,530	14	.9
VA	Roanoke	11,678	225	1.9
WA	Seattle	4,162	212	5.1
WV	Huntington	11,576	426	3.7
WI	Milwaukee	7,069	149	2.1
WY	Cheyenne	3,194	78	2.4

1/ Includes voluntary conveyance

e. Property acquisitions and dispositions

Properties acquired, as a result of foreclosure, are sold either for cash or on terms. In term sales, VA takes back a first mortgage or establishes an installment contract with the borrower. Cumulatively through fiscal year 1979 10,360 of these loans, called vendee accounts, had been established. This represents 86 percent of all direct loan properties sold through fiscal year 1979. In fiscal year 1979 alone, of the 59 properties sold, 23 were sold for cash, and 36 were sold for terms. Total sales value was $0.7 million, with $0.5 million in term sales.

The following table shows the property acquisitions and disposals from both foreclosed direct loans and vendee accounts:

Fiscal Year	Acquired	Redeemed	Sold	Inventory End of Year
Cumulative				
1951-1960	1,267	5	1,025	237
1961	464	6	353	342
1962	723	0	504	561
1963	1,021	5	782	795
1964	1,140	10	1,165	760
1965	1,153	6	1,306	601
1966	1,017	6	1,013	599
1967	1,032	7	967	657
1968	941	11	968	619
1969	793	15	823	574
1970	655	14	676	539
1971	540	21	615	443
1972	522	19	568	378
1973	378	19	484	253
1974	214	26	309	132
1975	139	34	152	85
1976	119	23	116	65
T.Q.	26	0	29	62
1977	89	5	109	37
1978	79	6	74	36
1979	63	2	59	38
Total	12,375	240	12,097	
Estimate				
1980	90	5	85	38
1981	80	5	75	38

The inventory of 38 properties at the end of fiscal year 1979 had a total value of $529 thousand.

Part 4. Insurance Appropriations and Funds

Table of Contents

	Page No.
Insurance Funds Summary	4-3
Veterans Insurance and Indemities	4-7
Service-Disabled Veterans Insurance Fund	4-13
Veterans Reopened Insurance Fund	4-19
Servicemen's Group Life Insurance Fund	4-25
National Service Life Insurance Fund	4-29
U.S. Government Life Insurance Fund	4-33
Veterans Special Life Insurance Fund	4-37

INSURANCE PROGRAM SUMMARY

The Veterans Administration administers six life insurance programs for the benefit of servicepersons, veterans, and their beneficiaries and oversees the administration of a seventh. Those for which the Veterans Administration is directly responsible are as follows:

Veterans Insurance and Indemnities is the only program which requires an annual appropriation by the Congress. This account provides payment for extra hazard costs to several other insurance funds; supplements the S-DVI Fund, and provides direct payments to its policyholders.

United States Government Life Insurance (USGLI) which had its origin in World War I was closed to all but World War I veterans in 1940, and to all new issues in 1951. There are now about 108,000 policies in force.

National Service Life Insurance (NSLI) originated in 1940 during World War II. This program was closed to all new issues in 1951. Currently, there are about 3.67 million policies in force.

Service-Disabled Veterans Insurance (S-DVI) was added in 1951 during the Korean Conflict by Amendment to the original NSLI Act. It provides insurance only to veterans with service-connected disabilities. This insurance is still available and we have about 186,300 policies in force.

Veterans Special Life Insurance (VSLI) was also added during the Korean Conflict. It covers insurance issued principally to Korean conflict veterans, after April 1951 and before January 1957. There are about 546,500 policies in force.

Veterans Reopened Insurance (VRI) was issued for a period of one year, beginning May 1, 1965 for certain service and nonservice disabled veterans who had active service during the period October 8, 1940 to January 1, 1957. This program was closed to applications May 2, 1966. There are about 170,700 policies in force.

The administrative expenses of the Veterans Reopened Insurance program are charged to the insureds. Administrative expenses in connection with the other programs are borne by the General Operating Expenses appropriation.

Five separate funds, two trust funds and two revolving trust and one revolving fund, have been established in the U.S. Treasury as the financing mechanisms for the five non-appropriated programs. All premiums and collections on insurance issued under a fund are credited to that fund and all payments on such insurance are made from that fund. Each of the program funds is operated on a commercial basis to the extent possible consistent with all applicable statutes.

These programs make significant contributions toward providing reasonably adequate insurance protection for veterans, their families and dependents. Disability income benefits are available on an optional basis, with the exception of S-DVI. The policies provide for waiver of premium in the event of total disability. Permanent plan policies provide for additional benefits in the form of loans at modest interest rates, cash surrender values, paid-up insurance and extended insurance features.

The Government life insurance programs have a significant impact on the economy.

- Through FY 1979 payments to beneficiaries and to living policyholders have totaled about $32.6 billion since the inception of the various programs.

- Beneficiaries of deceased policyholders were paid about $13.9 billion. Policyholders received about $11.5 billion in dividends and about $7.2 billion in disability payments, matured endowments, surrender value, and interest on dividend credit and deposit accounts.

- Death claim payments are expected to increase to about $535.2 million and disability payments to remain at $27 million in 1980.

The latest insurance program known as Servicemen's Group Life Insurance, was established September 29, 1965 for active member's of the uniformed services. It provided for group life insurance coverage by non-government insurers. The Veterans Administration negotiated the insurance contract with the primary insurer. Premiums are paid for by payroll deduction and extra hazard costs by contributions from the service departments involved. All claims and payments are administered by the insurer, with an annual accounting for its experience and activity under this program. Effective May 24, 1974, legislation increased the coverage from $15,000 to $20,000 and provided full-time coverage to members of the Ready Reserve.

The following table shows data relative to each of the five insurance funds as of September 1979 for which the Veterans Administration is responsible:

Issued	U.S. Govt. Life Ins. (USGLI) WWI	National Service Life Ins. (NSLI) WWII	Service-Disabled Vet. Ins. (S-DVI) Korean	Veterans Special Life Ins. (VSLI) Korean	Veterans Reopened Ins. (VRI) WWII - Korean	Total
Beginning date	1/1/19	10/8/40	4/25/51	4/25/51	5/1/65	xxxx
Closing Date	2/24/51	4/24/51	Open to new issues	12/31/56	5/2/66	xxxx
Policies in force, 5-yr. term	566	1,245,499	86,813	314,573	...	$1,647,451
Policies in force permanent plans	107,185	2,419,818	99,528	231,927	170,748	3,029,206
Total policies in force	107,751	3,665,317	186,341	546,500	170,748	4,676,657
Total ins. in force ($'s in millions	$442	$23,895	$1,685	$4,764	$1,184	$31,970
Average amount per policy	$4,102	$6,518	$9,043	$8,717	$6,934	$6,835
Average attained age in FY 1979	76.4	56.9	39.0	47.1	56.5	xxxx
Annual death rate per 1,000	76.6	12.1	10.4	3.5	10.2	xxxx

VETERANS INSURANCE AND INDEMNITIES

APPROPRIATION LANGUAGE

For military and naval insurance, national service life insurance, servicemen's indemnities, and service-disabled veterans insurance, as authorized by law (38 U.S.C. Chapter 19, 70 Stat. 887, 72 Stat. 487), [5,400,000] $1,360,000 to remain available until expended.

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Veterans insurance and indemnities fund." (Department of Housing and Urban Development - Independent Agencies Appropriation Act, 1980).

EXPLANATION OF LANGUAGE CHANGE

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

APPROPRIATION/FUND HIGHLIGHTS

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Major Activities or Programs:				
Payments to Insurance Trust Funds	$2,209	$2,348	$2,348	...
Direct payments to policyholders and beneficiaries	$1,330	$1,347	$1,347	...
Payments to S-DVI Fund	$1,436	$1,000	$1,440	$+440
All Other	$170	$139	$137	$-2
Obligations/Costs	$5,145	$4,834	$5,272	$+438
Offsetting Collections	$684	$672	$643	$-29
Appropriation (Adjusted)	$5,750	$5,400	$1,360	$-4,040
Outlays	$4,421	$4,150	$4,500	$+350
Insurance in force:				
Number of Policies	4,060	3,865	3,690	-175
Amount	$22,104	$21,130	$20,173	$-957

SUMMARY OF BUDGET REQUEST

Operation of the Veterans Insurance and Indemnities appropriation requires an annual appropriation by the Congress. The requested funds will provide for the payment of claims incident to Military and Naval Insurance, National Service Life Insurance and Servicemen's Indemnities. Payments are also made to the Service-Disabled Veterans Insurance fund to supplement premiums and other receipts in amounts necessary to pay claims on insurance policies issued to eligible veterans with service-incurred disabilities.

Congress is being requested to appropriate $1,360,000 for FY 1981, a decrease of $4,040,000 from the appropriated FY 1980 amount of $5,400,000.

CHANGES FROM ORIGINAL 1980 BUDGET ESTIMATES

	FY 1980		
	Budget Estimate	Current Estimate	Increase(+) Decrease(-)
	(dollars in thousands)		
Major Activities or Programs:			
Payments to Insurance Trust Funds ...	$2,029	$2,348	$+319
Direct payments to policyholders and beneficiaries	$1,462	$1,347	$-115
Payments to S-DVI Fund	$2,485	$1,000	$-1,485
All Other	$146	$139	$-7
Obligations/Costs	$6,122	$4,834	$-1,288
Offsetting Collections	$722	$672	$-50
Appropriation (Adjusted)	$5,400	$5,400	...
Outlays	$5,400	$4,150	$-1,250
Insurance in force:			
Number of policies	3,940	3,865	-75
Amount	$21,540	$21,130	$-410

FY 1979 actual experience necessitates the revisions to the FY 1980 Budget Estimate. The $319 thousand increase in Payments to Insurance Trust Funds is due primarily to anticipated increases. The $1.5 million reduction in the transfer to the Service-Disabled Veterans Insurance Fund, reflects revised cash requirements in this fund, due to death claims being lower than anticipated.

The decrease in obligations and outlays primarily reflects the anticipated decrease in Payments to the S.D.V.I. Fund.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior year obligations	$5,145	$4,834
Increases and Decreases		
Payment to U.S. Government Life insurance (USGLI)	+3	...
Payment to National Service Life insurance (NSLI)	+136	...
Direct Payment to policyholders and beneficiaries:		
(a) USGLI	-20	...
(b) NSLI	+37	...
Payment to Service-Disabled Veterans insurance	-436	+440
Policy Loans made	-28	-2
All other	-3	...
Estimate	$4,834	$5,272

Explanation of Changes

c Payments to trust funds (USGLI and NSLI) -

Claims traceable to the extra hazards of military service have declined over the past few years. A slight overall increase is projected in 1980 but is expected to level off in 1981.

o Payment to Service-disabled veterans insurance -

These payments are necessary to supplement the cash position of the S-DVI Fund. Funding requirements for 1980 are estimated to decrease by $436 thousand over 1979 and increase by $440 thousand in 1981.

o Policy Loans made -

Based on 1979 experience, policy loans are expected to decrease in 1980 and remain relatively constant in 1981.

59-500 O - 80 - 27

Summary of Requirements (dollars in thousands)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
Obligations:					
Military and Naval Insurance					
Death Claims	$8	$9	$9	$9	$...
Disability Claims.	476	468	449	422	-27
Policy Liens	4	6	4	4	...
Total	488	483	462	435	-27
National Service Life Insurance					
Death Claims	1,117	1,150	1,268	1,288	+20
Cash Surrenders ..	73	50	87	101	+14
Disability Claims.	204	230	195	186	-9
Matured Endowments	33	95	33	33	...
Premium Refunds ..	17	8	17	17	...
Policy Loans	162	140	162	162	...
Policy Liens	1	...	1	1	...
Other.....	1,611	1,481	1,606	1,606	...
Total	3,218	3,154	3,369	3,394	+25
Servicemen's Indemnities					
Death Claims	3	...	3	3	...
Total	3	...	3	3	...
Service-Disabled Veterans Insurance	1,436	2,485	1,000	1,440	+440
Total Obligations.	$5,145	$6,122	$4,834	$5,272	$+438
Financing:					
Offsetting Collections					
Premiums earned ...	$ 432	$ 466	$ 416	$ 398	$-18
Policy loans repaid	158	165	165	160	- 5
All other	94	91	91	85	- 6
Total	684	722	672	643	- 29
Unobligated balance, start of year	742	...	2,031	3,269	+ 1,238
end of year	-2,031	...	-3,269	...	+ 3,269
Budget Authority (appropriation)	5,750	5,400	5,400	1,360	-4,040
Total Financing...	$5,145	$6,122	$4,834	$5,272	$+438
Workloads					
Death Claims					
Military & Naval Insurance	2	1	2	2	...
National Service Life Insurance ...	101	117	106	110	-6
Servicemen's Indemnities	...	1	...	...	...
Disability Claims					
Military & Naval Insurance	1,040	833	914	799	-115
National Service Life Insurance ...	301	327	306	307	+1
Cash Surrenders (NSLI)	20	16	20	20	...
Matured Endowments (NSLI)	6	15	15	18	+3
Policy Loans (NSLI)..	37	30	75	70	-5
Policy Liens (M&N) ..	25	34	30	28	-2

Explanation of Increases and Decreases

Military and Naval Insurance

- The downward trend in disability claims experienced in recent years is expected to continue in line with the decline in the number of WWI policyholders.

National Service Life Insurance

- The $20 thousand increase in death claims reflects the advancing age of the policyholders.

Service-Disabled Veterans Insurance

- Payments to the Service-disabled veterans insurance fund are made to supplement the premiums and other receipts of that fund in amounts necessary to pay current claims and to retain a sufficient fund balance for unplanned contingencies. These payments will decrease by $436 thousand in 1980 and increase by $440 thousand in 1981.

Object Classification

The following table summarizes obligations of the account by object classification:

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate
Investments and loans.....	$167	$138	$-29
Grants, subsidies, and contributions.....	3,648	3,349	-299
Insurance claims and indemnities..	1,330	1,347	17
Total.....	$5,145	$4,834	$-311

Program Description

The Veterans insurance and indemnities appropriation is made up of the former appropriations for military and naval insurance, applicable to World War I veterans, the National Service Life Insurance, applicable to certain World War II veterans and Servicemen's indemnities, applicable to Korean conflict veterans. The appropriation also provides supplemental funds for the Service-disabled veterans insurance fund. Financing is mainly by congressional appropriation, and a small amount of premiums which are credited to this appropriation under authority contained in Section 719(b), Title 38, U.S.C.

Program Activity

Payments to beneficiaries and living policyholders during fiscal year 1979 exceeded $1.5 million. The cumulative total payments now exceeds $2.6 billion. A 3% reduction in the number of policies in force is forecast.

SERVICE-DISABLED VETERANS INSURANCE FUND

APPROPRIATION LANGUAGE

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Service-disabled veterans insurance fund" (38 U.S.C. Chapter 19).

Explanation of Language Change

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

FUND HIGHLIGHTS

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Major Activities:				
Death Claims	$18,162	$18,121	$18,799	$+678
All other	$7,947	$7,488	$7,744	$+256
Obligations/costs	$26,109	$25,609	$26,543	$+934
Offsetting Collections	$25,094	$25,447	$26,514	$+1,067
Outlays	$893	...	...	...
Insurance in-force:				
Number of policies	186,341	192,300	196,800	+4,500
Amount	$1,684,684	$1,738,392	$1,779,662	$+41,270

SUMMARY OF BUDGET REQUEST

Program requirements of the Service Disabled Veterans Insurance Fund are estimated to be $25.6 million in fiscal year 1980, a decrease of $.5 million over 1979. The fiscal year 1981 program is estimated to be $26.5 million, an increase of $.9 million over fiscal year 1980.

Premium receipts and transfers from the Veterans Insurance Fund are the primary means of financing payments from this fund.

No action by the Congress is requested.

CHANGES FROM ORIGINAL 1980 BUDGET ESTIMATES

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
		(dollars in thousands)	
Major Activities:			
Death Claims	$21,000	$18,121	$-2,879
All Other	$7,630	$7,488	$-142
Obligations/Costs	$28,630	$25,609	$-3,021
Offsetting Collections	$28,615	$25,447	$-3,168
Outlays	...	...	...
Insurance in force:			
Number of policies	186,600	192,300	+5,700
Amount	$1,685,000	$1,738,392	$+53,392

The current estimate primarily reflects the effect of a decrease in the amount to be transferred from the Veterans Insurance and Indemnities appropriation. The anticipated transfer has been reduced form $2.5 million to $1.0 million.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior year outlays	$893	...
Increase (+) Decreases (-)		
Death claims	-41	+678
Cash surrenders	...	+200
Matured endowments	47	+50
Policy loans and liens	-544	-55
Premiums earned	-734	-457
Interest on investments (policy loans)	-205	-110
Payment from Veterans Insurance & Indemnities.	-436	-440
Other income (optional settlements)	+192	...
Change in obligated balance	-44	+134
Estimate	...	...

Explanation of Changes

Death Claims - In fiscal year 1980, 2,440 deaths are anticipated at an average claim of $7,427, and for fiscal year 1981, we anticipate 2,540 claims at an average of $7,401 per claim.

Cash Surrenders - Based on trends, an additional 96 policies, average $2,157 cash value, are expected to be surrendered in 1980. For 1981, we anticipate an additional 110 policy surrenders with an average cash value of $1,818.

Matured Endowments - During 1980, a total of 75 policies are due to attain maturity. The number of expected maturities in 1981 is 75.

Policy Loans and Liens - Policy loans and liens made exceed repayments in both 1980 and 1981 thsu resulting in a net increase in outlays.

Premiums Earned - An expected increase in premiums in each of the next two years will be derived from the net increase in policies in force, estimated to be 5,959 in 1980 and 4,500 in 1981.

Interest on Investments - Interest income from policy loans increases annually with the increase in policy loans outstanding.

Payment from Veterans Insurance and Indemnities - Outlays will increase by $436 thousand in 1980 as a result of an estimated decrease in the payment to be received. This is the result of death claims being less than anticipated. In 1981, outlays are estimated to decrease as a result of an additional $440 thousand in the payment to be received.

Change in Obligated Balance - Changes in the beginning and ending obligated balances of 1979 and 1980 result in a decrease in outlays in 1980. A similar comparison of 1980 and 1981 results in an increase in outlays in 1981.

Summary of requirements (dollars in thousands)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)			
Costs/Obligations					
Death Claims	$18,162	$21,000	$18,121	$18,799	$+678
Cash Surrenders	2,200	2,200	2,200	2,400	+200
Matured Endowments	303	575	350	400	+50
Policy Loans	5,289	4,700	4,783	4,744	-39
Policy Liens	142	155	146	190	44
Other	13	...	9	10	1
Total	$26,109	$28,630	$25,609	$26,543	$+934
Offsetting Collections					
Premiums Earned	$18,783	$21,100	$19,517	$19,974	$+457
Interest Income	1,085	1,290	1,290	1,400	+110
Payment Vet. Ins. & Indem.	1,436	2,485	1,000	1,440	+440
Policy Loans Repaid	2,894	2,940	2,940	3,000	+60
Other Income	896	800	700	700	...
Total Offsetting Collections	$25,094	$28,615	$25,447	$26,514	$+1,067
Workload					
Death Claims	2,365	2,561	2,440	2,540	+100
Cash Surrenders	924	958	1,020	1,130	+110
Matured Endowments	664	116	75	75	...
Policy Loans	2,197	1,897	2,625	2,461	-164
Policy Liens	104	2,563	125	117	-8

Explanation of Increases and Decreases

- Death claim payments to surviving beneficiaries continue to increase annually as new deaths occur among the rising number of policyholders.
- The remainder of the total increase in obligations is due to more policy loans made and an anticipated rise in policy terminations by cash surrender and attainment of maturity age.
- Premiums earned show an annual upward trend due to the increasing number of policies in force.
- The increase in interest income is attributed to the increasing trend in policy loans outstanding.
- A $440 thousand increase in the transfer from the Veterans Insurance and Indemnities appropriation will be required in 1981 to enable the fund to meet current expenses.
- Policy loan repayments are expected to be about 61% of policy loans made.

Program Description

The Service-Disabled Veterans Insurance Fund was established in 1951 as the financing mechanism for the insurance program authorized by section 620 of the National Service Life Insurance Act of 1940, as amended.

The fund receives premiums and other collections and pays claims on insurance policies issued to veterans with service-connected disabilities and whose service with the Armed Forces was after April 1951. The veterans must apply in writing for the insurance within one year from the date the disability was determined to be service-connected (38 U.S.C. 722). The plans are the same as those in the National Service Life Insurance Fund, but the insurance is nonparticipating.

Since the fund insures medically substandard lives at standard rates of premiums, the fund is not self-sustaining. Revenue is not sufficient to meet costs of operation. It is operated on virtually a pay-as-you-go basis by making periodic transfers from the Veterans Insurance and Indemnities appropriation to meet current expenses.

The number of policies in force will continue to increase annually since this program is still open for new issues.

Program Activity

During fiscal year 1979, payments from this fund to beneficiaries and living policyholders totaled $26.1 million. The aggregate total of payments made since the inception of the program now exceeds $319.3 million.

Operating Results and Financial Condition (dollars in thousands)

The following table summarizes the current and estimated financial condition of the fund:

	1979 Actual	1980 Estimate	1981 Estimate
Assets:			
Fund balance with Treasury	$6,187	$6,187	$6,187
Accounts receivable (net)	614	628	643
Policy Loans	24,895	26,738	28,482
Policy liens	435	488	585
Total assets	$32,131	$34,041	$35,897
Liabilities:			
Accounts payable and accrued liabilities	$2,002	$2,190	$2,215
Deferred credits	1,214	1,202	1,261
Operating reserves:			
Reserve for cash surrender value	162,175	178,961	196,334
Reserve for future installments on matured contracts	6,460	6,968	7,206
Total liabilities	$171,851	$189,321	$207,016
Government equity:			
Unexpended balance: Unobligated balance	$3,585	$3,423	$3,394
Invested capital	-143,305	-158,703	-174,473
Total Government equity	-139,720	-155,280	-171,079

Analysis of changes in Government equity:

Paid-in capital	$4,500	$4,500	$4,500
Deficit:			
Opening balance	-130,957	-144,220	-159,780
Transactions:			
Net operating loss	-14,699	-16,560	-17,239
Payment from Veterans insurance and indemnities appropriation	1,436	1,000	1,440
Closing balance	-144,220	-159,780	-175,579
Total Government equity (end of year)	-139,720	-155,280	-171,079

Outstanding policy loans in 1979 make up about 77.5% of the assets, increasing to 79.3% in 1981 with cash as the bulk of the remainder. The outstanding loans are expected to increase by about $1.8 million in 1980 and $1.7 million in 1981, continuing the funds increasing trend. Loans made after January 10, 1971, bear a 5% interest rate; earlier loans are at 4%. Liens at the present time bear the same interest rate as loans.

Miscellaneous accounts payable and accrued liabilities constitute about 64% of the current liabilities in each year. Premiums paid in advance of the reporting period and other deferred credits make up the remainder.

The long term liabilities or operating reserves represent payments that would have to be made if the fund were dissolved at the end of the specific fiscal year involved.

The Government equity consists of non-interest bearing capital of $4.5 million less the deficit of the fund. The deficit is expected to increase by about $31.4 million in the next two years.

The following table summarizes the revenue and expense of the fund:

Revenue:	1979 Actual	1980 Estimate	1981 Estimate
Funded			
Premiums earned (collected)	$18,783	$19,517	$19,974
Interest on investments	1,085	1,290	1,400
Other income	799	607	607
Unfunded			
Premiums earnes (waivers)	7,624	8,263	8,853
Total	$28,291	$29,677	$30,834
Expense:			
Funded			
Death claims	$18,162	$18,121	$18,799
All other	2,516	2,559	2,810
Unfunded			
Premiums earned (waivers)	7,624	8,263	8,853
Increase in operating reserves	14,688	17,294	17,611
Total	42,990	46,237	48,073
Net operating loss	-14,699	-16,560	-17,239

The following table summarizes obligations of the fund by object classification:

Obligations:	1979 Actual	1980 Estimate	1981 Estimate
Investments	$5,431	$4,929	$4,934
Insurance claims and indemnities	20,678	20,680	21,609
Total	$26,109	$25,609	$26,543

VETERANS REOPENED INSURANCE FUND

APPROPRIATION LANGUAGE

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Veterans' reopened insurance fund" (38 U.S.C., Chapter 19).

Explanation of Language Change

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

Fund Highlights

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Major Activities or Programs:				
Death Claims	$13,956	$16,393	$18,000	$+1,607
Dividends	...	14,000	16,600	+2,600
All Other	15,284	17,058	18,691	+1,633
Obligations/costs	29,240	47,451	53,291	+5,840
Offsetting Collections	57,933	59,893	61,420	+1,527
Outlays	$-27,900	$-19,709	$-11,551	$+8,158
Insurance In-Force:				
Number of policies	170,748	167,200	162,900	-4,300
Amount	$1,184,488	$1,159,706	$1,128,082	$-31,624

Summary of Budget Request

Program requirements of the Veterans Reopened Insurance Fund are estimated to be $47.5 million in fiscal year 1980, an increase of $18.2 million over fiscal year 1979. The fiscal year 1981 program requirements are estimated to be $53.3 million, or an increase of $5.8 million over fiscal year 1980.

Operating costs projected for the current and budget years are well below anticipated fund revenue which consists mainly of premiums and interest on investments, thereby producing an annual increase in the unobligated balance of the fund.

No action by the Congress is requested.

Changes from original 1980 Budget Estimates

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
		(dollars in thousands)	
Major Activities or Programs:			
Death Claims	$16,900	$16,393	$-507
Dividends	...	14,000	+14,000
All Other	14,500	17,058	+2,558
Obligations/Costs	31,400	47,451	+16,051
Offsetting Collections	56,200	59,893	+3,693
Outlays	-23,400	-19,709	+3,691
Insurance In-Force:			
Number of policies	165,700	167,200	+1,500
Amount	1,155,000	1,159,706	$+4,706

Obligations increased $16.1 million as a result of dividend payments, an increase in offsetting collections of $3.7 million and an increase in receivables all contribute to a net increase in outlays of $3.7 million.

Analysis of Increases and Decreases

	FY 1980 Current Est.	FY 1981 Estimate
Prior year outlays	$-27,900	$-19,709
Increase (+) and Decrease (-)		
Interest on investments	-19	2,178
Other income	113	7
Death and disability claims	2,518	1,590
Cash surrenders	19	-15
Matured endowments	1,746	1,550
Insurance premiums earned	2,474	520
Other Expenses	291	-23
Policy loans and liens	247	-53
Change in obligated balance	-7,598	-7,749
Dividends	8,400	9,960
Dividends paid on dividend deposits.	...	193
Estimate	$-19,709	$-11,551

Explanation of Changes

- Interest rates on current investments in U.S. securities range from 6.62% to 8.75%. The expected increase in interest earnings over the next two years is in anticipation of additional investments of $5.9 million in 1980 and $6.6 million in 1981.
- Interest on policy loans will increase in each of the next two years in line with the projected increase in policy loans outstanding.
- In fiscal year 1980, an increase of 126 deaths are anticipated at an average claim of $6,404. In fiscal year 1981 we anticipate an additional 126 deaths at an average claim of $6,701.
- Six fewer policies averaging $4,172 in cash value are expected to be surrendered in 1980; we anticipate 5 fewer policies averaging $4,186 to be surrendered in 1981.
- During 1980, 975 policies are due to attain maturity, an increase of 219 over 1979. We anticipate an additional 275 during 1981 for a new program high of 1,250 maturities in a year.
- Policy terminations for death, cash surrender, maturity and lapses, plus the increase in paid-up additions, account for the expected increase in premium receipts in each of the next two years.

Explanation of Increases and Decreases

- Death claims are forecast in an upward trend for the next two years due to the increasing age of the insureds. The estimates reflect $2.4 million increase in 1980 and $1.6 million in 1981.
- The projected decreases in cash surrenders in each of the next two years are based on current trends.
- Matured endowments will increase by about $1.7 million in 1980 and increase an additional $1.6 million in 1981 due to expected maturity dates of in-force policies.
- The projected increase in premiums is due to the projected increase in paid-up additions.
- Policy loans repaid are expected to be less than policy loans made, thereby increasing the outstanding loan balance.
- Total requirements are increasing substantially due to the paying of dividends in FY 1980 and FY 1981.

Program Description

This revolving fund finances the payment of claims and administrative costs on insurance policies issued after April 30, 1965 and prior to May 3, 1966, under three insurance programs (38 U.S.C. 725). They are as follows: Veterans Service-Disabled Standard Insurance for veterans with service-connected disabilities, but who were otherwise insurable according to established good health standards; Veterans Service-Disabled Rated Insurance for veterans with service-connected disabilities who do not qualify for insurance at standard premium rates solely because of their service-connected disability; and the Non-Service-Disabled Insurance for veterans with non-service incurred disabilities who are unable to obtain commercial insurance even at substandard rates. Legislation was enacted on November 28, 1979 (P.L. 96-128) making this fund participating, thereby enabling the payment of dividends.

Separate accounting and actuarial records are maintained for these three programs for the purpose of determining the actual costs and to provide the basis for adjusting program premium rates independently as required by law. Since the inception of the program, two reductions of the premium rates were made due to favorable experience in investment income.

Program Activity

During fiscal year 1979 payments from this fund to beneficiaries and living policyholders totaled approximately $21.8 million. The aggregate total of payments made since the inception of the program now exceeds $176 million. Dividends totaling $14 million will be paid during FY 1980, and $16.6 million are expected to be paid in FY 1981.

Summary of Requirements (dollars in thousands)

	FY 1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Service Disabled Veterans Insurance:					
Death claims	$13,901	$16,832	$16,329	$17,930	$+1,601
Dividends	...	...	14,000	16,600	+2,600
Cash surrenders	1,796	1,695	1,815	1,800	-15
Disability claims	779	1,036	860	843	-17
Matured endowments	4,486	6,096	6,225	7,769	+1,544
Policy loans	7,482	4,982	7,128	7,073	-55
Policy liens	8	10	...	...	...
Other	688	653	979	1,149	+170
Total	$29,140	$31,304	$47,336	$53,164	$+5,828
Offsetting Collections:					
Premiums earned	$19,826	$19,800	$22,300	$22,820	$+520
Interest on investments	33,033	32,892	33,014	35,185	+2,171
Policy loans and liens repaid	4,190	2,497	3,580	2,404	-1,176
Other income	763	890	876	883	+7
Total	$57,812	$56,079	$59,770	$61,292	$+1,522
Workloads:					
Death claims paid	2,414	2,822	2,540	2,666	+126
Cash surrenders	441	432	435	430	-5
Disability claims	142	218	153	167	+14
Matured endowments	752	1,056	969	1,247	+278
Policy loans	3,762	3,215	4,494	4,214	-280
Policy liens	63	147	75	71	-4
Non-service Disabled Veterans Ins.:					
Death claims	$55	$68	$64	$70	$+6
Dividends	...	...	...	...	...
Cash surrenders	...	5	...	...	...
Disability claims	...	...	...	...	...
Matured endowments	18	4	25	31	$+6
Policy loans	26	18	25	25	...
Policy liens	...	...	...	...	...
Other	1	1	1	1	...
Total	$100	96	$115	$127	$+12
Offsetting Collections:					
Premiums earned	...	...	...	...	...
Interest on investments					
Policy loans and liens repaid	$108	$108	$108	$115	$+7
Other income	4	3	4	2	-2
Total offsetting collections	9	10	11	11	...
	$121	$121	$123	$128	$+5
Workloads:					
Death claims paid	20	12	20	20	...
Cash surrenders	...	1	...	...	...
Disability claims	...	...	...	...	...
Matured endowments	4	1	6	3	-3
Policy loans	7	12	9	8	-1
Policy liens	...	...	...	...	...

Operating results and financial condition (dollars in thousands)

The following table summarizes the actual and estimated financial condition of the fund:

	1979 Actual	1980 Estimate	1981 Estimate
Assets:			
Fund balance with Treasury	$477	$11,756	$12,019
U.S. securities (par)	437,950	443,921	450,507
Accounts receivable (net)	9,201	8,978	10,132
Policy loans	33,399	36,975	41,673
Policy liens	61	54	48
Total assets	$481,088	$501,684	$514,379
Liabilities:			
Accounts payable and accrued liabilities	835	4,632	4,944
Deferred credits	2,320	3,108	2,670
Operating reserves:			
Policy reserves	392,191	414,451	437,380
Premium waiver disability reserves	13,211	15,130	16,624
Reserve for future installments on matured contracts	3,054	2,984	2,919
Total disability income reserves	11,721	12,885	14,007
Reserve for dividends	14,000	16,600	16,750
Total liabilities	437,332	469,790	495,294
Government equity:			
Unexpended balance-Unobligated balance	444,473	456,915	465,044
Invested capital	-400,717	-425,021	-445,959
Total Government Equity	43,756	31,894	19,085
Analysis of changes in Government equity:			
Retained income:			
Opening balance	48,255	43,756	31,894
Transactions: Net operating income or loss (-)	-4,499	-11,862	-12,809
Closing balance	43,756	31,894	19,085

A reasonable amount of cash income is held for current expenses with the remaining funds invested in interest bearing U.S. Securities. These investments, $438.0 million in 1979, constitute about 91% of the total assets. There should be sufficient capital to increase these investments in the next two years to $450.5 million. Cash and outstanding policy loans and liens make up the remaining assets. Loans made after January 10, 1971 bear 5% interest; earlier loans are at 4%. Liens at the present time bear the same interest rate as for loans.

In FY 1979 premiums paid in advance of the reporting period constitute 73.5% of the current liabilities. Miscellaneous accounts payable make up the remaining 26.5%.

Loan term liabilities or operating reserves are amounts actuarially determined and set aside to assure payment of future benefits and should continue on an upward trend for several years.

Retained income is the cumulative earnings in excess of those set aside as operating reserves. They provide an additional safety margin against adverse contingencies.

The following table summarizes the actual and estimated revenue and expense of the fund:

	1979 Actual	1980 Estimate	1981 Estimate
Revenue:			
Funded:			
Interest on securities	$31,623	$31,522	$33,400
Interest on investments(policy loans)	1,518	1,600	1,900
Premiums earned (collected)	19,826	22,300	22,820
Other income	772	887	894
Unfunded:			
Premiums earned (waived)	1,712	1,837	1,987
Total	$55,451	$58,146	$61,001
Expense:			
Funded:			
Death claims	13,956	16,393	18,000
All other	7,768	23,905	28,193
Unfunded:			
Premiums waived	1,712	1,837	1,987
Increase in operating reserves	36,514	27,873	25,630
Total	$-59,950	$-70,008	$-73,810
Net Operating:			
Income or loss (-)	$-4,499	$-11,862	$-12,809

The following table summarizes the actual and estimated obligations of the fund by object classification:

	1979	1980	1981
Other services	$681	$973	$950
Investments and loans	7,516	7,153	7,098
Insurance claims and indemnities	21,043	25,325	28,643
Dividends and interest	...	14,000	16,600
Total obligations	$29,240	$47,451	$53,291

SERVICEMEN'S GROUP LIFE INSURANCE FUND

Fund Highlights

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
		(dollars in thousands)		
Major Activities:				
Premium payments	$105,259	$103,700	$103,700	$...
Administrative Expenses paid to General Operating Expense Account	394	400	400	...
Obligations/costs	105,653	104,100	104,100	...
Offsetting Collections	105,539	104,100	104,100	...
Outlays	464	...	...	...
Insurance in-force:				
Number of policies	3,138,431	3,100,000	3,100,000	...
Amount	$62,522,983	$61,000,000	$61,000,000	...

Summary of Budget Request

The Servicemen's Group Life Insurance Fund is a revolving fund having permanent and indefinite authorization to receive collections and pay premiums and extra hazard costs on Servicemen's Group Life Insurance and administrative cost to the Veterans Administration (38 U.S.C. 769(d)(1)). Congressional action is not required.

Changes from Original 1980 Budget Estimates

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Major Activities:			
Premium payments	$102,600	$103,700	$+1,100
Administrative Expenses paid to General Operating Expense Account	400	400	...
Obligations/costs	$103,000	$104,100	$+1,100
Offsetting Collections	$103,000	$104,100	$+1,100
Outlays	...	...	...
Insurance in-force:			
Number of policies	3,159,000	3,100,000	-59,000
Amount	$62,908,000	$61,000,000	$-1,908,000

The revised estimates reflect an increase in obligations of $1.1 million and an increase in offsetting collections of $1.0 million, to reflect the trends experienced over the past two years.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior year outlays	$+464	$...
Increases		
Withholdings from service pay..	+1,439	...
Decreases		
Premium payments	-1,559	...
Administrative Expenses paid to G.O.E Account	+6	...
Change in obligated balance....	-350	...
Estimate	$...	...

Explanation of Changes

- o Withholdings from service pay. - Funds deposited to the fund for premiums collected from the insureds will be $1,439,000 less in 1980 than was collected in 1979 due to a reduction in the number insured.

- o Premium payments. - Represent disbursements to the primary insurer of premium withholdings from service pay. Payments are estimated to decrease by $1,559,000 in 1980 from 1979.

- o Administrative Expenses Paid to General Operating Expense Account - Payments are estimated to increase $6,000 in 1980.

Summary of Requirements (dollars in thousands)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	1981 Estimate	Incr.(+) Decr.(-)
Obligations:					
Premium payments	$105,259	$102,600	$103,700	$103,700	$...
Administrative Expenses paid to General Operating Expense Account.....	394	400	400	400	...
Total Obligations ...	$105,653	$103,000	$104,100	$104,100	...
Financing:					
Withholdings from service pay	$105,539	$103,000	$104,100	$104,100	...
Unobligated balance					
Start of year	114	...	...	...	...
End of year	...	...	...	...	...
Total	$105,653	$103,000	$104,100	$104,100	...

Explanation of Increases and Decreases

- o The projected decreases in 1980 for premium payments to the primary insurer is due to a slight reduction in the number of service persons insured.

- o In FY 1980, the estimated withholdings from service pay are based on an approximate 2,884,000 active duty and Ready Reservists at $3.00 per month, and 6,600 part-time reservists at $2.00 per annum for $20,000 life insurance coverage.

Program Description

This fund finances the payment of group life insurance premiums to private insurance companies under the Servicemen's Group Life Insurance Act of 1965 (38 U.S.C. Sec. 765-776) as amended, and any expenses incurred by the Veterans Administration in administration of the Act.

When introduced, this program provided up to $10,000 group life insurance to members on active duty in the United States Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and National Oceanic and Atmospheric Administration. Insurance coverage continues, premium free for 120 days after separation or up to one year for those totally disabled at the time of separation.

On June 25, 1970, new legislation increased the maximum amount of insurance to $15,000 and part-time coverage was extended to all Reservists, to members of the National Guard, and ROTC members, but only while engaged in authorized training or traveling to and from such duty. Cadets and midshipmen of the four service academies were included for the same full-time coverage by legislation enacted June 20, 1972.

59-500 O - 80 - 28

On May 24, 1974 the maximum amount of insurance was increased to $20,000 by new legislation. This legislation also gave full-time coverage to all Ready Reservists, including members of the National Guard who may be required to perform active duty for training, and each year will be scheduled to perform at least 12 periods of inactive duty training that is creditable for retirement purposes, and established a new insurance program known as Veterans Group Life Insurance (VGLI) for all separated servicemen who carried SGLI at time of separation or discharge. On July 1, 1978 the premium was reduced from $0.17 to $0.15 per month per $1,000.

Program Activity

Except for Retired Reservists, SGLI coverage is automatic for $20,000 unless the member elects in writing to be insured for $5,000, $10,000 or $15,000 or not be insured at all.

These programs are supervised by the Veterans Administration and administered by a commercial primary insurer, the Prudential Insurance Company of America. During 1979 there were 387 companies participating in the program as reinsurers and converters, and an additional 27 were participating as converters only.

Insurance premiums for active duty personnel, Ready Reservists and Reservists with part-time coverage are deducted from their pay and remitted by the respective services to the Veterans Administration, which in turn remits them to the primary insurer. Retired Reservists must send their premiums direct to the primary insurer.

NATIONAL SERVICE LIFE INSURANCE FUND

APPROPRIATION LANGUAGE

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "National service life insurance fund" (38 U.S.C. Chapter 19.)

Explanation of Language Change

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

Fund Highlights

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Major Activities:				
Death Claims	$424,936	$432,125	$436,000	$+3,875
Dividends	$424,940	$494,000	$499,000	$+5,000
All Other	$259,721	$261,332	$266,732	$+5,400
Obligations/costs	$1,109,597	$1,187,457	$1,201,732	$+14,275
Offsetting Collections	$296,940	$264,969	$256,507	$-8,462
Appropriation (perm.,indef.)	$982,543	$1,029,128	$1,060,193	$+31,065
Outlays	$785,393	$803,000	$931,000	$+128,000
Insurance In Force:				
Number of policies	3,665,317	3,574,000	3,518,000	-56,000
Amount	$23,895,260	$23,291,758	$22,863,482	$-428,276

Summary of Budget Request

Program requirements of the National Service Life Insurance Fund are estimated to be $1,187.5 million in fiscal year 1980, an increase of $77.9 million over 1979. The fiscal year 1981 program is estimated to be $1,201.7 million or an increase of $14.3 million over 1980. The decrease in offsetting collections is attributed to the decrease in policy loans repaid, which is consistent with the decrease in policy loans made.

Budget authority is made available to the fund automatically each year without further action by the Congress.

Changes from Original 1980 Budget Estimates

	FY 1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
		(dollars in thousands)	
Major Activities or Programs:			
Death Claims	$430,000	$432,125	$+2,125
Dividends	$405,000	$494,000	$+89,000
All Other	$222,200	$261,332	$+39,132
Obligations/Costs	$1,057,200	$1,187,457	$+130,257
Offsetting Collections	$265,600	$264,969	$-631
Appropriation (perm., indef.)	$968,423	$1,029,128	$+60,705
Outlays	$770,680	$803,000	$+32,320
Insurance In Force:			
Number of Policies	3,628,000	3,574,000	-54,000
Amount	$25,084,000	$23,291,758	$-1,792,242

The revised estimates reflect the most recent actuarial outlook after analysis and review of program activities that occurred during fiscal year 1979.

The $130.2 million increase in obligations is due primarily to an increase of $89 million in estimated dividends and $42.7 million in policy loans made.

Appropriation requirements are up primarily due to an increase in interest on investments.

The $.6 million decrease in offsetting collections is due to a $2.0 million increase in policy loan repayments, offset in part by a $2.3 million decrease in optional income settlements and a $.3 million decrease in policy lien repayments.

Analysis of Increases and Decreases
(dollars in thousands)

	FY 1980 Current Estimate	FY 1981 Estimate
Prior year outlays	785,393	803,000
Increases (+) and Decreases(-)		
Death and disability claims	+8,630	+5,745
Cash surrenders and matured endowments	+917	+4,385
Dividends	+69,060	+5,000
Policy loans and liens	-2,144	-1,024
Interest paid on dividend credits and deposits	+1,329	+162
Change in obligated balance & other adjustments	-60,185	+113,732
Estimate	803,000	931,000

Explanation of Changes

- o An increase in outlays through increased disbursements for death and disability claims is forecast for each of the next two years. This is due to the annual increase in claims processed due to the increasing mortality of insureds.
- o The changes in cash surrenders and maturing endowments will increase outlay requirements in 1980 and to a greater extent in 1981.
- o The $69 million increase in dividends forecasted for 1980 and the $5 million increase for 1981 is attributable to a higher dividend rate.

Summary of requirements (dollars in thousands)

Obligations:	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Death Claims	$424,936	$430,000	$432,125	$436,000	$+3,875
Dividends 1/	424,940	405,000	494,000	499,000	+5,000
Cash Surrenders	40,393	34,500	38,320	38,400	+80
Disability Claims	18,668	22,000	20,109	21,979	+1,870
Matured Endowments	39,991	48,500	42,981	47,286	+4,305
Interest on Dividends	17,674	18,585	19,003	19,165	+162
Policy Loans Made	142,790	98,000	140,669	139,612	-1,057
Policy Liens Established	120	550	97	130	+33
All Other	85	65	153	160	+7
Total	$1,109,597	$1,057,200	$1,187,457	$1,201,732	$+14,275

1/ Based on experience, cash dividends represent about 62% of total dividend declared.

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Offsetting Collections:					
Policy Loans Repaid	$106,156	$92,000	$94,000	$86,000	$-8,000
Policy Liens Repaid	133	470	139	137	-2
Optional Income Settlement	32,663	34,800	32,500	32,400	-100
Net income offsets & adjustments	157,988	138,330	138,330	137,970	-360
Total	$296,940	$265,600	$264,969	$256,507	$-8,462
Budget Authority: (cash income)					
Premium (Proprietary Receipts)	$451,876	450,202	451,069	439,080	$-11,989
Interest Securities	528,490	516,221	575,746	618,800	+43,054
Payments from General and Special Funds	2,177	2,000	2,313	2,313	...
Total Cash Income	$982,543	$968,423	$1,029,128	$1,060,193	$+31,065
Workloads:					
Death Claims Paid	56,176	57,010	58,200	59,900	+1,700
Cash Surrender	10,360	9,678	10,130	9,910	-220
Disability Claims Paid	3,025	5,052	3,315	3,555	+240
Matured Endowments	7,087	8,551	8,045	8,910	+865
Policy Loans	53,441	64,280	63,853	59,862	-3,991
Policy Liens	2,543	7,798	3,039	2,849	-190

Explanation of Changes

- o In FY 1980, estimates provide for a total of 58,200 death claims, an increase of 2,024 over FY 1979, averaging $7,425 per claim. In FY 1981, we anticipate a total of 59,900 claims averaging $7,279 per claim.
- o The increase in dividends is due to an increase in earnings in FY 1981 over FY 1980.
- o The slight change in cash surrenders over the next two years is based on current trends.
- o Disability claims have progressively increased in the past few years. This trend is expected to continue, as the average age of the insureds, now 57, increases.
- o A total of 8,045 policies are due for maturity in 1980, therefore accounting for an increase of nearly 958 matured endowments over 1979.

Program Description

This fund was established in 1940 as the financing mechanism for World War II servicemen's and veterans' insurance programs, authorized by the National Service Life Insurance Act of 1940 (72 Stat. 1154). Over 22 million policies have been issued under this program. No new policies were issued after 1951.

Program Activity

During fiscal year 1979, payments from this fund to beneficiaries and living policyholders totaled about $966.7 million. The aggregate total of payments made since the inception of the program now exceeds $25.6 billion. Insurance in force is estimated to decrease by $428.3 million, representing a decrease of 56,000 policies in 1981.

Operating Results and Financial Condition

The following table summarizes the current and estimated financial condition of the fund:

	1979 Actual	1980 Estimate	1981 Estimate
Total Assets	$9,184,071,001	$9,339,001,000	$9,562,096,000
Current Liabilities	431,117,242	440,634,000	459,540,000
Long Term Liabilities	8,650,162,809	8,868,185,000	9,107,834,000
Retained Earnings	102,790,950	30,182,000	-5,278,000

A reasonable amount of cash income is held in the cash account for current expenses with the remaining excess invested in interest bearing U.S. Securities. These investments, $7,960 million in 1979, constitute about 86.7% of the total assets. There should be sufficient capital to increase these investments by $467 million in the next two years. Policy loans of about $1,050 million constitute most of the remaining assets. Loans made after January 10, 1971 bear a 5% interest rate; earlier loans are 4%. Liens at the present time bear the same interest rate as loans.

Current liabilities are comprised mostly of the following:

(a) Dividends due the insured, but left on deposit. These constitute about 72.3% of the September 30, 1979 total. Dividends left on deposit bear interest for the insured and are a safeguard in case of premium shortages.

(b) Matured contracts payable representing amounts due policyholders and beneficiaries on matured contracts pending issuance of awards. These constitute about 6.4% of the total current liabilities.

(c) Unearned premiums which are premiums paid in advance as of the end of the reporting period. These amount to about 17.5% of the total current liabilities.

Long-term liabilities or operating reserves are amounts actuarially determined and set aside to assure payment of future benefits.

Retained earnings are the cumulative earnings in excess of those set aside as operating reserves. They provide an additional safety margin against adverse contingencies.

Object Classification

The following table summarizes obligations of the fund by object classification:

	1979 Actual	1980 Estimate	1981 Estimate
Investments and loans	$142,910	$140,766	$139,742
Insurance claims and indemnities	524,074	533,688	543,825
Dividends and interest	442,613	513,003	518,165
Total	$1,109,597	$1,187,457	$1,201,732

UNITED STATES GOVERNMENT LIFE INSURANCE FUND

APPROPRIATION LANGUAGE

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "United States Government life insurance fund" (38 U.S.C. Chapter 19).

EXPLANATION OF LANGUAGE CHANGE

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

FUND HIGHLIGHTS

	FY 1979 Actual	1980 Est.	1981 Est.	Increase (+) Decrease (-)
	(dollars in thousands)			
Major Activities or Programs:				
Death Claims	$46,212	$46,659	$42,000	$-4,659
Dividends	$25,074	$21,500	$23,383	$+1,883
All Other	$13,109	$12,180	$11,104	$-1,076
Obligations/costs	$84,395	$80,339	$76,487	$-3,852
Offsetting Collections	$12,768	$11,074	$11,290	$ +216
Appropriation (Adjusted)	$38,310	$35,910	$34,304	$-1,606
Outlays	$70,841	$68,700	$63,600	$-5,100
Insurance in Force:				
Number of Policies	107,751	96,900	85,350	-11,550
Amount	$441,520	$397,484	$347,972	$-49,512

Summary of Budget Request

Program requirements of the U.S. Government Life Insurance fund are estimated to be $80.3 million in fiscal year 1980, a decrease of $4.1 million from 1979. The fiscal year 1981 program is estimated to be $76.5 million, for a decrease of $3.9 million from fiscal year 1980.

Budget authority is made available to the fund automatically each year by virtue of standing legislation and without further action by the Congress.

CHANGES FROM ORIGINAL 1980 BUDGET ESTIMATES
(dollars in thousands)

	1980		
	Budget Estimate	Current Estimate	Increase(+) Decrease(-)
Major Activities or Programs:			
Death Claims	$45,509	$46,659	$+1,150
Dividends	$21,500	$21,500	...
All Other	$11,421	$12,180	$ +759
Obligations/Costs	$78,430	$80,339	$+1,909
Offsetting Collections	$12,401	$11,074	$-1,327
Appropriation (Adjusted)	$34,375	$35,910	$+1,535
Outlays	$66,454	$68,700	$+2,246
Insurance in Force:			
Number of Policies	94,100	96,900	+2,800
Amount	$395,000	$397,484	$+2,484

The revised estimates reflect the most recent actuarial outlook after analysis and review of program activities that occurred during fiscal year 1979.

The $1.9 million increase in obligations is primarily due to an increase of 1.4 million in policy loans.

The $1.5 million increase in the adjusted appropriation (Budget Authority) is due primarily to an increase in interest on securities of $2.1 million.

The $1.3 million decrease in offsetting collections is primarily due to a decrease in optional income settlements of $450 thousand, a $422 thousand decrease in policy loan repayments and a $377 thousand decrease in net income offsets and adjustments.

Analysis of Increases and Decreases

	FY 1980 Current Est.	FY 1981 Estimate
	(dollars in thousands)	
Prior Year Outlays	$70,841	$68,700
Death and Disability Claims	-21	-4,906
Cash Surrenders and Matured Endowments	-273	-844
Dividends	-3,574	+1,883
Policy Loans and Liens	+630	+370
Change in Obligated Balance and Other Adjustments	+1,097	-1,603
Estimate	68,700	63,600

Explanation of Changes

- Based on current experience, a decrease in outlays through reduced disbursements for death and disability claims is forecast for each of the next two years.
- In FY 1980 cash surrender and matured endowment payments are expected to be less than FY 1979. This decreasing trend is anticipated through 1981.
- The dividend for FY 1979 was for nine months of the full calendar year's authorization. The estimates for FY 1980 and FY 1981 are for full calendar years.
- Net lending (policy loans and liens) will increase by $630 thousand in 1980 and increase by $370 thousand in 1981.

Summary of Requirements (dollars in thousands)

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Incr.(+) Decr.(-)
Obligations:					
Death Claims	$46,212	$45,509	$46,659	$42,000	$-4,659
Dividends	25,074	21,500	21,500	23,383	+1,883
Cash surrenders	2,232	1,615	2,008	1,513	-495
Disability claims	4,310	5,000	3,842	3,595	-247
Matured endowments	620	366	571	222	-349
Interest on Dividends	1,170	1,140	1,166	1,220	+54
Policy loans made	4,750	3,200	4,559	4,524	-35
Policy liens established	17	90	30	25	-5
Other	10	10	4	5	+1
Total	$84,395	$78,430	$80,339	$76,487	$-3,852
Offsetting Collections:					
Repayment of Policy Loans	$ 7,281	$ 6,900	$ 6,478	$ 6,500	$ +22
Repayment of Policy Liens	17	90	12	80	+68
Optional Income Settlements	3,372	3,638	3,188	3,270	+82
Net Income offsets and adjustments	2,098	1,773	1,396	1,440	+44
Total	$12,768	$12,401	$11,074	$11,290	$ +216

Summary of Requirements (dollars in thousands) continued

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Incr.(+) Decr.(-)
Budget Authority (Cash Income)					
Premiums (Proprietary Receipts)	$ 3,894	$ 4,739	$ 4,166	$ 3,779	$ -387
Interest on Securities	34,384	29,607	31,709	30,490	-1,219
Payment from General and Special Funds	32	29	35	35	...
Total Cash Income	$38,310	$34,375	$35,910	$34,304	$-1,606
Workloads:					
Death Claims Paid	9,334	7,890	9,090	8,760	-330
Cash surrenders	580	443	535	490	-45
Disability claims	57	35	47	42	-5
Matured endowments	87	38	53	40	-13
Policy loans	1,116	590	1,071	1,063	-8
Policy liens	399	675	383	380	-3

Explanation of Changes

- o A return to the normal downward trend in death claims is anticipated for 1980 and 1981.
- o The decline in dividends and cash surrenders is attributable to the steady decline in the number of policyholders.
- o The decline in disability claims is due to the decline in the number of policyholders.
- o A total of 53 policies are due for maturity in 1980, a decrease of 34 from 1979, and an additional 40 are expected to mature during fiscal year 1981.
- o The projected decline in premiums is attributable to the decline in the number of policies in force.
- o The slight decrease in interest on securities in 1981 from 1980 is attributable to the redemption of securities in 1981.

Program Description

The U.S. Government Life Insurance fund was established in 1919 (72 Stat. 1161) to receive premiums and pay claims on insurance converted from the War Risk Term Insurance of World War I. A total of approximately 1,150,000 policies was issued under this program. The issuance of new policies ended in 1951.

Program Activity

During fiscal year 1979, payments from this fund to beneficiaries and living policyholders totaled about $78.2 million. The aggregate total of payments made since the inception of the program now exceeds $3.9 billion. The insurance policies in force are decreasing at an accelerating pace, now in the proximity of 7.2% per year.

Operating Results and Financial Condition

The following table summarizes the current and estimated financial condition of the fund:

	FY 1978 Actual	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate
Total assets.....	$554,397	$518,910	$492,417	$457,786
Current Liabilities.....	25,769	25,938	34,506	34,451
Long Term Liabilities.....	515,617	480,971	442,723	405,858
Retained Earnings.....	13,011	12,001	15,188	17,477

Investments in U.S. Securities amounting to $462,557,000 as of September 30, 1979 consitute about 89.1% of the total assets. About $55.2 million in securities will have to be redeemed in 1980 and 1981 in order to meet current expenses. Policy loans constitute most of the remaining assets. Loans made after January 10, 1971 bear a 5% interest rate; earlier loans are 4%. Liens at the present time bear the same interest rate as loans.

Current liabilities are comprised mostly of the following:

(a) Dividends due the insured but left on credit or deposit. These constitute about 77.4% of the total. They bear interest for the insured and are a safeguard in case of premium shortages.

(b) Matured contracts payable representing amounts due policyholders and beneficiaries on matured contracts pending issuance of awards. These constitute about 13.1% of the total.

(c) Unearned premiums which are premiums paid in advance of the end of the reporting period. These amount to about 5.6% of the total current liabilities.

Long term liabilities or operating reserves are amounts actuarially determined and set aside to assure payment of future benefits.

Retained earnings are the cumulative earnings in excess of those set aside as operating reserves. They provide an additional safety margin against adverse contingencies.

Object Classification

The following table summarizes obligations of the fund by object classification:

	1979 Actual	1980 Estimate	1981 Estimate
Investments and loans.....	$4,767	$4,589	$4,549
Insurance claims and indemnities.	53,384	53,084	47,335
Dividends and Interest.....	26,244	22,666	24,603
Total.....	84,395	80,339	76,487

VETERANS SPECIAL LIFE INSURANCE FUND
APPROPRIATION LANGUAGE

During 1981 and within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Veterans' special life insurance fund" (38 U.S.C. Chapter 19).

Explanation of Language Change

Federal credit programs are being reviewed more intensively within the budget process through a new control system. The system requires annual authorizations through appropriation language on direct loan obligations.

FUND HIGHLIGHTS
(dollars in thousands)

	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Major Activities				
Death Claims	$19,865	$20,593	$22,500	$+1,907
Dividends	$23,948	$26,000	$28,000	$+2,000
All other	$33,360	$22,292	$22,498	$ +206
Obligations/costs	$77,173	$68,885	$72,998	$+4,113
Offsetting Collections	$109,339	$114,617	$116,499	$+1,882
Outlays	$-38,049	$-46,000	$-47,000	$-1,000
Insurance in force:				
Number of policies	546,500	544,000	529,500	-14,500
Amount	$4,763,511	$4,735,520	$4,604,002	$-131,518

SUMMARY OF BUDGET REQUEST

Program requirements of the Veterans Special Life Insurance fund are estimated to be $68.9 million in fiscal year 1980, a decrease of $8.3 million over fiscal year 1979. The fiscal year 1981 program is estimated to be $73 million or $4.1 million more than fiscal year 1980.

Operating costs projected for the current and budget years are well below anticipated fund revenue, consisting mainly of premiums and interest on investments, thereby producing an annual increase in the unobligated fund balance.

No action by the Congress is requested.

CHANGES FROM ORIGINAL 1980 BUDGET ESTIMATES
(dollars in thousands)

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Major Activities:			
Death Claims	$22,000	$20,593	$-1,407
Dividends	$26,000	$26,000	...
All Other	$21,411	$22,292	$ +881
Obligations/Costs	$69,411	$68,885	$ -526
Offsetting Collections	$109,458	$114,617	$+5,159
Outlays	$-46,820	$-46,000	+820
Insurance in force:			
Number of policies	537,500	544,000	+6,500
Amount	$4,740,000	$4,735,520	$-4,480

The revised estimates reflect the most recent actuarial outlook after analysis and review of program activities that occurred during FY 1979.

Operating costs are currently estimated at $68.9 million, a decrease of $.5 million from the $69.4 million estimated. Of this amount, $1.4 million is due to a decrease in proposed death claims and $.8 million is due to minor revisions caused by activity experienced during FY 1979.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior Years Outlays	$-38,049	$-46,000
Increases (+) and Decreases (-)		
Death and disability claims	+921	+2,307
Cash surrenders and matured endowments	-10,357	-532
Dividends	+2,052	+2,000
Interest paid on dividend deposits	+22	+417
Interest on U.S. securities	-3,322	-4,051
Interest on policy loans	-144	-200
Premiums earned	-1,175	-749
Policy loans and liens	-1,720	+2,851
Change in obligated balance	+5,585	-3,231
Other income (optional settlement)	+154	+186
Other expense	+33	+2
Estimate	$-46,000	$-47,000

Explanation of Changes

- In fiscal year 1980, death claims averaging $5,967 will be paid on an anticipated additional 122 deaths; for 1981 we anticipate an additional increase of 160 claims.
- A decline of $69 thousand in cash surrenders is forecast for 1980 and a $1.2 million decline is forecasted for 1981. Maturing endowment policies will decrease in 1980 to 843 policies, a decrease of 2,352 over 1979, attain maturity age. The policies maturing in 1980 represent about 24% of the total number of 20 year endowment policies in force.
- The $2 million increase in dividends during 1981 reflects the impact of a higher dividend rate and payment of all options for a full year.
- Dividends held as a credit or deposit draw interest at 5.5% annually. The estimated increase in each of the next two years is proportionate to the increase in dividends held.
- Interest rates on current investments in U.S. Securities range from 5.25% to 7.25%. The expected increase in interest earnings over the next two years is in anticipation of additional investments of $57.9 million in 1980 and $39.6 million in 1981.
- Interest on policy loans will decrease in each of the next two years in line with the projected decrease in loan balances outstanding.
- Premiums earned are expected to decrease by $1.2 million in 1980 and $.7 million in 1981.
- Policy loans and liens will decrease by $1.7 million in 1980 and increase by $2.8 million in 1981 due to a decline in net lending (excess of loans made over repayments) in 1980 and an increase in 1981.

Summary of requirements (dollars in thousands)

	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate	Increase(+) Decrease(-)
Costs/Obligations					
Death claims	$19,865	$22,000	$20,593	$22,500	$+1,907
Dividends	23,948	26,000	26,000	28,000	+2,000
Cash surrenders	4,449	3,113	4,380	3,213	-1,167
Disability claims	1,372	1,650	1,565	1,965	+400
Matured endowments	15,452	5,164	5,164	5,799	+635
Interest on Dividends	646	768	668	1,085	+417
Policy loans	11,449	10,700	10,489	10,407	-82
Policy liens	11	11	12	13	+1
Other	-19	5	14	16	+2
Total	$77,173	$69,411	$68,885	$72,998	$+4,113
Offsetting Collections					
Premiums earned	$57,684	$58,000	$58,859	$59,608	$+749
Int. on securitites	39,308	42,491	42,630	46,681	+4,051
Policy loans & liens repaid	8,247	5,010	9,008	6,076	-2,932
Interest on investments.	2,556	2,700	2,700	2,900	+200
Other income	1,544	1,257	1,420	1,234	-186
Total offsetting collections	$109,339	$109,458	$114,617	$116,499	$+1,882
Workloads:					
Death claims	2,558	2,900	2,680	2,840	+160
Cash surrenders	1,020	676	1,040	1,060	+20
Disability claims	242	340	275	315	+40
Matured endowments	3,195	969	843	240	-603
Policy loans	5,120	4,188	6,117	5,735	-382
Policy liens	191	156	228	214	-14

Explanation of Changes

- Death claim payments to surviving beneficiaries are expected to continue in an upward trend for the next two years due to the increasing mortality of the insureds. The number of new claims in 1980 is expected to surpass 1979 by 206. An additional 240 claims is anticipated in 1981.
- Projected increases in dividends for 1980 and 1981 are attributable to the higher interest yield on investments which contribute to the net earnings growth of the fund.
- A decrease in cash surrenders of $69 thousand is projected for 1980 and a decrease of $1.2 million is projected for 1981.
- Disability claims have increased steadily in the past few years. This trend is expected to continue, as the average age of the insureds, now exceeding 48, increases.
- The 1981 decrease in matured endowments is based on the expected reduction in the number of policies attaining maturity.
- Premiums earned are expected to increase by $1.2 million in 1980 and $.8 million in 1981. The increases in 1980 and 1981 anticipate a higher number of term insurance renewals becoming due. The use of dividends for purchase of paid up additional insurance coverage also contributes to the higher premium income.

Program Description

This fund finances the payment of claims on participating insurance policies issued before January 1, 1957, to veterans who served in the Armed Forces subsequent to April 1951 (38 U.S.C., Sec. 723). Policyholders were given the right (72 Stat. 1716) to convert to a permanent plan of insurance or to a new form of term insurance which may not be renewed beyond age 50 but which costs less than the unlimited term insurance. Policyholders under all plans of Veterans Special Life Insurance may purchase total disability income coverage with the payment of an additional premium.

Program Activity

During fiscal year 1979, payments from this fund to beneficiaries and living policyholders totaled approximately $66 million. The aggregate total of payments made since the inception of the program now exceeds $431.6 million.

Operating results and financial condition

The following table summarizes the current and estimated financial condition of the fund:

Assets:	1979 Actual	1980 Estimate	1981 Estimate
Fund balance with Treasury	$995	$2,440	$3,516
U.S. securities (par)	621,134	665,689	711,613
Accounts receivable (net)	11,740	14,331	14,974
Policy loans	57,604	59,093	63,430
Policy liens	26	30	37
Total assets	691,499	741,583	793,570
Liabilities:			
Accounts payable including funded accrued liabilities	15,430	16,478	18,360
Deferred credits	15,828	17,639	19,899
Operating reserves:			
Policy reserves	503,942	531,175	565,316
Premium waiver disability reserves	71,884	79,008	84,172
Reserve for future installments on matured contracts	7,669	7,364	7,350
Reserve for dividends	30,903	28,600	30,000
Total disability income reserves	28,796	34,115	38,843
Total liabilities	674,452	714,379	763,940
Trust equity:			
Unexpended balances:			
Unobligated balance	602,611	648,343	691,844
Invested capital	-585,564	-621,139	-662,214
Total trust equity	17,047	27,204	29,630

Analysis of changes in trust equity:

Retained income:			
Opening balance	22,495	17,047	27,204
Transactions: Net operating income or loss (-)	-5,448	10,157	2,426
Closing balance-total trust equity (end of year)	17,047	27,204	29,630

A reasonable amount of cash income is held in the cash account for current expenses with the remaining funds invested in interest bearing U.S. Securities. These investments, $621.1 million in 1979 constitute 89.8% of the total assets. There should be sufficient capital in 1980 and 1981 to increase these investments by $90.5 million. The outstanding policy loans are expected to increase by about $6 million in the next two years. Loans made after January 10, 1971 bear a 5% interest rate; earlier loans are at 4%. Liens at the present time bear the same interest rate as loans.

Dividend credits/deposits and premiums paid in advance of the reporting period constitute 93.4% of the total current liabilities. The remaining 6.6% is comprised of miscellaneous accounts payable.

Favorable mortality and investment experience on insurance written in this fund has usually kept operating costs well below the amount of revenue, thereby producing an annual increase in the trust equity of the fund. In 1979, there was a net operating loss of $5.4 thousand, however a profit is projected for both 1980 and 1981.

The following table summarizes the actual and estimated revenue and expenses of the fund:

	1979 Actual	1980 Estimate	1981 Estimate
Revenue			
Funded			
Interest on securities	$39,308	$42,630	$46,681
Interest on investments (policy loans)	2,556	2,700	2,900
Premiums earned (collected)	57,684	58,859	59,608
Other income	1,544	1,420	1,234
Unfunded			
Premiums earned (waived)	1,062	1,050	1,050
Total	102,154	106,659	111,473
Expense			
Funded			
Death claims	19,865	20,593	22,500
Cash surrenders	4,449	4,380	3,213
Dividends	23,948	26,000	28,000
All Other	17,451	7,411	8,865
Unfunded			
Premiums waived	1,062	1,050	1,050
Increase in operating reserves	40,827	37,068	45,419
Liens written off	...	...	...
Total	107,602	96,502	109,047
Net operating income or loss (-)	-5,448	10,157	2,426

The following table summarizes the actual and estimated obligations of the fund by object classification (dollars in thousands):

	1979 Actual	1980 Estimated	1981 Estimated
Investments and loans	11,460	10,501	10,420
Insurance claims and indemnities	41,119	31,716	33,493
Dividends and interest	24,594	26,668	29,085
Total obligations	77,173	68,885	72,998

VETERANS ADMINISTRATION

Fiscal Year 1981 Budget Estimates

VOLUME II - MEDICAL AND CONSTRUCTION
APPROPRIATIONS AND FUNDS

Part		Page No.
5.	Department of Medicine and Surgery - Summary Introduction.....	5-1
6.	Medical Care Table of Contents.....	6-1
7.	Medical and Prosthetic Research Table of Contents.....	7-1
8.	Medical Administration and Miscellaneous Operating Expenses Table of Contents.....	8-1
9.	Grants for Construction of State Extended Care Facilities Table of Contents.....	9-1
10.	Grants to the Republic of the Philippines Table of Contents.....	10-1
11.	Assistance for Health Manpower Training Institutions Table of Contents.....	11-1
12.	Revolving and Trust Funds Table of Contents.....	12-1
13.	Construction - Summary.....	13-1
14.	Construction, Major Projects.....	14-1
15.	Construction, Minor Projects and General Administration.....	15-1
16.	Construction, Special Analyses.....	16-1

59-500 O - 80 - 29

DEPARTMENT OF MEDICINE AND SURGERY - SUMMARY

INTRODUCTION

The Veterans Administration is charged with providing medical care and treatment to all eligible beneficiaries. The functional arm of the VA that administers and operates this medical care delivery system is the Department of Medicine and Surgery (DM&S) which was established in 1946. DM&S is headed by a Chief Medical Director who is responsible to the Administrator of Veterans Affairs for all agency medical programs. DM&S operates the largest medical care delivery system in the United States. In fiscal year 1979, DM&S accounted for nearly 89% of the total agency employment, with only 28% of the total agency appropriation.

The departmental appropriation structure is outlined below:

Appropriation Accounts:

1. Medical Care (Annual Appropriation): Provides for maintenance and operation of Veterans Administration hospital facilities, domiciliaries, nursing bed care facilities, and outpatient clinics; care of beneficiaries in contract hospital and nursing home facilities not under jurisdiction of the Veterans Administration; aid to State or Territorial homes for support of veterans eligible for care by the Veterans Administration; and an education and training program to enhance the quality of care provided to eligible veterans within the VA health care delivery system.

2. Medical and Prosthetic Research (Two-Year Appropriation): Provides for a program of Medical Research, a program of Rehabilitative testing and development to support the Medical Care program, a cooperative program for Cancer Chemotherapy Research conducted in joint cooperation with the National Cancer Institute, and a program of Health Services Research to improve the delivery of health care services to all beneficiaries.

3. Medical Administration and Miscellaneous Operating Expenses (Annual Appropriation): Provides for the administration by a Central Office Staff of all medical programs of the Veterans Administration including a program of Postgraduate and Inservice training to support the Medical Care programs, and an Exchange of Medical Information program between the Veterans Administration and other elements of the nation-wide medical-scientific community.

4. Assistance for Health Manpower Training Institutions (Multi-Year Appropriation): Provides assistance in the establishment of new State medical schools, to existing medical schools affiliated with the Veterans Administration and to other health manpower training institutions; for development of cooperative arrangements between institutions of higher education, hospitals, and other nonprofit health service institutions affiliated with the Veterans Administration to coordinate, improve, and expand the training of professional and associated health and paramedical personnel; and for development and evalution of new health careers, interdisciplinary approaches, and career advancement opportunities.

5. Grants to the Republic of the Philippines (Annual Appropriation): Provides grants to the Republic of the Philippines for medical care and treatment of eligible veterans of the Philippine Commonwealth Army and new Philippine Scouts, for health manpower education, and for asset improvements.

6. Grants for Construction of State Extended Care Facilities (Multi-Year Appropriation): Provides grants to assist the States in the construction of State facilities for furnishing nursing home and domiciliary care to veterans; and also provides grants to assist the States in remodeling, modifying or altering existing hospital, nursing home or domiciliary facilities in State homes providing care and treatment for veterans.

Revolving/Trust Accounts:

1. Canteen Service Revolving Fund: This fund finances the operation of canteens of all VA medical centers. These activities are under the management of the Veterans Canteen Service, established by Congress in 1946. Income from sales has made this a self-sustaining activity with any excess profits paid to the U.S. Treasury.

2. Supply Fund: Under a revolving fund arrangement, and financed by reimbursements from using appropriations, this fund provides for procurement of certain supplies and centrally acquired equipment for the entire agency, the operating expenses of three supply depots, a marketing center, a publication service, the cost of the service and reclamation program in the depots, and procurement or production and distribution of printed matter for the Agency. VA supply depots also provide items and services to other Government agencies when advantageous to the Government.

3. General Post Fund: This fund consists of gifts, bequests, and proceeds from the sale of property left in the care of the VA medical centers by former beneficiaries or the general public, patient's fund balances, and proceeds from the sale of effects of beneficiaries who die leaving no heirs or without having otherwise disposed of their estates. Such funds are used to promote the comfort and welfare of veterans at hospitals and homes where no general appropriation is available for this purpose, or where the items desired are sufficiently low on the priority list as would preclude their being provided from appropriated funds on a timely basis.

4. Special Therapeutic and Rehabilitation Activities Fund: This revolving fund, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, approved October 21, 1976, provides a mechanism for the furnishing of rehabilitative services to certain veteran beneficiaries who are receiving medical care and treatment from the Veterans Administration.

Funds to operate the various rehabilitative activities and provide for the therapeutic work for remuneration for patients and members in Veterans Administration medical centers are derived from contractual arrangements with private industry or non-profit entities. This is a self-sustaining fund and therefore no appropriation is required to support these activities.

5. Construction and Operation of Garage and Parking Facilities: This revolving fund, established pursuant to the Veterans Omnibus Health Care Act of 1979, Public Law 96-72, approved September 30, 1979, provides a mechanism for collecting funds to operate the various parking activities and provide for remuneration to the Veterans Administration. Funds are derived from employee contributions.

SUMMARY OF APPROPRIATION REQUIREMENTS
($'s in thousands)

Appropriation	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
Medical Care	$5,374,374	$5,659,117	$5,854,970	$6,154,802	$+299,832
Medical and Prosthetic Research:					
Medical Research	112,993	111,960	115,371	122,743	+ 7,372
Rehabilitative Research	6,480	7,885	7,987	8,984	+ 997
Health Services Research	3,374	3,002	3,089	3,083	- 6
Sub-Total	122,847	122,847	126,447	134,810	+ 8,363
Medical Administration & Miscellaneous Operating Expenses:					
Medical Administration	32,808	34,774	36,174	43,407	+ 7,233
Postgraduate & In-service Training.	11,750	10,750	10,031	10,750	+ 719
Exchange of Medical Information	2,500	2,500	2,500	2,250	- 250
Sub-Total	47,058	48,024	48,705	56,407	+ 7,702
Grants for Construction of State Extended Care Facilities	10,000	5,000	7,500	15,000	+ 7,500
Grants to the Republic of the Philippines	500	1,700	1,350	1,200	- 150
Assistance for Health Manpower Training Institutions	104,905	...	...	...	...
Sub-total	5,659,684	5,836,688	6,038,972	6,362,219	+323,247
General Post Fund (Trust)	6,460	6,700	6,700	7,000	+ 300
Total	5,666,144	5,843,388	6,045,672	6,369,219	+323,547

Pay Raise Supplemental - (included above)

Medical Care	171,270
Research	3,600
MAMOE	1,099
Total	175,969

SUMMARY OF APPROPRIATION HIGHLIGHTS

FY 1980 Changes
($'s in thousands)

Appropriation/Fund	President's Budget	Congressional Action	Pay Supplemental	Current Request
Medical Care.....	$5,659,117	+$24,583	+$171,270	$5,854,970
Medical and Prosthetic Research...	122,847	...	+ 3,600	126,447
Medical Administration and Miscellaneous Operating Expenses....	48,024	- 418	+ 1,099	48,705
Grants for Construction of State Extended Care Facilities.....	5,000	+ 2,500	...	7,500
Grants to the Republic of the Philippines....	1,700	- 350	...	1,350
General Post Fund (Trust).....	6,700	...	...	6,700
Total.....	5,843,388	+ 26,315	+ 175,969	6,045,672

FY 1981 Changes
($'s in thousands)

Appropriation/Fund	Uncontrollable Increases	Workload Changes	Program Changes	Total Change
Medical Care.....	+$ 225,392	+$12,408	$+ 62,032	$+ 299,832
Medical & Prosthetic Research.....	+ 6,612	...	+ 1,751	+ 8,363
Medical Administration and Miscellaneous Operating Expenses..	+ 391	...	+ 7,311	+ 7,702
Grants for Construction of State Extended Care Facilities.....	...	...	+ 7,500	+ 7,500
Grants to the Republic of the Philippines	...	...	- 150	- 150
General Post Fund (Trust).....	...	...	+ 300	+ 300
Total.....	+ 232,395	+ 12,408	+ 78,744	+ 323,547

SUMMARY OF BUDGETED OUTLAYS APPROPRIATION/FUND
($'s in thousands)

Appropriation	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
Medical Care...	$5,159,544	$5,657,530	$5,926,085	$6,101,087	$+175,002
Medical and Prosthetic Res.	117,273	122,847	126,309	134,810	+ 8,501
Medical Administration & Misc. Operating Expenses.....	42,621	48,063	48,689	56,448	+ 7,759
Grants for Construction of State Extended Care Facilities.	14,303	10,021	10,056	10,163	+ 107
Grants to the Republic of the Philippines.....	187	1,700	1,350	1,200	- 150
Assistance for Health Manpower Training Inst..	40,672	49,502	49,502	49,529	+ 27
Canteen Service Revolving Fund..	- 3,250	- 1,018	- 1,018	- 143	+ 875
Supply Fund.....	- 7,596	...	9,000	...	- 9,000
Special Therapeutic and Rehabilitation Activities Fund...	- 164	- 150	- 253	- 255	- 2
General Post Fund.	5,547	6,000	6,000	6,300	+ 300
Total.....	5,369,137	5,894,495	6,175,720	6,359,139	+183,419

Pay Raise Supplemental - (included above)

Medical Care.....	165,677	5,593
Research.....	3,462	138
MAMOE.....	1,069	30
Total.....	170,208	5,761

SUMMARY OF APPROPRIATION/FUND REQUIREMENTS
Average Employment

Appropriation/Fund	FTP	All Other	Sub-Total Ceiling	Non-Ceiling	Common Svc	Total
FY 1979 Actual:						
Medical Care.....	160,323	18,988	179,311	1,777	654	181,742
Medical & Prosthetic Research.....	2,508	1,894	4,402	14	...	4,416
Medical Administration & Miscellaneous Operating Expenses.	663	84	747	34	...	781
Canteen Service Revolving Fund.....	2,912	604	3,516	13	...	3,529
Supply Fund.....	661	15	676	4	20	700
Total.....	167,067	21,585	188,652	1,842	674	191,168
FY 1980 Estimate:						
Medical Care.....	166,525	16,696	183,221	1,401	644	185,266
Medical & Prosthetic Research.....	2,647	1,756	4,403	15	...	4,418
Medical Administration & Miscellaneous Operating Expenses.....	700	101	801	11	...	812
Canteen Service Revolving Fund.....	2,962	612	3,574	30	...	3,604
Supply Fund.....	683	10	693	3	20	716
Total.....	173,517	19,175	192,692	1,460	664	194,816
FY 1981 Estimate:						
Medical Care.....	166,285	16,986	183,271	1,401	644	185,316
Medical & Prosthetic Research.....	2,592	1,811	4,403	15	...	4,418
Medical Administration & Miscellaneous Operating Expenses.....	726	101	827	11	...	838
Canteen Service Revolving Fund.....	2,962	612	3,574	30	...	3,604
Supply Fund.....	683	10	693	3	20	716
Total.....	173,248	19,520	192,768	1,460	664	194,892

Table of Contents

Medical Care

I. General: Page No.

Appropriation Language..... 6-3
Appropriation Highlights..... 6-4
Analysis of Increases and Decreases..... 6-5
Cost/Outlay Reconciliation..... 6-6
Activity Classification..... 6-7
Characteristics of VA Hospital Care 6-9
The Veteran Population and Those Who are VA Patients..... 6-11
Age of Veteran Population and VA Patients..... 6-12
Graphic Chart - Veterans Over Age 65..... 6-13

II. Program Resource Changes:

Summary..... 6-15
1. Workload Changes..... 6-16
2. Specialized Medical Programs..... 6-20
3. Education and Training..... 6-21
4. Payroll Increases..... 6-24
5. Increased Usage..... 6-25
6. Capital Investment..... 6-26

III. Employment:

Full-Time Equivalent Employment (Net) by Type and Activity.. 6-31
Average Payroll Cost (1963-1981)..... 6-32
Comparative Employment Data and Staffing Ratios..... 6-33
Residency and Other Training Programs, Medical Care..... 6-34

IV. Program Summary Data:

Number of Installations..... 6-35
Summary of Workloads and Workload Indicators..... 6-35
Summary of Costs by Activity..... 6-38
Comparative Patient Cost Data..... 6-39
Comparative Analysis of Costs by Object..... 6-40
Non-VA Program Summary..... 6-42
Contract Hospitals..... 6-43
Medical and Dental Fee Costs (1960-1979)..... 6-44

VETERANS ADMINISTRATION

MEDICAL CARE

APPROPRIATION LANGUAGE

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 Veterans Administration, including care and treatment in facilities not under the jurisdiction of the Veterans Administration, and furnishing recreational facilities, supplies and equipment; funeral, burial and other expenses incidental thereto for beneficiaries receiving care in Veterans Administration facilities; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Veterans Administration, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowance therefor, as authorized by law (5 U.S.C. 5901-5902); and aid to State homes as authorized by law (38 U.S.C. 641); [$5,683,700,000] $6,154,802,000, plus reimbursements.

No change is proposed in the appropriation language for fiscal year 1981.

Medical Care
Appropriation Highlights

(dollars in thousands)	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Major Programs:				
Maintenance & Operation of VA Medical Centers..	$5,035,755	$5,631,997	$5,902,702	+$270,705
Contract Care.....	163,504	185,150	198,114	+ 12,964
Grants for State Home Care.....	36,277	38,739	46,689	+ 7,950
CHAMPVA.....	39,218	39,084	47,297	+ 8,213
Costs.....	5,274,756	5,894,970	6,194,802	+ 299,832
Appropriation.....	5,374,374	5,854,970	6,154,802	+ 299,832
Obligations.....	5,408,252	5,894,970	6,194,802	+ 299,832
Outlays.....	5,159,544	5,926,085	6,101,087	+ 175,002
Average enployment (jurisdictional).....	181,088	184,622	184,672	+ 50

Summary of Budget Request

This budget provides for the nedical care and treatment of veterans, in VA nedical centers with 83,257 census, 1,262,400 patients treated, and 18,005,000 outpatient visits, Contract facilities with 9,361 census and 58,700 patients treated, support for State programs with 12,731 census and 29,284 patients treated, and the CHAMPVA program administered through the Department of Defense with 453 census and 141,195 outpatient visits. The increases requested in this budget, outlined below, are the nininun necessary to naintain the delivery of quality nedical care to veteran beneficiaries.

Changes from Original 1980 Budget Estimates

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
		($'s in thousands)	
Maintenance and operation of VA Medical Centers.....	$5,431,256	$5,631,997	+$200,741
Contract Care.....	189,076	185,150	- 3,926
Grants for State Home Care	39,701	38,739	- 962
CHAMPVA.....	39,084	39,084	...
Costs.....	5,699,117	5,894,970	+ 195,853
Appropriation.....	5,659,117	5,854,970	+ 195,853
Obligations.....	5,699,117	5,894,970	+ 195,853
Outlays.....	5,657,530	5,926,085	+ 268,555
Average enployment (jurisdictional).....	182,822	184,622	+ 1,800

VETERANS ADMINISTRATION

MEDICAL CARE

APPROPRIATION LANGUAGE

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 Veterans Administration, including care and treatment in facilities not under the jurisdiction of the Veterans Administration, and furnishing recreational facilities, supplies and equipment; funeral, burial and other expenses incidental thereto for beneficiaries receiving care in Veterans Administration facilities; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Veterans Administration, not otherwise provided for, either by contract or by the hire of tenporary employees and purchase of naterials; uniforms or allowance therefor, as authorized by law (5 U.S.C. 5901-5902); and aid to State homes as authorized by law (38 U.S.C. 641); [$5,683,700,000] $6,154,802,000, plus reimbursements.

No change is proposed in the appropriation language for fiscal year 1981.

The changes in original and revised estimate of fiscal year 1980 appropriation requirements can be best analyzed through a tabular display.

	($000)	($000)
1. Appropriation as amended FY 1980.....	$5,659,117	
Congressional Increase.....	24,583	
Appropriation Enacted.....		$5,683,700
2. October 7,1979 pay raise requirement.....	184,095	
Wage Board requirements in FY 1980.....	29,176	
Senior Executive Service.....	816	
	214,087	
3. Reductions in travel under the provisions of PL 96-86 and OMB Bulletin 80-3. To be applied to pay raise requirements....	- 1,564	
4. Selected reductions in other than personnel services accounts. To be applied to pay raise requirements per OMB Bulletin 80-2.....	-41,253	
5. Supplemental to be requested for pay Net. Item 2 less items 3 and 4.....		171,270
Total Appropriation Estimates.....		5,854,970

The fiscal year 1980 amended budget estimate of 182,822 Jurisdictional FTEE was increased 1,800 by Congress to a level of 184,622.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior year costs.....	$5,274,756	$5,894,970
Budget increases.....	284,877	...
Congressional Action.....	24,449	...
Increased costs resulting from prior years obligations (Undelivered Orders plus lapse).....	138,299	...
Reimbursement increase.....	1,319	...
Pay raise supplemental and annualization.....	141,278	3,582
Other payroll increases.....	29,992	48,358
Workload increases.....	...	12,408
Education and Training.....	...	- 908
Increased usage.....	...	173,452
Capital Investment and M&R.....	...	62,390
Specialized Medical Programs.....	...	550
Estimate.....	5,894,970	6,194,802

A cost increase of $299,832,000 is anticipated in FY 1981 for:

1) Workload increases of $12,408,000 including new activations, nursing census, and non-VA workload.
2) Increase of $550,000 for Specialized Medical Programs.
3) Decrease of $908,000 in Education and Training.
4) Uncontrollable payroll increases of $51,940,000 including within grades and annualization of Wage Board increases.
5) Increased cost and usage of $173,452,000 including supplies and materials and rate changes in non-VA programs.
6) Increased Capital Investment of $62,390,000 including M&R, Minor Improvements and Replacement and Additional Equipment.

These areas are discussed in detail in the following pages.

COST-OUTLAYS RECONCILIATION
(In thousands of dollars)

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Total Cost.....	$5,274,756	$5,699,117	$5,894,970	$6,194,802	$+299,832
Change in Selected Resources.....	133,496	...	...	...	...
Obligations.....	5,408,252	5,699,117	5,894,970	6,194,802	+299,832
Reinbursenents...	- 38,681	- 40,000	- 40,000	- 40,000	...
Lapse.....	+ 4,803	...	...	...	...
Budget Authority.	5,374,374	5,659,117	5,854,970	6,154,802	+299,832
Lapse.....	- 4,803	...	...	...	...
Obligated Balance (BOY).....	620,814	626,865	817,833	746,718	- 71,115
Obligated Balance (EOY).....	- 817,833	- 628,452	- 746,718	- 800,433	- 53,715
Adjustnent Expired Account.....	- 13,008	...	...	...	...
Outlays.....	5,159,544	5,657,530	5,926,085	6,101,087	+175,002

MEDICAL CARE

Activity Classification

Fiscal year 1981 appropriation requirements are presented in this estimate under the following major activity classifications.

Maintenance and Operation of VA Medical Programs

VA Inpatient Medical Centers

Inpatient Medical Care within the VA health care system is rendered through hospitals, nursing homes and domiciliaries. In VA hospitals, those veterans with general medical ailments are treated in the Medical Bed Sections, veterans requiring surgery are treated in the Surgical Bed Sections, and veterans with problems related to mental illness, including alcohol and drug problems, are treated in the Psychiatric Bed Sections.

The VA Nursing Home Care program is designed for chronically ill veterans who have attained maximum hospital benefits but require skilled or intermediate nursing home care.

The VA Domiciliary Program is directed toward providing medical and comprehensive professional care in a residential-type setting to aging and disabled veterans who need care but neither hospitalization nor skilled or intermediate nursing home services.

Outpatient Care

Outpatient medical and dental care is provided to eligible veteran beneficiaries in each of the Veterans Administration medical centers and independent outpatient clinics. In addition, several VA medical centers operate satellite clinics in areas which are geographically remote from VA medical centers facilities but where there are significant veteran populations.

The majority of VA's outpatient care is provided by its own professional staff. However, the services of private physicians and dentists are utililzed on a fee basis to provide health care for eligible beneficiaries whenever the necessary VA medical centers are not available.

Miscellaneous Benefits and Services

This activity includes those items of expense not directly connected with the medical care and treatment of beneficiaries such as beneficiary travel, operation of housekeeping and non-housekeeping quarters, and the cost involved with supply, engineering, housekeeping and services furnished to other than DM&S activities (DVB, DDM and other organizations) on a non-reinbursable basis.

Education and Training

The Veterans Administration conducts an education and training program to enhance the quality of care provided to eligible veterans within the VA health care delivery system. These education and training activities improve veterans' care in that: trainees participate in their clinical medical care at the bedside and in clinics; more able health care professionals are attracted where there are learning and teaching opportunities; medical advances are more likely to be applied in a teaching setting; a questioning attitude between trainee and teacher enhances the quality of care; and the manpower produced is beneficial to recruitment in DM&S.

Contract Hospitalization

In addition to those facilities operated directly by the VA, there are other public and private facilities whose services are utilized through contractual arrangements. Hospitalization of VA beneficiaries in other Federal hospitals is provided to insure availablity of medical care in areas where VA medical centers are not available. Also, according to the provisions of Sections 601 and 1506, Title 38 U.S.C., VA beneficiaries are provided care in non-Federal hospitals at VA expense.

State Home Care

Section 641, Title 38 U.S.C., authorizes payment of per diem rates for care in State domiciliaries, State nursing homes and State hospitals for eligible veterans.

Community Nursing Home Program

This program is designed to complement the VA Nursing Home program by providing skilled or intermediate nursing home care for a period not to exceed 6 months to veterans in their home communities as a transition from hospitalization in VA medical centers. Veterans hospitalized primarily for a service-connected disability are exempt from the 6-month limitation.

Civilian Health and Medical Program of the VA

This program provides care for certain dependents as authorized by 38 U.S.C. 613. This authorizes the VA to furnish medical care to the spouse or child of a veteran who has a total and permanent service-connected disability, and the widowed spouse or child of a veteran who (a) died as a result of a service-connected disability, or (b) at the time of death had a total disability permanent in nature, resulting from a service-connected disability.

Areas of Consideration related to the Activity Classification:

Multi-Level Care Program, Status Report

Multi-Level Care (MLC) is a system of patient classification based upon medical needs, and the specific application of resources to meet those needs. Its aims are:

- Optimal resource allocation among and within facilities,
- Improved patient care through better resources management,
- Definition of facility missions by levels of care,
- More accurate formulation of resources needs and budgets,
- Cost accounting and billing capability by care levels, and
- Support of other studies which may be needed - e.g., cost comparisons, staffing levels, productivity measures, etc..

Testing of MLC is now underway in Medical Districts #6 (Washington/ Baltimore area) and #13 (Ohio) utilizing 22 FTEE specially assigned to 10 medical centers plus 26 FTEE in centralized program staff. These positions provide for development of patient classification criteria, monitoring of actual patient assignment by such criteria, education of VA personnel in MLC, coordination of resource tracking techniques (contract with Battelle Columbus Laboratories), integration of a financial management subsystem being developed in the office of the VA Controller, and evaluation of the whole MLC effort. A Steering Committee composed of senior medical center and Central Office appointees advises on major policy decisions. Necessary ADP support is obtained through the Computerized Medical Systems Staff of the Department of Medicine and Surgery working in cooperation with the VA Office of Data Management and Telecommunications.

Timetable for MLC Implementation includes design of patient classification system (FY '77 - '78), installation of patient classification system in all 10 test centers (FY '79), financial management analysis and design (FY '79), development of patient and resource tracking techniques in 10 test centers (FY '80), test of financial management subsystem in 3 centers (FY '80), and synthesis/evaluation of MLC test data from the 10 centers of Medical District #6 and #13 (FY '80-'81). As of December 1979, these processes are all on schedule. Recommendations to the Chief Medical Director and a consequent decision regarding extension of MLC is anticipated in October 1980; however, full test data will not be codified until April 1981, at which time systemwide implementation could begin.

CHARACTERISTICS OF VA HOSPITAL CARE

In 1968 DM&S operated over 112,000 medical center hospital beds. A study of the medical centers revealed that over 15,000 of these hospital beds were crowded into insufficient space (substandard beds). Over the ensuing 12 years, most of these substandard beds have been eliminated and the operating hospital bed level for VA medical centers at the end of FY 1979 was 85,504. During this same period the number of patients treated in these beds has increased from 762,000 to 1,230,252 per year an increase of over 468,252 or 62 per cent.

The recent development of more stringent patient privacy standards for health care institutions (partitioning of wards, and maximum room capacity limited to 4 beds with prescribed space requirements) and the correction of safety an fire deficiencies (additional exits and fire stairs) has resulted and will continue to result in additional bed losses. Losses will also be associated with necessary modernization and other construction projects.

While the VA has continually treated more patients in fewer beds, due to an increasing pace of care in the medical centers, continued projection of this increasing pace of care rests on several intangibles. It is believed that the increased pace of care so far observed is primarily a consequence of the improved staffing experienced by the VA since 1970. Further improvements (decreased length-of-stay) will be dependent upon additional staffing improvement, and expanded alternatives to hospitalization. Although the elimination of operating beds will improve the staff/bed ratio, to the extent these eliminated beds are now unoccupied, there will be no actual increase in staff ratio nor in pace of care.

The need of the veteran patient for bed care differs from that of the private sector. In the private hospital, the patient has typically received medical care preceding the hospital episode and was sent to the hospital for treatment of a specific condition. Upon completion of treatment for that conditon, the patient typically returns to home, family, and job with necessary follow-up medical care being rendered in the community doctor's office.

The majority of VA patients, however, do not follow these steps. They arrive, often self-referred, at the medical centers. Their diagnosis and treatment proceed, usually for several medical problems. When treatment is complete, the post-hospital care problem must be addressed. An additional few days of hospitalization may be considered preferable to having a patient, who lives 50-100 miles from the hospital, return twice for follow-up care in the next 3 days (e.g., to have sutures removed or to check response to a new treatment).

With 56% of VA patients at or below the poverty level of income and lacking an immediate family, outplacement may be compassionately delayed until suitable arrangements can be made for the veteran. If the veteran is sent home for 3-4 days, with plans to return for further hospitalization, he will be sent on a "pass". In the private hospital this sequence would be recorded as two short hospitalizations In the VA the entire sequence will be recorded as one episode of care and, therefore, a longer length-of-stay.

The aged, disabled, or chronically ill patient, who lacks any alternatives to hospital care, presents a different problem of care for the VA than that typically faced by the acute-care, private hospital. In the private sector, discharge from hospitalization tends to take precedence over the availability, suitability, and economic impact of the patient's and his family's alternatives. In the VA, the patient lacking alternatives may be held in chronic care or extended care wards until an appropriate placement - in VA medical centers or at VA expense - can be identified.

59-500 O - 80 - 30

The veteran also has been provided legal eligibility or entitlement to many forms of special medical care that are not available, or are not routinely provided, in the private health care system as an integral part of hospital care. Thus, VA medical centers provide the highly specialized care of those who are paralyzed due to spinal cord injury and disease, rehabilitation for the blind, speech training, dental examination and treatment, hearing tests and hearing aids, artificial limbs and training in their use, occupational therapy, family counseling, automobile driver training for the disabled, and other services - all provided the veteran by law.

The needs of the unique veteran population, the VA's responsibility for continuing care in and out of the medical center, and the constellation of services which VA medical centers must provide invalidate most comparisons of the VA health care system with the private, non-VA system.

A prime example of this difference is emphasized by the current concern over excess hospital beds in the nation. For the past 10 years (and more) the number of beds in the private sector has increased. For the past 12 years, in contrast, the number of VA hospital beds has decreased. In spite of this decrease, the VA treated 61% more hospital patients in FY 1979 than it did in FY 1968.

THE VETERAN POPULATION AND THOSE WHO ARE VA PATIENTS

VA medical records for fiscal year 1977 indicate that about 2,545,000 different veterans were VA patients. Of this number, 75,000 received inpatient care only, 1,870,000 received outpatient care only, and 600,000 received both.

These levels of patient load are significantly less than might be expected to be generated by the entire veteran population of 29,984,000 persons, all but 649,000 of whom are males. An examination of the 30 million veterans indicates that four groups may be identified:

Veteran Groups	Thousands of Veterans		
	All Ages	Under Age 65	Age 65 and over
1. Those with service-connected conditions.....	5,743	4,989	754
Those without service-connected conditions who:			
2. Have VA pension, or are.....	924	516	408
3. Age 65 or over and not service-connected or with VA pension...	860	...	860
4. Those who may receive needed care if they cannot defray cost of care	3,705	3,705	...
Total "eligible" (also are below)	11,232	9,210	2,022

For planning purposes, the last group (those who cannot defray the cost of care) includes all veterans with an annual income of $7,000 or less. This is approximately the poverty threshold for a non-farm male head of a family of five according to a Congressional Budget Office background paper issued in 1976. (An allowance for inflation has been added.)

A non-service-connected veteran's decision that he cannot afford the cost of care would be made in each instance of application for medical services. Consequently, depending upon the cost of the particular medical care treatment, a veteran with an income higher than $7,000 might not be able to afford that cost, while one with a lower income could do so. In any case, this indicates that some 11,232,000 or only 38 percent of living veterans are generally eligible for VA sponsored care. The remaining 18,752,000 are non-service-connected veterans under age 65 with incomes in excess of $7,000.

There are expected to be relatively few new veterans added and those now in the population will advance in age. Whereas there are now only 9.2 percent over age 65 and only 3 percent over age 75, these proportions will increase steadily to 29 percent and 13 percent for veterans over age 65 and 75 respectively by the year 2000. The number of patients may be expected to increase since older persons consume relatively more health services than do younger ones.

Also, since 1971 the demand on VA for hospital care by patients aged 65 or more has increased steadily after having decreased from 1966 (when Medicare began) through 1970. At present, the level of use has returned to what it was prior to Medicare.

Another factor influencing the veterans' choice of health care provider is the extent to which they have health insurance. Surveys taken among samples of veterans indicate that among all veterans about 80 percent have some health insurance while 20 percent do not. Among veterans who use VA, only 33 percent have some health insurance and 67 percent do not.

This difference in health insurance coverage among all veterans and among VA health care users suggests that veterans who use VA care are not similar to all veterans. This is borne out by available data. The VA users have lower income, are more often not married, are generally older, are more often disabled, and are more often members of minority groups.

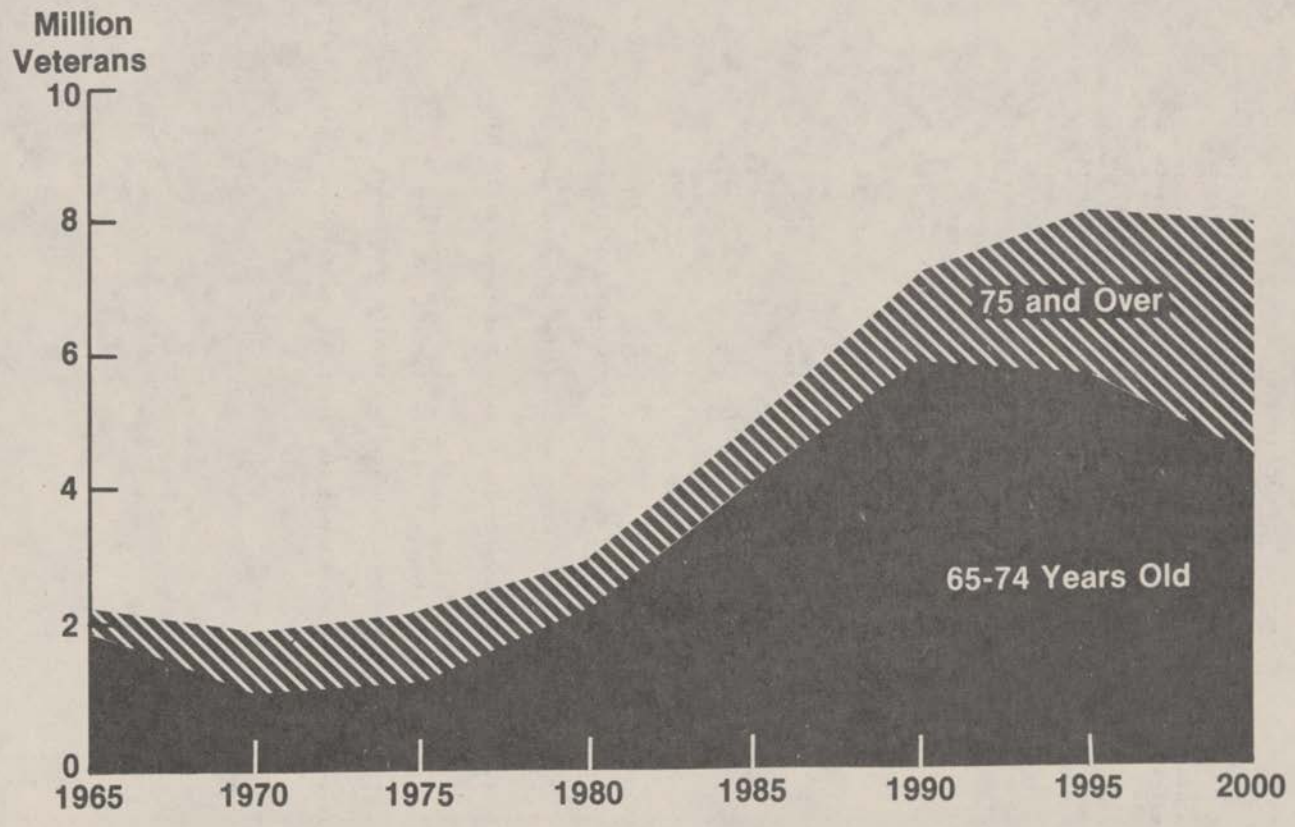
MEDICAL CARE

Age of Veteran Population and VA Patients a/

	Average Age	% 65 or Older	% under 65
All Veteran Population.	48	9	91
State Nursing Homes....	74	74	26
State Home Hospitals...	74	72	28
VA Nursing Homes.....	70	61	39
Community Nursing Homes	68	57	43
State Domiciliary Homes	64	44	56
VA Domiciliaries.....	60	30	70
OP Medical - Staff.....	51	16	84
VA Hospitals.....	56	26	74
OP Medical - Fee.....	53	22	78

a/ The "All Veteran" line is September 30, 1979 data. All inpatient care statistics are from the annual one-day census of September 28, 1978. Outpatient statistics are as of September 30, 1978.

NUMBER OF VETERANS OVER AGE 65



PROGRAM RESOURCE CHANGES, SUMMARY

The Medical Care appropriation provides for expenses necessary for the maintenance and operation of Veterans Administration medical centers consisting of hospitals, nursing homes, domiciliaries and outpatient clinics and the care and treatment of eligible beneficiaries in non-VA hospitals, community nursing and state extended care facilities. In addition, training of medical residents and interns and other professional, paramedical, and administrative personnel in the health-science fields is provided to support the Agency's manpower requirement in these shortage categories.

The FY 1981 increases in budget authority of $299,832,000 and of 50 average employment (FTEE) for the Medical Care appropriation is presented in the following sections.

1. Increased demand for medical services by veteran beneficiaries which is to be met in both existing and new or expanded VAMC's, will require $12,408,000 and 30 FTEE as follows:

	FTEE	($'s 000)
a. Existing VA Medical Centers..	-310	-$ 450
b. New Outpatient Clinic.....	52	1,657
c. Other New Facilities.....	150	6,746
d. Outpatient Dental Fee.....	...	- 821
e. Outpatient Medical Fee.....	...	- 303
f. Real Property Rental.....	...	4,119
g. Extended Care Programs.....	138	7,380
h. CHAMPVA.....	...	1,626
i. Contract Hospitals.....	...	- 7,546
Total	30	12,408

2. Specialized Medical Programs will require $550,000 and 20 FTEE.

3. A decrease of $908,000 is reflected for Education and Training.

4. Statutory and uncontrollable payroll increases will require $51,940,000.

5. Increased costs and usage for VA and non-VA programs, direct care and support items, will require $173,452,000.

6. Capital Investment programs will require an increase of $62,390,000.

These categories are presented, in detail, on the following pages.

1. An increase of $12,408,000 and 30 FTEE will be required for increased demand for medical services by veteran beneficiaries.

a. Existing VA Medical Centers (Hospital Activity): Decreases of $450,000 and 310 FTEE

A net decrease of $450,000 and 310 FTEE will be experienced in fiscal year 1981. Explanation of the principle components follows:

- Annualization of PL 96-22, Veterans' Health Care Amendments of 1979, will require an increase of $17,933,000 and 30 FTEE.
- A reduction of $11,697,000 and 311 FTEE from existing facilities will be necessary to provide resources for activation of new facilities in FY 1981. The estimates for staffing of existing medical centers in the Budget Year assumes that improvements in employee skills, organization, procedures, and supervision will increase employee productivity and thereby permit accomplishment of existing center workloads with fewer employees.
- Hospital requirements will be reduced by $330,000 and 29 FTEE in fiscal year 1981 and these resources will be used to annualize VA Nursing requirements. Nursing Home Care project slippage allowed 1980 resources, budgeted for operation of newly constructed VA Nursing Homes, to be temporarily invested in the VA Hospital activity. This reduction recognizes that it is now appropriate to re-align resources between these two activities as originally planned and budgeted.
- A decrease of $433,000 is reflected for ADP operational costs in VA Medical Centers.
- A reduction of $4,119,000 from hospital activities will be required to provide resources for new rental space requirements. These rental requirements are discussed in section 1f.

It is estimated that the VA system will treat 1,235,000 inpatients in VA Hospitals and provide 15,706,000 outpatient staff visits in fiscal year 1981. Workload estimates include the inpact of Sections 203 and 204 of PL 96-151. Section 203 requires an examination by a dentist before approving fee dental services to a veteran when such services would exceed $500 during a 12 month period. Section 204 gives World War I and Mexican border war veterans entitlement to outpatient services the same as for Housebound and Aid and Attendance veterans.

Resource Recap, Item 1.a.

Item	FTEE	($'s 000)
Annualization of PL 96-22.....	30	$17,933
Productivity cost benefit.....	-311	-11,697
Activity re-alignment.....	- 29	- 330
ADP operational costs.....	...	- 433
Rental space requirements offset	...	- 4,119
Miscellaneous adjustments.....	...	- 1,804
Total.....	-310	- 450

b. New VA Outpatient Clinic: Increases of $1,657,000 and 52 FTEE

Activation of a new outpatient clinic in Broward County, Florida will require $1,657,000 and 52 FTEE and is estimated to provide for 26,000 outpatient visits in fiscal year 1981.

c. Other New Facilities: Increases of $6,746,000 and 150 FTEE.

150 FTEE and $6,746,000 are requested to cover Building Management, Engineering and other support, materials, and supplies necessary to activate new facilities on a part year basis in fiscal year 1981. The following are projects which have been approved and undertaken with funding under the Major and Minor Construction appropriations in previous budget submissions:

	No. of Projects	FTEE	Cost ($'s 000)
Nursing Home Care	3	...	$ 729
Domiciliaries	2	...	162
Research and Education	2	...	49
Outpatient Clinic Expansion	5	19	1,904
General Projects	3	1	43
Minor Miscellaneous Construction.	120	44	1,506
Clinical Improvements	13	78	1,889
Electrical Deficiency Corrections	14	1	256
Elevators	1	1	35
Air Conditioning	1	6	173
Total Requirements...		150	6,746

d. Outpatient Dental Fee Program: Decrease of $821,000

A decrease in workload of 2,152 fee cases completed will result in a $821,000 decrease in fiscal year 1981. Demand for dental services as authorized in PL 96-22, Veterans' Health Care Amendments of 1979 is expected to decline in fiscal year 1981 from the 1980 level. This workload reduction also takes into consideration the impact of Section 203 of PL 96-151, which requires examination by a dentist before approving fee dental services to a veteran when such services would exceed $500 during a twelve-month period.

e. Outpatient Medical Fee Program: Decrease of $303,000

The outpatient medical fee program, including fee prescriptions, will experience a net decrease of $303,000 in fiscal year 1981. This anticipated decrease also takes into consideration the impact of Section 204 of PL 96-151, which gives World War I and Mexican border war veterans entitlement to outpatient services the same as for Housebound and Aid and Attendance veterans. Efforts to treat more outpatients in VA Medical Centers rather than fee basis will result in a decrease of $5,560,000 in medical fee costs and $388,000 in related fee prescription costs. Annualization of PL 96-22, Veterans' Health Care Amendments of 1979, will require $5,645,000 to provide for an expected increase in workload for psychological readjustment counseling services in fiscal year 1981.

Item	Resource Recap, Item i.e. FTEE	$'s(000)
Existing Program	...	-$5,948
Annualization PL 96-22	...	5,645
Total	...	= 303

f. Real Property Rental: Increase of $4,119,000

An increase of $4,119,000 is required for Real Property Rental in fiscal year 1981 as follows:

1. Annualization of full year cost of direct lease space previously acquired.....$2,384,000

2. Requirements for additional space..... 1,735,000

g. Extended Care and Program for the Aging Veteran: Increases of $7,380,000 and 138 FTEE.

The VA plans expansion in its range of alternatives to hospital care. An increase in such programs, which collectively are called, extended care, is necessary to accommodate the needs of the aging veteran (See graphic chart - Veterans over age 65) as well as other veterans with chronic medical problems. Extended care includes institutional alternatives to hospital care such as nursing homes and domiciliaries; noninstitutional supports to home care such as hospital based home care, visiting nurse, and aid and attendance income supplement for nursing care; and, for those needing them, home alternatives such as personal care homes.

Age frequently affects the choice of type of extended care for patients with similar medical problems. For example, an older person may need a longer period of convalescence following treatment in a hospital than a younger patient, and a nursing home may be appropriate. An elderly patient with a home and family may be able to manage a major medical problem at home, but an elderly widower with the same problem might need a different program.

The major problem for de-institutionalizing extended care patients is that because of age, infirmities, or both, they often need significant services and support but frequently lack a home or a responsible family member to provide this care. As a result, they may remain in institutions because of a lack of suitable alternatives. The search for alternatives continues, but the solution for this type of patient may be difficult to achieve.

Alternatives to institutionalization should provide a better personal solution for the patient at a more reasonable individual and social cost. The patient who has a home has access to professional services (Hospital Based Home Care), income supplements to help meet needs for nursing assistance (Aid and Attendance Program), and sometimes relief for family members to perform other duties and to obtain rest (Day Care Centers and related programs). There are major problems when the patient does not have a home or potential caretakers. If the need for services is limited, the Personal Care Home Program is available.

The VA Extended Care Program is responsible for managing the following programs as authorized by various statutes:

Program	Authorized by		FY 1981 Estimates
VA Nursing Home Care	PL 88-450	=	8,237 Census
Community Nursing Home Care	PL 88-450	=	8,300 Census
Domiciliary Care	PL 89-358	=	7,520 Census
Hospital Based Home Care	PL 93-82	=	10,500 Avg.Monthly Visits

There is also participation with States in the State Veterans Home program of domiciliaries, nursing homes, and hospitals by providing per diem and certain construction costs:

State Domiciliary Care	PL 88-450	=	5,531 Census
State Nursing Care	PL 88-450	=	6,200 Census
State Hospital Care	PL 91-178	=	1,000 Census

The VA also sponsors other health care modalities such as:

Personal Home Care
Geriatric Day Care Centers
Geriatric Research, Education, and Clinical Centers (GRECCs)

The ACMD for Extended Care is responsible for promoting research and educational efforts in behalf of the elderly within the VA. The GRECCs provide one setting for integrated programs of research, educational and specialized clinical activity relevant to problems of the aged.

Further details related to these activity changes immediately follows:

VA Nursing Home Care: Increases of $5,107,000 and 183 FTEE

VA Nursing Homes will experience an increase of 183 average operating beds, 91 census due to newly constructed VA Nursing Homes requiring 96 FTEE and $2,891,000 in fiscal year 1981. Annualization of fiscal year 1980 new activations will add 83 census requiring 87 FTEE and $2,216,000 in fiscal year 1981. Title 38 U.S.C. directs the Administrator, subject to the approval of the President, to establish and operate not less than than twelve thousand nursing (NHC) beds. PL 94-581 directs the rapid expansion of the VA Nursing Home Care Program. An average operating level of 8,206 NHC beds was attained during fiscal year 1979.

Resource Recap

Item	FTEE	$'s(000)
New Construction in 1981.....	96	$2,891
Annualization FY 80 activations.	87	2,216
Total.....	183	5,107

VA Domiciliary Care: Decreases of $467,000 and 45 FTEE

The net decreases in the level of domiciliary care of $467,000 and 45 FTEE for fiscal year 1981 result fron a planned reduction of workload in existing domiciliaries and the activation of a replacenent domiciliary in Dayton, Ohio.

An anticipated decrease in nenber census of 80 will result in a decrease of $814,000 and 58 FTEE in fiscal year 1981. The estinate of a decreasing need for domiciliary beds is predicated upon a number of factors. The nost obvious is the decrease in World War I veterans, and the small increase of doniciled World War II and nore recent veterans. Another possible factor is that the increasing number and variety of social resources have provided alternatives for those who would otherwise seek VA domiciliation.

The activation of a replacenent domiciliary in Dayton, Ohio will require $347,000 and 13 FTEE.

Resource Recap

Item	FTEE	$'s(000)
Existing Program.....	- 58	-$ 814
New Activation.....	13	347
Total.....	- 45	- 467

State Hone Programs: Increase of $2,283,000

The State Hone programs will require $2,217,000 for a 502 census increase in State Hone Nursing and $167,000 for a 72 census increase in State Hone Doniciliary. One less calendar day in fiscal year 1981 will result in a reduced requirenent of $101,000.

Resource Recap

Item	FTEE	$'s(000)
State Hone Nursing.....	...	$2,217
State Hone Domiciliary.....	...	167
Calendar Day.....	...	- 101
Total.....	...	2,283

Community Nursing Home Program: Increase of $457,000

An increase of 50 census will require $767,000. One less calendar day in fiscal year 1981 will result in a reduced requirenent of $310,000.

Resource Recap

Item	FTEE	$'s(000)
Existing Program.....	...	$ 767
Calendar Day.....	...	- 310
Total.....	...	457

Resource Recap, Item 1.g. Summary

	FTEE	$'s(000)
VA Nursing Home Care.....	183	$5,107
Doniciliary Care.....	- 45	- 467
State Hone Progran.....	...	2,283
Community Nursing.....	...	457
Total.....	138	7,380

h. Civilian Health and Medical Programs of the VA (CHAMPVA): Increase of $1,626,000

Existing CHAMPVA programs will experience a decrease of $1,167,000 resulting from a reduction of 11 census and 3,548 outpatient visits. Implementation of P.L. 96-151 will add 32 census and 10,365 outpatient visits requiring $2,883,000 in fiscal year 1981. One less calendar day in fiscal year 1981 will result in a reduced requirement of $90,000.

Resource Recap, Item 1.h.

Item	FTEE	$'s(000)
Existing Program	...	-$1,167
Implementation of PL 96-151	...	2,883
Calendar Day	...	- 90
Total	...	1,626

i. Contract Hospitals: Decrease of $7,546,000

A census reduction of 115 will result in a decreased requirement of $7,360,000 in fiscal year 1981. This census reduction takes into consideration the impact of Section 202 of PL 96-151, which authorizes contract hospitalization in emergency situations for any veteran receiving "Medical Services". The availability of patient care will not be affected because the VA intends to absorb this workload within VA medical centers. In addition, one less calendar day in fiscal year 1981 will result in a reduced requirement of $186,000.

Resource Recap, Item 1.i.

Item	FTEE	$'s(000)
Existing Program	...	-$7,360
Calendar Day	...	- 186
Total	...	- 7,546

2. Specialized Medical Programs: Increases of $550,000 and 20 FTEE

These additional resources will provide for specialized alcoholism treatment centers at 2 VA locations where urgently needed. Alcoholism treatment has been identified as one of the VA's highest priorities for veterans' medical services. The staff augmentation will support a 30 bed inpatient acute care unit, a consultation/liaison unit which serves the admissions section and the medical/surgical wards; and an outpatient/ambulatory care unit which provides long term treatment and rehabilitation services, including vocational rehabilitation services. Each additional program location will be capable of treating 600 inpatient admissions and 5000 outpatient visits annually, in addition to consultation/liaison and outreach activities.

3. Education and Training Programs: Decrease of $908,000 and no change in FTEE

The Veterans Administration conducts a program of education and training in order to provide more complete health care services of excellent quality to veterans and to assist in providing an adequate supply of health care providers to the VA and the nation. The Department of Medicine and Surgery conducts these education and training programs based on the premise that:

* trainees participating in their clinical education increase the number of persons available to provide clinical medical care at the bedside and in clinics;

* more able health care professionals are attracted where there are learning and teaching opportunities;

* medical advances are more likely to be applied in a teaching setting;

* a questioning attitude between trainee and teacher enhances the quality of care; and the manpower produced is beneficial to recruitment in DM&S.

The VA, is the largest unitary health care delivery and hospital system in the nation and employs more health care providers than any other single system. It is an ideal setting for such training. However, the priority is to ensure that this unique educational capacity is increasingly used to meet the special health care needs of the veteran patient.

-Affiliations-

VA medical centers carry out the majority of these training programs in affiliation with medical schools, dental schools, nursing schools, and other health manpower training elements of universities and colleges. Some programs are also VA-based and designed solely to meet VA needs. The clinical training covers the entire range of health care providers - physicians, dentists, nurses, other associated health manpower, and hospital administration and management specialists.

In fiscal year 1979, the VA had affiliations with 105 medical schools and 58 dental schools. VA facilities reported over 2,100 clinical program relationships with universities, colleges, technical schools, and other community facilities under which an estimated 98,400 students and trainees received training in VA medical centers.

These affiliation and cooperative programs are of mutual benefit to the VA, the academic institutions, the students/trainees, and the nation. The academic institution offers the VA assistance in recruitment and retention of staff, consultation on patient care programs, and actual patient care services due to the "on-the-job" nature of the students' clinical training. The VA provides the affiliated institutions with substantial clinical facilities, a broad spectrum of health services programs, and highly trained professional staff which all contribute to a successful clinical experience for health professions students. Together, the VA and the affiliated institutions produce a significant portion of the manpower which operates the nation's health care system; in both the governmental and private sectors.

The growth and complexity of this network of educational program relationships among VA medical centers and health professions education institutions has stimulated the need to create a more effective and responsive management instrument for

the monitoring of ongoing operations and for future planning. A computer-based Affiliation Assessment Model, which will encompass information and data about the whole range of educational program relationships, is under development by the Department of Medicine and Surgery. This model will permit the relationships between and among elements of the system to be expressed within a mathematical framework in a more sophisticated way than current reporting systems permit.

-Trainee Stipends and Salaries-

Physician and dentist residency training programs in VA affiliated medical centers are key elements in the delivery of patient care. Through centralized management of the physician house staff allocation process, preference is given to programs in primary care and to areas of special VA needs such as physical medicine and rehabilitation, general internal medicine, and radiology. For academic year 1980-1981, 7,463 physician and 310 dentist residency positions are budgeted. This increase of 74 physician residency positions will be earmarked for support of house staff positions in VA medical centers where emerging affiliations are changing the scope, pace, and quality of medical services.

Associated health professions training programs also contribute to meeting the needs of VA medical centers for the provision of high quality care to veterans and for the recruitment of associated health professions personnel. Aside from a Congressionally-directed adjustment in the psychology training program, the FY 1980 reduction of $541,000 was accomplished by reducing the number of paid trainees and/or stipend rates in such programs as clinical and counseling psychology, social work, audiology and speech, and pharmacy; and by eliminating trainee support in clinical laboratory services training programs. In FY 1981, a further reduction of $500,000 is budgeted which will reduce availability for these programs to $9,642,000.

Administrative trainee support is primarily for VA employee-based, organized on-the-job programs in career fields of importance to the VA health care delivery effort. Trainees in VA medical centers specialize in such entry-level management fields as finance, personnel, supply, and medical administration. Senior professional staff receive special management training before assignment to key positions, such as assistant hospital director and chief of staff. In FY 1981 $300,000 will be cut from these activities. The reduction will be applied judiciously to protect those management and executive development programs affecting the Departments Senior Executive Service efforts.

-Specialized Physician Fellowships-

In fiscal year 1978, the VA established programs of specialized medical fellowships in fields of special importance to VA patient care needs such as geriatrics and spinal cord injury. A substance abuse fellowship program will be implemented in July 1980. By July 1981, 96 positions will be budgeted for physician fellowship positions.

-Regional Medical Education Center and Patient Health Education Initiatives-

The Veterans Administration has established six Regional Medical Education Centers (RMEC) under the authority of Public Law 92-541 for helping meet the continuing education and staff development needs of DM&S staff; a seventh RMEC has been approved for operation in 1980 and will be located in the mid-Atlantic region of the country. In addition to having regional training responsibilities, the RMECs provide a systemwide educational focus for planning and conducting training needed by the Departments health care staff. The six operational RMEC's are

located at Northport, NY; Birminghan, AL; St. Louis, MO; Minneapolis, MN; Salt Lake City, UT; and Long Beach, CA. In 1979, these centers provided training to 11,237 DM&S staff.

Patient health education has as its goal the development of sound personal health practices. With rapidly increasing health care and hospitalization costs, patient health education offers a potential for cost containment since education of patients about their health status and the extent they can influence it has been shown to reduce the incidence of re-hospitalization. It also has the potential for extending the useful life of patients while reducing both the cost of providing service and the personal and social costs of lost productivity. In 1980, 12 VA hospitals will be assisted in organizing and conducting patient health education programs to complement the DM&S preventive health initiative.

-Fiscal Year 1981 Request-

In fiscal year 1981, a net increase of $9,845,000 and no change in FTEE is requested for Education and Training activities. This is a result of an increase of $10,753,000 due to mandatory pay adjustments as reflected in the Education and Training Program Summary and net program reductions of $908,000 as specified below.

- Increases of $2,423,000 and 62 FTEE for (a) additional specialized physician fellowships in geriatrics, spinal cord injury and the new substance abuse program ($1,131,000 and 25 FTEE); and (b) 74 additional physician residents for assignment to VA hospitals with new and developing affiliations ($1,292,000 and 37 FTEE).

- Decreases of $3,331,000 and 62 FTEE by (a) "resizing" the cost of the physician resident training program based on currently projected pay rates ($2,531,000); (b) reducing the number of paid trainees in associated health professions and occupations programs ($500,000 and 45 FTEE); and (c) reducing the number of VA trainees in entry-level career management training programs and special management training of professional staff ($300,000 and 17 FTEE).

The above changes constitute a program proposal which reflects meeting high priority agency needs while exercising fiscal restraint.

Resource Recap, Item 3

Item	FTEE	$'s (000)
Specialized Physicians Fellowships.	25	$1,131
Physician Residents.....	37	1,292
Physician Resident Training Program Resizing.....	...	-2,531
Associated Health Trainees.....-	45	- 500
Administrative Trainees.....-	17	- 300
Total.....	...	- 908

4. Payroll for Existing Employment - Increase of $51,940,000.

a. An increase of $19,600,000 is requested to provide for within-grade longevity salary increases as provided by law (Sec. 5335, Title 5 U.S.C.). This increase, computed in accordance with criteria established by the Office of Management and Budget takes into account time lapsed in filling vacancies caused by employee turnover and good position management. This conservative approach is evidenced by the difference between the $105 per eligible employee actually used in the estimate and the almost $700 per employee which would be required if the longevity increase were based on salary tables using the average salary of Medical Care employees.

b. An increase of $26,149,000 is required in FY 1981 for annualization of wage board increases. $18,649,000 is necessary for annualization of PL 83-763 impact covering estimated wage board increases that will be approved during the period October 1, 1979 to September 30, 1980. $7,500,000 is necessary for annualization of PL 96-74 impact which provides for adjustment of Federal Wage System (FWS) wage schedules that had been restricted to 5.5 percent to full comparability or 7.02 percent over rates payable on September 30, 1979, whichever is less.

c. Pursuant to PL 86-767, the current estimate for benefits payment made by the Office of Workers Compensation will be $35,535,000, an increase of $5,409,000 over 1980.

d. $10,354,000 is required for increased stipend adjustments. Each year the VA must assume the cost of unavoidable increases in stipends for medical and dental residents. The VA's medical and dental training programs are conducted in affiliation with 105 medical schools and 58 dental schools with approximately one-third of the nation's medical residents obtaining all or part of their clinical experience in VA medical centers. The trainees in these programs rotate between the VA and university hospitals during their training. In order to equalize compensation levels, all trainees are paid at the rate of the university or index hospital. Accordingly, when the index hospital stipend rates increase, the VA must provide corresponding increments for its portion of the training programs. If the VA could no longer keep pace with the prevailing compensation rates, many affiliations would be seriously weakened or terminated.

e. $3,582,000 is requested to annualize the October 1979 pay raise, Executive Order 12165, which became effective for VA on October 7, 1979.

f. Social Security Tax increases January 1, 1981 from 6.13% to 6.65% per PL 95-216. An increase of $471,000 is requested.

g. One less paid day in FY 1981 will allow a payroll decrease of $13,625,000. FY 1980 has 262 paid days while FY 1981 has 261.

5. Increases in Cost and Usage for Objects of Expense other than Personal Services will Require an Additional $173,452,000 in FY 1981. Included are Cost and Usage for both VA and Non-VA Programs.

a. For VA Programs the costs of inflation estinated in accordance with OMB Circular A-11 and the costs for usage attributable to technology and other factors are the basis of "cost and usage" estimates. A net increase of $131,733,000 is required as detailed below.

(1) Forecasts by nanagenent to neet anticipated Medical Center needs for the Budget year would have required $136,552,000. However, the Department of Medicine and Surgery estimates that $10,000,000 will be saved by regulating the issuance of nonprescription drugs, nedicines and nedical supplies in connection with nonservice-connected outpatient care.

The following are anong the nost significant cost and usage itens: $24,678,000 increase for Rent, Communications, and Utilities, of which $15,631,000 is necessary to neet increased utility charges; Other Contractual Services up $34,138,000; Drug and Medicine cost requirement up $3,982,000; Medical and Dental Supplies up $10,087,000; Operating Supplies and Prosthetic Appliances up $20,661,000; and Provisions up $6,160,000.

(2) $5,002,000 is requested for support of the VA dialysis progran. This cost is associated with the required dialysis supplies and dialysis nachines for graduates of hone dialysis training. Placenent in the hone is a favored nethodology due to the inproved rehabilitation potential and the lower associated costs.

(3) An increase of $179,000 is requested for Real Property Rental rate increases.

b. Non VA Programs Increases totaling $41,719,000 are requested for rate increases in the following Non-VA programs: Medical and Dental Fee, $8,701,000; Fee Prescription, $735,000; Community Nursing, $12,677,000; CHAMPVA, $6,587,000; Contract Hospital, $7,360,000; and State Home for PL 96-151, $5,659,000.

Resource Recap

Iten	$'s (000)
Medical Center Cost and Usage.....	$136,552
Savings in Non Prescription Drugs.....	-10,000
Costs of VA Dialysis Progran.....	5,002
Real Property Rental Increases.....	179
Sub Total for VA Programs.....	131,733
Sub Total for Non VA Programs.....	41,719
Total - "Cost and Usage".....	173,452

6. An increase of $62,390,000 is requested for the Maintenance and Repair and the Capital Investment programs.

a. Maintenance and Repair

The Veterans Administration and the Office of Management and Budget have developed cooperatively a program that will meet the agency's maintenance and repair needs at an acceptable level. Such a program is essential to protect the Government's investment in more than 5,300 separate VA buildings having nearly 111 million square feet of floor space and for which the current replacement values approximate $12,810,000,000.

Estimates for maintenance and repair of buildings are based on principles of a system which was developed by the professional engineering staff of the University of Oklahoma for State use and modified specifically for hospital use in FY 1977 by professional consultants. The system computes requirements through formulas which consider the square footage of buildings, types of construction, operating beds, outpatient visits, operating fixtures, and value of operations equipment. This revised system, now known as the Engineering Maintenance and Operations Requirements Equation, estimates the normal annual recurring maintenance and repair of real property and operating equipment as well as maintenance of utility lines outside the building perimeter and maintenance of roads, sidewalks and grounds. It also estimates the nonrecurring maintenance requirements for real property and operating equipment.

The following chart summarizes the computed estimates for the nonrecurring portion of the maintenance and repair program:

	1980 Cost	1981 Cost	Increase (+) Decrease (-)
	(In thousands of dollars)		
Nonrecurring M&R of Buildings and Operations Equipment	$77,300	$67,000	-$10,300

Fiscal year 1981 maintenance and repair operating expense totals shown above are exclusive of adjustments for opening new facilities, wage board increases and legislated salary increases.

SPACE AND FUNCTIONAL DEFICIENCY IDENTIFICATION (SFDI) SYSTEM

The Space and Functional Deficiency Identification (SFDI) System identifies space and functional deficiencies at VA Medical Centers utilizing a standardized, objective, integrated methodology. The objectives of the SFDI System are: provision of a standardized information base permitting determination of center deficiencies for decision with regard to incremental improvement, replacement, or modernization; provision of standardized data for improved five-year medical center planning; and prioritization of individual deficiencies permitting optimization of finite financial resources in the development of medical center improvement plans and budget requests.

The SFDI System measures existing space and functional adequacies of each service (e.g. ward units, laboratories, X-ray, dietetics, engineering, etc.) surveyed against established criteria. Additionally, an assessment of building shell condition, utilities, JCAH and code compliances as well as educational and training needs complete the data pool. Adjustment for programmed projects and application of a weighting formula develops a deficiency rating score for each function surveyed, as well as an overall medical center deficiency score. This permits systemwide ranking and prioritization of identified deficiencies by individual survey item (ambulatory care, nursing bed units, radiology, warehouse, building shell condition, etc.) or by facility. The most and least deficient facilities in the system are easily identified, providing an invaluable guide to the appropriate corrective measures for each institution.

59-500 O - 80 - 31

b. Capital Investment

Capital Investment requirements consist of (1) object class 31 replacement and additional equipment, (2) object class 32 replacement and additional building service equipment, and (3) minor improvement projects having construction costs of less than $100,000. A summary of the Capital Investment requirements for fiscal year 1980 and fiscal year 1981 is provided in the following table:

CAPITAL INVESTMENT
($'s in thousands)

Program	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Object Class 31 Equipment:			
Replacement Equipment.....	$ 42,608	$ 54,490	+ $11,882
Additional Equipment:			
for Existing Facilities.....	45,637	61,787	+ 16,150
for Education and Training....	950	950	...
for Major and Minor Construction Projects.....	70,944	83,681	+ 12,737
Additional Equipment - Total..	117,531	146,418	+ 28,887
Total.....	160,139	200,908	+ 40,769
Object Class 32 Equipment:			
Replacement, Bldg. Service Equipment	24,805	34,170	+ 9,365
Additional, Bldg. Service Equipment.....	9,029	12,429	+ 3,400
Total	33,834	46,599	+ 12,765
Minor Improvements:			
for Existing Facilities.....	13,794	32,950	+ 19,156
for Education and Training.....	2,050	2,050	...
Total.....	15,844	35,000	+ 19,156
Total Capital Investment.....	209,817	282,507	+ 72,690

1. Object Class 31 Equipment Requirements

Object Class 31 Equipment requirements for Medical Care appropriation activities are identified below under two headings as (a) replacement equipment and (b) additional equipment. Fiscal year 1981 requirements for object class 31 equipment total $200,908,000 which is an increase of $40,769,000 from the fiscal year 1980 level.

(a) Replacement Equipment. The fiscal year 1981 total requirement for replacement equipment is $54,490,000. The Medical Care equipment replacement program was developed collaboratively with the Office of Management and Budget, and determines replacement requirements in accordance with prescribed equipment life expectancy tables and use standards. These criteria require that equipment items be repaired, refinished, or refurbished and continued in useful life as long as economically feasible. The

majority of medical equipment items requires replacement within 5 to 10 years after being placed in use.

The funding plan for replacement of object class 31 equipment for fiscal years 1980 and 1981 is shown as follows:

	1980 Estimate	1981 Estimate
	(In thousands of dollars)	
Requirements remaining from the prior fiscal year	$ 42,798	$ 70,604
Plus value of items due for replacement in current year	70,414	77,573
Adjusted requirements	113,212	148,177
Less planned obligations	42,608	54,490
Requirements remaining at end of fiscal year	70,604	93,687

(b) Additional Equipment. Fiscal year 1981 total requirements of $146,418,000 are identified below as (1) equipment for existing Medical Centers (2) equipment for Education and Training;(3) equipment for Major and Minor Construction Projects.

(1) Additional equipment requirements for existing Medical Centers total $61,787,000 for fiscal year 1981. These requirements are based on a need of VA hospitals and clinics to adequately and concurrently equip their centers as new medical and administrative techniques are perfected. The amount programmed includes provisions for limited improvements in equipment utilized at all existing centers and would involve all functional areas related to the care and treatment of patients.

(2) Additional equipment requirements for Education and Training facilities for fiscal year 1981 total $950,000. This equipment will be utilized in the patient health education program.

(3) Requirements total $83,681,000 to provide additional equipment for Major and Minor construction projects. Current procedures for financing object class 31 initial portable and fixed operating equipment needed for these construction projects require the center directors to develop from approved architectural specifications and working drawings additional equipment requirements for construction projects after taking into account (a) equipment items already on hand that can be continued in use in the new center and (b) those items whose useful lives have expired and are to be replaced from the equipment replacement amounts described in the preceding section of this estimate. Also included are the purchase,installations and maintenance costs for telephone systems. The construction projects for which the requested funds are required in fiscal year 1981 are denoted in the following chart:

2. Object Class 32 Building Service Equipment Requirements

Object Class 32 total requirements of $46,599,000 for fiscal year 1981 consist of $34,170,000 for replacement equipment and $12,429,000 for additional equipment.

(a) Replacement Equipment. Fiscal year 1981 requirements for replacement equipment total $34,170,000.

With full recognition of the substantial outlays required, this program was initiated in fiscal year 1966 with the economic objectives of extending the useful life of existing medical centers and reducing the cost of future major modernization construction projects. Updating of the building service equipment replacement funding requirements is effected annually through physical inspection of items to be replaced.

The age of equipment to be replaced is approaching 30 years which is 5 to 10 years beyond its original anticipated useful life. Recurring maintenance costs are adversely affected through continuation in service of worn out equipment. Operating costs are also increasing unnecessarily due to the inherent inefficiency of existing equipment compared to new technology designed into available replacement equipment.

(b) Additional Equipment. Fiscal year 1981 additional equipment requirements total $12,429,000. Requirements are based on Central Office review of individual center requests for additional building service equipment items. Improved aseptic and housekeeping techniques result in the need to install additional sinks, temperature controls, and hot water generators. Increased use of electro-medical equipment requires additional switching systems and manual and automatic controls as well as the need for additional air cooling and ventilation equipment, especially at older centers.

3. Minor Improvements

Fiscal year 1981 requirements of $35,000,000 are estimated for minor improvements. Minor improvements are comprised of the following:

Minor Improvements	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
	(In thousands of dollars)		
Existing Medical Centers..	$13,794	$32,950	+$ 19,156
Education and Training....	2,050	2,050	...
Total.....	15,844	35,000	+ 19,156

Minor improvements are small construction projects, where the costs are paid from funds budgeted under the Medical Care operating appropriations. These projects cover structural changes, additions, alterations, conversions, and modernization of existing buildings and other structures and facilities which can be completed for $100,000 or less, including station labor when used, but excluding the cost of installed equipment.

Minor improvements include projects such as landscaping of center grounds; foundation alterations for installation of heavy duty medical equipment; modification for additional electrical power; installation of smoke barrier doors; installation of automatic sprinkler systems; installation of emergency generators; alteration of dental clinic space; and alterations of nurses stations.

MAJOR AND MINOR CONSTRUCTION PROJECTS

Station	Project Number	Description
Baltimore, MD	511-001	Replacement Medical Center
Bath, NY	514-065	Ambulatory Care Addition
Battle Creek, MI	515-078	Replace Administration Bldg
Bay Pines, FL	516-D53	Replacement Medical Center
Biloxi, MS (BD)	520-A51	Renovation of Building #2
Canandaigua, NY	532-056	Renovate Patient Buildings
Chicago, IL (LS)	535-029	Renovate Laboratory
Chillicothe, OH	538-074	Mod. Bldgs 24,31,35 Ph 2
Dallas, TX	549-020	Ambulatory Care Addition
Decatur, GA	508-007	Ambulatory Care Addition
Des Moines, IA	555-041	Ambulatory Care Addn.& Renov
Gainesville, FL	573-009	Clinical Inprovement Ph 2
Martinsburg, WV	613-012	Replacement Medical Center
Mountain Home, TN	621-040	Clinical Addition
Murfreesboro, TN	622-039	Remodel Wards 5A & 5B
Richmond, VA	651-001	Replacement Medical Center
Salem, VA	658-038	Renovate Building #76
Salt Lake City, UT	660-018	Clinic & Amb. Care Addition
Tuskegee, AL	680-063	Ambulatory Care Addition
White River Jct., VT	405-028	Ambulatory Care Addition
Wichita, KS	452-A31	Mod. Alterations & Addition
Various		New OP Clinics (leased)
Various		Minor Miscellaneous Construction Projects ($100,000 - $400,000)
Various		Nursing Home Care Beds

PTEE BY TYPE

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
Consultants & Attendings..	...	21	...	...	...
Nurses.....	27,785	27,226	28,323	28,328	+ 5
Dentists.....	1,027	1,023	1,047	1,047	...
Physicians.....	11,690	11,631	11,917	11,919	+ 2
Psychologists.....	1,295	1,286	1,320	1,328	+ 8
Wage Board.....	36,220	37,089	36,922	36,922	...
Purchase & Hire.....	325	307	307	307	...
Other Personnel.....	103,400	104,893	105,430	105,465	+ 35
TOTAL.....	181,742	183,476	185,266	185,316	+ 50
	PTEE BY ACTIVITY				
Medical Bed Sections.....	73,242	73,984	74,734	74,633	- 101
Surgical Bed Sections.....	35,458	36,126	36,188	36,137	- 51
Psychiatric Bed Sections..	33,516	33,268	34,139	34,092	- 47
VA Hospitals.....	142,215	143,378	145,061	144,862	- 199
VA Domiciliaries.....	2,916	2,684	2,684	2,639	- 45
VA Nursing Homes.....	8,150	8,560	8,468	8,651	+ 183
Outpatient.....	26,982	27,575	27,575	27,686	+ 111
Miscellaneous Benefits & Services.....	1,140	990	1,140	1,140	...
Non-VA Support.....	338	289	338	338	...
TOTAL.....	181,742	183,476	185,266	185,316	+ 50
Education & Training Support.....	(9,459)	(8,610)	(9,043)	(9,043)	...

Payroll Costs

Fiscal Year	Total Cost (In thousands)	Average Cost
1963.....	$ 815,932	$ 6,259
1964.....	854,882	6,586
1965.....	906,802	7,017
1966.....	932,512	7,264
1967.....	992,370	7,614
1968.....	1,059,542	7,958
1969.....	1,140,807	8,662
1970.....	1,294,646	9,903
1971.....	1,437,793	10,719
1972.....	1,661,805	11,443
1973.....	1,838,695	12,012
1974.....	2,050,850	13,004
1975.....	2,303,404	14,006
1976.....	2,638,119	15,309
1977.....	2,947,007	16,671
1978.....	3,301,833	17,856
1979	3,482,600	19,162
1980 Est.....	3,852,230	20,793
1981 Est.....	3,904,503	21,069

COMPARATIVE EMPLOYMENT RATIOS

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
STAFFING RATIOS (FTEE/CENSUS):					
Medical Bed Sections..	2.13	2.07	2.22	2.25	+ .03
Surgical Bed Sections.	2.56	2.53	2.67	2.70	+ .03
Psychiatric Bed Sections.....	1.55	1.48	1.61	1.63	+ .02
Average VA Hospitals..	2.04	1.98	2.12	2.15	+ .03
VA doniciliaries.....	.35	.35	.35	.35	...
VA Nursing Home Care..	1.05	1.03	1.05	1.05	...
FTEE/1,000 PATIENTS TREATED:					
Medical Bed Sections..	103	105	104	104	...
Surgical Bed Sections.	107	107	110	110	...
Psychiatric Bed Sections.....	178	175	181	181	...
Average All VA Hospitals.....	116	116	117	117	...
VA Doniciliaries.....	176	180	180	180	...
VA Nursing Home Care..	664	676	682	681	- 1

Education and Training

Residency and Other Training Programs, Medical Care

	1979 Actual	1980 Budget Estimate	1980 Estimate	1981 Estimate	Change
Average Employment (FTEE):					
Physician House Staff.....	3,463	3,695	3,426	3,463	+ 37
Specialized Fellows	25	61	61	86	+ 25
Dentist House Staff.....	151	159	151	151	...
Associated Health Trainees	1,000	918	918	873	- 45
Administrative Trainees...	258	333	333	316	- 17
Sub-Total Trainees.....	4,897	5,166	4,889	4,889	...
VAMC Instructional Support	3,467	3,059	3,059	3,059	...
Total Average Employment.....	8,364	8,225	7,948	7,948	...
Cost (In thousands):					
Physician House Staff....	$127,597	$142,722	$142,722	$151,466	$+8,744
Specialized Fellows.....	852	2,387	2,554	3,685	+1,131
Dentist House Staff.....	5,836	5,906	5,920	6,291	+ 371
Associated Health Trainees	10,683	10,082	10,142	9,642	- 500
Administrative Trainees..	4,936	5,939	6,351	6,051	- 300
Sub-Total Trainees.....	149,904	167,036	167,689	177,135	+9,446
VAMC Instructional Support	80,656	78,333	80,725	81,124	+ 399
Total Cost.....	230,560	245,369	248,414	258,259	+9,845
Nunber of Trainees:					
Medical House Staff.....	23,000	19,200	23,000	23,225	+ 225
Medical Students.....	19,600	18,700	19,600	19,600	...
Dental House Staff.....	700	550	700	700	...
Dental Students.....	1,050	850	1,050	1,050	...
Nursing.....	29,600	36,100	29,600	29,600	...
Associated Health Professions & Occupations.....	23,620	23,740	25,410	25,345	- 65
Administrative.....	830	1,050	830	810	- 20
Total estinated nunber of Trainees.....	98,400	100,190	100,190	100,330	+ 140
Percent of Trainees participating on a "without pay basis".....	81%	81%	81%	81%	...

The vast najority of trainees received all or part of their training in DM&S Health care facilities under the auspices of teaching affiliations with universities, comunity colleges, colleges, high schools, and other comunity oganizations.

MEDICAL CARE - PROGRAM SUMMARIES

Number of Installations

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
VA Hospitals.....	172	172	172	172	...
VA Domiciliaries.....	16	16	16	16	...
VA Nursing.....	91	96	92	97	+ 5
Outpatient Clinics.....	222	228	228	229	+ 1

Summary of Inpatient Workloads and Workload Indicators

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
Medical Bed Sections:					
Avg. Operating Beds.	42,772	43,371	41,500	40,750	- 750
End Point OP Beds...	41,911	43,304	41,100	40,350	- 750
(Census)....	(34,363)	(35,673)	(33,700)	(33,200)	(- 500)
Occupancy Rate.....	80.3	82.3	81.2	81.5	+ .3
Length of Stay.....	20.8	19.4	19.1	19.0	- .1
Patients Treated....	709,104	707,168	718,500	719,450	+ 950
Surgical Bed Sections:					
Avg. Operating Beds.	18,542	18,029	18,050	17,700	- 350
End Point OP Beds...	18,218	17,996	17,900	17,550	- 350
(Census)....	(13,825)	(14,275)	(13,550)	(13,400)	(- 150)
Occupancy Rate.....	74.6	79.2	75.1	75.7	+ .6
Length of Stay.....	16.8	16.1	16.0	15.9	- .1
Patients Treated....	332,737	337,305	328,200	327,550	- 650
Psychiatric Bed Sections:					
Avg. Operating Beds.	26,402	26,100	25,150	24,650	- 500
End Point OP Beds...	25,375	25,400	24,900	24,400	- 500
(Census)....	(21,633)	(22,552)	(21,250)	(20,900)	(- 350)
Occupancy Rate.....	81.9	86.4	84.5	84.8	+ .3
Length of Stay.....	49.8	49.0	44.5	44.4	- .1
Patients Treated....	188,411	190,527	188,300	188,000	- 300
Sub-Total VA Hospitals:					
Avg. Operating Beds.	87,713	87,500	84,700	83,100	- 1,600
End Point OP Beds...	85,504	86,700	83,900	82,300	- 1,600
(Census)....	(69,821)	(72,500)	(68,500)	(67,500)	(- 1,000)
Occupancy Rate.....	79.6	82.9	80.9	81.2	+ .3
Length of Stay.....	23.9	22.8	21.9	21.8	- .1
Patients Treated.....	1,230,252	1,235,000	1,235,000	1,235,000	...
Admissions.....	1,162,566	1,162,500	1,166,500	1,167,500	+ 1,000

Summary of Inpatient Workloads and Workload Indicators (Cont'd)

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
VA Domiciliaries:					
Avg. Operating Beds.	9,485	9,097	8,445	8,355	- 90
End Point OP Beds...	9,389	8,849	8,440	8,270	- 170
(Census)....	(8,448)	(7,668)	(7,600)	(7,520)	(- 80)
Occupancy Rate.....	89.1	84.3	90.0	90.0	...
Length of Stay.....	415.4	384.8	380.0	380.0	...
Patients Treated....	16,541	14,936	14,900	14,700	- 200
VA Nursing Homes:					
Avg. Operating Beds.	8,206	8,790	8,487	8,670	+ 183
End Point OP Beds...	8,357	8,944	8,590	9,412	+ 822
(Census)....	(7,760)	(8,351)	(8,063)	(8,237)	(+ 174)
Occupancy Rate.....	94.6	95.0	95.0	95.0	...
Length of Stay.....	521.3	707.0	675.6	675.6	...
Patients Treated....	12,283	12,662	12,420	12,700	+ 280
Total VA Facilities:					
Avg. Operating Beds.	105,404	105,387	101,632	100,125	- 1,507
End Point OP Beds...	103,250	104,493	100,930	99,982	- 948
(Census)....	(86,029)	(88,519)	(84,163)	(83,257)	(- 906)
Occupancy Rate.....	81.6	84.0	82.8	83.2	+ .4
Length of Stay.....	26.7	27.6	26.1	25.8	- .3
Patients Treated....	1,259,076	1,262,598	1,262,320	1,262,400	+ 80
Contract Hospitals:					
(Census)....	(1,182)	(1,176)	(1,176)	(1,061)	(- 115)
Length of Stay.....	15.9	15.8	15.9	15.2	- .7
Patients Treated....	29,268	28,271	28,271	29,800	+ 1,529
Community Nursing Homes:					
(Census)....	(8,126)	(8,500)	(8,250)	(8,300)	(+ 50)
Length of Stay.....	156.8	156.7	156.7	156.7	...
Patients Treated....	27,807	28,261	28,050	28,900	+ 850
State Home Domiciliaries:					
(Census)....	(5,296)	(5,746)	(5,459)	(5,531)	(+ 72)
Length of Stay.....	362.1	338.0	370.0	380.0	+ 10.0
Patients Treated....	10,536	11,952	11,355	11,505	+ 150
State Home Nursing Care:					
(Census)....	(5,203)	(5,698)	(5,698)	(6,200)	(+ 502)
Length of Stay.....	482.8	434.5	434.5	434.5	...
Patients Treated....	9,282	10,484	10,484	11,283	+ 799
State Home Hospitals:					
(Census)	(980)	(1,050)	(1,000)	(1,000)	...
Length of Stay.....	68.7	66.8	67.8	66.8	- 1.0
Patients Treated....	6,192	6,778	6,460	6,496	+ 36

Summary of Inpatient Workloads and Workload Indicators (Cont'd)

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
Total Non-VA:					
(Census)....	(20,787)	(22,170)	(21,583)	(22,092)	(+ 509)
Patients Treated....	83,085	85,746	84,620	87,984	+3,364
Totals VA and Non-VA:					
(Census)....	(106,816)	(110,689)	(105,746)	(105,349)	(- 397)
Patients Treated....	1,342,161	1,348,344	1,346,940	1,350,384	+3,444

Medical Outpatient Visits - Staff and Fee
(Visits in thousands)

Outpatient Activity Compensation & Pension:					
Staff.....	291	303	297	298	+ 1
Fee.....	81	101	88	85	- 3
Total.....	372	404	385	383	- 2
10-10 Exams:					
Staff.....	2,214	2,295	2,295	2,307	+ 12
Fee.....	26	33	28	28	...
Total.....	2,240	2,328	2,323	2,335	+ 12
All Other:					
Staff.....	12,548	13,058	13,023	13,101	+ 78
Fee.....	2,102	2,586	2,254	2,186	- 68
Total.....	14,650	15,644	15,277	15,287	+ 10
Total Visits:					
Staff.....	15,053	15,656	15,615	15,706	+ 91
Fee.....	2,209	2,720	2,370	2,299	- 71
Total.....	17,262	18,376	17,985	18,005	+ 20

Staff and Fee Outpatient Dental Program

Staff Exams.....	128,195	131,000	131,000	131,000	...
Staff Treatments.....	134,769	130,400	135,000	135,000	...
Fee Cases Completed...	67,749	86,200	58,800	56,648	- 2,152

CHAMPVA Workloads

Inpatient Census.....	492	432	432	453	+ 21
Outpatient Fee Visits.	179,000	134,378	134,378	141,195	+ 6,817

SUMMARY OF COSTS BY ACTIVITY
(In thousands of dollars)

Activity	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Medical Bed Sections.....	$1,748,979	$1,865,512	$1,954,721	$2,043,615	+$ 88,894
Surgical Bed Sections.....	904,507	969,281	1,011,341	1,061,557	+ 50,216
Psychiatric Bed Sections.....	756,962	801,489	842,252	875,763	+ 33,511
VA Hospitals.....	3,410,449	3,636,282	3,808,314	3,980,935	+172,621
VA Domiciliaries....	79,064	79,019	79,687	82,529	+ 2,842
VA Nursing Homes....	185,965	217,499	216,442	228,927	+ 12,485
Outpatient Care.....	978,220	1,107,931	1,115,470	1,176,141	+ 60,671
Misc. Ben. & Svcs...	105,017	111,806	111,771	120,292	+ 8,521
Education & Training	277,040	278,719	300,313	313,878	+ 13,565
VA Facilities.....	5,035,755	5,431,256	5,631,997	5,902,702	+270,705
Contract Hospitals..	64,812	70,284	69,931	69,754	- 177
State Home Hospitals	5,098	4,871	4,598	5,226	+ 628
Community Nursing Homes	98,692	118,792	115,219	128,360	+ 13,141
State Home Nursing..	19,787	22,529	22,485	27,973	+ 5,488
State Home Domiciliaries	11,392	12,301	11,656	13,490	+ 1,834
CHAMPVA.....	39,218	39,084	39,084	47,297	+ 8,213
(Inpatient).....	(31,271)	(32,782)	(32,782)	(40,398)	+ (7,616)
(Outpatient).....	(7,947)	(6,302)	(6,302)	(6,899)	+ (597)
Non-VA Facilities.	239,001	267,861	262,973	292,100	+ 29,127
Total Costs.....	5,274,756	5,699,117	5,894,970	6,194,802	+299,832
Adjustment.....	133,496	...	...	...	...
Total Obligations....	5,408,252	5,699,117	5,894,970	6,194,802	+299,832
Less Reimbursements..	- 38,681	- 40,000	- 40,000	- 40,000	...
Lapse.....	4,803	...	...	...	...
Budget Authority.....	5,374,374	5,659,117	5,854,970	6,154,802	+299,832
Supplemental Included			[171,270]		

PATIENT COST DATA

Activity	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
AVERAGE COST/PATIENT DAY:					
Medical Bed Sections..	$139.44	$142.88	$ 158.48	$ 168.64	$+ 10.16
Surgical Bed Sections.	179.25	185.52	203.93	217.04	+ 13.11
Psychiatric Bed Sections.....	95.87	97.10	108.29	114.80	+ 6.51
Average All VA Hospitals.....	133.82	137.04	151.90	161.58	+ 9.68
VA Doniciliaries.....	25.64	28.16	28.65	30.07	+ 1.42
VA Nursing Home Care..	65.65	71.16	73.34	76.14	+ 2.80
Contract Hospitalization	146.27	158.21	158.21	175.36	+ 17.15
Community Nursing Home Care.....	32.72	37.58	37.58	41.79	+ 4.21
State Home Domiciliaries	5.50	1/ 5.50	5.50	6.35	+ .85
State Home Nursing Care	10.13	10.50	10.50	12.10	+ 1.60
State Home Hospitalization.....	11.50	1/ 11.50	11.50	13.25	+ 1.75
COST/PATIENT TREATED:					
Medical Bed Sections..	$2,466	$2,638	$2,721	$2,841	$+ 120
Surgical Bed Sections.	2,718	2,874	3,081	3,241	+ 160
Psychiatric Bed Sections.....	4,018	4,207	4,473	4,658	+ 185
Average All VA Hospitals.....	2,772	2,944	3,084	3,223	+ 139
Doniciliaries.....	4,780	5,291	5,348	5,614	+ 266
VA Nursing Home Care..	15,140	17,177	17,427	18,026	+ 599
Contract Hospitalization.....	2,156	2,409	2,409	2,279	- 130
Community Nursing Home Care.....	3,490	4,137	4,045	4,381	+ 336
State Home Domiciliaries	1,022	968	968	1,114	+ 146
State Home Nursing Care	2,073	2,089	2,089	2,427	+ 338
State Home Hospitalization.....	765	652	652	744	+ 92

1/ Per diens reflect statutory limitations.

COSTS BY OBJECT
($'s in thousands)

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
10 PERSONAL SERVICES AND BENEFITS:					
Consultants and Attendings	...	$ 506	...	...	...
Nurses	$ 600,942	603,569	$ 664,128	$ 665,985	+$ 1,857
Dentists	46,377	47,513	51,259	51,764	+ 505
Physicians	570,459	603,628	630,484	641,610	+ 11,126
Psychologists	42,938	44,187	47,451	47,864	+ 413
Wage Rate	593,900	629,605	657,997	684,868	+ 26,871
Purchase & Hire	8,129	6,704	8,323	8,388	+ 65
Other Personnel	1,589,102	1,645,427	1,756,618	1,762,645	+ 6,027
Sub-Real Estate, etc.	5,655	5,844	5,844	5,844	...
Employee Comp. Payments	25,100	30,126	30,126	35,535	+ 5,409
Sub-Total	3,482,600	3,617,109	3,852,230	3,904,503	+ 52,273
21 TRAVEL:					
Employee	3,512	5,057	4,652	5,057	+ 405
Beneficiary	67,578	65,224	60,006	69,992	+ 9,986
Interagency Mot. Pools	3,755	4,700	4,324	5,276	+ 952
Other	1,057	1,883	1,732	2,033	+ 301
Sub-Total	75,903	76,864	70,714	82,358	+ 11,644
22 TRANSPORTATION OF THINGS:					
Shipment of Household Goods	4,038	4,592	4,225	4,694	+ 469
Other Transportation	9,108	8,901	8,192	13,035	+ 4,843
Sub-Total	13,146	13,493	12,417	17,729	+ 5,312
23 RENT, COMMUNICATIONS & UTILITIES:					
Motion Picture Film	205	273	273	303	+ 30
Rental of Equipment	8,888	12,561	10,252	11,402	+ 1,150
Communications	43,478	47,803	50,704	57,992	+ 7,288
Utilities	94,736	114,283	114,283	129,974	+ 15,691
GSA Basic Space Rental (SLUC)	12,173	16,937	16,225	19,936	+ 3,711
GSA Special Space Svcs	422	990	990	990	...
Other Real Property Rental	2,000	2,338	2,338	2,925	+ 587
Sub-Total	161,903	195,185	195,065	223,522	+ 28,457
24 PRINTING & REPRODUCTION	4,471	4,955	5,195	5,408	+ 213
25 OTHER SERVICES:					
Outpatient Dental Fees	35,936	64,288	33,810	34,459	+ 649
Medical & Nursing Fees	90,177	113,374	110,329	117,645	+ 7,316
Repairs to Furniture & Equipment	18,957	21,376	21,875	24,778	+ 2,903
M&R Contractual Svcs	53,884	62,181	62,181	71,008	+ 8,827
Incentive Therapy	4,177	5,304	4,554	4,910	+ 356
Contract Hospitalization	63,089	68,096	68,096	67,910	- 186
Community Nursing Home	97,056	116,911	113,473	126,607	+ 13,134
Repairs to Prosthetic Appliances	5,976	7,450	7,108	7,922	+ 814
Other Contractual Svcs	137,808	164,102	181,884	211,813	+ 29,929
CHAMPVA	39,218	39,084	39,084	47,297	+ 8,213
Sub-Total	546,278	662,166	642,394	714,349	+ 71,955

COSTS BY OBJECT (Continued)
($'s in thousands)

	1979 Actual	1980 Budget	1980 Estimate	1981 Estimate	Change
26 SUPPLIES AND MATERIALS:					
Provisions	$ 82,783	$ 85,401	$ 92,250	$ 99,010	+$ 6,760
Drugs & Medicines	222,887	278,001	272,546	279,285	+ 6,739
Blood & Blood Products	15,821	19,662	19,877	21,961	+ 2,084
Medical & Dental Supplies	170,993	214,934	207,443	218,558	+ 11,115
Fuels	17,478	29,236	23,010	27,361	+ 4,351
Operating Supplies	82,699	103,643	97,481	111,851	+ 14,370
M&R Supplies	48,693	67,020	57,750	64,734	+ 6,984
Linens & Uniforms	17,459	17,529	21,298	25,065	+ 3,767
Office Supplies	14,670	18,632	16,402	17,927	+ 1,525
Prosthetic Appliances	56,523	67,537	65,624	76,084	+ 10,460
Fee Prescriptions	10,618	15,570	12,206	12,553	+ 347
Sub-Total	740,624	917,165	885,887	954,389	+ 68,502
31 EQUIPMENT:					
Replacement	54,927	35,231	42,608	54,490	+ 11,882
Additional	99,098	111,332	117,531	146,418	+ 28,887
Sub-Total	154,025	146,563	160,139	200,908	+ 40,769
32 LANDS & STRUCTURES:					
Replacement	36,379	20,334	24,805	34,170	+ 9,365
Additional	24,679	7,400	9,029	12,429	+ 3,400
Sub-Total	61,058	27,734	33,834	46,599	+ 12,765
41 GRANTS, SUBSIDIES & CONTRIBUTIONS	34,748	37,883	37,095	45,037	+ 7,942
TOTAL COSTS	5,274,756	5,699,117	5,894,970	6,194,802	+ 299,832

NON-VA PROGRAM SUMMARY
($'s in 000)

	1979 Actual	1980 Estimate Budget	1980 Estimate Current	1981 Estimate	Net Change 81 vs 80 Total	Census 2/	Per Diem	Support
Contract Hospitals:								
Census	1,182	1,176	1,176	1,061	- 115			
Per Diem	$ 146.27	$ 158.21	$ 158.21	$ 175.36	+$ 17.15			
Direct Cost	$63,089	$ 68,096	$ 68,096	$ 67,910	-$ 186			
Support Cost	1,723	2,188	1,835	1,844	+ 9			
Total Cost	64,812	70,284	69,931	69,754	- 177	-$7,546	+$ 7,360	+$ 9
FTEE (support)	119	108	119	119	...			
Community Nursing:								
Census	8,126	8,500	8,250	8,300	+ 50			
Per Diem	$ 32.72	$ 37.58	$ 37.58	$ 41.79	+$ 4.21			
Direct Cost	$97,056	$116,911	$113,473	$126,607	+$13,134			
Support Cost	1,636	1,881	1,746	1,753	+ 7			
Total Cost	98,692	118,792	115,219	128,360	+ 13,141	+$ 457	+$12,677	+$ 7
FTEE (support)	113	92	113	113	...			
State Home Doms:								
Census	5,296	5,746	5,459	5,531	+ 72			
Per Diem 1/	$ 5.50	$ 5.50	$ 5.50	$ 6.35	+$ .85			
Direct Cost	$10,772	$ 11,567	$ 10,989	$ 12,819	+$ 1,830			
Support Cost	620	734	667	671	+ 4			
Total Cost	11,392	12,301	11,656	13,490	+ 1,834	+$ 137	+$ 1,693	+$ 4
FTEE (support)	43	36	43	43	...			
State Home Nursing:								
Census	5,203	5,698	5,698	6,200	+ 502			
Per Diem 1/	$ 10.13	$ 10.50	$ 10.50	$ 12.10	+$ 1.60			
Direct Cost	$19,241	$ 21,897	$ 21,897	$ 27,382	+$ 5,485			
Support Cost	546	632	588	591	+ 3			
Total Cost	19,787	22,529	22,485	27,973	+ 5,488	+$2,157	+$ 3,328	+$ 3
FTEE (support)	38	31	38	38	...			
State Home Hospitals:								
Census	980	1,050	1,000	1,000	...			
Per Diem 1/	$ 11.50	$ 11.50	$ 11.50	$ 13.25	+$ 1.75			
Direct Cost	$ 4,734	$ 4,419	$ 4,209	$ 4,836	+$ 627			
Support Cost	364	452	389	390	+ 1			
Total Cost	5,098	4,871	4,598	5,226	+ 628	-$ 11	+$ 638	+$ 1
FTEE (support)	25	22	25	25	...			
Total Support Cost	$ 4,889	$ 5,887	$ 5,225	$ 5,249	+$ 24			
Total FTEE (support)	338	289	338	338	...			
Total State Home Direct Care	$34,748	$ 37,883	$ 37,095	$ 45,037	+$ 7,942	+$2,283	+$ 5,659	...

1/ Statutory per diem.
2/ Includes Calendar Day Change

CONTRACT HOSPITALS
Total Costs, Patient Census, Patients Treated and Patient Day Costs (Costs in thousands)

	1979 Actual			1980 Estimate			1981 Estimate			Net Change 1981 + or - 1980		
	Total Cost	Census	Per Diem	Total Cost	Census	Per Diem	Total Cost	Census	Per Diem	Total Cost	Census	Per Diem
NON-FEDERAL HOSPITALS:												
Juneau,AK	$10,957	70	$425.90	$11,696	70	$456.50	$11,023	63	$479.35	-$ 673	- 7	+$ 22.85
Honolulu, HI	1,307	44	81.89	1,352	41	90.08	1,380	40	94.54	+ 28	- 1	+ 4.46
Manila, PI	253	57	12.23	276	56	13.45	275	51	14.79	- 1	- 5	+ 1.34
San Juan, PR	11,204	541	56.73	11,597	532	59.56	10,899	477	62.60	- 698	- 55	+ 3.04
All Other	30,735	371	227.03	32,379	367	241.06	33,567	320	287.39	+ 1,188	- 47	+ 46.33
Sub-Total, Non-Federal	54,456	1,083	137.78	57,300	1,066	146.86	57,144	951	164.63	- 156	-115	+ 17.77
FEDERAL HOSPITALS:												
United States Army	6,588	74	244.80	8,761	86	278.35[1/]	8,737	86	278.35[1/]	- 24	...	...
United States Air Force	1,161	12	242.00	1,111	12	253.00	1,108	12	253.00	- 3	...	...
United States Navy	240	2	242.00	278	3	253.00	277	3	253.00	- 1	...	...
Health Education & Welfare	457	5	171.00	646	9	196.00	644	9	196.00	- 2	...	...
Panama Canal Zone	186	5	101.90	...	...	...	...	...	...	...	...	...
Sub-Total, Federal	8,633	99	239.41	10,796	110	268.15	10,766	110	268.15	- 30	...	...
Total Direct Care	63,089	1,182	146.27	68,096	1,176	158.21	67,910	1,061	175.36	- 186	- 115	+ 17.15
Support	1,723			1,835			1,844			+ 9		
Total Cost	64,812			69,931			69,754			- 177		
AVERAGE EMPLOYMENT (Support)	119			119			119			...		
PATIENTS TREATED	29,268			28,271			29,800			+ 1,529		

1/ Includes 5 Census @ $689.00 per diem at Brook AMC Burn Unit and 81 Census @ $253.00 per diem.

Actual Outpatient Medical and Dental Fee Costs

Fiscal Year	Cost Per Medical Fee Visit	Dental Fee Cost Per Completed Case		Dental Svc Fee
		Examinations	Treatment	
1960.....	$6.34	$16.57	$131.00	
1961.....	6.39	17.90	135.58	
1962.....	6.44	18.92	147.92	
1963.....	6.28	18.32	147.06	
1964.....	6.33	17.94	150.90	
1965.....	6.62	16.88	152.17	
1966.....	6.84	21.00	162.59	
1967.....	7.63	24.70	173.98	
1968.....	8.33	28.22	208.37	
1969.....	9.10	27.39	206.45	
1970 1/....	10.24	28.00	198.44	
1971.....	11.73	29.23	258.70	
1972.....	11.86	25.26	283.84	
1973.....	13.02	25.46	318.16	
1974.....	14.58	...	...	$305.19
1975.....	16.19	...	...	404.21
1976.....	18.41	...	...	469.17
1977.....	20.97	...	...	480.77
1978	22.63	...	...	505.97
1979	25.12	...	...	579.67

1/ Fee dental costs include obligations for cases authorized during the year starting in FY 1970.

Table of Contents

Medical and Prosthetic Research

	Page No.
Summary of Requirements	
Appropriation Language	7-3
Appropriation Highlights	7-3
Changes from Original 1980 Budget Estimates	7-4
Analysis of Increases and Decreases	7-4
General Statement	7-5
Summary of Employment and Costs by Object	7-6
Cost-outlays Reconciliation	7-7
Medical Research	
Justification of Estimates	7-9
Program Highlights	7-10
Summary of Employment and Costs by Sub-Activity	7-13
Summary of Employment and Costs by Object	7-14
Rehabilitative Research	
Justification of Estimates	7-15
Program Highlights	7-15
Summary of Employment and Costs by Object	7-17
Health Services Research	
Justification of Estimates	7-19
Program Highlights	7-19
Summary of Employment and Costs by Object	7-21

MEDICAL AND PROSTHETIC RESEARCH

Appropriation Language

For necessary expenses in carrying out programs of medical and prosthetic research and development, as authorized by law, to remain available until September 30 [1981, $122,847,000] 1982, $134,810,000, plus reimbursements.

APPROPRIATION HIGHLIGHTS
(in thousands of dollars)

	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
		(dollars in thousands)		
Major Programs:				
Medical Research.....	$112,993	$115,371	$122,743	$ + 7,372
Rehabilitative Research.....	6,480	7,987	8,984	+ 997
Health Services Research.....	3,374	3,089	3,083	- 6
Appropriation.....	122,847	126,447	134,810	+ 8,363
Obligations.....	129,973	134,242	142,010	+ 7,768
Costs.....	126,325	134,242	142,010	+ 7,768
Outlays.....	117,273	126,309	134,810	+ 8,501
Average Employment.....	4,416	4,418	4,418	...

Summary of Budget Request

Congress is being requested to appropriate $134,810,000 in fiscal year 1981 for the Medical and Prosthetic Research appropriation, an increase of $8,363,000 over the prior year appropriation. This request reflects an increase of $7,372,000 in Medical Research, an increase of $997,000 in Rehabilitative Research and a decrease of $6,000 in Health Services Research.

Changes from original FY 1980 Budget Estimates

	1980 Budget Estimate	1980 Current Estimate	Increase (+) Decrease (-)
	($'s in thousands)		
Major Programs:			
Medical Research	$111,960	$115,371	$ + 3,411
Rehabilitative Research	7,885	7,987	+ 102
Health Services Research	3,002	3,089	+ 87
Appropriation	122,847	126,447	+ 3,600
Obligations	129,405	134,242	+ 4,837
Costs	129,405	134,242	+ 4,837
Outlays	122,847	126,309	+ 3,462
Average employment	4,418	4,418	...

Forty-two (42) average employment were transferred from Medical Research to Health Services Research to permit a shift from extramural to intramural research and maximize the skills available within the VA. The appropriation increase of $3,600,000 and net increase of $4,837,000 in costs and obligations are summarized below:

	Costs/Obligations	Budget Authority
	($'s in thousands)	
FY 1980 Budget	$129,405	$ 122,847
Pay Raise	+ 3,600	+ 3,600
Increased Reimbursements	+ 642	...
Unobligated balance carried forward from prior year	+ 595	...
FY 1980 Revised	134,242	126,447

Analysis of Increases and Decreases (dollars in thousands)

	FY 1980 Current Estimate	FY 1981 Estimate
Prior Year Costs	$126,325	$ 134,242
Investigator - initiated	- 2,760	+ 2,835
Special emphasis	+ 474	+ 1,000
Priority areas	+ 2,529	+ 3,046
Cooperative studies	+ 2,151	...
Career development	+ 1,699	...
Reimbursable program	+ 952	...
Rehabilitative research	+ 2,723	+ 957
Health services research	+ 149	- 70
Estimate	134,242	142,010

Costs are expected to increase by $7,768,000 in FY 1981 over FY 1980 due to an increase in high priority medical research relating to schizophrenia, aging, alcoholism, regeneration and spinal cord injury, delayed stress and increased emphasis on the engineering school affiliation program of rehabilitative research.

GENERAL STATEMENT

The following program activities are funded from this appropriation:

Medical Research. The Medical Research program emphasizes problems of great importance to veterans and to the public as well. The VA's medical research activity continues to improve and contribute to the general public good, for example, by playing a critical role in the virtual elimination of tuberculosis. The existence in the VA of a very large patient population with the diseases and disabilities for study, and of skilled, research-minded clinicians to do the research is unique in this country and indeed in the world. Medical Research will focus an attack on currently important problems, such as schizophrenia, alcoholism, aging, tissue regeneration and delayed stress reaction. A reimbursable agreement between the VA and the National Cancer Institute also provides for the operation of a collaborative program for various investigations in the etiology, diagnosis and treatment of cancer.

Rehabilitative Research. This research focuses upon rehabilitative engineering problems in the field of prosthetics, orthotics, adaptive equipment for vehicles, sensory aids and related areas. It is the principal focal point for research and development leading to new or improved devices and techniques to assist the disabled. It also involves the establishment of Rehabilitative Engineering Research and Development Centers to complement the medical staff at Veterans Administration medical centers by providing engineering support for clinical problems in rehabilitation.

Health Services Research. This program seeks solutions to problems of the organization, effectiveness, economy and accessibility of health care services. This activity includes: development and testing of delivery system and sub-system models; assessment of new technologies and their application to health care delivery; and development of new methods to evaluate the quality of care and the quality of management practices.

MEDICAL AND PROSTHETIC RESEARCH

SUMMARY OF EMPLOYMENT AND COSTS BY OBJECT

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Employment (Average FTE):					
Medical Research	4,217	4,213	4,171	4,171	...
Rehabilitative Research	94	143	143	143	...
Health Services Research	105	62	104	104	...
Total	4,416	4,418	4,418	4,418	...
Average Payroll Cost	$ 19,324	$ 19,598	$ 20,957	$ 21,181	$ + 224
Costs by Object (in thous.):					
10 Personal Services and Benefits	$ 85,333	$ 86,586	$ 92,588	$ 93,578	$ + 990
21 Travel and Transp. of Persons:					
Employee Travel	1,062	1,336	1,195	1,336	+ 141
Beneficiary Travel	112	134	134	156	+ 22
Interagency Motor Pool	21	15	15	22	+ 7
All Other	39	34	34	34	...
Sub-Total	1,234	1,519	1,378	1,548	+ 170
22 Transportation of Things	213	248	200	205	+ 5
23 Communication, Utilities, and Other Rent	1,019	1,285	1,065	1,410	+ 345
24 Printing & Reproduction	248	245	255	285	+ 30
25 Other Contractual Services	11,195	11,579	11,579	12,464	+ 885
26 Supplies & Materials	15,124	15,785	16,587	18,395	+ 1,808
31 Equipment	10,988	9,858	9,475	12,025	+ 2,550
32 Lands and Structures	969	2,300	1,115	2,100	+ 985
Total Costs	126,325	129,405	134,242	142,010	+ 7,768
Change in selected resources	3,649	...	...	...	...
Reimbursements	- 6,248	- 6,558	- 7,200	- 7,200	...
Unobligated balance:					
Beginning of year	- 1,360	- 1,173	- 1,655	- 1,060	+ 595
Transferred from other accts	- 1,173	...	...	...	...
End of year	1,655	1,173	1,060	1,060	...
Budget Authority	122,847	122,847	126,447	134,810	+ 8,363
Supplemental for pay raises included	...	...	(3,600)	...	...

MEDICAL AND PROSTHETIC RESEARCH
COST-OUTLAYS RECONCILIATION
(In thousands of dollars)

	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Costs:				
Medical Research.....	$118,016	$122,745	$129,943	$+ 7,198
Rehabilitative Research...	5,304	8,344	8,984	+ 640
Health Services Research..	3,005	3,153	3,083	- 70
Total.....	126,325	134,242	142,010	+ 7,768
Change in Selected Resources	3,649	...	...	...
Obligations:				
Medical Research.....	120,272	122,745	129,943	+ 7,198
Rehabilitative Research...	6,416	8,344	8,984	+ 640
Health Services Research..	3,285	3,153	3,083	- 70
Total.....	129,973	134,242	142,010	+ 7,768
Reimbursements:				
Cancer Chemotherapy.....	- 2,944	- 3,225	- 3,225	...
Direct Grants.....	- 1,225	- 1,225	- 1,225	...
Other Medical.....	- 2,079	- 2,433	- 2,750	- 317
Rehabilitative.....	...	- 317	...	+ 317
Total.....	- 6,248	- 7,200	- 7,200	...
Unobligated Balance: Beginning of Year:				
Medical Research.....	- 2,074	- 1,501	- 1,010	+ 491
Rehabilitative Research...	- 395	- 65	- 25	+ 40
Health Services Research..	- 64	- 89	- 25	+ 64
Total.....	- 2,533 1/	- 1,655	- 1,060	+ 595
End of Year:				
Medical Research.....	1,501	1,010	1,010	...
Rehabilitative Research...	65	25	25	...
Health Services Research..	89	25	25	...
Total.....	1,655	1,060	1,060	...
Budget Authority:				
Medical Research.....	112,993	115,371	122,743	+ 7,372
Rehabilitative Research...	6,480	7,987	8,984	+ 997
Health Services Research..	3,374	3,089	3,083	- 6
Total.....	122,847	126,447	134,810	+ 8,363
Obligated Balance:				
Beginning of Year.....	+ 18,033 2/	+ 24,486	+ 25,219	+ 733
End of Year.....	- 24,486	- 25,219	- 25,219	...
Outlays.....	117,273	126,309	134,810	+ 8,501

1/ Includes $1,173,000 Unobligated Balance transferred from Consolidated Working Fund effective in FY 1979.

2/ Includes $198,000 transferred to this account.

MEDICAL RESEARCH
JUSTIFICATION OF ESTIMATES

The estimate provides for a funding level of $122,743,000 in FY 1981, an increase of $7,372,000 over the FY 1980 level. During FY 1980, 40% of the pay raise requirement has been absorbed within existing funds by partial curtailment of some planned new programs and several ongoing programs and control of travel and transportation consistant with P.L. 96-86. The FY 1981 level will allow maintaining efforts in Cooperative Studies and Career Development at constant dollar levels and an increase in high priority research relating to schizophrenia, aging, alcoholism, regeneration and spinal cord injury, and delayed stress. In each high priority area research will be increased and accelerated by providing newly developed instrumentation and enlarged or specifically tailored research facilities.

In the Career Development Program, support for clinical investigators' new projects will be initiated upon the completion of existing projects. This will also be the case for the Cooperative Studies Program. Because of specific developments in technology, the purchase of new and more efficient instrumentation means that research objectives with high level promise can now be attacked in schizophrenia, alcoholism, aging, tissue regeneration, and delayed stress reaction. Such equipment will be provided to investigators working in these areas with funding identified in Special Emphasis and Priority Research categories as well as specific support for investigator-initiated projects stemming directly from related problems in patient care, but with no overall increase in employment over the FY 1980 level.

Schizophrenia destroys the effectiveness of more than 10,000 veterans and is a major problem among Vietnam era veterans. In addition to veterans, there are more tens of thousands suffering from this complex disease. The VA already has contributed extensively to the treatment of schizophrenia by determining the correct way to use effective drugs. A funding level of $2,250,000 will be used to equip one major laboratory center devoted to studying the disease and to support programs in other locations. By visualizing changes in the brain's function and alteration in its structure, and measuring other brain and bodily functions, the biological basis for different types of the disease will be sought. The goal is to recognize patients who can be treated in the early stages of mental disease, so that schizophrenia does not become chronic.

Alcoholism is a primary or secondary diagnosis in over one-third of veteran patients, and a major affliction in the non-veteran population. Ninety-nine VA medical centers with specialized inpatient alcohol dependence treatment units treat some 2200 patients each day. Thirty new programs have been targeted for research in the VA to find out why people drink, how alcohol is handled by the cell and how it "gets a handle" on the person - in short, research will be undertaken to find the causes of alcoholism. Equipment and laboratories costing $1,200,000 are required to detect how alcohol enters cells through the surface membrane and changes the cells' ability to survive and carry out normal functions.

Aging veterans constitute the most rapidly escalating percentage of veteran patients and their needs and disabilities are representative of the national elderly population. Current mandates to increase aging research, both in the Geriatric Research, Education and Clinical Centers and in the other 111 VA medical centers with on-going aging research programs, makes an increase in funds essential. A funding level of $1,800,000 is planned for reorienting research goals to include efforts to restore immunocompetency and lessen infections and cancer, protect genetic integrity throughout life and postpone disabling decadence, and to increase the number of basic and clinical research programs that are organizationally aligned as GRECCs to foster the bench to bedside application of research findings.

Amputees and spinal cord injured patients are the most drastically disabled of veterans and face radical living changes. The Veterans Administration supports 19 centers for Spinal Cord Injury alone. Functional regeneration of nerve fibers would go a long way to restoring aging brains. Recent research in animals has documented the ability of nerves in the brain to sprout, and of transplanted brain fragments to establish functional connections. Immunologic advances encourage the prospects of successful transplantation of larger and more complex

tissue masses, and the isolation of growth factors, offer the hope for stimulating limb regeneration. A funding level of $1,250,000 will: equip laboratories in the VA to test and advance the above findings; support VA investigators in extra-VA laboratories where this promising research is being done; help develop a Regeneration Knowledge Base; and establish the most sensitive surveillance capability to test effectiveness of brain and spinal cord regeneration in animals.

Delayed stress disorders afflict Vietnam era veterans as well as people held hostage in airplanes and embassies and victims of natural disasters and deprivation. The Veterans Administration is identifying and treating prolonged and acute symptoms in the Vietnam era veterans, and there is no foreseeable limit to the numbers of victims of such problems. After World War II, combat fatigue syndromes and anxiety reactions appeared from seven to 15 years later. Expanded capabilities in behavioral clinics and laboratories are required to study the physical and biological changes that accompany these behavioral disturbances, to document the effectiveness of treatment, the duration of related disabilities and the need for individualized assistance in developing coping strategies that permit reentry into society. It is estimated that about $872,000 will be required to provide immediate retrieval and analysis of further information from 122 of the psychiatric wards/units that have participated in the recent psychiatric drug study.

BUDGET AUTHORITY

(dollars in thousands)

	FY 1980 Estimate	FY 1981 Estimate	Difference
A. Investigator-initiated...	$69,316	$72,642	$+ 3,326
B. Special Emphasis.....	20,063	21,063	+ 1,000
C. Priority Research Areas..	4,372	7,418	+ 3,046
D. Cooperative Studies.....	9,820	9,820	...
E. Career Development.....	11,800	11,800	...
TOTAL	$115,371	$122,743	$+ 7,372

PROGRAM HIGHLIGHTS

Medical Research within the Veterans Administration is a unique Federal intramural program in which clinician-investigators at VA medical centers study problems arising during their care of veteran patients. Non-clinical scientists in VA medical centers work in close collaboration with clinicians and support their research efforts. This teamwork assures the strongest scientific base for attacking relevant research problems and affords the mechanism for technological transfer by those with first-hand experience and knowledge of the health problems of veterans. Alcoholism, schizophrenia, delayed stress disorders along with loss of limbs and spinal cord injury are high priority problems in veteran patients. Chronic obstructive lung disease, coronary artery disease, diabetes, and aging are the major unsolved problems for veteran and non-veteran patients alike. In this largest health care delivery system, good clinical research means high quality care of veteran patients, the recruitment and retention of inquiring clincians and scientists, and thus significant contributions by the VA to health concerns of all citizens, both veterans and non-veterans.

The 119 VA medical centers, where some 4,100 staff members currently conduct research, are dispersed throughout the United States. These clinicians and scientists usually teach in medical and other professional schools and are

members of the local health care communities. They share the concerns of their colleagues and disseminate their research results to an extent impossible for the staffs of more specialized Federal institutes without academic connections. Although internally funded and "intramural," the thrust and high level of productivity of VA research is much like that of an externally financed "extramural" program. It has produced such practical results as radioimmunoassay and the theory for the CT scanner - two important advanced diagnostic techniques. It has defined the role of new hormones from the brain and pancreas - information that can revolutionalize the treatment of diabetes and other diseases. The more widespread this research remains throughout the VA system of medical centers, the more effectively it can contribute to the generation and dissemination of new knowledge, and thus have an immediate impact on improving the quality of care for veterans.

Despite their dispersed and community-oriented nature, VA health care facilities form a coherent system and participate in a unified research effort. The "intramural" characteristic makes feasible the cooperative clinical research programs that have defined the optimal treatment for tuberculosis, serious mental disease, and hypertension. The two former programs dramatically reduced the need for hospital beds; the latter program reduces the devastating effects of high blood pressure. The more research-oriented the facilities in the VA remain, the more productive such cooperative research can be.

Awards and Honors. During the fiscal year, several VA researchers received recognition on a national and international level, including the following:

International Awards. Dr. Andrew Schally, Senior Medical Investigator, New Orleans VA Medical Center, the National Order of Merit in the grade of Commander from the government of Ecuador in recognition of his contributions to endocrinology in collaboration with Latin American physicians for the benefit of all humanity.

Dr. Andrew V. Schally also received the highest and oldest honorary distinction with which Brazil gives recognition to personalities from other countries who contribute to the fields of art, science and culture; The Grand Master of the "Ordem Nacional do Cruzeiro do Sul." The diploma and insignia of "Comendador" is being awarded to Dr. Schally in recognition of his accomplishments for which he received the Nobel Award and for the special interest he has shown to the Federal Republic of Brazil for his contribution to science.

Dr. Betty G. Uzman, Director Medical Research Service, received the insignia of the Order of Andres Bello, First Class, from the government of Venezuela in recognition of her contributions to medical science and research in the fields of pathology and the neurosciences. This decoration is the highest honor the Venezuelan government accords for contributions to science, teaching, arts, and culture.

Middleton Award. The VA's highest honor for medical research, the William S. Middleton Award, was given to Dr. Victor Herbert, VA Medical Center, Bronx, New York. Dr. Herbert is internationally known for his contributions to the scientific understanding of the diagnosis of nutrient deficiencies and the metabolism of vitamin B-12 in normal and disease states.

Pavlovian Society Award. Dr. Jorge Perez-Cruet, Chief of Psychiatry at the San Juan VA Medical Center, received the 1979 Pavlovian Society Award, recognizing major contributions in the field of psychophysiology and biological psychiatry.

Charles River Prize. Dr. J. Russell Lindsey, Chief of Veterinary Medicine in Medicine Research, Birmingham VA Medical Center, received the second annual Charles River Prize for Laboratory Animal Medicine for his distinguished record of contributions to the specialty of laboratory animal medicine, science and technology, as a scholarly scientist, an inspirational teacher and as a humanitarian.

Honorary Doctor of Science. Dr. Marguerite T. Hays, Assistant Chief Medical Director for Research and Development, was awarded an Honorary Doctor of Science Degree by Indiana University, in recognition of her achievements as one of the principal medical administrators in the Federal government and of her research in the fields of nuclear medicine and endocrinology.

Research Career Scientists. Twenty-six VA scientists were recognized this year, bringing to forty-five the number who have been awarded the title of Research Career Scientist. This recognition is based on their national and international contributions to medical science as well as their roles in support of the clinical and research programs in their local Veterans Administration medical centers.

Cooperative Studies. VA Cooperative Studies are multi-hospital investigations in which an important health care problem is studied by investigators at different VA medical centers according to a common protocol. This year, five new studies were undertaken, bringing to 27 the number of investigations in progress. An additional 16 studies were planned, the results of five more were being analyzed, and eight studies were completed. Cooperative Studies data resulted in the submission of 22 manuscripts to leading scientific journals.

In a study being conducted at five VA medical centers, 220 diabetic and non-diabetic veteran patients with end-stage renal disease are randomly assigned to peritoneal dialysis or hemodialysis. If chronic peritoneal dialysis proves to be as effective as hemodialysis in controlling uremia, it would result in huge savings by the VA for dialysis treatment. The patient intake period of the study is nearly completed and the results will be followed for the next 18 months.

A cooperative study was initiated to evaluate the merits of two possible forms of therapy for the acute phase of alcoholic hepatitis in veteran patients. It is anticipated that this investigation will not only establish the relative merits and differing actions of these treatment programs, but should greatly advance our knowledge and understanding of the disease and its management. Six VA medical centers are participating in this four and a half year study.

A cooperative study to determine the long-term outcome of veteran patients with valvular heart disease is in progress in 13 medical centers. The objectives are to compare two major types of artificial heart valves and to relate the condition of the heart when the valve is inserted to the long-term prospects of the patient. Another double-blind clinical trial at 11 VA facilities is designed to test which of four major anti-epileptic drugs (phenytoin, phenobarbital, primidone or carbamazepine) provides optimal seizure control with the least side effects.

Medical Research - Summary of Employment and Costs by Sub-Activity

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Employment by Sub-Activity (Average FTE)					
Investigator-Initiated...	2,500	2,400	2,362	2,362	...
Special Emphasis.....	749	749	749	749	...
Priority Areas.....	84	84	84	84	...
Cooperative Studies.....	379	420	405	405	...
Career Development.....	255	290	301	301	...
Reimbursable Programs....	250	270	270	270	...
Total Employment.	4,217	4,213	4,171	4,171	...
Costs by Sub-Activity (in thousands)					
Investigator-Initiated...	$72,566	$70,566	$69,807	$72,642	$+ 2,835
Special Emphasis.....	19,589	18,251	20,063	21,063	+ 1,000
Priority Areas.....	1,843	4,141	4,372	7,418	+ 3,046
Cooperative Studies.....	7,669	8,502	9,820	9,820	...
Career Development.....	10,101	10,500	11,800	11,800	...
Reimbursable Programs....	6,248	6,358	6,883	7,200	+ 317
Total Costs.....	118,016	118,318	122,745	129,943	+ 7,198

Medical Research - Summary of Employment and Costs by Object

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Employment (Average FTE):					
Physicians	203	189	203	203	...
Dentists	18	19	18	18	...
Nurses	110	94	110	110	...
Research Psychologists	82	86	82	82	...
Wage Rate Employees	197	220	197	197	...
Purchase and Hire	1	4	1	1	...
Other Personnel	3,606	3,601	3,560	3,560	...
Total	4,217	4,213	4,171	4,171	...
Average Payroll Cost	$19,305	$19,568	$20,937	$21,162	$+ 225
Costs by Object (in thous.):					
10 Personal Services and Benefits:					
Physicians	$ 8,657	$ 8,370	$ 9,263	$ 9,356	$ + 93
Dentists	814	834	871	880	+ 9
Nurses	2,229	1,862	2,385	2,409	+ 24
Research Psychologists	2,774	3,013	2,968	2,998	+ 30
Wage Rate Employees	3,066	3,689	3,281	3,314	+ 33
Purchase and Hire	36	65	39	39	...
Other Personnel	63,783	64,558	68,468	69,216	+ 748
Sub., Real Estate, etc.	51	50	55	56	+ 1
Sub-Total	81,410	82,441	87,330	88,268	938
21 Travel & Transportation of Persons:					
Employee Travel	992	1,212	1,080	1,215	+ 135
Beneficiary Travel	112	130	134	156	+ 22
Interagency Motor Pool	16	14	10	17	+ 7
Other	16	30	30	30	...
Sub-Total	1,136	1,386	1,254	1,418	+ 164
22 Transportation of Things	198	216	179	183	+ 4
23 Communication, Utilities, and Other Rent	989	1,238	1,017	1,360	+ 343
24 Printing & Reproduction	220	201	225	253	+ 28
25 Other Services:					
Repair to Furn. & Equip.	1,304	1,285	1,504	1,667	+ 163
Other Contractual Services	6,258	5,316	6,430	6,803	+ 373
Sub-Total	7,562	6,601	7,934	8,470	536
26 Supplies & Materials:					
Office Supplies	263	602	263	278	+ 15
Drugs, Medicines & Chemicals	2,861	2,763	3,061	3,239	+ 178
Other Med. & Dental Supplies	6,836	6,735	7,236	7,999	+ 763
Operating Supplies & Materials	4,542	4,695	4,742	5,538	+ 796
Maint. Supplies & Materials	276	322	276	292	+ 16
Sub-Total	14,778	15,117	15,578	17,346	+ 1,768
31 Equipment:					
Furniture and Fixtures	191	623	191	202	+ 11
Med., Dental & Scientific Equip.	9,598	8,020	7,207	9,611	+ 2,404
Utility & Operating Equip.	965	400	965	1,022	+ 57
Sub-Total	10,754	9,043	8,363	10,835	+ 2,472
32 Lands and Structures	969	2,075	865	1,810	+ 945
Total Costs	118,016	118,318	122,745	129,943	+ 7,198

REHABILITATIVE RESEARCH
JUSTIFICATION OF ESTIMATES

The estimate provides for an appropriation of $8,984,000 for the Rehabilitative Research activity in FY 1981, an increase of $997,000 over FY 1980. There will be no increase in ceiling above the 143 FTEE previously allocated for this program.

The Rehabilitative Engineering Research & Development (RER&D) Service will place increased emphasis on the Engineering School Affiliation Program, which will allow an increasing number of faculty and graduate student projects. This will strengthen the program by improving the quality of the engineering support to VA medical centers with these affiliations. Appropriate research projects will be conducted, particularly in medical centers having spinal cord injury, prosthetics treatment, or blind rehabilitation centers.

PROGRAM HIGHLIGHTS

The Veterans Administration Rehabilitative Engineering Research and Development (RER&D) Program is devoted to improving the quality of life of all handicapped veterans by allowing them to function independently at their maximum capability. This Program utilizes the latest developments in science and technology to rehabilitate severely disabled veterans including amputees, patients with spinal cord injury, and visual impairment. The Program is closely coordinated with other agencies and organizations and results of the R&D projects are disseminated to help disabled persons throughout the world.

AMPUTEE MANAGEMENT. The majority of amputations performed in the VA today are due to impaired circulation secondary to arteriosclerosis and diabetes. Over the past years, the VA has sponsored research and development projects aimed at improving both the diagnosis and treatment of this problem. As a result of a special workshop in Amputee Management co-sponsored by the RER&D Service and Surgical Service several medical centers have been selected for new clinical programs in Amputee Management. Medical teams at these medical centers will utilize these new techniques to improve patient care by reducing the need for radical surgery and assisting in selection of the most favorable site for amputation as well as utilizing immediate post-operative fittings of prosthetic devices. In addition to this major effort, there are another twenty-eight (28) merit review projects sponsored by the RER&D Service, ranging from endosteal implants for possible direct attachment of prostheses to applications of research gait analysis techniques for clinical diagnoses. The primary thrust of this program area during FY 1981 will be to bring the results of research and prototype development into more rapid clinical application to improve the immediate and long-term care of the veteran amputee.

REHABILITATIVE ENGINEERING RESEARCH AND DEVELOPMENT (RER&D) CENTERS. The two existing centers at Hines, Il. and Palo Alto, Ca. will be fully staffed by the end of FY 1980. At the center and the Hines VAMC, outcome evaluations are carried out in conjunction with the Illinois Institute of Technology to provide vitally needed information about the effectiveness of Rehabilitative Engineering Programs. In addition, there are in depth studies, in cooperation with the Blind Rehabilitation Center, of a man-machine interface in the Sensory Aids area. Development of this method to measure device performance should permit documentation of sensory deprived persons' abilities to perform using the highly sophisticated equipment now available. The Orthopedic Engineering, or Biomechanics area of the center is concentrating on the pathophysiology of the spinal cord and the mechanisms of bone healing, such as spinal fusion. The Center at the Palo Alto VAMC, in conjunction with the Stanford University School of Engineering, is continuing to develop robotic devices for high level quadraplegics. There are continuing in-depth studies, in cooperation with the Blind Rehabilitation Center, of a man-machine interface in the Sensory Aids area. Development of this method to measure device performance should permit documentation of sensory deprived persons' abilities to perform using the highly sophisticated equipment now available. There are continuing programs studying the biomechanical events surrounding spinal cord injury which lead to loss of function, including nerve conduction velocity studies. This Center is also working closely with the Blind Rehabilitative Center in developing electronic travel aids and other assistive devices for the blind. The engineering school affiliation program will continue to receive special attention with on-going programs at the VAMC Atlanta in conjunction with the Georgia Institute of Technology and at the VAMC Cleveland in conjunction with the Case Western Reserve University.

59-500 O - 80 - 33

REHABILITATIVE RESEARCH

Summary of Employment and Costs by Object

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Employment (Average FTE):	94	143	143	143	...
Average Payroll Cost.....	$21,287	$21,503	$22,517	$22,741	$ + 224
Costs by Activity (in thous.):					
10 Personal Services and Benefits:					
Other Personnel.....	$ 2,001	$ 3,075	$ 3,220	$ 3,252	$ + 32
21 Travel & Transportation of Persons:					
Employee Travel.....	44	86	81	87	+ 6
Beneficiary Travel.....	...	4	...	...	...
All Other.....	14	...	4	4	...
Sub-Total.....	58	90	85	91	+ 6
22 Transportation of Things....	14	22	20	21	+ 1
23 Communication, Utilities, and Other Rent.....	19	31	36	39	+ 3
24 Printing & Reproduction.....	27	40	28	30	+ 2
25 Other Services:					
Other Contractual Services	2,719	3,379	2,717	3,116	+ 399
26 Supplies and Materials:					
Office Supplies.....	3	14	20	30	+ 10
Prosthetic Supplies.....	22	155	170	190	+ 20
Operating Supplies & Materials.....	243	379	734	775	+ 41
Sub-Total.....	268	548	924	995	+ 71
31 Equipment:					
Med., Dent., & Scientific Equipment.....	184	595	750	810	+ 60
Other.....	14	105	314	340	+ 26
Sub-Total.....	198	700	1,064	1,150	+ 86
32 Lands and Structures.....	...	200	250	290	+ 40
Total Costs.....	5,304	8,085	8,344	8,984	+ 640

HEALTH SERVICES RESEARCH
JUSTIFICATION OF ESTIMATES

The estimate provides for an appropriation of $3,083,000 for the Health Services Research activity in FY 1981, or a decrease of $6,000 below FY 1980. This will provide minimal support for (1) the intramural program of scientifically sound projects in health care delivery proposed and conducted by field facilities; (2) the affiliation program to develop health services research capabilities in VA facilities through association with university programs; and (3) centrally directed or conducted R&D and support activities in direct response to departmental objectives in improving health care delivery. Employment remains at the FY 1980 level, which has been increased to reflect the shift of emphasis from contractual to intramural operation. The reduced fund requirements will result in a small reduction of the level of activity below that for FY 1980.

Program Highlights

INTRAMURAL R&D PROGRAM

The intramural program of health services R&D has begun to yield substantial results, with over a dozen projects supported by this program reaching completion in FY 79. The budget request will permit support of commitments already made, including support of currently funded projects not completed by the end of FY 1980. An estimated 15 to 20 research proposals that have been reviewed and judged scientifically meritorious will remain unfunded at the start of FY 1981.

Programs completed during the year contributed greatly to a better understanding of the use of non-physician providers in ambulatory health care settings. Documentation of both the high quality and the cost effectiveness of care delivered by mid-level practitioners in VA settings should provide a greater impetus to their better utilization by VA management. Another completed study greatly increased the knowledge concerning the measurement of the quality of nursing care. Much more work is required in these areas, but the insights this work has provided have tremendous implications for quality assurance programs in nursing.

In this era of constrained resources and rising consumer expectations, the intramural program is supporting projects of significant concern to the VA and to health policy makers. Ongoing projects are examining areas of significant VA concern; for example, numerous aspects of the delivery of ambulatory care are being analyzed, including such diverse projects as studies of the relationships of resource utilization and clinical decision making and evaluation of various forms of group or team care. Rehabilitation of patients after successful treatment of severe illness such as renal failure, stroke, cancer, or myocardial infarct is also being studied with the objective of restoration of the patient to the best attainable psychological and functional condition.

Other projects are evaluating the effectiveness of various forms of mental health care, such as intensive psychiatric treatment of severely disturbed patients and integration of VA and community treatment. A study of the response by different types of patients to different substance abuse treatment programs is expected to provide a means of matching patients to the types of treatment programs most likely to be successful.

The impacts of various facets of the care environment on the treatment and response of patients are being studied, particularly as they relate to longer-term geriatric patients. Also being studied are factors affecting the social dynamics of the patient-provider interaction, with special emphasis on the problems of communication involving the Vietnam era veteran and the elderly.

AFFILIATION PROGRAM

The affiliation program is designed to develop within the VA the capacity to conduct scientifically sound health services research of direct relevance to the VA health care system. These research and performance goals are being pursued by the establishment and operation of fourteen health services research programs in coordination with Department of Health, Education and Welfare's development of seven university-based Health Services Research Centers. Each program is headed by a health services researcher. At present, three affiliation program managers are physicians and others represent disciplines such as operations research, sociology, nursing, psychology and applied mathematics. All program managers are at the doctoral level and have meaningful university appointments.

As examples of results of these affiliations, the Gainesville-University of Florida affiliation has conducted a state-wide study of the effects of Florida's new compulsory generic drug substitution laws. In general, it was determined that generic drug substitutions produce significant consumer savings, including savings for the VA. Other projects are concerned with management techniques for annual budget allocations, and with management incentives for cost containment in the outpatient pharmacy.

CENTRALLY DIRECTED R&D PROGRAMS

As a result of the concern over the management of the ambulatory medical record and the ability of the medical centers to have the records available at the times the physicians see the patients, a study was instituted to determine how well the current system functions, its major problems, criteria for a good records management system and the availability of appropriate semi-automated and computerized systems. The study showed that the overall performance of the system was good as compared to that of systems in the private sector and that costs for the VA system were less than private sector costs. Standards developed in the study for an improved manual system have been adopted by the Medical Administration Service of the VA.

The efforts of available staff and the modest contract effort that can be supported in FY 1981 will be directed toward evaluation of preventive health care programs as called for by P.L. 96-22 and of the palliative treatment (HOSPICE) program. The planning phase of the enrollment program will be concluded in FY 1980; and efforts thereafter will be in the evaluation of the operational phases.

HEALTH SERVICES RESEARCH

SUMMARY OF EMPLOYMENT AND COSTS BY OBJECT

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Employment (Average FTE):					
Physicians	6	3	6	6	...
Nurses	4	4	4	4	...
Other Personnel	95	55	94	94	...
	105	62	104	104	...
Average Payroll Cost	$18,314	$17,258	$19,596	$19,788	$ + 192
Costs by Object (in thousands):					
10 Personal Services & Benefits:					
Physicians	$ 262	$ 239	$ 280	$ 283	$ + 3
Nurses	88	86	94	95	+ 1
Other Personnel	1,573	745	1,664	1,680	+ 16
Total	1,923	1,070	2,038	2,058	+ 20
21 Travel & Transportation of Persons:					
Employee Travel	26	38	34	34	...
Interagency Motor Pool	5	1	5	5	...
All Other	9	4	...	...	...
Sub-Total	40	43	39	39	...
22 Transportation of Things	1	10	1	1	...
23 Communications, Utilities, and Other Rent	11	16	12	11	- 1
24 Printing & Reproduction	1	4	2	2	...
25 Other Services					
Other Contractual Services	914	1,599	928	878	- 50
26 Supplies & Materials					
Office Supplies	78	120	85	54	- 31
31 Equipment	36	115	48	40	- 8
32 Lands and Structures	...	25	...	...	...
TOTAL COSTS	3,004	3,002	3,153	3,083	- 70

Table of Contents

Medical Administration and Miscellaneous Operating Expenses

	Page No.
Summary of Requirements	
Appropriation Language	8-3
Appropriation Highlights	8-3
Summary of Budget Request	8-3
General Statement	8-4
Comparative Analysis of Average Employment and Costs	8-5
Medical Administration	
Introduction	8-7
Summary of Average Employment and Costs by Function	8-8
Comparative Analysis of Average Employment and Costs	8-9
Justification of Estimates	8-10
Postgraduate and Inservice Training	
Introduction	8-13
Program Highlights	8-14
Comparative Analysis of Educational Activities and Costs	8-15
Comparison by Type of Expense and Costs by Object	8-16
Justification of Estimates	8-17
Exchange of Medical Information	
Introduction	8-19
Comparative Analysis of Activities and Costs	8-20
Comparison by Type of Expense and Costs by Object	8-21
Justification of Estimates	8-22

VETERANS ADMINISTRATION

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

APPROPRIATION LANGUAGE

For necessary expenses in the administration of the medical, hospital, domiciliary, construction and supply, research, employee education and training activities, as authorized by law, and for carrying out the provisions of section 5055, title 38, United States Code, relating to pilot programs and grants for exchange of medical information, ($47,606,000) $56,407,000, plus reimbursements.

Appropriation Highlights

(dollars in thousands)	1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Major Programs by activity:				
Medical Administration.....	$32,808	$36,174	$43,407	$+ 7,233
Postgraduate & Inservice Training	11,750	10,031	10,750	+ 719
Exchange of Medical Information..	2,500	2,500	2,250	- 250
Appropriation.....	47,058	48,705	56,407	+ 7,702
Obligations.....	46,372	48,725	56,407	+ 7,682
Costs.....	46,877	48,725	56,407	+ 7,682
Outlays.....	42,621	48,689	56,448	+ 7,759
Average Employment(jurisdictional)	781	812	838	+ 26

Summary of Budget Request

The 1981 appropriation request under the Medical Administration and Miscellaneous Operating Expenses appropriation totals $56,407,000, a net increase of $7,702,000 over the amount requested for 1980.

Changes from original 1980 Budget Estimates

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Major Programs by Activity:		(dollars in thousands)	
Medical Administration.....	$34,774	$36,174	$+ 1,400
Postgraduate & Inservice Training	10,750	10,031	- 719
Exchange of Medical Information..	2,500	2,500	...
Appropriation.....	48,024	48,705	+ 681
Obligations.....	48,044	48,725	+ 681
Costs.....	48,044	48,725	+ 681
Outlays.....	48,063	48,689	+ 626
Average Employment(jurisdictional)	820	812	- 8

The increased appropriation of $681,000 represents the net of the Congressional reduction of $418,000 and the October pay raise sec supplemental of $1,099,000. The net supplemental estimate reflects a total pay raise requirement of $1,837,000, offset by application of "savings" in travel and transportation funds of $738,000, as directed by Public Law 96-86. There is a decrease of 8 in the current estimate of average employment (jurisdictional) from the original budget estimate as a result of the Congressional reduction of 6 and an internal department reduction of 2.

Analysis of Increases and Decreases:

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior year costs	$46,877	$48,725
Increases and Decreases:		
Payroll increase - pay raise	+ 1,837	...
Pay raise annualization	...	+ 88
Payroll increase - within grade	+ 350	+ 406
Workday variance	+ 180	- 103
Staffing change	+ 1,462	+ 904
Travel and transportation of persons:		
Employee travel	+ 439	+ 450
All other travel	+ 6	...
Transportation of things	- 69	+ 27
Communications, utilities, and other rent	+ 114	+ 144
Printing and reproduction	- 163	+ 33
Other services	- 710	+ 5,897
Supplies and materials	- 562	+ 105
Equipment	- 939	- 19
Grants, subsidies and contributions	- 96	- 250
Estimate	48,725	56,407

GENERAL STATEMENT

This appropriation provides for the administration and supervision of all agency medical programs by the Chief Medical Director, assisted by his Central Office staff elements; the conduct of postgraduate and inservice training activities to support the medical programs; and the exchange of the most advanced medical information with the medical-scientific community.

Activity classifications identified under the appropriation are:

Medical Administration which covers all Agency medical program supervision and administration, including the development and implementation of policies, plans and broad program activities, providing impetus for medical centers in attaining their objectives, and necessary follow-up action to insure complete accomplishment of goals.

Postgraduate and Inservice Training which provides for tuition and travel payments, lecturer fees and training materials used in connection with training employees working in medical programs.

Exchange of Medical Information which provides for entering into agreements with medical schools, research centers and individual institutions and members of the medical-scientific community for the mutual exchange of medical information and techniques to the advantage of all concerned.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

COMPARATIVE ANALYSIS OF AVERAGE EMPLOYMENT AND COSTS

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
AVERAGE EMPLOYMENT (FTE)	781	820	812	838	+ 26
AVERAGE PAYROLL COST	$29,813	$31,334	$33,390	$33,900	$ + 510
COSTS BY ACTIVITY ($'s in thousands)					
Medical Administration	$31,488	$34,794	$36,194	$43,407	$+ 7,213
Postgraduate & Inservice Training	11,785	10,750	10,031	10,750	+ 719
Exchange of Medical Information	3,603	2,500	2,500	2,250	- 250
Total Costs	46,877	48,044	48,725	56,407	+ 7,682
COSTS by OBJECT ($'s in thousands)					
10 PERSONAL SERVICES & BENEFITS	$23,284	$25,694	$27,113	$28,408	$+ 1,295
21 TRAVEL & TRANSP OF PERSONS:					
Employee Travel	7,901	9,059	8,340	8,790	+ 450
Interagency Motor Pool	6	2	2	2	...
All Other	15	25	25	25	...
Sub-Total(Object 21)	7,922	9,086	8,367	8,817	+ 450
22 TRANSPORTATION OF THINGS	186	136	117	144	+ 27
23 COMMUNICATIONS, UTILITIES AND OTHER RENT	1,551	1,665	1,665	1,809	+ 144
24 PRINTING AND REPRODUCTION	730	567	567	600	+ 33
25 OTHER SERVICES	8,748	8,038	8,038	13,935	+ 5,897
26 SUPPLIES AND MATERIALS	1,491	929	929	1,034	+ 105
31 EQUIPMENT	2,268	1,329	1,329	1,310	- 19
41 GRANT, SUBSIDIES AND CONTRIBUTIONS	696	600	600	350	- 250
TOTAL COSTS	46,877	48,044	48,725	56,407	+ 7,682
Costs Adjusted for Other Years, Net	- 505	...	...	...	...
TOTAL OBLIGATIONS	46,372	48,044	48,725	56,407	+ 7,682
Less: Reimbursements	- 25	- 20	- 20	...	+ 20
Unobligated Balance, Lapsed	711	...	...	...	...
TOTAL APPROPRIATION or ESTIMATE	47,058	48,024	48,705	56,407	+ 7,702
SUPPLEMENTAL INCLUDED, PAY RAISE			(1,099)		

MEDICAL ADMINISTRATION

INTRODUCTION

This activity includes the office of the Chief Medical Director and his eight Central Office major staff elements responsible for the development of objectives and the administration of policies and plans to insure complete medical, dental and hospital services for the care and treatment of veterans as prescribed by the Administrator, pursuant to statutory authority and regulations.

In addition to the administration of agency-wide medical programs, the Central Office staff elements also are responsible for providing supply, building management, and engineering support on an agency-wide basis; for the procurement of drugs, biologicals, and other medical and hospital supplies in support of all civilian agencies requiring same, as well as the Government of American Samoa and the Veterans Memorial Medical Center operated by the Republic of the Philippines.

This Activity also provides for consultant support to the Administrator and the Chief Medical Director, and for a Special Medical Advisory Group established by Title 38 U.S.C., Section 4112. The members of this Special Medical Advisory Group meet regularly with staff of the Department of Medicine and Surgery to advise on medical and policy matters. They also serve as a vehicle between the Veterans Administration and major segments of American medicine, such as medical schools and various professional associations of medical specialists, providing an opportunity for the mutual exchange of information between varying health services programs.

In FY 1981, the Veterans Administration will continue to test and develop a program of Multi-Level Care. Multi-Level Care is a system for provision of care whereby patients are placed at a level that is most appropriate to their health care needs. Cost effectiveness is achieved by a differential distribution and utilization of the facility's resources, as required by different categories of patient needs.

The Office of Computerized Medical System (OCMS) will develop a total Health Care Information System (HCIS), including major systems acquisition in accordance with OMB Circular A-109. The HCIS will be a high speed, multi-station, controlled access information flow system which will provide relief from the large volume of data which is processed for information tasks related to decision making which is now performed manually. The system will support direct patient care and further provide for a significant upgrade in administrative and medical support operations.

Central Office use of consultants is in connection with neuropsychiatry, social service, tuberculosis, dentistry, and other specialties to advise and assist on policies and procedures. Consultants are also utilized by the staff elements to supplement professional staff in those offices. They evaluate specialty activities and submit reports on hospitals appraising the capabilities of the head of the particular specialty, the physical layout, the type of service being rendered, and offer criticisms and recommendations where appropriate.

During fiscal year 1981, costs are estimated to be $43,407,000 for the operation of the VA Medical Administration program. This is an increase of $7,213,000 over the fiscal year 1980 level.

Charts reflecting planned employment and financing levels, by function and object, for the comparative years, appear on the following pages.

MEDICAL ADMINISTRATION

SUMMARY OF AVERAGE EMPLOYMENT AND COSTS BY FUNCTION

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Employment (Average FTE):					
Office of Chief Medical Director	185	154	152	178	+ 26
ADCMD - Operations	75	80	80	80	...
ACMD - Policy and Planning	76	83	83	83	...
ACMD - Professional Services	135	137	137	137	...
ACMD - Dentistry	19	19	19	19	...
ACMD - Extended Care	21	27	27	27	...
ACMD - Academic Affairs	88	91	91	91	...
ACMD - Research & Development	77	98	92	92	...
ACMD - Administration	105	131	131	131	...
Total	781	820	812	838	+ 26
Costs by Function ($'s in thous.):					
Office of Chief Medical Director	$11,666	$ 9,454	$12,495	$18,989	+ $ 6,494
ADCMD - Operations	2,511	3,017	3,173	3,243	+ 70
ACMD - Policy & Planning	2,806	3,144	3,605	3,703	+ 98
ACMD - Professional Services	5,178	5,339	5,606	5,738	+ 132
ACMD - Dentistry	831	732	940	960	+ 20
ACMD - Extended Care	689	1,028	750	790	+ 40
ACMD - Academic Affairs	2,471	3,513	2,900	3,013	+ 113
ACMD - Research & Development	2,219	3,643	2,700	2,820	+ 120
ACMD - Administration	3,118	4,924	4,025	4,151	+ 126
Total	31,488	34,794	36,194	43,407	+ 7,213

MEDICAL ADMINISTRATION

COMPARATIVE ANALYSIS OF AVERAGE EMPLOYMENT AND COSTS

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estirate	Increase (+) Decrease (-)
AVERAGE EMPLOYMENT:					
Nurses	21	23	23	23	...
Dentists	11	14	14	14	...
Physicians	48	53	53	53	...
Clin. & Couns. Psychologists	5	8	8	8	...
Other employees	696	722	714	740	+ 26
TOTAL EMPLOYMENT	781	820	812	838	+ 26
COSTS by OBJECT ($'s in thousands)					
10 PERSONNEL COMPENSATION AND BENEFITS:					
Nurses	$ 757	$ 932	$ 996	$ 1,007	+$ 11
Dentists	595	780	834	858	+ 24
Physicians	3,052	3,101	3,316	3,485	+ 169
Clin. & Couns Psychologists.	235	380	406	413	+ 7
Other Employees	18,374	20,323	21,283	22,445	+ 1,162
Sub-Real Estate, etc.	271	178	178	200	+ 22
Sub-Total(Object 10)	23,284	25,694	27,113	28,408	+ 1,295
21 TRAVEL & TRANSP OF PERSONS:					
Employee Travel	902	1,528	1,528	1,614	+ 86
Interagency Motor Pool	6	2	2	2	...
All Other	9	11	11	11	...
Sub-Total(Object 21)	916	1,541	1,541	1,627	+ 86
22 TRANSPORTATION OF THINGS	180	131	112	139	+ 27
23 COMMUNICATIONS, UTILITIES AND OTHER RENT:					
Communications	1,437	1,556	1,556	1,683	+ 127
Equipment Rentals	85	83	83	100	+ 17
Sub-Total(Object 23)	1,522	1,639	1,639	1,783	+ 144
24 PRINTING AND REPRODUCTION	695	554	554	587	+ 33
25 OTHER SERVICES:					
Misc. Contractual Services	3,732	3,615	3,615	4,007	+ 392
Personal Service Contracts	188	525	525	600	+ 75
Repair of Furn. and Equip	55	11	11	61	+ 50
Data Processing Services	411	266	266	5,341	+ 5,075
Sub-Total(Object 25)	4,387	4,417	4,417	10,009	+ 5,592
26 SUPPLIES AND MATERIALS:					
Operating Supplies	82	290	290	295	+ 5
Books and Periodicals	132	150	150	150	...
Office Supplies	38	64	64	64	...
Sub-Total(Object 26)	252	504	504	509	+ 5
31 EQUIPMENT	253	314	314	345	+ 31
TOTAL COSTS	31,488	34,794	36,194	43,407	+ 7,213

MEDICAL ADMINISTRATION

JUSTIFICATION OF ESTIMATES

This estimate provides for 838 average employment and $43,407,000 for the Medical Administration activity for FY 1981. This is a net increase of $7,213,000 over the requirements for the Medical Administration activity in FY 1980 representing a reduction of $20,000 in reimbursements and an increase of $7,233,000 in appropriated funds, and an increase of 26 in average employment.

Basic operations of VA medical programs will be directed by the Chief Medical Director. Small groups comprised of skilled management teams will undertake the broader management aspects of directing, supervising and evaluating field activities. Efforts of these general management teams, directed to overall efficiency and economy of the operation of entire medical installations, will require extensive support of specialist supervisory personnel assigned to the various Central Office staff elements. These staff program specialists also must be available for performing such important functions as fire and safety inspections, inventory control checks, construction surveys, providing stations with all types of management assistance, and evaluations of professional specialists such as surgery, psychiatry, neurology, pathology, radiology, and dentistry, to name a few.

The Chief Medical Director is directly responsible to the Administrator of Veterans Affairs for the extent and quality of medical and hospital care afforded eligible veterans, as prescribed by the Administrator, pursuant to Title 38 U.S.C., and other statutory authority. In this endeavor, he is assisted by a Deputy Chief Medical Director, seven Assistant Chief Medical Directors, and an Associate Deputy Chief Medical Director for Operations responsible for directing and coordinating system-wide departmental field operations.

For purposes of clarity and understanding the total activity employment and funding increases referenced above, 26 FTE employment and $7,213,000 respectively, are identified and presentated in two segments below. These segments, and the increases related to each, are: A. Medical Administration - Exclusive of Increases for Health Care Information Systems Development--An increase of 16 average employment and $1,814,000; and B. Office of Computerized Medical Systems - Increases for Health Care Information Systems Development--An increase of 10 average employment and $5,399,000. The segments and specific increases requested for each are as follows:

A. Medical Administration - EXCLUSIVE OF INCREASES FOR HEALTH CARE INFORMATION SYSTEMS DEVELOPMENT

Employment Changes

A total increase of 16 average employment is requested for fiscal year 1981 specifically related to expanded requirements of and for DM&S construction program management. The Chief Medical Director has a role and responsibility, as principal medical advisor to the Administrator, in medically related matters impacting medical facility requirements and construction projects. DM&S has a clearly defined "user" role as a representative of the "consumer", or patient, and manager or operator of the facility after it is constructed. This "user" role includes: Identification of the need for health care services and development of priorities to meet those needs; Consideration of construction alternatives; Identification and definition of project scope; and, Insuring operational cost effectiveness of facilities which extends beyond immediate construction costs.

Cost Changes

It is estinated that costs in FY 1981 will have a net increase of $7,213,000. This increase results fron the following considerations:

Payroll Changes. An increase of $1,021,000 for the following items:
(1) An increase of $630,000 for the additional 16 average employment as noted above.
(2) An increase of $406,000 for within-grade payroll increases applicable to employees on the rolls during Fiscal Year 1980.
(3) An increase of $88,000 to annualize the pay raise effective October 7, 1979.
(4) A decrease of $103,000 to allow for one less paid day in FY 1981.

Travel and Transportation of Persons An increase of $58,000 is requested. These funds are needed to assure adequate supervision by Central Office staff of medical programs.

Transportation of things An increase of $27,000 is requested to provide for increased operations and costs.

Communications, Utilities, and Other Rent An increase of $127,000 is requested for increased operations and costs. With an increase in the number and complexity of centrally directed programs comes a corresponding rise in communications usage.

Printing and Reproduction. An increase of $33,000 is requested to provide increased usage and costs of operations.

Contractual Services. An increase of $517,000 is requested. Of the total increase, $75,000 is to provide for consulting services, $50,000 is for increased costs for the repair of furniture and equipment, and $392,000 is for miscellaneous contractual services to include the Multi-Level Care program, the Staffing Methodology programs, and the DM&S Construction program.

Equipment. An increase of $31,000 is requested to provide for increased usage and costs of operations.

B. OFFICE OF COMPUTERIZED MEDICAL SYSTEMS - INCREASES FOR HEALTH CARE INFORMATION SYSTEMS DEVELOPMENT

The Office of Computerized Medical Systems (OCMS) is responsible for maintaining existing information systems that support the mission of the Department of Medicine and Surgery. In addition, OCMS has the responsibility for developing a total Health Care Information System (HCIS), including a major systems acquisition in accordance with OMB Circular A-109.

The HCIS will be a high speed, multi-station, controlled access information flow system which will provide relief fron the large volume of data processed for informational tasks related to decision making which is now performed manually. The system will support direct patient care efforts and further provide for a significant upgrade of administrative and medical support operations. The areas of highest priority include:

- Inpatient and Outpatient Treatment Activities
- Inpatient and Outpatient Pharmacy Functions
- Patient Registration/Locator Services
- Admission, Transfer, and Discharge Information

. Clinical Laboratory Operations

As planned for 1981, OCMS will continue consultative studies and enbark on Phase I of the major systen acquisition cycle to satisfy the fulfillment of the need for such a systen as recommended by the National Academy of Sciences in Recommendation #37. During this phase, demonstrations and prototype evaluations will be carried into effect, culminating in a contract award for selected systems prototype and final implementation on a nationwide base. Also during this phase, approximately 55 ongoing ADP systens will be maintained.

Increased funds to support the ongoing systens and meet the objectives of NAS #37 are as follows:

Personnel Services: A funding increase of $274,000 will be used for a staffing increase of 10 FTE employment. Their primary function will be to assist in the design and development of the HCIS and in the future to actively support and maintain HCIS on a nationwide basis.

Travel: A funding increase of $28,000 will be utilized for central office employee travel. Of this amount $19,000 will be used to develop functional specifications and the necessary documentation to commence the modular programming structure for the systen.

Contractual Services. A funding increase of $4,975,000 will be utilized for the development of contractual studies with civilian industry in accordance with OMB regulation A-76. Of this amount, $1,775,000 will be applied toward the development of contract specifications together with appropriate documentation; funds of $3,200,000 will be used for the completion of five contract consultative studies initiated in FY 1979 and FY 1980 in cooperation with the Office of Management and Budget.

Inter-agency agreements: A funding increase of $100,000 will be used for interagency timesharing services for VA Central Office.

Rentals and Supplies: A funding increase of $22,000 will be used for ADP equipment rentals and supplies in the amount of $17,000 and $5,000 respectively.

POSTGRADUATE AND INSERVICE TRAINING

INTRODUCTION

The objective of this program is to provide Department of Medicine and Surgery employees with opportunities to maintain and upgrade knowledge and skills necessary to provide veterans the excellent health care to which they are entitled. This requires a concentrated and continuous effort to enable staff to keep pace with the accelerating advances in the medical sciences and related technologies and the increasing emphasis on human relations in medical care.

Funds requested for the Postgraduate and Inservice Training Program (PIT) are not used to pay salaries of VA employees but are available to meet expenses required for the education and training of staff who are a part of the VA health care effort. These include employee education travel, tuition, and related supporting activities incidental to continuing education and staff development. Central Office program elements support systemwide educational activities, regional training is organized and conducted by Regional Medical Education Centers, and individual VA facilities meet locally-identified needs.

The maintenance and improvement of effective continuing education and staff development are essential to the recruitment and retention of highly qualified personnel who can provide high quality care to veterans. They are also essential to help assure licensure and certification of VA personnel in keeping with the emergence of a nationwide movement to establish and enforce standards for individuals involved in the more complex areas of the health care field such as medicine, dentistry, nursing, and various associated health professions. Many state and national professional associations, state boards of registration, and specialty boards and academies are developing or considering specific requirements of continuing education as a requirement for membership or for relicensure or recertification. The accreditation of the hospitals themselves requires documented evidence of acceptable continuing education for an expanding range of personnel to include those less directly involved with the care of veteran patients, e.g. safety engineers.

Executives and managers in DM&S have special needs as a result of the complex health care delivery system they function within. The DM&S management development programs encompass a wide range of activities. Future managers come from within and outside the Veterans Administration, and progress through various levels -- supervisory, mid-level managers, executive, and Senior Executive Service. While everyone does not advance to the assistant hospital director or director level, the system is designed to move people toward this goal so that a reservoir of potential candidates is available for consideration for each vacancy. The system involves preceptor (on-the-job training) and management skills training (classroom) both at central and local facility levels. In FY 1981, $719,000 is budgeted for these program activities.

In 1981, major emphasis will be given to offering more educational programs in the local facility area and to fewer episodes which require travel. The gains from this are expected to be two fold:

a. A lesser increase in travel expense during a period when travel costs are increasing.

b. More effective education since more realistic needs assessment can be carried out locally and more relevant activities can be planned.

PROGRAM HIGHLIGHTS

Education and inservice training activities of the Veterans Administration's Department of Medicine and Surgery mirror the programmatic objectives of DM&S patient care programs and provide for the development of activities to effectively support new patient care initiatives. At the core of these training activities is attention to deficiencies of knowledge or motivation, changes in the information base of a given patient-care field, and the multidisciplinary approach to patient care.

Program emphasis has been directed to educational programs dealing with the care of the aging veteran, treatment of alcholism and related problems, quality assurance, techniques of patient care and administrative audits, and rehabilitation medicine. Teaching materials have been developed for selected medical administration personnel and a systemwide implementation effort was begun in fiscal year 1979 and will continue in 1980 and 1981.

Major emphasis is placed on the development and operation of Regional Medical Education Centers (RMECs) which were mandated by the Congress in Public Law 92-541. These centers offer a full range of continuing education activities for all categories of professional and support staff which are targeted to VA needs. In addition to meeting regional priorities, RMECs meet systemwide educational priorities by planning and conducting programs in areas such as quality assurance, geriatrics, and rehabilitation medicine.

The six existing RMECs are located on the grounds of VA medical centers in Birmingham, AL; St. Louis, MO; Minneapolis, MN; Salt Lake City, UT; Long Beach, CA; and Northport, NY. A seventh RMEC will be designated in fiscal year 1980 and should be fully operational by mid-fiscal year 1981.

In fiscal year 1979, 11,237 VA staff received training through RMEC programs either at the centers or arranged for by the centers. The number of staff being trained by RMECs is expected to increase in 1980 and 1981 as the 6th and 7th RMECs reach full operational status.

59-500 O - 80 - 34

POSTGRADUATE AND INSERVICE TRAINING

COMPARATIVE ANALYSIS OF EDUCATIONAL ACTIVITIES AND COSTS

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
TUITION AND REGISTRATION:					
Number of Staff (Total)	21,209	17,307	15,384	15,954	+ 570
Physicians, Dentists, Nurses	8,110	6,750	5,846	6,063	+ 217
Other Allied Health employees	7,709	6,057	5,538	5,743	+ 205
Med. Admin. Employees	5,390	4,500	4,000	4,148	+ 148
Average Cost	($ 90)	($ 88)	($ 99)	($ 109)	$(+ 10)
Total Cost (in thous.)	$ 1,908	$ 1,523	$ 1,523	$ 1,739	$+ 216
LECTURES AND WORKSHOPS:					
Number of Lectures and Workshops	3,901	3,313	3,106	3,373	+ 267
Average Cost	($ 350)	($ 361)	($ 385)	($ 424)	$(+ 39)
Total Costs (in thous.)	$ 1,364	$ 1,196	$ 1,196	$ 1,430	$+ 234
EDUCATIONAL ASSIGNMENTS REQUIRING TRAVEL:					
Number of Staff (Total)	28,114	31,702	24,746	23,244	- 1,502
Physicians, Dentists, Nurses	11,826	13,949	10,393	9,763	- 630
Other Allied Health Employees	8,947	10,145	7,919	7,438	- 481
Med. Admin. Employees	7,341	7,608	6,434	6,043	- 391
Average Cost	($ 247)	($ 235)	($ 272)	($ 299)	$(+ 27)
Total Cost (in thous.)	$ 6,946	$ 7,450	$ 6,731	$ 6,950	$+ 219
TRAINING EQUIPMENT & SERVICES:					
Equipment	$ 591	$ 300	$ 300	$ 250	$- 50
Supplies	914	250	250	350	+ 100
Shipment Presentation, Rent & Utilities Costs	30	21	21	21	...
Printing & Reproduction	32	10	10	10	...
Total Cost (in thous.)	$ 1,567	$ 581	$ 581	$ 631	$+ 50
TOTAL COSTS (in thousands)	$11,785	$10,750	$10,031	$10,750	$+ 719

POSTGRADUATE AND INSERVICE TRAINING

COMPARISON BY TYPE OF EXPENSE AND COSTS BY OBJECT
($'s in thousands)

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
TYPE OF EXPENSE:					
Tuition and Registration.....	$ 1,908	$ 1,523	$ 1,523	$ 1,739	$+ 216
Lectures & Workshops.....	1,364	1,196	1,196	1,430	+ 234
Educational Assignments Requiring Travel.....	6,946	7,450	6,731	6,950	+ 219
Training Equipment, Supplies and Services.....	1,567	581	581	631	+ 50
TOTAL.....	11,785	10,750	10,031	10,750	+ 719
COST by OBJECT ($'s in thousands)					
21 TRAVEL & TRANSP OF PERSONS:					
Employee Travel.....	$ 6,939	$ 7,436	$ 6,717	$ 6,936	$+ 219
All Other.....	6	14	14	14	...
Sub-Total(Object 21).	6,946	7,450	6,731	6,950	+ 219
22 TRANSPORTATION OF THINGS....	2	4	4	4	...
23 COMMUNICATIONS, UTILITIES, AND OTHER RENT.....	26	15	15	15	...
24 PRINTING & REPRODUCTION.....	32	10	10	10	...
25 OTHER SERVICES:					
Misc. Contractual Services..	755	659	659	788	+ 129
Personal Service Contracts..	611	539	539	644	+ 105
Tuition Fed/Non-Fed.....	1,908	1,523	1,523	1,739	+ 216
Sub-Total (Object 25).....	3,274	2,721	2,721	3,171	+ 450
26 SUPPLIES AND MATERIALS					
Operating Supplies.....	281	76	76	108	+ 32
Books, Periodicals, Audiovi.	625	172	172	240	+ 68
Office Supplies.....	8	2	2	2	...
Sub-Total (Obj 26).....	914	250	250	350	+ 100
31 EQUIPMENT:.....	591	300	300	250	- 50
TOTAL COSTS.....	11,785	10,750	10,031	10,750	+ 719

POSTGRADUATE AND INSERVICE TRAINING

JUSTIFICATION OF ESTIMATES

For FY 1981, $10,750,000 of appropriated funds are requested to cover all activities supported through the Postgraduate and Inservice Training Program. This is an increase of $719,000 over the amount estimated for FY 1980.

Tuition and Registration

An essential element of the Postgraduate and Inservice Training Programs is the attendance of VA personnel at extra-VA courses, seminars, symposia, institutes, and other educational offerings of medical schools, universities, and professional organizations. Usually these activities are for short-term training periods. Although the VA offers many continuing education opportunities under its own auspices, the continuing need in the number of VA employees who can benefit from such offerings necessitates maintaining the ability to pay tuition for extra-VA courses. It is through these mechanisms that knowledge of the latest medical-scientific advances is brought to the VA staff members, including residents, who then are able to apply this knowledge in providing the most up-to-date patient care. The cross fertilization of ideas and information concerning treatment and related problems which takes place at professional meetings is also vital to a fully effective educational program.

For FY 1981, a total of $1,739,000 is requested to support costs of 15,954 episodes of tuition and registration for VA employees. This is an increase of $216,000 over FY 1980.

Lectures and Workshops

Bringing lecturers who are outstanding in their professional fields to VA facilities provides excellent educational opportunities to medical care staff members and tends to be more cost-effective in some instances than individual training. Lecturers are brought to nearly all VA facilities either as individual lecturers or as participants in courses, seminars, workshops, or symposia developed and presented at VA locations. In addition to medical and related allied health endeavors, training is also provided to top and mid-level management and to administrative employees through such means as management-workshop seminars and specially designed university-based courses.

For FY 1980, a total of $1,430,000 is requested to support an estimated 3,373 lectures, symposia, and workshops. This is an increase of $234,000 over FY 1980.

Educational Assignments Requiring Travel

In order to provide the best possible patient care, it is essential that physicians, house staff, dentists, nurses, and other professional, scientific, technical, and administrative personnel be provided--to the extent possible--the opportunity to maintain current and full competence in their respective areas of expertise. One method of accomplishing this is through educational duty assignments which, in turn, require payment of travel and per diem expenses.

In P.L. 92-541, Congress provided for establishment of Regional Medical Education Centers to be located in "geographically dispersed areas of the nation". These centers provide specific assistance to VA health care facilities in planning and operating their continuing education activities, and present programs reflecting regional and national needs. In FY 1979, 11,237 VA personnel received training through these Centers located at VA facilities in over 300 courses and workshops in such areas as mental health, alcoholism, rehabilitative medicine, and gerontology. Training of VA employees through RMECs is espected to help control travel costs in that training is conducted on a regional basis, thereby reducing the potential number of longer trips to obtain comparable training.

In FY 1981, a total of $6,950,000 is requested to support an estimated 23,244 episodes of travel and per diem for VA employees. This is an increase of $219,000 over FY 1980.

Training Equipment and Services

Is is essential that an effective program of education and training judiciously employ available technological advances available for the delivery and presentation of information. For FY 1981, funds totaling $631,000 are requested to support costs of needed educational supplies and material to be used throughout the VA hospital system. These items include texts, study guides, videotapes, films, and other teaching aids. This is an increase of $50,000 over FY 1980.

EXCHANGE OF MEDICAL INFORMATION

INTRODUCTION

Public Law 89-785 (38 U.S.C. 5051, 5054-5055) provided authority for the VA's Exchange of Medical Information Program. In enacting this legislation, Congress charged the VA with responsibility for developing and supporting pilot projects which have as their principal objectives the strengthening of those VA medical centers located remote from major centers and promoting consultation and cooperation among clinicians and other members of the medical and health related professions who are within or outside of the VA.

The VA constantly strives to provide the best possible care to each individual who comes to a VA health care facility, regardless of its location. In order to achieve this objective, the agency must be continuously aware of the latest scientific educational and technological developments so as to analyze the impact each might have on the delivery of quality health care. The Exchange of Medical Information Program helps make this possible.

All VA Medical Centers are involved in the Exchange of Medical Information Program, either as "core" locations from which information flows to outlying institutions or as recipients of this information. Funds provided for Exchange of Medical Information projects are not intended for the indefinite support of established priniciples, but are for the purpose of developing pilot projects which demonstrate the effective use, or new applications of existing or new modalities in biomedical communications and education on a cost-effective basis and in the interests of constantly improving medical care.

The pilot projects conducted under the Exchange of Medical Information program are supported by providing grants to medical schools, hospitals and research centers, and via direct funding to VA Medical Centers. The funds provided for this program have been well invested in pilot projects which, once established, rapidly make contributions in increased measure to patient care. As projects become fully developed and operational, their support is transferred to appropriate operating funding thus freeing Exchange of Medical Information funds for support of other new projects. Hence, the most effective utilization is obtained from a relatively limited amount of funds.

Implementation of programs enumerated in this budget request will contribute to achieving the objectives of the legislation authorizing the Exchange of Medical Information program. Three types of payments, or expenses, are required for the conduct of this program; (1) grants, (2) training equipment, supplies, and services, and (3) educational, administrative, and developmental travel.

For FY 1981, a total of $2,250,000 is requested. This is a decrease of $250,000 from the amount provided for FY 1980.

EXCHANGE OF MEDICAL INFORMATION

COMPARATIVE ANALYSIS OF ACTIVITIES AND COSTS

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Grants ($'s in thousands)....	$ 696	$ 600	$ 600	$ 350	$- 250
Training Equipment, Supplies, and Services ($'s in thous.):					
Equipment.....	1,424	715	715	715	...
Supplies.....	325	175	175	175	...
Services.....	1,098	915	915	770	- 145
Total Cost.....	2,847	1,805	1,805	1,660	- 145
Education, Administrative and Developmental Travel:					
No. of Assignments.....	155	271	224	513	+ 289
Average Cost.....	($ 387)	($ 351)	($ 424)	($ 467)	($+ 43)
Total Travel Cost ($'s in thous.)....	$ 60	$ 95	$ 95	$ 240	$+ 145
TOTAL COST ($'s in thous.).....	$3,603	$2,500	$2,500	$2,250	$- 250

EXCHANGE OF MEDICAL INFORMATION

COMPARISON BY TYPE OF EXPENSE AND COSTS BY OBJECT
($'s in thousands)

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase(+) Decrease(-)
Type of Expense:					
Educational Grants	$ 696	$ 600	$ 600	$ 350	$- 250
Training Equipment, Supplies & Svcs	2,847	1,805	1,805	1,660	- 145
Educ. & Administrative Travel Assignments	60	95	95	240	+ 145
TOTAL	3,603	2,500	2,500	2,250	- 250
COSTS by OBJECT ($'s in thousands)					
21 TRAVEL & TRANSP OF PERSONS:					
Employee Travel	$ 60	$ 95	$ 95	$ 240	$+ 145
22 TRANSPORTATION OF THINGS	5	1	1	1	...
23 COMMUNICATIONS, UTILITIES, AND OTHER RENT	3	11	11	11	...
24 PRINTING & REPRODUCTION	3	3	3	3	...
25 OTHER SERVICES:					
Misc. Contractual Services	724	599	599	503	- 96
Personal Services Contracts	360	298	298	250	- 48
Tuition Fed/Non-Fed	3	3	3	2	- 1
Sub-Total(Object 25)	1,087	900	900	755	- 145
26 SUPPLIES & MATERIALS:					
Operating Supplies	235	127	127	127	...
Books, Periodicals, Audiovi.	83	45	45	45	...
Office Supplies	7	3	3	3	...
Sub-Total(Object 26)	325	175	175	175	...
31 EQUIPMENT	1,424	715	715	715	...
41 GRANTS	696	600	600	350	- 250
TOTAL COSTS	3,603	2,500	2,500	2,250	- 250

EXCHANGE OF MEDICAL INFORMATION

JUSTIFICATION OF ESTIMATES

The funding of $2,250,000 requested for FY 1981 will permit continuation and very limited development of activities appropriate to the Exchange of Medical Information (EMI) program.

The projects submitted for consideration under the EMI program are carefully reviewed and evaluated to determine their eligibility, efficacy and potential benefit to remote VA medical facilities. If approved, they are supported through grants to medical schools, hospitals or research centers or by direct funding to VA medical centers.

Justification by category of expenditure follows:

Grants:

In order to provide for necessary development of new grants and support of on-going approved grants, $350,000 is requested for FY 1981. This is $250,000 less than estimated expenditures for this item in fiscal year 1980. These projects involve a variety of innovative activities and are conducted over widely dispersed areas of the United States to the benefit of VA medical centers located remote from medical teaching centers.

There is one grant for which support is already required for FY 1981.

A cooperative effort between VA and the Association of American Medical Colleges to develop and adapt adult learning standards and criteria for systematically improved and accountable continuing education for health professionals.

Additional grant requests, which explore other innovative methods in exchange of medical information, will be received and subjected to the established review process. If found worthy of support, available FY 1981 funds will be used for their support to the extent possible.

Equipment

A total of $715,000 is requested for support of equipment relative to Exchange of Medical Information projects. This is the same amount as the estimated expenditures for this category in FY 1980.

These funds are requested to meet equipment needs related to on-going and new pilot projects. These projects include, in part:

- a computer based innovative outreach health care delivery system which will make rehabilitative therapeutic services available to veterans with speech and/or hearing impairments. Through adaptation of the telephone the patient will receive therapy by interaction with a computer while remaining in his/her home.
- Demonstration of value of chromosome analysis in patients with leukemia and cancer through establishment of a clinical cytogenetics laboratory and central respository & information center which will provide outreach on a regional basis.
- Unique method of electronic enhancement and development of audio-visual materials for the exchange of medical information.
- Testing and validation of methods of initial psychiatric interview via two-way television.

Additional projects will be undergoing review and evaluation which will involve expenditures for equipment if approved. Some examples include:

- An automated interlibrary loan circulation system to provide improved patient care through expanded access to VA medical center library collections.
- Inter-hospital conferencing system via telephone between institutions located in remote areas.
- Computer assisted and managed instruction for remote Va medical centers.
- Model for evaluation of medical care systems.
- Unique hospital based home care team system in rural area.

Additional project requests will be received which will also require expenditures in support of equipment.

Services

For FY 1981, $770,000 is requested for support of services. This is $145,000 less than FY 1980. Projects begun in prior fiscal years or under consideration for funding in fiscal year 1981 include those mentioned in the Grants and Equipment sections of this budget request. These projects require support of costs related to computer services, consultant fees, telecommunication services, laboratory services and training for use of specialized equipment.

In addition to those projects mentioned in this document, it is anticipated that there will be additional projects submitted prior to, or early in, FY 1981 which will also require support for services.

Supplies and Materials

For FY 1981, $175,000 is requested for support of supplies and materials. That is the amount estimated for this category of expenditure in FY 1980.

Most of the Exchange of Medical Information projects require the use of supplies and materials to conduct their specialized activities. Included are such items as film, videotape, laboratory supplies, office and reproduction supplies and other "software" materials.

Administrative and Developmental Travel

For FY 1981, $240,000 is requested for support of travel required for Exchange of Medical Information activities. This is $145,000 more than estimated for this category in FY 1980.

The conduct and effectiveness of certain EMI projects is dependent on the travel of participants to locations of project activities, or for those who are directing the projects, to travel to VA medical centers and non-VA participating institutions. Much of this travel is for the purpose of conducting educational and/or training programs which insure effective project implementation.

The project which adapts adult learning standards and criteria to continuing education for health professionals will require a total of 380 assignments requiring travel by committee members and staff involved in that project.

In addition, projects involving outreach to speech and/or hearing impaired veterans, chronosome analysis on a regional basis, electronic enhancement of audiovisual materials all require travel for their effective development and conduct.

The intermittent travel of members of the Exchange of Medical Information Review Group and members of VA Central Office staff is also required for consideration of proposed projects, and for planning and evaluation purposes.

Table of Contents

Grants for Construction of State Extended Care Facilities

	Page No.
Appropriation Language	9-3
Appropriation Highlights	9-3
Summary of Budget Request	9-3
Changes from Original 1980 Budget Estimates	9-3
Program Summaries	9-4
General Statement	9-4

Grants for Construction of State Extended Care Facilities

APPROPRIATION LANGUAGE

For grants to assist the several States to 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 law(38) U.S.C. 5031-5037), [$ 7,500,000] $15,000,000, to remain available until [September 30, 1982] September 30, 1983.

Appropriation Highlights

(dollars in thousands)	1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Appropriation.....	$10,000	$ 7,500	$ 15,000	+$ 7,500
Obligations.....	15,053	6,573	13,800	+ 7,227
Costs.....	14,191	8,011	9,100	+ 1,089
Outlays.....	14,303	10,056	10,163	+ 107

Summary of Budget Request

The FY 1981 appropriation request of $15,000,000 is an increase of $7,500,000 from the FY 1980 level.

Changes from original 1980 Budget Estimates

	1980 Budget Estimate	1980 Current Estimate	Increase(+) Decrease(-)
	(dollars in thousands)		
Appropriation.....	$ 5,000	$ 7,500	+$ 2,500
Obligations.....	5,867	6,573	+ 706
Costs.....	7,305	8,011	+ 706
Outlays.....	10,021	10,056	+ 35

The 1980 current estimate reflects an obligation increase of $706,000. The resulting unobligated balance of $1,056,000, available until September 30, 1982, occurs because the law does not permit partial funding of approved projects and the next such project scheduled for award exceeds this balance. The additional $2,500,000 appropriation is the result of Congressional action.

Program Summaries

	(In thousands of dollars) 1979 Actual	1980 Budget	1980 Est.	1981 Est.	Increase(+) Decrease(-)
Budget Authority	$10,000	$ 5,000	$ 7,500	$15,000	+$ 7,500
Unobligated balance start-of-year	5,182	2,348	129	1,056	+ 927
Unobligated balance end-of-year	- 129	- 1,481	- 1,056	-2,256	- 1,200
Total obligations	15,053	5,867	6,573	13,800	+ 7,227
Change in selected resources (Undelivered Orders)	- 862	+ 1,438	+ 1,438	-4,700	- 6,138
Cost	14,191	7,305	8,011	9,100	+ 1,089
Outlays	14,303	10,021	10,056	10,163	+ 107

GENERAL STATEMENT

The $15,000,000 requested under this program will provide grants to assist the States to construct State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes. The grant may not exceed 65 percent of the total cost of the project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year. Grants for State nursing facilities may not provide for more than 2 1/2 beds per thousand veteran population in any State. This program was approved on August 19, 1964 (Section 5031-5037, Title 38, U.S.C.) and authorized an appropriation of $5,000,000 per year for a period of five years beginning in 1965. Public Law 90-432, dated July 26, 1968, extended the authority from 5 years to 10 years, and Public Law 93-82, dated August 2, 1973, extended the authority from 10 years to 15 years. Public Law 95-62, dated July 5, 1977, provides for a single authorization of up to $15,000,000 with VA participation in construction of new domiciliaries as well as new nursing homes, and for sums appropriated to remain available until expended. The program has been further extended by P.L. 96-151, approved December 20, 1979.

A total of $102,200,000 was appropriated for fiscal years 1966 through 1980. As of September 30, 1979, commitments for grants have been made and funds obligated for the following projects:

Location	Projects W/ Beds	Projects W/O Beds	Number of New Beds	Total Est. Cost (000)	Actual VA Commitments/Oblig. (000)
Ardmore, OK	...	1	...	$ 48	$ 31
Augusta, GA	1	...	192	1,956	978
Bennington, VT	3	2	135	5,590	2,888
Boise, ID	2	...	90	2,223	1,368
Bristol, RI	2	...	315	4,615	2,894
Buffalo, WY	...	1	...	386	251
Chelsea, MA	...	15	...	4,698	2,784
Clinton, OK	1	2	36	758	471
Columbia Falls, MT	1	...	40	449	220
Columbia, SC	1	...	115	1,982	687
Erie, PA	1	2	75	3,236	1,912
Florence, CO	1	...	120	1,331	865
Ft. Dodge, KS	1	...	88	830	415
Grand Island, NE	2	1	200	3,299	1,333
Grand Rapids, MI	1	...	537	7,689	3,702
Hollidaysburg, PA	2	...	412	5,361	3,188
Holyoke, MA	1	9	155	2,848	1,353
Homelake, CO	...	4	...	487	314
Hot Springs, SD	...	6	...	91	59
Jackson, LA	2	...	235	8,675	5,000
King, WI	2	7	400	7,264	3,337
Lafayette, IN	2	...	250	12,532	6,126
Lisbon, ND	...	2	...	1,781	1,158
Little Rock, AR	1	...	150	1,183	1,081
Marshalltown, IA	3	13	620	23,827	14,943

Location	Projects W/ Beds	Projects W/O Beds	Number of New Beds	Total Est. Cost (000)	Actual VA Commitments/Oblig. (000)
Menlo Park, NJ	2	2	200	$ 5,187	$ 2,696
Milledgeville, GA	1	1	132	5,849	2,626
Minneapolis, MN	1	4	250	6,728	4,368
Norman, OK	1	1	50	492	246
Ogden, UT	...	1	...	6,281	4,083
Orting, WA	1	10	40	4,382	2,831
Quincy, IL	1	1	200	3,486	1,767
Retsil, WA	1	7	78	5,236	3,384
Rocky Hill, Ct	...	2	...	303	193
St. James, MO	1	1	60	1,569	858
Sandusky, OH	1	...	300	9,795	6,179
Scotts Bluff, NE	...	1	...	618	402
Sulfur, OK	...	1	...	107	69
Tilton, NH	2	1	100	2,516	1,485
Vineland, NJ	3	1	300	8,112	3,266
Yountville, CA	...	7	...	1,920	1,248
GRAND TOTALS	45	106	5,875	165,721	93,059

Table of Contents

Grants to the Republic of the Philippines

	Page No.
Appropriation Language	10-3
Appropriation Highlights	10-3
Summary of Budget Request	10-3
Changes from Original 1980 Budget Estimates	10-4
Analysis of Increases and Decreases	10-4
Program Summaries	10-5
Justification of Estimates	10-6
Historical Data	10-7

VETERANS ADMINISTRATION

Grants to the Republic of the Philippines

Appropriation Language

For payment to the Republic of the Philippines of grants as authorized by law (38 U.S.C. 631-634), [$1,350,000] $1,200,000, of which $50,000 for hospital equipment, plant, and facilities rehabilitation grants shall remain available until expended.

Appropriation Highlights

(dollars in thousands) Major Programs by Activity:	1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Medical care and treatment of veterans.....	$ 400	$1,250	$1,100	-$ 150
Health service personnel training grants...	50	50	50	...
Hospital equipment, plant and facilities rehabilitation grants.....	50	50	50	...
Appropriation.....	500	1,350	1,200	- 150
Obligations.....	269	1,403	1,200	- 203
Costs.....	265	1,403	1,200	- 203
Outlays.....	187	1,350	1,200	- 150

Summary of Budget Request

A fiscal year 1981 appropriation of $1,200,000 is requested. This amount is $150,000 less than the appropriation for fiscal year 1980.

Authorization for the extension of the program through September 30, 1981 was contained in the Veterans' Administration Programs Extension Act of 1978 (P.L. 95-520) which was approved on October 26, 1978.

Changes from original 1980 Budget Estimates

	1980 Budget Estimate	1980 Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Major Programs by Activity:			
Medical care and treatment of veterans.....	$1,600	$1,250	- $ 350
Health service personnel training grants.....	50	50	...
Hospital equipment, plant and facilities rehabilitation grants.....	50	50	...
Appropriation.....	1,700	1,350	- 350
Obligations.....	1,700	1,403	- 297
Costs.....	1,700	1,403	- 297
Outlays.....	1,700	1,350	- 350

The appropriation reduction of $350,000, a result of Congressional action, reflects the plan for assumption of program responsibility by the Republic of the Philippines.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior Year Costs.....	$ 265	$1,403
Increases and decreases:		
Medical care and treatment of veterans.....	1,062	- 150
Health service personnel training grants.....	12	...
Hospital equipment, plant and facilities rehab....	64	- 53
Estimate.....	1,403	1,200

59-500 O - 80 - 35

PROGRAM SUMMARIES

Costs and BA (In thousands of dollars)	1979 Actual	1980 Budget Est.	1980 Current Est.	1981 Est.	Change 81 vs 80
Medical care and treatment of veterans	$ 188	$1,600	$1,250	$1,100	-$ 150
Health service personnel training grants	38	50	50	50	...
Hospital equipment, plant and facilities rehabilitation grants	39	50	103	50	- 53
Total costs	265	1,700	1,403	1,200	- 203
Change in selected resources (undelivered orders)	3	...	...	...	...
Total obligations	269	1,700	1,403	1,200	- 203
Unobligated balance available: Start of year	- 46	...	- 53	...	+ 53
End of year	53	...	...	...	...
Unobligated balance lapsing	224	...	...	...	...
Budget Authority (Appropriation)	500	1,700	1,350	1,200	- 150
Workload:					
Average daily hospital patient census	46	256	181	150	- 31
Cost per patient day	$12.81	$15.38	$15.38	$15.38	...
Patients treated (Hospital)	230	4,584	3,225	2,679	- 546
Average daily nursing census	...	5	4	4	...
Cost per patient day	...	$4.28	$4.28	$4.28	...
Patients treated (Nursing)	...	7	8	8	...
Outpatient medical visits:					
Staff	300	9,023	14,592	14,973	+ 381
Fee	23	923	1,118	1,165	+ 47
Total	323	9,946	15,710	16,138	+ 428

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

Justification of Estimates

This appropriation provides grants to the Republic of the Philippines for payment of hospital care, medical services, or nursing home care for eligible Commonwealth Army Veterans and for new Philippine Scouts in the Veterans Memorial Medical Center, or by contract, as prescribed by the Administrator. Treatment of leprosy cases is provided at the Central Luzon Sanitarium, or the Mindanao Central Sanitarium.

Public Law 80-865, approved July 1, 1948, established the grants program to assist the Republic of the Philippines in paying for hospitalization of Philippine Commonwealth Army Veterans for service-connected disabilities incurred while serving with U.S. armed forces. This act also provided for the construction of the Veterans Memorial Hospital, and authorized payments not to exceed $3,285,000 per year for five years through June 30, 1953, as reimbursement for either contract hospitalization or expenses of operation of hospital facilities constructed under the act.

Public Law 83-421, extended the five-year period of reimbursement, as contained in Public Law 80-865, for an additional five years through June 30, 1958, and authorized payments of $3,000,000 the first year, then decreasing $500,000 each year. No change was made in the provision that funds would be used either for contract hospitalization or hospital operation.

Public Law 85-461, authorized modification and extension of the program for another five years: through June 30, 1963. The law stated that beginning July 1, 1958, the total of all payments for hospitalization plus cost of travel authorized in connection with hospital care, was not to exceed $2,000,000 for any one fiscal year.

The program was extended for another five years through June 30, 1968, by Public Law 88-40. Under provisions of this law, costs for any one fiscal year were not to exceed $500,000.

Expanded authorization for Commonwealth Army Veterans with non-service-connected disabilities was granted by Public Law 89-612 which extended the program for a five year period ending June 30, 1973. It allowed reimbursement payments for hospital care when financial need existed. The legislation also made new Philippine Scouts, both service-connected and non-service-connected, eligible to receive the same coverage as Commonwealth Army Veterans. The law stipulated that the cost would not exceed $1,200,000 in fiscal year 1967 nor $2,000,000 in any one fiscal year thereafter. Further provisions authorized $100,000 for each fiscal year through 1972, for grants in support of medical research and the training of health service personnel. To upgrade and replace equipment and to rehabilitate the physical plant and facilities of the Veterans Memorial Hospital, an additional $500,000 was appropriated in fiscal year 1967 to remain available until expended.

Public Law 93-82, approved August 2, 1973 extended the program through June 30, 1978. Public Law 93-344 (Congressional Budget Act of 1974) extended the program through September 30, 1978. This law authorized an appropriation of $2,000,000 per year for the five year period for the medical care and treatment of eligible beneficiaries, including an amount not to exceed $250,000 per year for nursing home care. In addition $50,000 per year was authorized for grants for the purpose of education and training of medical personnel of the Veterans Memorial Hospital and $50,000 per year was authorized for the replacing and upgrading of equipment and rehabilitating of the hospital physical plant and facilities of the Veterans Memorial Hospital, with such funds to remain available until expended.

Public Law 95-520, the Veterans' Administration Programs Extension Act of 1978, approved October 29, 1978, extended the program through September 30, 1981.

Historical Data

Section 632(a)(1), Title 38 U.S.C. provides that per diem rates are to be jointly determined for each fiscal year by the two Governments at a level considered to be fair and reasonable. The following table shows the actual per diem rate experienced in relation to the average daily hospital patient load, and the estimated per diem rates for fiscal year 1980.

Fiscal Year	Per Diem Rate	Census
1960	$ 9.12	212
1961	7.78	173
1962	5.82	166
1963	4.64	179
1964	4.95	149
1965	6.08	146
1966	6.38	149
1967	7.22	153
1968	7.37	453
1969	7.47	432
1970	6.98	462
1971	6.36	634
1972	6.35	743
1973	6.79	687
1974	7.85	590
1975	9.58	469
1976	9.44	433
TQ	11.03	441
1977	10.83	391
1978	12.43	301
1979	12.81	46
1980 Est	15.38	181

The increase of 135 in the ADPC for hospitals in fiscal year 1980 is a result of restricted ADPC in FY 1979 due to only $500,000 being appropriated and made available late in the fiscal year. With the Veterans Administration Programs Extension Act of 1978, the program is extended to September 30, 1981, thus allowing operations at previously programmed levels.

The table below shows the costs of the program for fiscal years 1979 and 1980, and cumulative costs of the program from its inception in fiscal year 1950 to date.

Fiscal Year	Cost of Medical Care & Treatment of Veterans		Health Service Personnel Training Grants		Cost of Construction, Modernization and Maint. of Vet.Memorial Hosp.	
	Annual	Cum.	Annual	Cum.	Annual	Cum.
	(in thousands of dollars)					
1979	$ 188 act.	$36,173	$ 38	$ 617	$ 39	$10,291
1980	1,250 est.	37,423	50	667	50	10,341

Table of Contents

Assistance for Health Manpower Training Institutions

	Page No.
Summary of Requirements	
Appropriation Highlights	11-3
Summary of Budget Request	11-4
Changes from Original 1980 Budget Estimates	11-4
Analysis of Increases and Decreases	11-5
General Statement	11-5
Assistance in Establishment of New State Medical Schools	
Introduction	11-7
Summary of Obligations	11-7
Justification of Estimates	11-7
Program Highlights	11-7
Assistance to Affiliated Medical Schools and Other Health Manpower Training Institutions	
Introduction	11-9
Summary of Obligations	11-9
Justification of Estimates	11-9
Program Highlights	11-10

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

Appropriation Highlights

(dollars in thousands)	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Annual Authorization:					
Grants for New State Medical Schools	$62,564	...	...	...	...
Other Health Manpower Training Institutions..	42,341	...	$15,000	$25,000	+$10,000
TOTAL.....	104,905	...	$15,000	$25,000	+$10,000
Appropriation:					
Grants for New State Medical Schools.....	62,564	...	...	...	...
Other Health Manpower Training Institutions..	42,341	...	...	...	...
TOTAL.....	104,905	...	...	...	...
Obligations by Activity:					
Grants for New State Medical Schools.....	24,947	$26,584	32,844	24,965	-7,879
Other Health Manpower Training Institutions..	22,277	21,658	22,842	10,167	-12,675
TOTAL.....	47,224	48,242	55,686	35,132	-20,554
Unobligated Balances Brought Forward:					
Grants for New State Medical Schools.....	30,538	38,868	68,149	35,305	-32,844
Other Health Manpower Training Institutions..	12,945	67,585	33,009	10,167	-22,842
TOTAL.....	43,483	106,453	101,158	45,472	-55,686
Unobligated Balances Carried Forward:					
Grants for New State Medical Schools.....	68,149	12,284	35,305	10,340	-24,965
Other Health Manpower Training Institutions..	33,009	45,927	10,167	...	-10,167
TOTAL.....	101,158	58,211	45,472	10,340	-35,132
Outlays.....	40,672	49,502	49,502	49,529	+27

Summary of Budget Request

The Veterans Administration Medical School Assistance and Health Manpower Training Act of 1972 authorized no new appropriations beyond FY 1979. It was amended by the Veterans Health Program Extension and Improvement Act of 1979 which authorizes the appropriation of $15,000,000 in FY 1980, $25,000,000 in FY 1981, and $30,000,000 in FY 1982. There is no FY 1981 budget request for this program, however, because funds previously appropriated remain available for obligation and will be utilized to fully meet commitments made by the Administrator.

The FY 1981 commitments are expected to require $24,965,000 to meet the costs of continuation of the faculty suport and VA medical center modification projects for the five new State medical schools, and $10,167,000 to meet the costs committed for grants to established medical schools and other health manpower training institutions, and related projects of expansion of VA medical center education and training capacity. This will leave $10,340,000 unobligated balance at the end of FY 1981 which will be carried forward and utilized to meet the continuation costs associated with the remaining grants to new State medical schools, scheduled for completion in FYs 1982 and 1983.

Changes from Original 1980 Budget Estimates

	1980		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Appropriation by Activity:			
Grants for New State Medical Schools	...	...	...
Other Health Manpower Training Institutions	...	...	...
TOTAL	...	...	...
Obligations by Activity:			
Grants for New State Medical Schools	$26,584	$32,844	+$6,260
Other Health Manpower Training Institutions	21,658	22,842	+1,184
TOTAL	48,242	55,686	+7,444
Unobligated Balance, Start of Year:			
Grants for New State Medical Schools	38,868	68,149	+29,281
Other Health Manpower Training Institutions	67,585	33,009	-34,576
TOTAL	106,453	101,158	-5,295
Unobligated Balance, End of Year:			
Grants for New State Medical Schools	12,284	35,305	+23,021
Other Health Manpower Training Institutions	45,927	10,167	-35,760
TOTAL	58,211	45,472	-12,739
Outlays	49,502	49,502	...

a. Grants for New State Medical Schools - The current plan for FY 1980 shows estimated obligations increased from $26,584,000 to $32,844,000; the unobligated balance at the start of the year increased from $38,868,000 to $68,149,000; and the unobligated balance carried forward into FY 1981 increased from $12,284,000 to $35,305,000. The change in obligations is necessitated by acceleration of schedules for modification and equipping of educational facilities in VA buildings. The increase in unobligated balances is a result of the transfer of $37,564,000 of the $57,468,000 FY 1979 supplemental appropriation to support commitments to the new State medical schools as anticipated in the FY 1980 budget.

b. Other Health Manpower Training Institutions - The current plan calls for obligation of $22,842,000 to cover FY 1980 commitments to established medical schools and other health manpower training institutions, and the related projects for the expansion of VA medical center education and training capacity. The decrease in unobligated balances is a result of the transfer of $37,564,000 of the $57,468,000 FY 1979 supplemental to support commitments to new State medical schools.

Analysis of Increases and Decreases
(dollars in thousands)

	FY 1980 Current Estimate	FY 1981 Estimate
Prior Year Obligations	$47,224	$55,686
Increases and Decreases:		
Grants for New State Medical Schools	+7,897	-7,879
Other Health Manpower Training Institutions:		
Grants to affiliated medical schools	+1,309	-8,352
Grants to other health manpower training institutions	-126	-2,733
Expansion of VA medical center education and training capacity	-618	-1,590
Estimate	55,686	35,132

General Statement

The Veterans Administration Medical School Assistance and Health Manpower Training Act (P.L. 92-541) amended Title 38 of the United States Code by adding Chapter 82, which authorized appropriations in the amount of $75,000,000 for each of seven years. The Veterans' Administration Programs Extension Act of 1978 (P.L. 95-520) provided for the authorization of appropriations necessary for fully meeting the commitments entered into by the Administrator prior to May 1, 1978. The Veterans Health Program Extension and Improvement Act of 1979 (P.L. 96-151) provides authorization for appropriation of $15,000,000 for FY 1980, $25,000,000 for FY 1981 and $30,000,000 for FY 1982 to support activities related to affiliated medical schools and other health manpower training institutions. A FY 1979 supplemental appropriation, combined with funds previously appropriated, allows for full support of all current program commitments.

Assistance in Establishment of New State Medical Schools. P.L. 92-541 provided authorization for an annual appropriation of $25,000,000 to provide assistance in the establishment of not more than eight new medical schools, within the academic framework of State universities, to be operated in affiliation with Veterans Administration medical facilities. Funds appropriated under this authority are restricted by the statute for this purpose. P.L. 96-151 amends the authority so that the Administrator may not enter into any new agreement under this subchapter after September 30, 1979.

Assistance to Affiliated Medical Schools and Other Health Manpower Training Institutions. P.L. 92-541 provided authorization of an annual appropriation of $50,000,000 to provide grants to (a) affiliated medical schools, (b) other health manpower institutions, and for (c) expansion of VA hospital education and training capacities. P.L. 96-151 provides authorization of an annual appropriation of $15,000,000 in FY 1980, $25,000,000 in FY 1981, and $30,000,000 in FY 1982.

(a) Grants to established medical schools affiliated with the Veterans Administration assist such schools to expand and improve their physician training capacities and to cooperate with other health manpower training institutions to improve and expand health manpower utilization.

(b) Grants to other health manpower instutitions affiliated with the Veterans Administration provide assistance in the establishment of programs designed to coordinate, improve and expand the training, utilization and distribution of professional and technical allied health personnel.

(c) Expansion of Veterans Administration hospital education and training capacities provides necessary improvements to Veterans Administration buildings and structures, including equipment, to make them suitable for use in health manpower education and training in cooperation with other institutions and organizations; and provides funds to Veterans Administration medical centers for the development or initiation of improved methods of educating and training health personnel. Support for this activity is specifically limited not to exceed 30% of the above $50 million or of the actual appropriation level.

ASSISTANCE IN ESTABLISHMENT OF NEW STATE MEDICAL SCHOOLS

Introduction

This program is authorized by 38 USC 5071-5074 and permits the VA to assist in the establishment of not more than eight new State medical schools, in close affiliation with VA medical centers. The support is provided for seven years and includes the modification and equipping of VA buildings and structures for lease to the school as educational facilities, and direct grants to contribute to the costs of faculty salaries, at a rate gradually decreasing from 90 to 50 percent over the seven-year period. Funds appropriated for this program are restricted by the statute for this purpose.

Five applications were approved by the Administrator and all are receiving grants funds. Facilities modification projects are underway at all five affiliated VA medical centers.

SUMMARY OF OBLIGATIONS
(dollars in thousands)

Obligations:	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Grants	$13,837	$15,407	$11,939	-$3,468
Facilities	11,110	17,437	13,026	-4,411
TOTAL	24,947	32,844	24,965	-7,879
Unobligated Balance Brought Forward	-30,538	-68,149	-35,305	+32,844
Unobligated Balance Carried Forward	68,149	35,305	10,340	-24,965
Appropriation	62,564	...	...	...

Justification of Estimates

The projected requirements for FY 1981 include funds for the seventh and final year of support committed to two new medical schools; the sixth year for one school and the fifth year for one. The fifth school received its final year of support in FY 1980.

It is estimated that $24,965,000 will be obligated to meet the commitments in FY 1981. The unobligated balance remaining at the end of FY 1981 ($10,340,000) will be used to meet the remaining commitments that fall due in FYs 1982 and 1983.

Program Highlights

Grants have been made to assist in the establishment of five new State medical schools. Each of these schools is affiliated with one or more VA medical centers as a primary teaching affiliate; each has admitted students (with admissions policies providing priority to otherwise qualified veterans); each emphasizes the production of primary care physicians and the development of undergraduate and graduate educational programs toward this end; and each has developed a viable base of State support to assure its continuation when grant funding ends.

Through their new roles as partners in medical education, the affiliated VA medical centers are expanding the quality, pace, and range of health care services available to their veteran patients. For example, grant funds have permitted extensive renovation and equipping of VA facilities to accommodate the educational programs; approximately 325 physician faculty who are receiving grant salary support serve full or part-time in the VA; and growth has occurred in many areas -- both staff and service -- as a result of the increased activity occasioned by the medical school affiliation.

The current status of each of the new medical schools is as follows:

Wright State University, in affiliation with the Dayton VA Medical Center, has admitted four classes of students: 32 in 1976, 48 in 1977, 76 in 1978, and 100 in 1979. Medical school faculty has grown to 175 full-time-equivalents and a faculty practice group has been established.

The University of South Carolina, in affiliation with the Columbia VA Medical Center, has admitted three classes of students: 24 in 1977, 36 in 1978, and 39 in 1979. The faculty, including volunteer faculty and joint appointments with affiliated hospitals, exceeds 270 with 95 full-time-equivalents.

Texas A&M University, in affiliation with the Temple VA Medical Center, admitted classes of 32 students in 1977, 1978 and 1979. All basic science department head positions are filled and clinical faculty appointments number over 60.

Marshall University, in affiliation with the Huntington VA Medical Center, admitted its first class of 24 students in January, 1978, a second class of 24 in September, 1978, and a third class of 36 in September 1979. Recruitment of faculty, including department chairmen, is nearing completion at 60 full time; in addition, some 200 part-time community faculty serve voluntarily.

East Tennessee State University, in affiliation with the Mountain Home VA Medical Center, admitted a charter class of 24 in 1978 and a second class of 32 in 1979. Basic science faculty has reached full functional capability and nearly all clinical chairs have been appointed, for a total of 33 full-time-equivalents.

ASSISTANCE TO AFFILIATED MEDICAL SCHOOLS AND OTHER HEALTH MANPOWER TRAINING INSTITUTIONS

Grants to established medical schools assist them to expand and enhance medical education programs through broadened involvement of the Veterans Administration's medical centers with which they are affiliated. Eighteen such grants initiated in FYs 1974 and 1975 involve the development and strenghening of clinical departments, the addition of "clinical campuses" organized around VA medical facilities distant from parent medical centers, and the conversion of two-year medical schools to full degree-granting programs.

Of the 102 grants initiated in FYs 1974 and 1975 for support of programs in other health manpower institutions which directly involve VA medical facilities as clinical affiliates, 50 remain active in FY 1980. Funds included in a supplemental appropriation for 1977 made possible the full, multiple-year funding of 33 additional grants in this program. These grants were made on the basis of applications which had been selected for approval in FYs 1975 and 1976 but for which appropriations had not been available.

The use of funds included in this appropriation for expansion of VA hospital education and training capacity has been generally limited to small projects to improve the educational facilities in VA hospitals or clinics which are affiliates of grantees under one of the other two authorized programs in order to assure the fullest possible participation of the VA and its employees.

Summary of Obligations by Activity
(dollars in thousands)

Obligations by Activity:	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Grants to Affiliated Medical Schools	$15,747	$17,056	$8,704	-$8,352
Grants to Other Health Manpower Institutions	4,281	4,155	1,422	-2,733
Expansion of VA Hospital Education & Training Capacity	2,249	1,631	41	-1,590
TOTAL	22,277	22,842	10,167	-12,675
Unobligated Balance Brought Forward	-12,945	-33,009	-10,167	+22,842
Unobligated Balance Carried Forward	33,009	10,167	...	-10,167
Appropriation	42,341	...	...	...

Justification of Estimates

Of the $10,167,000 to be obligated in FY 1981, $8,704,000 will be obligated to cover the commitments for continuation of grants to established medical schools, and $1,422,000 to other health manpower training institutions. An additional $41,000 will complete the projects for expansion of VA medical center education and training capacity which were related to these grants. This represents completion of all grant programs at their full commitment levels.

Program Highlights

Grants have been made to 18 existing affiliated medical schools for a variety of purposes, which can be classified in four main groups.

Many grants support general expansion and improvement in areas such as refining, modifying, and improving the medical school curriculum; developing and strengthening individual clinical departments; and diversifying and enhancing clinical affiliations. The Eastern Virginia Medical School, for example, is a new community-based school which is receiving grant assistance for the further development, improvement, and expansion of its medical education capabilities, in affiliation with the Hampton VA Medical Center.

Grants also support special projects for experimenting with curriculum design; initiating special emphases in primary care, preventive medicine, ambulatory care, and geriatric care; and conducting programs geared toward the needs of students transferring from foreign medical schools. The Gainesville VA Medical Center and the University of Florida, College of Medicine, are cooperating in a project designed to develop the resources of a four county rural health care and education program, and expanding their own ambulatory care capabilities to provide increased learning opportunities in primary care.

The Universities of North and South Dakota received grants to convert their two-year medical school programs to M.D. degree-granting institutions, with substantial clinical reliance on the Fargo and Sioux Falls VA Medical Centers.

Finally, grant support has aided the creation and expansion of two-year clinical outreach campuses to provide geographically dispersed facilities with practice settings and service constituencies. VA Medical Centers in Wichita, Kansas; Fresno, California; Muskogee, Oklahoma; Tuscaloosa, Alabama; and Marion, Illinois have become associated with such clinical campuses.

The 18 grantees have achieved an aggregate 30 percent increase in undergraduate enrollment, and most are also enhancing their graduate (e.g. family practice and other primary care residencies) and continuing medical education program. In addition, grant budgets contain salary support for more than 325 physician faculty who also serve VA patients in the course of carrying out their clinical teaching activities.

One-hundred thirty-five grants have been made to other health manpower training institutions, in affiliation with VA medical centers, to initiate new health manpower education programs, expand and improve existing programs, provide continuing education for area (including VA) health personnel, demonstrate improved manpower utilization and interdisciplinary activities, and provide career ladder opportunties.

Grantees include academic institutions and community-based consortia of health care and educational institutions with programs in the gamut of traditional allied health disciplines as well as nursing, optometry, dental auxiliaries, social work, pharmacy, and podiatry. The grant program is designed to support the comprehensive development of health manpower and promote training at various career levels; about half the activities are directed toward educational endeavors at the baccalaureate level, one quarter below the baccalaureate level and the remaining quarter at the post-baccalaureate and continuing education levels. Although the majority of grant-supported activities involve the expansion, enrichment, and modification of existing programs, nearly one-third have established educational curricula new to the individual institutions - either as new programs in established health occupations or as "new health careers." There has been a 60 percent increase in enrollment in grant-supported programs of basic education since the year prior to the initiation of grant assistance.

These grants have enhanced the VA's ability to recruit and retain health services staff, have furnished VA-based faculty in a wide range of health disciplines, have provided continuing education opportunities for VA staff, and have contributed to the utilization of VA medical centers as community resources. They have built on the VA's unique clinical capabilities and patient population and have been directed toward the needs of the VA in such areas as education in interdisciplinary services to the aging, ambulatory and extended care, and a variety of rehabilitation fields.

Table of Contents

Revolving Trust Funds

	Page No.
Revolving Funds:	
Canteen Service Revolving Fund.....	12-3
Supply Fund.....	12-9
Special Therapeutic and Rehabilitation Activities Fund.....	12-15
Construction and Operation of Garage and Parking Facilities.....	12-17
Trust Fund:	
General Post Fund.....	12-19

VETERANS ADMINISTRATION

CANTEEN SERVICE REVOLVING FUND

FUND HIGHLIGHTS

(Dollars in thousands)	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Appropriation	...	...	...	...
Total Revenue	$135,507	$145,683	$152,973	$+7,290
Obligations	136,309	146,086	153,769	+7,683
Costs	131,984	145,016	152,634	+7,618
Outlays	-3,250	-1,018	-143	+875
Average employment	3,529	3,604	3,604	...

Summary of Budget Request

No Congressional action is required.

Changes from Original 1980 Budget Estimate

	1980 (Dollars in thousands) Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Appropriation	...	...	...
Total Revenue	$157,427	$145,683	$-11,744
Obligations	156,409	146,086	-10,323
Costs	155,550	145,016	-10,534
Outlays	-1,018	-1,018	...
Average employment	3,518	3,604	+86

Summary of Changes from Original 1980 Budget Estimates

The changes from the original 1980 budget estimates to the current estimate are based on current sales trend and reflect the anticipated growth over actual FY 1979 levels.

No change in program services is anticipated as a result of these changes.

VETERANS ADMINISTRATION

CANTEEEN SERVICE REVOLVING FUND

ANALYSIS OF INCREASES OR DECREASES
(dollars in thousands)

	FY 1980 Current Estimate	FY 1981 Estimate
Prior year costs	$131,984	$145,016
Increases and Decreases:		
Cost of sales	9,513	5,320
Civilian pay raise	677	...
Civilian pay raise annualization ...		11
Salaries and wages	-76	1,824
Operating expenses	83	557
Indirect expenses	170	108
Unfunded adjustment	1,248	-50
Capital outlay	1,417	-152
Estimate	145,016	152,634

Explanation of Increases and Decreases

The increase in cost of sales is directly attributable to the anticipated increase in sales revenue based on current sales trends.

The decrease in salary and wages in FY 1980 is a result of a change in the work force initiated in FY 1979. The increase in salary and wages in FY 1981 is the result of anticipated increased labor costs under the Non-Appropriated Fund Salary Law and the Minimum Wage Law.

The increases in operating expenses and indirect expenses reflect the normal increased costs, as related to sales volume increases.

The unfunded adjustment increase in FY 1980 is the result of FY 1979 annual leave liability adjustments. The FY 1981 decrease is the result of increased depreciation charges resulting from an increase in Furniture, Fixtures, and Equipment.

The capital outlay increase in FY 1980 reflects the impact of equipment purchases in FY 1979. FY 1980 and FY 1981 equipment purchases should represent normal activity levels.

59-500 O - 80 - 36

CANTEEN SERVICE REVOLVING FUND

No appropriation by the Congress will be required for the operation of the Veterans Canteen Service during Fiscal Year 1981. The Veterans Canteen Service was established by Congress in 1946 to furnish at reasonable prices merchandise and services necessary to the comfort and well-being of veterans in hospitals and domiciliaries operated by the Veterans Administration (38 U.S.C. 4201-08).

The Congress originally appropriated a total of $4,965,000 for the operation of the Veterans Canteen Service and no additional appropriations have been required. Funds in excess of the needs of the Service totaling $12,068,000 have been paid to the Treasury.

Capital Requirements

At the end of Fiscal Year 1979 there were canteens in operation at all VA Hospitals and Domiciliaries. Capital requirements for operation of the Veterans Canteen Service for Fiscal Year 1981 are as follows:

Cash

Petty Cash and Change Funds: A total sum of $325,000 is considered necessary for the purpose of making limited local purchases, paying incidental operating expenses and providing adequate change requirements. Such funds are established in amounts commensurate with the size and requirements of each individidual canteen.

At the Field Station Depositaries: It is estimated that $850,000 will be required for the maintenance of field station depositary accounts.

At the Field Offices and Central Office: It is estimated that the capital requirements for five field offices and Central Office will amount to $17,062,000. This will provide the cash advance of $3,750,000 required by the U. S. Treasury for payroll purposes under the Veterans Administration automated payroll system, and a portion of the funds required for payment of outstanding liabilities.

Accounts Receivable and Other Assets

It is estimated that accounts receivable and other assets will be $910,000.

Inventories - Commodities for Sale

Retail Departments: It is estimated that a retail inventory of $15,225,000 is required.

Food Departments: It is estimated that a food department inventory of $1,450,000 is required.

Service Departments: It is estimated that a service department inventory of $47,000 is required.

Equipment

Capital requirements for remodelings and replacement of worn-out equipment during Fiscal Year 1981 are estimated to be $3,319,000.

Operating Results

It is expected that sales will amount to $152,973,000 in Fiscal Year 1981 and that a net income of $2,453,000 will be realized.

Personnel Requirements

In the area of manpower control and utilization, the Veterans Canteen Service uses many of the techniques that are generally applied in commercial retail chain store and cafeteria operations. Major consideration is given to salary expense in relation to sales. Salary expense data is provided to management personnel periodically for each department in each canteen, as well as consolidated data for each field office and the total Veterans Canteen Service. These data are compared to the corresponding period for the previous year and to the budget. This has been and will continue to be an effective control.

Employment

The following FTE employment comparisons are for fiscal years 1979 through 1981.

Actual 1979	1980 Budget Estimate	1980 Current Estimate	Estimate 1981	Increase (+) Decrease (-) 1981 vs. 1980
3,529	3,518	3,604	3,604	...

Financial Condition

The current assets of the Veterans Canteen Service consists of cash, accounts receivable, merchandise inventories, and other assets. At the close of fiscal year 1981 it is expected that cash on hand and on deposit will be $18,237,000. It is estimated that accounts receivable, consisting mainly of amounts due from personal funds of incompetent patients will be $900,000. A capital investiment in inventory of $16,722,000 will be required. Other assets should amount to $10,000. Current assets are estimated to be $35,869,000. Current liabilities are estimated to be $13,231,000. This amount will be made up of trade accounts payable, accrued payrolls, accrued leave, and other current liabilities. The total working capital (current assets less current liabilities) as detailed above will amount to $22,638,000. It is estimated that the net investment in equipment will amount to $15,955,000.

Revenue and Expense (in thousands of dollars)

	Actual 1979	1980 Budget Estimate	1980 Current Estimate	Estimate 1981	Increase (+) Decrease (-) 1981 vs. 1980
Sales Program:					
Revenue	$135,507	$157,427	$145,683	$152,973	$ +7,290
Expense (-).....	-132,328	-154,362	-142,695	-150,515	-7,820
Net operating income sales program....	3,179	3,065	2,988	2,458	-530
Non Operating Income or Loss (-):					
Proceeds from sale of equipment....	45	37	70	70	...
Net book value of assets sold (-)..	-145	-200	-200	-200	...
Net loss from sale of equipment	-100	-163	-130	-130	...
Miscel. Income	107	20	60	125	+65
Net non-operating income or loss ...	7	-143	-70	-5	+65
Net income for the year	3,186	2,922	2,918	2,453	-465

Financial Condition (in thousand of dollars)

	Actual 1979	1980 Budget Estimate	1980 Current Estimate	Estimate 1981
Assets:				
Cash with Treasury, in banks, on hand and in transit	$17,076	$16,844	$18,094	$18,237
Accounts receivable (net)	933	850	900	900
Inventories.....	15,098	13,614	15,886	16,722
Other assets (net).....	18	11	10	10
Real property, equipment and leasehold (net).....	11,915	14,505	14,036	15,955
Total assets	45,040	45,824	48,926	51,824
Liabilities:				
Accounts payable & accrued liabilities	9,213	6,842	10,182	10,627
Unfunded annual leave and coupon books	2,604	1,571	2,604	2,604
Total liabilites	11,817	8,413	12,786	13,231
Government equity:				
Unexpended balances:				
Unobligated balance	2,942	6,404	2,669	2,068
Undelivered orders	5,871	4,459	6,153	6,452
Invested capital.....	24,409	26,548	27,318	30,073
Total Government equity.	33,222	37,411	36,140	38,593

Government Equity (in thousands of dollars)

	Actual 1979	1980 Budget Estimate	1980 Current Estimate	Estimate 1981
Paid in capital:				
Opening balance	$ 374	$ 374	$ 374	$ 374
Closing balance	374	374	374	374
Retained income:				
Opening balance	29,662	34,115	32,848	35,766
Transactions:				
Net operating income...	3,179	3,065	2,988	2,458
Net non-operating income	7	-143	-70	-5
Closing balance	32,848	37,037	35,766	38,219
Total Government equity (end of year)	33,222	37,411	36,140	38,593

VETERANS ADMINISTRATION
SUPPLY FUND

Supply Fund Highlights

(dollars in thousands)	FY 1979 Actual	FY 1980 Estimate	FY 1981 Estimate	Increase (+) Decrease (-)
Appropriation	...	...	...	...
Obligations	$ 414,486	$ 502,753	$ 550,748	$ +47,995
Costs	387,771	508,359	548,748	+40,389
Outlays	-7,596	9,000	...	-9,000
Average employment (jurisdictional)	680	696	696	...

Summary of Budget Request

No Congressional action is required at this time to support the projected Supply Fund program for FY 1981.

Changes from Original 1980 Budget Request

	1980 Budget Estimate	1980 Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Appropriation	...	...	...
Obligations	$ 535,232	$ 502,753	$ -32,479
Costs	534,232	508,359	-25,873
Outlays	...	9,000	+9,000
Average employment (jurisdictional)	696	696	...

Obligations

The original budget estimate was based upon an anticipated growth in cost of goods sold in FY 1979 that was not achieved. Also, the original FY 1980 estimate projected a minor increase in selected resources (inventory and undelivered orders). A decrease is now anticipated.

Costs

This reduction is attributable to the reduced growth in cost of goods sold.

Outlays

In FY 1979 the Supply Fund recorded a negative outlay because of revenues generated by an increase in sales of inventory items at year end. The closing inventory level is not adequate to service the various appropriations' supply requirements and must be increased to meet future demands. The projected inventory increase in FY 1980 will require this amount of outlay.

Analysis of Increases and Decreases

	FY 1980 Current Estimate	FY 1981 Estimate
	(dollars in thousands)	
Prior Year Costs	$ 387,771	$ 508,359
Increases and Decreases:		
Civilian pay raise	565	...
Civilian pay raise annualization	...	15
Salaries and benefits	1,116	165
Cost of goods sold	118,449	39,577
Operating expenses	613	609
Capital investment	-155	23
Estimate	508,359	548,748

In FY 1980 the increase in salaries and benefits is attributable to projected wage board increases, annualization of FY 1979 increases, projected filling of current vacancies, and periodic step increases. In FY 1981 the rise is attributable to the annualization of FY 1980 wage board increases, periodic step increases and relocation expenses.

In FY 1980 and FY 1981 cost of goods are projected to rise 32% and 8% respectively. The large increase in FY 1980 is due to a large number of orders for equipment outstanding at the end of FY 1979 which will be received during the year.

In FY 1980 and FY 1981 the increase in operating expenses is due to increased costs for travel, postage, equipment rentals, utilities, printing and reproduction services and repairs.

In FY 1981 capital investment is expected to rise slightly over the FY 1980 level.

SUPPLY FUND

General Statement

The Supply Fund was established July 1, 1953, without fiscal year limitation for all expenses necessary for the operation and maintenance of a supply system for the Veterans Administration. Its objective is to provide quality support to all programs in the Veterans Administration and assure the greatest return for every dollar spent for the acquisition and distribution of supplies and equipment.

The system involves supply support for a Veterans Administration nationwide health distribution system for 172 hospitals, 97 nursing homes, 16 domiciliaries and 229 outpatient clinics. The total average daily inpatient census planned in Veterans Administration Facilities for FY 1981 will be 83,257, patients treated will be 1,262,400, and Veterans Administration staff outpatient medical visits will be 15,706,000.

Veterans Administration activities, receiving supply support for providing benefits other than health to veterans, are 58 regional offices each of which has one or more separate veterans assistance offices, 6 major data processing centers, and a national cemetery system.

Since the establishment of the Supply Fund, and because of the effectiveness of the national buying system, supply support has been extended to over 500 other Government agency installations that require medical, hospital and subsistence items. The service at Veterans Administration hospitals has been expanded to support a number of small installations of other Government agencies located in the same vicinity. During FY 1979 other Government agencies purchased approximately $160,000,000 worth of supplies from the Veterans Administration Supply Depots or through contracts consummated by the Veterans Administration Marketing Center.

Program Notes

The operation of the Supply Fund is under the Chief Medical Director, with direction by the Supply Service Staff of Central Office, and is an integral function within the total supply program.

Three depots, a marketing center and a publications service are operated through the Supply Fund. The Supply Fund is used for purchasing, warehousing and distributing supplies and equipment which are used in quantities large enough to realize savings through a central purchase or stock system.

A service and reclamation division and a library cataloging and periodical service are also part of the depot's service to field activities.

Supply Fund Financing provides for the following:

1. A national buying system for the procurement of supplies, equipment and services. National buying is designed to consolidate requirements and purchases of all items for which there is a cost advantage through volume buying and distribution. Included in the costs are salaries and related operating costs of this national buying program.

2. The management and operation of the Veterans Administration Supply Depots for economical storage and distribution, including salary costs, transportation and shipping costs and other related operating expenses.

3. A service and reclamation program for the repair and reclamation of supplies and equipment nationwide, and for providing laboratory inspection and testing services for technical instruments, equipment and supplies. In addition, teams of skilled technicians conduct surveys of hospital medical equipment on a scheduled basis. They evaluate present condition, effectiveness of maintenance, life expectancy and operating and performance safety.

4. A program of reclaiming silver from X-ray film and solutions at health care facilities.

5. A national buying system for the procurement, printing and distribution

of forms, form letters, publications (manuals, circulars, etc.) and other printed material, as authorized by the Joint Committee on Printing and operation of a Publications Depot for economical storage and distribution of forms and publications.

6. Purchases by individual field activities for inventory from General Services Administration and other mandatory sources, as well as procurement from vendors or local distributors for those items which cannot be provided more economically through a national buying program.

7. A system for agency supply standardization and cataloging, personal property management of depot and centrally procured items and for financing of warehouse inventories.

8. A program to provide subscriptions and book cataloging service to Veterans Administration hospital patient and medical libraries, as well as administrative periodicals is a part of the depot operation.

SUPPLY FUND FINANCING

Basically the Supply Fund operates on a business-type markup under a breakeven concept. Over a period of five years from FY 1975, including the Transition Quarter, it has shown a loss of $33,545 (.002%) on a $1,749,318,229 cost of sales. Prior losses are recovered in the succeeding year.

WORKLOAD

Actual sales through the Supply Fund for the past two years were $389,693,511 for FY 1978 and $382,400,241 for FY 1979. Sales are projected at $501,000,000 for FY 1980 and $590,000,000 for FY 1981. This is an anticipated increase of 39% over the four-year period. It is estimated that the average overall man years for Supply Fund merchandising operations during the same period will increase from 633 man years in FY 1978 to an estimated 656 in FY 1981.

EMPLOYMENT

Two types of employees are charged to the Supply Fund. The first is responsible for the various phases of the merchandising activity and the second for the management of field supply activities.

The following table provides a comparative analysis of average employment for Supply Fund operations for Fiscal Years 1979 through 1981.

Activity	FY 1979 Actual	FY 1980 Budget Estimate	FY 1980 Current Estimate	FY 1981 Estimate
Merchandising:				
Depot Operations	424	432	432	432
Marketing	86	87	87	87
Publications Service	131	137	137	137
Total Merchandising	641	656	656	656
Management of Field Activities	53	54	54	54
Socio-Economic staff	6	6	6	6
Total Supply Fund Average Employment (Net)	700	716	716	716
Common Services	-20	-20	-20	-20
Total Average Employment (Jurisdictional)	680	696	696	696

Supply Fund Financial Condition (in thousands of dollars)

Assets:	Actual 1979	1980 Budget Estimate	1980 Current Estimate	Estimate 1981
Treasury balance	$102,063	$84,467	$93,063	$93,063
Accounts receivable, Net	15,734	19,500	16,000	17,000
Advances	251	800	500	800
Commodities for sale	91,326	105,000	104,000	105,000
Fixed assets, Net	1,367	1,418	1,541	1,731
Total assets	210,741	211,186	215,104	217,594
Liabilities: Current	38,087	38,238	42,105	44,595
Government equity:				
Noninterest-bearing capital	172,999	172,948	172,999	172,999
Retained earnings or deficit (-)	-345	...	...	...
Total Government equity	172,654	172,948	172,999	172,999

Revenue, Expense and Retained Earnings (In thousands of dollars)

Sales Program:	Actual 1979	1980 Budget Estimate	1980 Current Estimate	Estimate 1981	1981 vs 1980
Revenue	$387,469	$534,131	$508,530	$548,558	$+40,028
Expense	-387,401	-534,107	-508,161	-548,533	-40,372
Net operating income or loss(-)	68	25	369	25	-344
Nonoperating loss:					
Net book value of assets sold(-)	-21	-25	-24	-25	-1
Nonoperating loss	-21	-25	-24	-25	...
Net income/loss(-) for the year	48	...	345	...	-345
Analysis of Retained Earnings:					
Retained earnings or deficit(-) start of year	-392	...	-345	...	345
Retained earnings end of year	-345	...	...	...	...

SUPPLY FUND INVENTORY AND SALES DATA
(IN THOUSANDS)
FY 1979

Supplies and Equipment

	Average Monthly Inventory				
	Field Stations	Supply Depot	Total	Sales Goods	Ratio of sales to inventory
Food	$ 3,800	$12,246	$16,046	$ 42,873	2.7
General Supplies	4,544	819	5,363	33,272	6.2
Drugs & Medicines	18,895	24,631	43,526	140,615	3.2
Other Medical Supplies	12,342	11,316	23,658	98,252	4.2
Equipment	...	250	250	54,316	217.3
Fuel	22	...	22	111	5.0
Standby	1	...	1	5	5.0
Stocks Withdrawn for Shipment (Unclassified)	...	1	1	...	...
Repair Service (S&R)	...	...	...	872	...
	39,601	49,263	88,867	370,316	4.2
In transit between depots & stations			6,629	...	...
Service and Reclamation (S&R storeroom stocks)			207	...	...
S&R Work in Process			92	...	...
Sub Total			95,795	370,316	3.9
Publication Service Form, letters			...	12,085	...
Work in process			22	...	...
Total			95,817	382,400	4.0

Footnote: Data provided in this table relate sales to average monthly inventory investment. Sales figures differ from revenue due to discounts and other reimbursable earnings which are not identified as sales.

VETERANS ADMINISTRATION

Special Therapeutic and Rehabilitation Activities Fund

Introduction

This revolving fund, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, approved October 21, 1976, provides a mechanism for the furnishing of rehabilitative services to certain veteran beneficiaries who are receiving medical care and treatment from the Veterans Administration.

Fund Highlights

(dollars in thousands) Major Activities or Programs:	1979 Actual	1980 Estimate	1981 Estimate	Increase(+) Decrease(-)
Rehabilitation of veteran beneficiaries cost/ obligations.....	$ 1,850	$ 2,050	$ 2,066	$+ 16
Appropriation.....	...	...	...	...
Outlays.....	- 164	- 253	- 255	- 2

Summary of Budget Request

This is a self sustaining fund and no appropriation is requested. Funds to operate the various rehabilitative activities and provide for the therapeutic work for remuneration of patients and members in Veterans Administration health care facilities will be derived from contractual arrangements with private industry or non-profit entities.

Changes from Original 1980 Budget Estimates

	1980		
	Budget Estimate	Current Estimate	Increase(+) Decrease(-)
	(dollars in thousands)		
Appropriation.....	...	...	...
Costs/Obligations....	$2,528	$2,050	$- 478
Outlays.....	- 150	-253	- 103

The decreases in costs/obligations and outlays in the current estimate are based on FY 1979 experience.

Revenue and Expense
(in thousands of dollars)

	1979 Actual	1980 Estimate	1981 Estimate
Revenue	$2,047	$ 2,050	$ 2,066
Expense	-1,823	-2,050	-2,066
Net operating income	224	...	...

Statement of Financial Condition
(in thousands of dollars)

	1979 Actual	1980 Estimate	1981 Estimate
Assets:			
Fund Bal.with Treasury	$ 401	$ 654	$ 909
Accounts receivable(net)	130	130	130
Other assets	66	66	66
Total assets	597	850	1,105
Liabilities:			
Accounts payable including funded accrued liabilities	92	346	601
Government Equity	504	504	504

VETERANS ADMINISTRATION

CONSTRUCTION AND OPERATION OF GARAGE AND PARKING FACILITIES

Introduction

This revolving fund established pursuant to the Veterans' Omnibus Health Care Act of 1979, Public Law 96-72, approved September 30, 1979, provides a mechanism for collecting funds from employees to operate medical employee parking facilities.

APPROPRIATION/FUND HIGHLIGHTS

(dollars in thousands)	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Appropriation	...	...	...	...
Costs/Obligations	...	$821	$894	$+73
Outlays	...	...	...	...

Summary of Budget Request

No appropriation is required. Funds derived from employee contributions are sufficient to meet anticipated operational expenses for FY 1981.

Changes from original 1980 Budget Estimates

This program is being presented for the first time.

Revenue and Expense
(dollars in thousands)

	1979 Actual	1980 Estimate	1981 Estimate
Revenue	...	$821	$894
Expense	...	-721	-744
Net operating income	...	100	150

Statement of Financial Condition
(dollars in thousands)

	1978 Actual	1979 Actual	1980 Estimate	1981 Estimate
Assets:				
Real property and equipment	...	...	100	250
Total assets	...	...	100	250
Government equity:				
Invested capital	...	...	100	250
Total Government equity	...	...	100	250
Analyses of changes in Government equity:				
Paid-in capital:				
Opening balance		...	...	100
Net opeating income		...	100	150
Closing balance		...	100	250
Total Government equity (end of year)		...	100	250

VETERANS ADMINISTRATION

GENERAL POST FUND

FUND HIGHLIGHTS

(dollars in thousands)	1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
Appropriation (permanent, indefinite)	$6,460	$6,700	$7,000	+ $ 300
Costs/Obligations	5,601	6,000	6,300	+ 300
Outlays	5,547	6,000	6,300	+ 300

Summary of Budget Request

Operations of this trust fund are financed from fund receipts. This fund has been provided permanent indefinite budget authority and requires no further action on the part of Congress.

Changes from original Budget Estimates

	1980 Budget Estimate	1980 Current Estimate	Increase (+) Decrease (-)
	(dollars in thousands)		
Appropriation (permanent, indefinite)	$6,700	$6,700	...
Costs/Obligations	6,000	6,000	...
Outlays	6,000	6,000	...

The estimated appropriation, costs - obligations and outlays are based upon actual experience through September 30, 1979 and are unchanged from the original budget.

Program Activity

This fund consists of gifts, bequests, and proceeds from the sale of property left in the care of VA facilities by former 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 and homes where no general appropriation is available (38 U.S.C., Chapters 83 and 85).

It is estimated that obligations under the fund for fiscal years 1980 and 1981 will approximate $6,000,000 and $6,300,000 respectively. The obligations are consistant with the purposes for which proceeds from the fund may legally be expended, (Comptroller General's Decision B-125715, November 10, 1955), and the intent of the donors. Donors usually specify that their donations be used for designated recreational or religious projects or equipment purchases.

An invested reserve of approximately $2,365,000 will be maintained in both fiscal years 1980 and 1981 to meet claims for estate settlement, which must be held in trust for a legal period of five years after the demise of intestate veteran beneficiaries. The level of retained investment will approximate five times the total amount paid on claims during the preceding 5-year period, in accordance with an agreement with the Comptroller General.

Cash receipts from donations and estates for fiscal years 1980 and 1981 are estimated to be $6,525,000 and $6,820,000 respectively.

GENERAL POST FUND

Statement of Financial Actions and Condition
(Dollars in thousands)

	1979 Actual	1980 Budget Estimate	1980 Current Estimate	1981 Estimate	Increase (+) Decrease (-)
Balance beginning of period:					
Equip. & Facilities..	$11,827	$12,667	$12,942	$14,082	+ $ 1,140
Investments.....	2,365	2,400	2,365	2,365	...
Cash	6,070	6,642	6,929	7,629	+ 700
Total.....	20,262	21,709	22,236	24,076	+ 1,840
Increase during period:					
Equip. & Facilities..	1,115	860	1,140	1,165	+ 25
Interest on invest...	155	160	175	180	+ 5
Cash receipts from donations, estates, etc.....	6,305	6,540	6,525	6,820	+ 295
Total Increase.....	7,575	7,560	7,840	8,165	+ 325
Decrease during period:					
Supplies & services..	5,523	5,964	5,920	6,220	+ 300
Settlement of estates and claims.....	78	36	80	80	...
Total.....	5,601	6,000	6,000	6,300	+ 300
Balance at end of period:					
Equip. & Facilities..	12,942	13,527	14,082	15,247	+ 1,165
Investments.....	2,365	2,500	2,365	2,365	...
Cash.....	6,929	7,242	7,629	8,329	+ 700
Total.....	22,236	23,269	24,076	25,941	+ 1,865

Table of Contents

Construction Appropriations

Construction - Summary

Index 13-1

Consolidated Summary of Fiscal Year 1981 Request 13-3

Construction, Major

Appropriation Language 14-1

Appropriation Highlights 14-1

General Statement 14-2

Summary of 1981 Request 14-2

Detail of Request 14-5

Index for Project Prospectuses 14-7

Project Prospectuses 14-9

Financial Status of Current Construction Projects 14-67

Construction, Minor

Appropriation Language 15-1

Appropriation Highlights 15-1

General Statement 15-2

Summary of 1981 Request 15-2

Index for Project Prospectuses 15-4

Project Prospectuses 15-5

Financial Status of Current Construction Projects 15-18

General Administration

General Statement 15-129

Summary of Obligational Requirements by Object 15-129

Functions of Organizational Elements 15-130

Justification and Explanation of Personal Services Obligations 15-133

Justification and Explanation of Oblig. Other than Personal Services .. 15-134

Organizational Chart 15-137

Special Analyses

Resources and Disposition of Funds (Chart) 16-1

Summary of Obligational Requirements by Object 16-2

Summary of Construction Funds from 7-1-31 16-3

Boeckh Building Cost Index 16-5

CONSOLIDATED SUMMARY OF 1981 REQUEST
(In Thousands of Dollars)

CONSTRUCTION PROJECTS :

A.	Medical Program :	
	Replacement and Modernization	$ 187,445
	Nursing Home Care	60,469
	Domiciliaries	10,090
	Research and Education	17,791
	Outpatient Improvements	53,990
	Other Improvements	286,293
	Advance Planning Fund	(11,000)
	General Projects	(62,539)
	Miscellaneous Projects $100,000 - $400,000	(41,984)
	Clinical Improvements	(101,486)
	Elevators	(4,984)
	Air Conditioning	(6,879)
	Correction of Seismic Deficiencies	(14,522)
	Elimination of Safety Hazards	(25,837)
	Correction of Electrical Deficiencies	(5,482)
	Energy Conservation	(11,580)
	Sub-Total - Medical Programs	616,078
B.	ODM&T	1,848
C.	National Cemetery Program	5,122
D.	Regional Offices, Replacement and Renovation	7,416
E.	General Administration	29,344
	Net Appropriation Request	659,808

59-500 O - 80 - 37

CONSTRUCTION, MAJOR PROJECTS

Appropriation Language

"For constructing, altering, extending and improving any of the facilities under the jurisdiction or for use of the Veterans Administration, or for any of the purposes set forth in sections 1004, 1006 [5001, 5002, 5004, and 5012] 5002, 5003, 5006, 5008, 5009, 5010 of title 38, United States Code, including planning, architectural and engineering services and site acquisition where the estimated cost of a project is [$1,000,000] $3,000,000 or more or where funds for a project were made available in a previous major project appropriation. [$317,292,000] $519,354,000 to remain available until expended: Provided, that except for advance planning of projects funded through the Advance Planning Fund none of these shall be used for any project which has not been considered and approved by the Congress in the budgetary process."

Explanation of Language Changes

The demarcation between the Major and Minor Construction appropriations has been $1,000,000 since the inception of the appropriations in FY 73. By FY 81, construction costs will have doubled as measured by the Boeckh Index, a leading construction market indicator used by the agency in cost estimating. The increase to $3 million is based on two factors. The upward spiralling of construction costs will continue; within 5 more years, inflation at current rates will reduce $3 million to less than one million in FY 73 dollars. Secondly, the relationship between Major and Minor Construction appropriation will not change markedly. Beginning with the FY 81 budget, the Veterans Administration is proposing a significant expansion of construction activity in the future. With the increase to $3 million for Minor projects, program balance, flexibility, and response can be maintained while correcting several smaller deficiencies simultaneously, which is more efficient during construction and less disruptive to the hospitals. Larger projects have been limited by the need to disseminate the funds throughout the VA system as well as the rapidly declining value of a million dollars. With larger budgets, larger projects will now be possible if the limitation on Minor is raised. The relationship between Major and Minor has been approximately a 4.1 ratio in dollars; this will not change with the significantly larger budgets we are proposing as both Major and Minor projects will generally be larger.

The section of Title 38, United States Code pertaining to construction activities have been adjusted by P.L. 96-22, enacted on June 13, 1979.

Appropriation/Fund Highlights

	FY 1979 Actual	1980* Estimated	1981 Estimate	Increase (+) Decrease (-)
		(Dollars in Thousands)		
Appropriation	382,958	320,492	519,354	+ 198,862
Less: Reprogrammings from prior appropriations	-17,398	...	...	...
New Budget Authority	365,560	320,492	519,354	+ 198,862
Obligations	205,552	389,424	522,373	+ 132,949
Cost	153,741	157,209	271,023	+ 113,814
Outlays	150,232	151,079	263,021	+ 111,942
Average Employment	4	19	23	+ 4

FY 1980 Includes Supplemental

General Statement

The Construction, Major Projects appropriation provides for constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, including planning, architectural and engineering services, site acquisition and art in architecture where the estimated cost of a project is $3,000,000 or more.

SUMMARY OF 1981 REQUEST

A construction program of $519,354,000 is recommended for FY 1981 to be financed with new budget authority (appropriation) of $519,354,000. A summary of the program funding level by activity follows:

	FY 1981 Request (In Thousands of $)
Construction Projects :	
A. Medical Program	
Replacement and Modernization	$ 187,445
Nursing Home Care	60,469
Domiciliaries	10,090
Research and Education	12,171
Outpatient Improvements	52,356
Other Improvements	191,784
Advance Planning Fund	(11,000)
General Projects	(38,561)
Clinical Improvements	(92,540)
Elevators	(1,657)
Air Conditioning	(6,139)
Correction of Seismic Deficiencies	(14,522)
Elimination of Safety Hazards	(18,620)
Energy Conservation	(8,755)
Sub-Total - Medical Projects	514,219
B. National Cemetery Program	1,949
C. DVB	3,090
Total Construction - Major	519,354

Changes from Original 1980 Budget Estimate

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Appropriation	$317,191	$320,492	+ 3,200
Obligation	485,946	389,424	-96,522
Cost	226,175	157,209	-68,966
Outlays	215,694	151,079	-64,615
Average employment (jurisdictional)	7	19	+ 12

The $3,200,000 in budget authority is a supplemental request for additional Advance Planning Fund (APF) appropriations. As reflected in the increase in the FY 81 appropriation level, VA construction activity is to be significantly expanded. To support the higher level of future budget request, additional funds to develop the projects through preliminary plans are required. The $3.2 million will supplement the $4 million provided in the FY 80 appropriation. The changes in estimated obligations, costs, and outlays are based on revised schedules and cost estimates for contract awards during FY 80 and actual contractor bids received over the last year.

See Minor Construction for explanation of employment change.

Medical Centers Inflation Policy

As addressed in the FY 77 budget amendment, which provided construction funding for the Richmond and Bay Pines replacement projects and design funds for the other six medical centers (page 5 FY 77 Budget Amendment), adjustments in cost are necessary to reflect inflation beyond FY 197[illegible]. This budget request presents revised total estimated costs for Baltimore, MD; Little Rock, AR; and Seattle, WA. medical centers. The total inflation for these three medical centers is currently estimated at $57,770,000. Funding is requested for $37,820,000 of this total amount in our FY 81 budget. This is the amount of inflation for the Phase II construction portions for these projects. With subsequent phases planned for award in future years, future inflation cannot be predicted with sufficient accuracy for budget purposes. Additionally, funds to cover a portion of inflation may become available if favorable bids are received for the early phases. Therefore, it is proposed that the funding of the inflation amount required for later phases of these projects be requested in the year of contract award.

	Total Inflation ($ in Millions)	FY 80	FY 81	FY 82	FY 83	FY 84
Baltimore	9.46	1.79	7.67			
Little Rock	22.41	6.55	14.24		1.62	
Seattle	25.90	.62	15.91			9.37
	57.77	8.96	37.82	- 0 -	1.62	9.37

The total estimated costs of the Portland/Vancouver Medical Center has not been revised for inflation. When the development of these facilities has progressed sufficiently, the schedules will be set and inflated total costs will be computed. This new cost will be reflected and needed additional funds requested in future budgets.

The total estimated cost for the Minneapolis Medical Center now includes our best estimate of future inflation. However, when construction funds are requested, our inflation factors will be updated.

CONSTRUCTION - MAJOR PROJECTS
GENERAL STATEMENT AND DETAIL OF REQUEST

A Construction program of $519,354,000 is recommended, for the construction project listed below, to be financed with new budget authority (appropriation) of $519,354,000.

Location	Description	In Thousands of Dollars: Total Est. Cost	Avail. Thru FY 1980	FY 1981 Request	For Future Consider-ation
A. Medical Projects :					
Replacement and Modernization					
Baltimore, MD	Replacement Hospital	$ 96,460	$ 88,790	$ 7,670	$ ...
Chillicothe, OH	Mod. B-24,31,35 (PH II)	13,700	...	13,700	...
Denver, CO	Cl. Support Wing & A/C	46,500	4,500	42,000	...
Little Rock, AR	Repl. Hospital (LR & NLR Division)	144,070	128,210	14,240	1,620
Minneapolis, MN	Replacement Hospital	221,400	...	15,000	206,400
New Orleans, LA	Expand Clinical OPC, Educ. & Res. Space	67,650	...	67,650	...
San Francisco, CA	Remodel Bldgs, 2,4, 200 for New Functions	27,900	1,350	998	25,552
Seattle, WA	Replacement Hospital	115,900	90,620	15,910	9,370
West Roxbury, MA	Mod. Bldg. No.1 (PH II)	18,000	9,155	8,845	...
Wichita, KS	Mod. Addn. & Alter. (PH I)	6,716	5,284	1,432	...
	Subtotal	758,296	327,909	187,445	242,942
Nursing Home Care :					
Bronx, NY	120 Bed NHC	11,700	...	11,700	...
Coatesville, PA	120 Bed NHC	8,500	...	8,500	...
Dallas, TX	120 Bed NHC	7,850	...	7,850	...
Hines, IL	120 Bed NHC	8,550	674	7,876	...
Kerrville, TX	120 Bed NHC	7,750	...	7,750	...
Reno, NV	60 Bed NHC	5,100	...	5,100	...
Washington, DC	120 Bed NHC & Cl. Fac., Underground PK Garage	24,600	19,707	4,893	...
Wichita, KS	60 Bed NHC & Under-ground Drain Culvert	6,800	...	6,800	...
	Subtotal	80,850	20,381	60,469	...
Domiciliaries :					
Hampton, VA	200 Bed Domiciliary	10,800	710	10,090	...
	Subtotal	10,800	710	10,090	...
Research and Education :					
Long Beach, CA	Research & Educ. Addn.	12,600	429	12,171	...
	Subtotal	12,600	429	12,171	...

Location	Description	In Thousands of Dollars: Total Est. Cost	Avail Thru FY 1980	FY 1981 Request	For Future Consideration
Outpatient Improvements :					
Altoona, PA	Amb. Care Addn.	10,400	...	10,400	...
Bath, NY	Amb. Care Addn. B-76	4,400	...	4,400	...
Des Moines, IA	Amb. Care Addn.	4,300	2,644	1,656	...
Memphis, TN	Amb. Care Addn.	9,250	...	9,250	...
Miami, FL	O/P Addn., Renov. and SCI Relocation	26,650	...	26,650	...
	Subtotal	55,000	2,644	52,356	...
Other Improvements :					
Advance Planning Fund :					
Various Stations		11,000	...	11,000	...
	Subtotal	11,000	...	11,000	...
General Projects :					
Albany, NY	Air, Oxygen, Vacuum Sys.	3,500	209	3,291	...
Atlanta, GA	Warehouse & Engr. Bldg.	1,650	110	1,540	...
Brooklyn, NY	Air, Oxygen, Vacuum Sys.	3,750	1,136	2,614	...
East Orange, NJ	Improv. & Corr. for Bldg. Environ. Defic.	31,669	16,883	14,786	...
Hines, IL	Supply Depot Exp. B-337	8,800	...	8,800	...
Hines, IL	New Central Incinerator	2,034	1,300	734	...
Kansas City, MO	Air, Oxygen, Vacuum Sys	1,850	134	1,716	...
Togus, ME	Renov. B-207	5,100	...	5,100	...
	Subtotal	58,353	19,772	38,581	...
Clinical Improvements :					
Biloxi(BD), MS	Cl. Addn. & O/P	20,750	...	20,750	...
Buffalo, NY	SPD	2,800	1,456	1,344	...
Cincinnati, OH	Clinical Expansion	9,800	3,047	6,753	...
Danville, ILl	Relocate/Exp. PAD	5,600	...	5,600	...
Fayetteville, AR	Clinical Addition	4,500	...	4,500	...
Hampton, VA	Renov. & Exp. SCI	5,150	...	5,150	...
Temple, TX	Cl. Exp. & Relocate Support Functions	27,600	...	27,600	...
Tucson, AZ	Clinical Addition	20,850	...	20,850	...
	Subtotal	97,050	4,503	92,547	...
Elevators :					
Cincinnati, OH	Elevators	1,720	1,295	425	...
Wilkes-Barre, PA	Three Addl. Elev.	2,550	1,356	1,194	...
	Subtotal	4,270	2,651	1,619	...

Location	Description	In Thousands of Dollars Total Est. Cost	Avail. Thru FY 1980	FY 1981 Request	For Future Consider-ation
Air Conditioning :					
Amarillo, TX	A/C Patient Privacy	6,139	...	6,139	...
	Subtotal	6,139	...	6,139	...
Correction of Seismic Deficiencies :					
Fresno, CA	Corr. of Seismic Def.	2,950	1,803	1,147	...
Palo Alto, CA	Corr. of Seismic Def.	30,150	...	3,015	27,135
Poplar Bluff, MO	Corr. of Seismic Def.	10,550	190	10,360	...
	Subtotal	43,650	1,993	14,522	27,135
Elimination of Safety Hazards :					
Northport, NY	Elim. Fire & Safety Deficiencies	3,900	1,366	2,534	...
Palo Alto, CA	Elim. Fire & Safety Deficiencies	4,000	...	4,000	...
Pittsburgh(HD),PA	Elim. Fire & Safety Deficiencies	8,400	...	8,400	...
Sepulveda, CA	Elim. Fire & Safety Deficiencies	5,300	1,614	3,686	...
	Subtotal	21,600	2,980	18,620	...
Energy Conservation :					
Various Stations		8,756	...	8,756	...
	Subtotal	8,756	...	8,756	...
B. Department of Veterans Benefits :					
Togus, ME	DVB Office Bldg..	3,090	...	3,090	...
	Subtotal	3,090	...	3,090	...
C. National Cemetery Program :					
Calverton, NY	Design 70 Acres Master Plan PH II	8,194	...	574	7,620
Massachusetts	Design 60 Acres Master Plan PH IV	4,152	...	291	3,861
Quantico	Design 50 Acres	15,485	...	1,084	14,401
	Subtotal	$27,831	...	$1,949	25,882
TOTAL CONSTRUCTION MAJOR		$1,199,285	$383,972	$519,354	$295,959

CONSTRUCTION MAJOR PROSPECTUS INDEX

Location	Project Description	Page No.
Construction, Major		
Department of Medicine and Surgery		
Albany, NY	Air, Oxygen, Vacuum System	14-35
Altoona, PA	Ambulatory Care Addition	14-29
Amarillo, TX	Central A/C, Patient Privacy & Eliminate Fire & Safety Deficiencies	14-53
Atlanta, GA	Warehouse & Engineering Bldg	14-36
Baltimore, MD	Replacement Hospital	14-9
Bath, NY	Ambulatory Care Addn. B. 76	14-30
Biloxi (BD), MS	Clinical Addition & Outpatient	14-43
Brooklyn, NY	Air, Oxygen, Vacuum System	14-37
Bronx, NY	120-Bed Nursing Home Care	14-19
Buffalo, NY	SPD	14-44
Coatesville, PA	120-Bed Nursing Home Care	14-20
Chillicothe, OH	Mod. Bldgs. 24, 31, 35 (Phase II)	14-10
Cincinnati, OH	Cl. Expansion	14-45
Cincinnati, OH	Elevators	14-51
Dallas, TX	120-Bed Nursing Home Care	14-21
Danville, IL	Relocate/Expand Processing & Distribution	14-46
Des Moines, IA	Ambulatory Care Addition	14-31
Denver, CO	Clin. Support Wing & A/C	14-11
East Orange, NJ	Improv. & Corr. for Bldg. Environ. Defic	14-38
Fayetteville, AR	Clinical Addition	14-47
Fresno, CA	Correction of Seismic Deficiencies	14-54
Hampton, VA	Renovate and Expand SCI	14-48
Hampton, VA	200-Bed Domiciliary	14-27
Hines, IL	120-Bed Nursing Home Care	14-22
Hines, Il	Supply Depot Expansion, B-37	14-39
Hines, IL	New Central Incinerator	14-40
Kansas City, KS	Air, Oxygen, Vacuum System	14-41
Kerrville, TX	120-Bed Nursing Home Care	14-23
Little Rock(LR&NLR), AR	Replacement Hospital	14-12
Long Beach, CA	Research & Education Addition	14-28
Memphis, TN	Ambulatory Care Addition	14-32
Miami, FL	Outpatient Addn., Renov & SCIU Relocation	14-33
Minneapolis, MN	Replacement Hospital	14-13
New Orleans, LA	Expand Clin, OP, Research & Education Space	14-14
Northport, NY	Elim. Fire & Safety Deficiencies	14-57
Palo Alto, CA	Corr. of Seismic Deficiencies	14-55
Palo Alto, CA	Eliminate Fire & Safety Deficiencies	14-58
Pittsburgh (HD), PA	Eliminate Fire & Safety Deficiencies	14-59
Poplar Bluff, MO	Correction of Seismic Deficiencies	14-56
Reno, NV	60-Bed Nursing Home Care	14-24
Seattle, WA	Replacement Hospital	14-16
San Francisco, CA	Remod. Bldg. 2, 4, 200 for New Functions	14-15
Sepulveda, CA	Eliminate Fire & Safety Deficiencies	14-60
Temple, TX	Clin. Expan. & Relocate Support Functions	14-49
Togus, ME	Renovate Bldg. 207 (Bed Bldg.)	14-42
Tucson, AZ	Clinical Addition	14-50
Washington, DC	120-Bed NHC Clincial Facilities & Underground Parking Garage	14-25
West Roxbury, MA	Modernization of Building No. 1	14-17
Wichita, KS	60-Bed NHC & Underground Drain Culvert	14-26
Wichita, KS	Modernization Addn., & Alteration PH I	14-18
Wilkes-Barre, PA	Three Additional Elevators	14-52

CONSTRUCTION, MAJOR PROSPECTUS INDEX (Cont'd)

Location	Project Description	Page No.
Various Stations	Advance Planning Fund	14-34
Various Stations	Energy Conservation	14-61
National Cemeteries		
Calverton Nat. Cem., NY	Develop 70 Acres	14-63
Massachusetts Nat. Cem.	Develop 60 Acres (PH IV)	14-64
Quantico Nat. Cem., VA	Develop 50 Acres (PH III)	14-65
Department of Veterans Benefits		
VAM & ROC Togus, ME	DVB Office Building	14-62

VAMC Baltimore, Maryland
Replacement Hospital

I. Need for the Project

The Baltimore VA Medical Center (Loch Raven) was originally constructed in 1952 as a tuberculosis hospital. The facility has many life safety code, physical, functional, and space deficiencies. This limits its capability to adequately accommodate its current mission as a teaching, acute GM&S hospital. A Veterans Administration Study indicates that vertical additions to the Main Medical Center Building are not feasible. A site analysis also disclosed many constraints for horizontal expansion.

The Fort Howard VA Medical Center was acquired in 1942 and expanded at the end of World War II. Quonset huts still house ancillary and support services for the Medical Center. VAMC Fort Howard is physically obsolete and isolated in relation to major groupings of veterans which it serves. It is also difficult to staff, being too great a distance from its affiliated Schools of Medicine at Johns Hopkins and Maryland Universities.

II. Method of Meeting the Need

The Veterans Administration proposes to build a 400-bed Medical Center consisting of 220 medical beds, 120 surgical beds, 60 acute psychiatric beds, outpatient clinic and parking garage. The Ft. Howard Medical Center and the downtown Outpatient Clinic will be closed upon activation of the new Medical Center and the existing Loch Raven facility will be converted to an extended care division under a separate project. Immediate action is being taken to satisfy life safety code deficiencies at Loch Raven. One of the most significant deficiencies cited by JCAH (dead-end corridors) will have top priority.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 96,460	$ 88,790	$ 7,670	...

VAMC Chillicothe, Ohio

Modernize Buildings 24, 31, 35 (Phase II)

I. Need for the Project

Buildings 24, 31, 35 were constructed in 1929, 1938, 1939, respectively, and are outmoded. The SFDI element score is 3.40 and the overall percentile rating will decrease from 14% to 2% as a result of this project.

II. Method of Meeting the Need

Buildings 24, 31, 35 will be completely modernized to include safety and fire corrections, AOV, new elevators, central air conditioning and nurse call system, where applicable. Also, connecting corridors will be provided.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$13,700	...	$13,700	...

VAMC Denver, Colorado

Clinical Support Wing and Air Conditioning

I. Need for the Project

The Denver VA Hospital was constructed and activated in 1951. It maintains an active affiliation with the University of Colorado School of Medicine.

Major space and functional deficiencies have been identified in the clinical, clinical support and administrative services. Nursing units require modernization to meet current space criteria, patient privacy requirements, and equipment standards. Transportation systems are deficient. Many fire and safety deficiencies have been identified. Few areas in the hospital are air conditioned or ventilated. The SFDI element score is 3.2 and the overall percentile rating will decrease from 71% to 1% as a result of this project.

II. Method of Meeting the Need

In the existing structure, the project will upgrade all nursing units to include patient privacy, bath and toilet facilities, storage areas, AOV, nurse call system, and new finishes and lighting. It will provide adequate elevator capacity and transport systems. The project will construct a clinical support wing and an addition for outpatient psychiatric programs. Services envisioned to be relocated and/or expanded into the clinical support wing are: Ambulatory Care, Clinical Cardiac Laboratory, EEG, Laboratory, Medical Administration Service, Operating Suite, SICU, MICU, CCU, Radiology, Respiratory Care, and SPD. Space available as the result of the above relocations will be used to expand Nuclear Medicine, Education, Rehabilitation Medicine, Dental, Warehouse, and administrative support. The fire and safety deficiencies will be corrected by another project, Safety and Fire Deficiencies (previously funded). This project will be accomplished concurrently with the Clinical Support Wing project.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$46,500	$4,500	$42,000	...

VAMC Little Rock, Arkansas

Replacement Hospitals (Little Rock & North Little Rock)

I. Need for the Project

(Little Rock - North Little Rock): The existing facilities are significantly below medical space criteria; consequently, the medical center is overcrowded and not conducive to delivering quality care. Many of the patient buildings at the North Little Rock Division are 40 years old and do not have central air conditioning. In addition, fire & safety conditions in the existing facilities do not meet present standards.

II. Method of Meeting the Need

It is proposed to construct on a site to be purchased a 505-bed GM&S hospital adjacent to the University of Arkansas Medical School in Little Rock. At North Little Rock it is proposed to construct a new bed building to house 1000 beds for long term care. In addition, at North Little Rock, it is planned to renovate various existing buildings for support activities.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$144,070	$128,210	$14,240	$1,620

VAMC Minneapolis, Minnesota

Replacement Hospital

I. Need for the Project

The Minneapolis VA Medical Center was originally constructed in 1927 as a seven building complex housing 554 medical, tuberculosis, and neuropsychiatric patients. In 1946 the Fort Snelling Army Hospital was transferred to the VA increasing the bed capacity to 1046. The construction of a 472 bed building in 1953 resulted in the closing of the Fort Snelling Annex for inpatient care. The Fort Snelling Facilities continued to house many outpatient and support activities. They are now obsolete and have been turned over to the State of Minnesota for use as a State Park. The Medical Center now consists of 738 acute beds with an extensive outpatient program. The Center houses the largest educational program and the largest research program in the VA system. Its current SFDI rating places it among the most deficient VA Medical Centers.

II. Method of Meeting the Need

The VA proposes to build an 845 bed medical center consisting of 304 medical beds, 54 neurological beds, 277 surgical beds, 90 psychiatric beds and 120 nursing home care beds. This project will result in the replacement of all major buildings with the exception of Building 49, constructed in 1970, which houses approximately one third of the research program, the engineering shops and Therapeutic Radiology.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$221,400	...	$15,000	$206,400

VAMC New Orleans, Louisiana

Expand Clinical, Outpatient, Research and Education Space

I. Need for the Project

This medical center has a deficiency of approximately 120,000 net square feet of space. Clinical, Outpatient, Research and Education, and support functions are especially deficient and have no room for expansion within the existing building. The SFDI element score is 3.58 and the overall percentile rating will decrease from 79% to 38% as a result of this project.

II. Method of Meeting the Need

Project will provide a new building on an adjacent new site and new construction in the existing courtyard to correct space deficiencies. Relocation, expansion, and renovation of many functional areas in the main hospital building are included in the project.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 67,650	...	$ 67,650	...

VAMC San Francisco, California

Remodel Buildings 2, 4, 200 for New Functions

I. Need for the Project

Construction of new bed building (203), completed in 1976, provided for 436 replacement beds and various clinical functions. This project will provide for realignment of existing functions and the modernization of the existing medical center facility. The SFDI element score is 2.80 and the overall percentile rating will decrease from 38% to 3% as a result of this project.

II. Method of Meeting the Need

Functions included in the realignment and upgrading are: Ambulatory Care, Medical Administration, Medical Center Director's Suite, Radiology Service, Laboratory Service, Supply Processing and Distribution, Surgical Service (Cystoscopy Rooms and Offices), Nursing Service Administration, Medical Media, Medical Research Service, and Social Work Service. The project will also provide seismic corrections, and replace heating, ventilation and plumbing systems in Building 2. Additional design funds are requested.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$27,900	$1,350	$998	$25,552

VAMC Seattle, Washington

Replacement Hospital

I. Need for the Project

The VAMC Seattle is affiliated with the University of Washington School of Medicine and is located on a 33.8 acre tract of land, 3-1/2 miles south of the main business district. The main facility and 5 support buildings were completed in 1951. The Medical Center has major inadequacies such as: bed shortages, seismic deficiencies, poor functional relationships between services and departments, shortages of required program space, substandard utilities, air conditioning, ventilation of electric systems, and life safety deficiencies.

II. Method of Meeting the Need

This project proposes to construct a major addition consisting of 430 Medical Center beds, a 60 bed Nursing Home Care Unit, and inpatient diagnostic and support services. The existing Medical Center will be renovated for such functions as administrative offices, off-ward education, Outpatient Psychiatry, Supply Warehouse, Canteen and other support functions.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 115,900	$ 90,620	$15,910	$ 9,370

59-500 O - 80 - 38

VAMC West Roxbury, Massachusetts

Modernization of Building No. 1
(Phase II)

I. Need for the Project

This is Phase II of Project No. 690-024, Spinal Cord Injury Rehabilitation Center and Modernize Building No. 1. Phase I is completed and activated. The existing Medical Center was activated in 1943 and does not meet modern accreditation standards. Existing large multi-bed wards and outmoded bathing and toilet facilities do not lend themselves to acute medical care activities. There is no central air conditioning system. Window cooling units are used extensively throughout the building. The general impression is that Building No. 1 is functionally obsolete in relation to the Plan for a Rehabilitation Center, whose principal focus is on Spinal Cord Injury, Cardiology and Orthopedic disabilities. Recent structural studies indicate that there is a need for seismic reinforcement.

II. Method of Meeting the Need

Renovate six floors (Ground 1 thru 5) of Building No. 1 to do the following:

a. Provide patient privacy by partitioning large wards to bedrooms for no more than four patients each.

b. Provide updated bathing and toilet facilities for patient privacy modified to accommodate the handicapped.

c. Provide updated patient care systems such as nurse call, over-bed lighting and air, oxygen and vacuum.

d. Extend stairway Nos. 2 and 3 from the Fourth Floor to the Fifth Floor.

e. Provide new electrical and telephone closets to accommodate the modernization of these systems.

f. Provide complete air conditioning.

g. Provide seismic correction.

NOTE: The cost has increased on this project due to:

a. The addition of the needed seismic corrections to the scope of the project.

b. Refinements in design, construction, and phasing to meet our present day standards and criteria.

c. An unusual increase in inflationary costs due to the expanding volume of work being done in the Boston Area.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 18,000	$ 9,155	$ 8,845	...

VAMC Wichita, Kansas

Modernization, Addition, and Alteration
Phase I

I. Need for the Project

Surgery, Radiology, Laboratory Service and SPD are critically deficient in space and functional design. Surgery, in its present location, presents a high risk for cross contamination due to an inadequate functional arrangement on the 4th floor. Laboratory Service is overcrowded in individual small rooms with minimal working space. Radiology is without sufficient waiting space and dressing room areas. SPD is located in space which has presented problems separating soiled and clean materials. The original scope included Nuclear Medicine and Ultrasonography. This has been revised to address the more critical needs of Surgery and Intensive care.

II. Method of Meeting the Need

This project proposes construction of a two story clinical support building in front of the existing Building No. 1. The new structure will provide approximately 50,000 gross square feet of space for relocating Radiology Service, Intensive Care Unit, Laboratory Service, and Surgery Service. Additional funds are necessary to offset inflation costs.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$6,716	$5,284	$1,432	...

VAMC Bronx, New York

120-Bed Nursing Home Care

I. Need for the Project

Presently, there are no nursing home care beds at VAMC Bronx. Medical District No. 3 has 660 nursing home care beds, which represent 66% of the district's estimated need for nursing home care beds through FY 1987. The additional 120 beds at Bronx will increase this percentage to 79%.

II. Method of Meeting the Need

Project provides for 120 nursing home care beds.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$11,700	...	$11,700	...

VAMC Coatesville, Pennsylvania

120-Bed Nursing Home Care

I. Need for the Project

Presently, there are 50 nursing home care beds at VAMC Coatesville. Medical District No. 4 has 380 nursing home care beds and 120 beds are funded for construction at Wilkes-Barre. These 500 beds represent 52% of the district's estimated need for nursing home care beds through FY 1987. The additional 70 beds at Coatesville will increase this percentage to 60%.

II. Method of Meeting the Need

Project provides for 120 nursing home care beds and includes 50 existing beds which will be relocated to new construction. Thus, activation of the 120 beds associated with this project will provide a net increase of 70 beds.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 8,500	...	$ 8,500	...

VAMC Dallas, Texas

120-Nursing Home Care

I. Need for the Project

Presently, there are no nursing home care beds at VAMC Dallas. Medical District No. 20 has 297 nursing home care beds and 120 beds are funded for construction at Temple. These 417 beds represent 54% of the district's estimated need for nursing home care beds through FY 1987. The additional 120 beds at Dallas will increase this percentage to 70%.

II. Method of Meeting the Need

Project provides for 120 nursing home care beds.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 7,850	...	$ 7,850	...

VAMC Hines, Illinois

120-Bed Nursing Home Care

I. Need for the Project

Presently, there are no nursing home care beds at VAMC Hines. Medical District No. 17 has 190 nursing home care beds. These 190 beds represent 40% of the district's estimated need for nursing home care beds through FY 1987. The additional 120 beds at Hines will increase this percentage to 65%.

II. Method of Meeting the Need

Project provides for 120 nursing home care beds.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$8,550	$674	$7,876	...

VAMC Kerrville, Texas

120-Bed Nursing Home Care

I. Need for the Project

Presently, there are 35 nursing home care beds at VAMC Kerrville. Medical District No. 20 has 297 nursing home care beds and 120 beds are funded for construction at Temple. These 417 beds represent 54% of the district's estimated need for nursing home care beds through FY 1987. The additional 85 beds at Kerrville will increase this percentage to 65%.

II. Method of Meeting the Need

Project provides for construction of 120 nursing home care beds. The existing beds will be relocated to new construction. Activation of the 120 new beds will provide a net increase of 85 beds.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$7,750	...	$7,750	...

VAMC Reno, Nevada

60-Bed Nursing Home Care

I. Need for the Project

Presently, there are 22 nursing home care beds at VAMC Reno. Medical District No. 27 has 172 nursing home care beds and 120 beds funded for construction at Livermore. These 292 beds represent 43% of the district's estimated need for nursing home care beds through FY 1987. The additional 38 beds at Reno will increase this percentage to 48%.

II. Method of Meeting the Need

Project provides for construction of 60 nursing home care beds. The existing 22 beds will be relocated to new construction. Activation of the 60 new beds will provide a net increase of 38 beds.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$5,100	...	$5,100	...

VAMC Washington, DC

120-Bed Nursing Home Care, Clinical Facilities and Underground Parking Garage

I. Need for the Project

Presently, there are no nursing home care beds at Washington, D.C. Medical District No. 6 has 127 nursing home care beds and 120 beds are funded for construction at Martinsburg. These 227 beds represent 65% of the district's estimated need for nursing home care beds through FY 1987. The additional 120 beds at Washington will increase this percentage to 97%. The existing clinical facilities (Dental Service, Dental Training Center, Central Dental Laboratory, and Audiology and Speech Pathology) are all well under space criteria standards and require expansion. Their relocation will provide expansion space for Radiology and Laboratory Services which also do not meet criteria. The underground parking garage is required because of the limited parking area available at the Medical Center as well as the absence of off-site parking facilities within the area.

II. Method of Meeting the Need

This facility will contain three levels, providing space for 120 nursing home care beds and clinical facilities cited above. The underground parking garage will be located beneath a large portion of the new construction. The additional funding is required due to escalation of project costs resulting from the following delays: Unanticipated lengthy EIS process/approval; lengthy National Capitol Planning Commission process and approval; and the construction contract, which cannot be awarded until full funding is available in October, 1980.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$24,600	$19,707	$4,893	...

VAM & ROC Wichita, Kansas

60-Bed Nursing Home Care and
Underground Drain Culvert

I. Need for the Project

Presently, there are no nursing home care beds at Wichita VAM & ROC. Medical District No. 22 has 124 nursing home care beds. These 124 beds represent 57% of the district's estimated need for nursing home care beds through FY 1987. The additional 60 beds at Wichita will increase this percentage to 84%.

II. Method of Meeting the Need

Project provides for 60 nursing home care beds, including construction of an underground drain culvert.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 6,800	...	$ 6,800	...

VAMC Hampton, Virginia

200-Bed Domiciliary

I. Need for the Project

The existing domiciliary buildings were constructed in 1908 and are in need of replacement. Project will replace 200 existing beds which are located in substandard facilities.

II. Method of Meeting the Need

Project proposes to construct a single-level structure to consist of four 50-bed units clustered around and connected by corridors to a central support facility.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$10,800	$710	$10,090	...

VAMC Long Beach, California

Research and Education Addition

I. Need for the Project

Existing research facilities are located in obsolete, cantonment-type buildings and are inadequate to support the current research program and to provide expansion space for new programs. Existing education space in bed buildings is inadequate to meet the additional demands for education and training as required by public law and the VA mission.

II. Method of Meeting the Need

The new building will be located to the west of Building No. 7 and will consist of approximately 30,000 net square feet of research space to replace research facilities currently housed in antiquated buildings to be demolished. In addition, approximately 10,500 net square feet of education space will be included in the facility to support the Center's medical education program.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$12,600	$429	$12,171	...

VAMC Altoona, Pennsylvania

Ambulatory Care Addition

I. Need for the Project

Existing Ambulatory Care and support clinical services, O.R., dental and rehabilitation medicine are deficient in space and functional layout. New construction will relocate and expand these deficient services. The SFDI element score is 2.67 and the overall percentile rating will decrease from 66% to 33% as a result of this project.

II. Method of Meeting the Need

Project will provide new construction to expand and relocate Ambulatory Care, Laboratory, Pharmacy, Rehabilitation Medicine, EENT, and Audiology & Speech Pathology, Surgery and Dental Services. A Nuclear Medicine Unit will be established.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$10,400	...	$10,400	...

VAMC Bath, New York

Ambulatory Care Addition, Building 76

I. Need for the Project

The existing Outpatient Service is under-sized to meet the current outpatient workload. The SFDI element score is 3.25 and the overall percentile rating will decrease from 76% to 36% as a result of this project.

II. Method of Meeting the Need

Project proposes to construct a two-level addition to the front (east) central part of the hospital (Building No. 76) and to renovate approximately 12,500 gross square feet of the first floor. This will provide for the expansion of Pharmacy, MAS, and other activities.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 4,400	...	$ 4,400	...

VAMC Des Moines, Iowa

Ambulatory Care Addition and Renovation

I. Need for the Project

The existing Outpatient Service is undersized to meet the current Outpatient workload. The SFDI element score is 4.33 and the overall SFDI facility percentile rating will decrease from 82% to 71% as a result of this project.

II. Method of Meeting the Need

The project will require the construction and/or renovation of space and will include provisions for a new elevator shaft and replacement parking. The project will provide for the necessary plumbing, heating, air conditioning, provisions for fire and safety, electrical requirements and site alterations. Two functions are to be moved from trailers into new construction: MAS and Building Management. Additional gross footage is required for these two functions as well as mechanical space to support the additional square footage. Additional funds are needed for this project to offset inflation.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$4,300	$2,644	$1,656	...

VAMC Memphis, Tennessee

Ambulatory Care Addition

I. Need for the Project

Since the Medical Center's activation in 1967, the facility has experienced rapid growth in the number of veterans served. As a consequence, Ambulatory Care Service space does not meet the current demands. The SFDI element score is 3.00 and the overall percentile rating will decrease from 83% to 79% as a result of this project.

II. Method of Meeting the Need

Project will provide for renovation of approximately 30,000 square feet of existing space and new construction of approximately 42,000 square feet.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available thru FY 1980	FY 1981 Request	FY 1982 or Future
$9,250	...	$9,250	...

59-500 O - 80 - 39

VAMC Miami, Florida

Outpatient Addition, Renovation, and Spinal Cord Injury Relocation

I. Need for the Project

This medical center is experiencing in excess of 195,000 outpatient visits per year in space that is grossly inadequate for this workload. Additionally, the Spinal Cord Injury Unit requires relocation from the 12th floor to ground level to improve patient safety, quality of care, and ingress/egress capability at the center. The SFDI element score is 1.33 and the overall percentile rating will decrease from 36% to 33% as a result of this project. The SFDI element score and percentile decreases reflect the impact of the Outpatient Addition only. The SCI program was not included in the SFDI review.

II. Method of Meeting the Need

Project will provide new construction and renovation of existing facility space to provide necessary space for Ambulatory Care expansion and relocation of the Spinal Cord Injury Unit.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$26,650	...	$26,650	...

Various Stations

Advance Planning Fund

I. Need for the Program

To achieve the greatest possible accuracy in estimating design and construction funds to be requested in annual budgets, precision in project definition, requirements, scope and design concept is needed. Development of projects through preliminary planning will significantly assist in arriving at a reliable cost estimate. Funds will be required to effect these preliminary plans using private design firms.

II. Method of Meeting the Need

It is proposed to fund this preliminary development through an Advanced Planning Fund.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request $11,000

VAMC Albany, New York

AIR, OXYGEN, VACUUM SYSTEM

I. Need for the Project

The medical and surgical units are in need of a centralized AOV system and the nurse call system needs replacing. The SFDI element score is 5.00 and the overall percentile rating will decrease from 41% to 40% as a result of this project.

II. Method of Meeting the Need

Project will install 267 prefabricated bedside power units and 36 "in-the-wall" units with centralized air, oxygen, vacuum services for 421 medical and surgical beds and 8 alcohol treatment beds. It will replace nurse call systems on all acute medical and surgical units where centralized AOV is being provided. Also, it will partition 9 16-bed rooms into 3 and 4-bed rooms for patient privacy.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$3,500	$209	$3,291	...

VAMC Atlanta, Georgia

Warehouse and Engineering Building

I. Need for the Project

The existing warehouse is considerably deficient in space as are the administrative offices. The SFDI element score is 1.67 and the overall percentile rating will decrease from 50% to 39% as a result of this project.

II. Method of Meeting the Need

This project constructs an addition to the south end of the hospital at the ground floor and basement levels to provide 12,000 square feet of warehouse space and 6,000 square feet for engineering offices and shops. Space vacated by Engineering Service in the main hospital will be used to realign and expand other administrative offices.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$1,650	$ 110	$1,540	...

VAMC Brooklyn, New York

Air, Oxygen, Vacuum System

I. Need for the Project

This project proposes to furnish medical gases, air, oxygen, and vacuum to 20 medical wards and operating room suites. The Medical Center presently has medical gas systems in intensive care units and recovery room only. Portable equipment provides bedside medical gases, and the availability of immediate gases for patient care is impaired.

II. Method of Meeting the Need

Additional oxygen storage capacity, piping to the main building, air, oxygen, and vacuum vertical risers with sufficient capacity to serve 20 wards (508 beds), will be installed. Horizontal lines will terminate at patient bedside power units in patient bedrooms, and at ceiling fixtures in operating room suites.

Vacuum pumps, air compressors, dryers and oxygen equipment will be installed to serve the new system. Oxygen alarms will be provided for new equipment and integrated with existing systems. This project will provide a complete medical gas system for medical wards. Although originally placed in the Minor Construction category, this project was subsequently determined to be a Major Construction project and requirements were developed on that basis.

It has been determined that the project is inadequately funded, and delays were incurred during an effort to reduce the scope to comply with available funds. It was determined that a scope reduction would have to be too substantial and it was decided to fund the complete project for $3,750,000.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$3,750	$1,136	$2,614	...

VAMC East Orange, New Jersey

Improvements & Corrections for Building Environmental Deficiencies

I. Need for the Project

This 950 Bed Medical Center located in the Metropolitan New York City area was constructed in 1952. The main 16 story hospital building is of typical vertical construction found in urban settings and houses within a tightly confined envelope all of the acute patient care & treatment modalities. While the building structure itself remains serviceable, the internal environment no longer conforms to modern standards and codes for quality patient care and life safety. Many of the building systems, notably heating and electrical, have deteriorated and become outmoded. The building is not centrally air conditioned for summer/winter temperature and humidity control in this extreme variable climate.

II. Method of Meeting the Need

The proposed project to correct the above described deficiencies will encompass a central air conditioning system powered by a new central refrigeration plant sized for future expansion. The design of the new air conditioning system incorporates a replacement for the deteriorated perimeter heating system which must be abandoned. In the process of making these environment system improvements, patient environments will be upgraded for current privacy and safety standards, new ceilings and lighting will be provided, and minor alterations and refurbishing will include cosmetic improvements.

A previously programmed and funded project for fire and safety corrections has been combined with the environmental project to provide fire egress stair towers and other safety requirements. The combined project presents a difficult design and construction problem exacerbated by the necessity to maintain a continuing high volume of patient care activity during construction.

The environmental portion of the project has experienced a long design period caused by the need to change design concepts as deficient and defective existing systems were discovered during field surveys. Arranging phases of construction within the building to minimize construction time while operating the medical center at an acceptable level required extensive planning and negotiation resulting also in some stringent restrictions to be placed on the successful bidder (or prospective contractor).

The many unusual conditions involved, along with an under estimation of the impact of recent inflation in this area, contributed to an unsuccessful marketing of this project in the late summer of 1979. Bids substantially exceeded estimates and available funds.

While the entire project is being restudied, it is doubtful that significant savings can be realized without sacrificing its basic objectives. Given the present components of the project, including the decision to combine fire & safety corrections into it, the project is more properly classified for this budget proposal in the general category.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$31,669	$16,883	$14,786	...

VA Depot Hines, Illinois

Supply Depot Expansion, Building 37

I. Need for the Project

The Hines Depot receives, stores, and issues more than 2,000 items of medical supplies and equipment, subsistence and miscellaneous items for 76 VA medical centers and 150 other governmental facilities located in the Midwest. It is necessary to provide additional warehouse space and loading/unloading dock areas.

II. Method of Meeting the Need

The project will provide for the construction of a new addition to Building 37 which will expand the loading dock and storage space at the depot. Additional air conditioning capability will be provided for drug and refrigerated items.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$8,800	...	$8,800	...

VAMC Hines, Illinois

New Central Incinerator

I. Need for the Project

The Medical Center along with other Hospitals in Illinois will be required by the State of Illinois House Bill 453 (1980) to have a permit and approved location for disposal of hazardous hospital wastes. Additional affidavits will be required as to the contents of solid waste disposal. The waste incinerator will reduce the fuel requirements to provide steam at the Medical Center toward the national goal of zero energy growth.

II. Method of Meeting the Need

The project will install incinerators and boilers to burn waste materials from VA Centers Hines, Westside and Lakeside. Other proposed waste priorities include VA Supply Depot, Loyola Hospital, and the Madden Clinic. The incinerator will provide ash removal, forty foot stacks and automatic waste feed. Additional funds are needed for this project to offset the cost of inflation.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$2,034	$1,300	$734	...

VAMC Kansas City, Missouri

Air, Oxygen, Vacuum System

I. Need for the Project

Approximately 95% of medical and surgical beds at VAMC Kansas City are deficient in AOV status. The SFDI element score is 5.00 and the overall percentile rating will decrease from 59% to 58% as a result of this project.

II. Method of Meeting the Need

Install approximately 205 prefabricated bedside power units and AOV facilities to 320 beds that qualify under current criteria. Some remodeling of ward areas for patient privacy is included.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$1,850	$134	$1,716	...

VAMC Togus, Maine

Renovate Building 207 (Bed Building)

I. Need for the Project

The nursing units in Building 207 are characterized by severe overcrowding; lack of patient privacy; old, open-type, congregate toilets and bath facilities; and poor ventilation and lighting. The modernization and updating of this medical center facility is urgently needed to meet present day standards for patient care and JCAH requirements for patient privacy.

II. Method of Meeting the Need

This project involves the complete modernization of one nursing unit on the first floor, two nursing units on the third floor of Building 207 and the renovation of the west wing of the first floor to provide accommodations for administrative and clinical support functions such as physical therapy, clothing room, and library functions.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$5,100	...	$5,100	...

VAMC Biloxi (Biloxi Division), Mississippi

Clinical Addition and Outpatient

I. Need for the Project

Project is the first step in the master plan to modernize this two-division medical center which was constructed in 1932. The center's main general hospital building has acute space deficiencies in clinical areas and nursing units. The SFDI element score is 3.78 and the overall percentile rating will decrease from 78% to 18% as a result of this project.

II. Method of Meeting the Need

Project will provide a major addition to the main hospital for expansion of Laboratory, Radiology, Surgery, Pharmacy, Outpatient Support, Supply Processing & Distribution, and other clinical or related areas.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$20,750	...	$20,750	...

VAMC Buffalo, New York

Renovation of Supply Processing and Distribution

I. Need for the Project

VAMC Buffalo is one of a number of VA Medical Centers in which the clinical support facilities (such as SPD) were provided at a minimum size at the time of initial construction. Due to progressive developments in medicine, standards and space criteria, Buffalo's SPD is grossly inadequate in space and is in violation of infection control standards. The SFDI element score is 5.00 and the overall percentile rating will decrease from 84% to 76% as a result of this project.

II. Method of Meeting the Need

It is planned to correct the deficiency by relocating SPD to "C" Wing of the third floor. The initial budget request of $1,456,000 was predicated on the Medical Center's estimate of 12,280 gross square feet as meeting the need of the project. However, during preliminary development, it has been determined that 13,342 net square feet of space is necessary to meet criteria requirements Also included will be a new dumbwaiter connecting SPD directly with the Surgical Suite, one floor below.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$2,800	$1,456	$1,344	...

VAMC Cincinnati, Ohio

Clinical Expansion

I. Need for the Project

Several of the clinical services at this station are significantly below criteria. This project will allow for expansion of Laboratory, Radiology, Cardiac Catheterization, Nuclear Medicine and Surgical Services. The SFDI element score is 2.44 and the overall percentile rating will decrease from 76% to 54% as a result of this project.

II. Method of Meeting the Need

A new second and third floor addition of approximately 26,000 gross square feet, each with approximately 4,000 gross square feet of alterations is proposed to eliminate deficiencies in Laboratory, Cardiac Catheterization Nuclear Medicine, Radiology and Surgery Services. Additional funding is necessary to construct the third floor of this project, to house surgical and related services, and to offset the cost of inflation. This expansion of the project scope will avoid the expensive demolition necessary to add such a floor in a future year.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$9,800	$3,047	$6,753	...

VAMC Danville, Illinois

Relocate/Expand Processing and Distribution

I. Need for the Project

Medical Center is critically deficient in space for PAD and surgical activities. The SFDI element score is 4.67 and the overall percentile rating will decrease from 29% to 18% as a result of this project.

II. Method of Meeting the Need

Tray service and dish washing facilities will be relocated as part of a previously programmed construction project. Supply Processing and Distribution will relocate and expand into space vacated by dietetics on 2nd floor. Surgery Service and Intensive Care will be relocated and expanded into vacated 5th floor nursing unit space. The 4th floor space vacated by Surgery Service will be used to provide patient bedrooms. Project also provides air conditioning of involved areas.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 5,600	...	$ 5,600	...

VAMC Fayetteville, Arkansas

Clinical Addition

I. Need for the Project

Severe deficiencies exist in Surgery, SPD, Radiology, and Ambulatory Care. The SFDI element score is 5.00 and the overall percentile rating will decrease from 57% to 41% as a result of this project.

II. Method of Meeting the Need

A three-story addition is proposed for the center along with renovation of the first floor in the main medical center building to provide necessary space to expand outpatient functions, Surgery, SPD, and Radiology.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$4,500	...	$4,500	...

VAMC Hampton, Virginia

Renovate and Expand Spinal Cord Injury

I. Need for the Project

Existing 43-bed Spinal Cord Injury Unit at Hampton requires overall upgrading to provide adequate facilities. Additional Spinal Cord Injury beds are warranted to meet the demographic trend for SCI services.

II. Method of Meeting the Need

A combination of renovation and new construction is proposed to improve existing SCI facilities and to provide an additional 21 SCI beds. Project will include enhanced dietary, rehabilitative, and clinical support functions to support the bed increase.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$5,150	...	$5,150	...

59-500 O - 80 - 40

VAMC Temple, Texas

Clinical Expansion and Relocate Support Functions

I. Need for the Project

Current support services were designed and constructed in 1967 to support a basically non-affiliated 240-bed GM&S and 240-bed psychiatric hospital. The medical center is currently operating a 554-bed GM&S, 90-bed acute psychiatric, and a 549-bed domiciliary facility. No provisions have been made for the growing Ambulatory Care program. The SFDI element score is 4.08 and the overall percentile rating will decrease from 93% to 30% as a result of this project.

II. Method of Meeting the Need

Project will provide new space for the expansion and/or relocation of functions in Building No. 163 for Ambulatory Care, Radiology, Laboratory, Surgery, SPD, Dental, Fiscal, Personnel, Medical Illustration, and administrative functions. A new Nuclear Medicine program is planned.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$27,600	...	$27,600	...

VAMC Tucson, Arizona

Clinical Addition

I. Need for the Project

Existing surgical suite is functionally inadequate and potentially hazardous to patients due to the possibility of cross-infection. Supply Processing and Distribution is seriously deficient in space. Related clinical areas are also deficient. The SFDI element score is 3.89 and the overall percentile rating will decrease from 97% to 88% as a result of this project.

II. Method of Meeting the Need

Project includes construction of an addition adjacent and connected to Buildings 2 and 38 as well as renovation of space vacated in Buildings 2, 30, 38.

Services proposed for new construction include Supply Processing and Distribution, Prosthetics, Dental, Surgical Administration, Operating Suite, Surgical Intensive Care Unit, Hemodialysis and Radiology. Services affected by the various domino moves in existing space include Renal Transplant Unit, Drug Dependence Treatment Clinic, Pharmacy, Radiology, Cardiac Catheterization, and a nursing unit.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$20,850	...	$20,850	...

VAMC Cincinnati, Ohio

Two Elevators

I. Need for the Project

The present elevator system is inadequate and is the cause of unwarranted delays in transporting emergency health care teams, patients, critical supplies, food carts, staff and visitors. These situations sorely need correction so that proper patient care can be administered effectively. The project corrects serious elevator deficiencies but represents only a small part of the total physical plant evaluation. Therefore, this project does not have sufficient impact to change the overall facility SFDI score.

II. Method of Meeting the Need

It is proposed that these deficiencies be corrected by constructing new elevator shafts, and new elevator cars within and/or abutting the existing hospital building. Elevator cars and controls will be equipped with the latest state-of-the-art components which will insure that fast, dependable service can be provided. Additional funds are needed for this project to offset the cost of inflation.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$1,720	$1,295	$425	...

VAMC Wilkes-Barre, Pennsylvania

Three Additional Elevators

I. Need for the Project

The existing vertical transport system is inadequate and the cause for long waits and overcrowded elevators. It is not suited for emergency traffic situations. No separation of patient, personnel, and visitor traffic from service traffic is possible and critically ill patients are mixed with visitors, food, supply and soiled material-removal traffic.

II. Method of Meeting the Need

Project will provide two additional elevators at the exterior of the main Medical Center Building adjacent to the kitchen area to serve twelve floors. Also, it will provide a third personnel elevator in existing hoistway in the North Wing at the outpatient area to serve six floors. A late construction problem occurred in central outside elevator shaft. Change in the method of design from an original in-house to Architect/Engineer design resulted in additional cost to this project.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$2,550	$1,356	$1,194	...

VAMC Amarillo, Texas

Central A/C, Patient Privacy and Eliminate Fire and Safety Deficiencies

I. Need for the Project

VAMC Amarillo is a 137-bed facility built in the early 1940's without air conditioning. This project is needed to provide increased comfort for patients and staff. The SFDI element score is 3.00 and the overall percentile rating will decrease from 88% to 70% as a result of this project.

II. Method of Meeting the Need

Project provides for central air conditioning of all patient areas and support areas in Buildings 1 and 4, and the partitioning of large ward areas for patient privacy. The project also includes sprinklering Buildings 1 and 4 for fire protection and construction of emergency exits from Building 4.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$6,139	...	$6,139	...

VAMC Fresno, California

Correction of Seismic Deficiencies

I. Need for the Project

After the February 1971 earthquake that destroyed the older buildings at VAH San Fernando, California, the Veterans Administration organized a committee of expert consultants to develop criteria and a program to investigate the capability of VA facilities to withstand seismic shocks. The buildings at the Fresno VA Medical Center were evaluated in the Phase I and Phase II studies completed in May 1975 and January 1976, respectively. The results of these consultant studies indicated that Building Nos. 1, 3, 10 and 11 required corrective action to meet VA seismic criteria.

The site is located in a seismically active area. The San Andreas Fault is located 65 miles to the west. An earthquake on this fault could cause an Intensity VII impact on this site.

II. Method of Meeting the Need

It is proposed to take such action as is necessary to reinforce the buildings to withstand seismic upheavals of the intensity associated with this geographic zone. The method of correction proposed by the Phase II study consists of interior reinforcement. Various methods appropriate to each building include adding new interior shear walls and reinforcing existing concrete stairwells. Subsequent to requesting funds in the FY 1979 budget, reevaluation of the unit costs used as the basis for the estimate, actual inflation experienced in this geographical area, and an adjustment in the schedule for construction award, resulted in an increase in the total estimated cost of this project.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$2,950	$1,803	$1,147	...

VAMC Palo Alto, California

Correction of Seismic Deficiencies

I. Need for the Project

After the February 1971 earthquake, which destroyed the older buildings at VAH San Fernando, California, the VA organized a committee of expert consultants to develop criteria and a program to investigate the capability of VA facilities to withstand seismic shocks. Facilities are being examined in geographic areas where moderate to severe earthquakes have occurred. VAMC Palo Alto was one of the sites evaluated by a team of architect-engineers. The results of their study, which have been reviewed by VA technical staff and the U. S. Geological Survey, indicate that numerous medical center buildings are not strong enough to resist an earthquake of the predicted intensity. The SFDI element score is 3.93 and the overall percentile rating will decrease from 28% to 1% as a result of this project.

II. Method of Meeting the Need

Project will provide seismically sound space for those functions now housed in buildings that are below acceptable seismic standards and are not considered economical to reinforce. Functions involved are Medical Administration, Rehabilitation Medicine Service, Voluntary, Outpatient Psychiatry, Dental, Radiology, EENT, Engineering, Ambulatory Care, Pharmacy, Brain Injury Clinic, Credit Union, Activity of Daily Living Center, Building Management, Canteen, Dietetics, Education, Medical Center Director's Suite, Library, Medical Media, Nursing, Personnel, Psychology, Psychiatry, Service Organizations, Social Work, Supply, and Veterans Assistance.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 30,150	...	$3,015	$27,135

VAMC Poplar Bluff, Missouri

Correction of Seismic Deficiencies

I. Need for the Project

Center is located in an officially designated "Moderate Seismic Risk" zone. The area has had eight moderate earthquakes within the past 165 years. It is likely that existing buildings could not withstand an earthquake of the potential predicted intensity for the area. Loss of life and personal injury would likely result if a moderate earthquake were to occur.

II. Method of Meeting the Need

The project will provide interior seismic reinforcement for Building 1 (main hospital), Building 5 (Administration), Building 6 (nurses' school), and Building 8 (garage and shops).

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 10,550	$ 190	$10,360	...

VAMC Northport, New York

Fire and Safety Deficiencies

I. Need for the Project

Fire and Safety Deficiencies have been identified in a number of this Medical Center's buildings. Many of these buildings are of 1930 and 1940 vintage, and fire protection devices, as well as additional means of egress, are required in order for this Center to comply with current fire and safety codes. The SFDI rating system has not scored this project.

II. Method of Meeting the Needs

The National Bureau of Standards Codes for fire and safety will be met by employing sprinkler systems, smoke detection devices, and additional means of egress where required. Originally proposed for construction in 1976, this project has been delayed by changes in scope caused by re-evaluation of fire and safety standards used by the Veterans Administration. Inflation of construction costs and application of revised standards have created the need for increased funding of this project. The cost was originally estimated to be $1,366,000. Redesign and resulting inflation has elevated the project cost to $3,900,000.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$3,900	$1,366	$2,534	...

VAMC Palo Alto, California

Eliminate Fire and Safety Deficiencies

I. Need for the Project

Project is required to eliminate fire and safety deficiencies in accordance with provisions of the National Fire Protection Association and the Joint Commission on Accreditation of Hospitals. The SFDI rating system has not scored this project.

II. Method of Meeting the Need

Project provides one-hour enclosures or automatic sprinkler protection to correct fire safety deficiencies in hazardous areas in Bldgs. 1, 2, 4, 5, 6, 7, 22, 24 and 25. Included are alterations to impacted areas.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$4,000	...	$4,000	...

VAMC Pittsburgh (HD), Pennsylvania

Eliminate Fire and Safety Deficiencies

I. Need for the Project

As a result of more stringent fire and life safety codes and to meet the requirements of the Joint Commission on Accreditation of Hospitals, a number of safety and fire deficiencies have been identified in this 26 year old hospital. The SFDI system has not scored this project.

II. Method of Meeting the Need

Project provides for elimination of fire & safety deficiencies in Buildings 1, 2, 4, 5, 6, 7, 8, 9. Changes such as exit signs, fire alarms, selective sprinklering, electrical alterations, smoke partitions,and/or fire partitions are also provided.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 8,400	...	$ 8,400	...

VAMC Sepulveda, California

Fire and Safety Deficiencies

I. Need for the Project

Provision of sprinklers and other means for correcting fire and safety hazards are required to comply with the National Bureau of Standards' Fire Zone Safety Evaluation Method. Automatic sprinklers will be provided in Building Nos. 2-5, 10, and 20. Other work, including new stairs, new doors to the exterior, new corridor partitions, and new smoke partitions will correct safety deficiencies in the above buildings and in Building Nos. 1, 7, 22, 23, 45 and 60. The SFDI system has not scored this project.

II. Method of Meeting the Need

This project proposes to provide automatic sprinklers, new stairs, new doors to the exterior, new corridor partitions, and new smoke partitions to correct safety deficiencies. Buildings affected by this project are Nos. 1, 2, 3, 4, 5, 7, 10, 20, 22, 23, 45 and 60. The cost of the project has increased from $1,600,000 due to a scope change requiring the installation of automatic sprinklers in Building Nos. 2-5, 10, and 20. Additional funds are also needed to offset the cost of inflation.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$5,300	$1,614	$3,686	...

Various Stations

Energy Conservation
(Major Construction)

I. Need for the Project

The reduction of fuel requirements requested by the President, along with the philosophy of zero growth in power use, has impelled the Veterans Administration to include in its FY 1981 construction program projects which will enhance government leadership in these areas. All projects selected for this category will have significant energy saving potential.

II. Method of Meeting the Need

Design of these projects will be on an individual basis to meet specific energy conservation requirements. Projects will include alteration of existing energy systems to augment their efficiency and reduce energy consumption. Other projects will make use of solar energy to provide heated water for laundries.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request..... $3,756

VAM & ROC Togus, Maine

Department of Veterans Benefits Office Building

I. Need for the Project

New construction at Togus is planned to overcome the deficient DVB space. There is no other alternative in the foreseeable future except to construct a new building to house DVB activities.

II. Method of Meeting the Need

Project proposes to construct a new building to house DVB activities.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$3,090	...	$3,090	...

Calverton National Cemetery

Develop 70 Acres

I. Need for the Project

The initial phases of this cemetery will provide approximately 68,000 gravesites. At a projected gravesite usage of approximately 50 per day by the mid-1980's, Phases I and II (partial) will be utilized for initial interments by 1987. Completion of this project in 1984 will permit a 3 year period for the establishment of turf and plantings so that the area will be ready for use when the initial acreage is substantially utilized.

II. Method of Meeting the Need

This project will develop a 70 acre addition to the existing cemetery and will be accomplished in accordance with the approved master plan for this cemetery. The project will consist of approximately 55 acres of burial area (yielding approximately 33,000 gravesites), clearing, grubbing, roadways, grading, utilities, drainage, irrigation system, and landscaping. This development is expected to satisfy burial requirements through 1991.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 8,194	...	$574	$7,620

Massachusetts National Cemetery, MA.

Develop 60 Acres (Phase IV)

I. Need for the Project

The initial three phases of this cemetery will provide approximately 36,000 gravesites. At a projected gravesite usage of approximately 35 per day by the mid-1980's, Phases I, II, and III will be utilized for initial interments by 1984. Completion of this project in 1983 will permit a minimal 1 year period for the establishment of turf and plantings so that the area will be ready for use when the initial acreage is substantially utilized.

II. Method of Meeting the Need

This project will develop a 60 acre addition to the existing cemetery and will be accomplished in accordance with the approved Master Plan for this cemetery. The project will consist of approximately 29 acres of burial area (yielding approximately 25,000 gravesites), clearing, grubbing, grading, roadways, utilities, drainage, irrigation system, and landscaping. This development is expected to satisfy burial requirements through 1990.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$4,152	...	$291	$3,861

59-500 O - 80 - 41

Quantico National Cemetery, Virginia

Develop 50 Acres (Phase III)

I. Need for the Project

The initial two phases of this cemetery will provide approximately 37,000 gravesites. At a projected gravesite usage of approximately 50 per day by the mid-1980's, Phases I and II will be utilized for initial interments by 1984. Completion of this project in 1983 will permit a minimal 1 year period for the establishment of turf and plantings so that the area will be ready for use when the initial acreage is substantially utilized.

II. Method of Meeting the Need

This project will develop a 50 acre addition to the existing cemetery and will be accomplished in accordance with the approved Master Plan for this cemetery. The project will consist of approximately 28 acres of burial area (yielding approximately 31,900 gravesites), clearing, grubbing, roadways, grading, utilities, drainage, and landscaping. This project also includes two committal shelters, a 2,800 niche columbarium and 24,500 of the above total gravesites will be constructed with pre-placed graveliners. This development is expected to satisfy burial requirements through 1990.

III. Budget Authority (In Thousands of Dollars)

Total Estimated Cost	Available Thru FY 1980	FY 1981 Request	FY 1982 or Future
$ 15,485	...	$1,084	$ 14,401

INDEX

MAJOR PROJECTS

	DESCRIPTION	PAGE NO.
RM	Replacement and Modernization	14-68
NHC	Nursing Home Care	14-72
DOM	Domiciliaries	14-74
R+E	Research and Education	14-76
AMB	Outpatient Improvements	14-78
OMA	Other Improv. - General Projects	14-82
OMC	Other Improv. - Clinical Improvements	14-88
OMD	Other Improv. - Air Conditioning Systems	14-92
OMG	Other Improv. - Correction of Seismic Defic.	14-94
OMH	Other Improv. - Correction of Electrical Defic.	14-96
OMI	Other Improv. - Elimination of Safety Hazards	14-102
OMK	Other Improv. - Elevators	14-108
OMM	Other Improv. - Energy Conservation	14-110
OMN	Other Improv. - Working Reserve	14-112
OMO	Other Improv. - Advance Planning Fund	14-114
NC	National Cemeteries	14-116
CC	Computer Centers Addition & Alterations	14-120
DVB	Regional Office Replacement/Renovation	14-122

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
REPLACEMENT AND MODERNIZATION								
AUGUSTA,GA	REPLACEMENT HOSPITAL	43,200	43,200			43,200		
BALTIMORE,MD	REPLACEMENT HOSPITAL	96,460	13,700	75,090		88,790	7,670	
BAY PINES,FL	REPLACEMENT HOSPITAL	110,000	110,000			110,000		
BOISE,ID	CLINICAL SUPPORT FACILITY	5,215	5,215			5,215		
BRONX,NY	REPLACEMENT HOSPITAL	115,242	115,242			115,242		
CAMDEN,NJ	REPLACEMENT HOSPITAL	75,300	7,500	67,800		75,300		
CHILLICOTHE,OH	MODERNIZATION	10,028	10,028			10,028		
CHILLICOTHE,OH	MODERNIZATION d-24 31 35	13,700					13,700	
COLUMBIA,SC	MODERNIZATION	26,500	26,500			26,500		
DENVER,CO	CLINICAL SUPPORT *ING AND A/C	46,500	640	3,960		4,500	42,000	
HAMPTON,VA	MODERNIZATION	8,889	8,889			8,889		
LITTLE ROCK,AK	REPLACEMENT HOSPITAL	140,570	118,160	6,550		124,710	14,240	1,620
LITTLE ROCK,AK	REPLACEMENT HOSPITAL	3,500	3,500			3,500		
LOMA LINDA, CA	REPLACEMENT HOSPITAL	64,900	64,900			64,900		
LOS ANGELES,CA	REPLACEMENT HOSPITAL	87,029	87,029			87,029		
MADISON,*I	MODERNIZATION	11,955	11,955			11,955		
MARTINSBURG,WV	REPLACEMENT HOSPITAL	74,610	74,610			74,610		
MINNEAPOLIS,MN	REPLACEMENT HOSPITAL	221,400					15,000	206,400
NEW ORLEANS,LA	LAND PURCHASE	1,800		1,800		1,800		
NEW ORLEANS,LA	EXPAND CL,OUTPATIENT EDUC AND RES SPACE	67,650					67,650	
OKLAHOMA CITY,OK	CL ADN MOD CORR SEISMIC DEFIC	37,687	3,585	34,102		37,687		
PHOENIX,AZ	328 BED ADDITION AND MODERNIZATION	20,429	20,429			20,429		
PHOENIX,AZ	MODERNIZATION PH II	5,619	5,619			5,619		
PORTLAND,OR	REPLACEMENT HOSPITAL	141,271	141,271			141,271		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

(8000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
REPLACEMENT AND MODERNIZATION										
AUGUSTA,GA	REPLACEMENT HOSPITAL	43,200	41,462	416	845	477		1,322	477	
BALTIMORE,MD	REPLACEMENT HOSPITAL	96,460	3,751	43	16,580	65,615	10,471	9,906	68,416	10,471
BAY PINES,FL	REPLACEMENT HOSPITAL	110,000	16,078	14,919	49,755	852	28,396	79,003	29,248	28,396
BOISE,ID	CLINICAL SUPPORT FACILI	5,215	5,041	5	169			169		
BRONX,NY	REPLACEMENT HOSPITAL	115,242	94,955	5,949	2,139	9,987	2,212	14,338	12,199	2,212
CAMDEN,NJ	REPLACEMENT HOSPITAL	75,300	199	43		5,205	69,853	7,258	75,058	69,853
CHILLICOTHE,OH	MODERNIZATION	10,026	8,954	271	758	45		803	45	
CHILLICOTHE,OH	MODERNIZATION B-24 31 35	13,700				12,795	905			905
COLUMBIA,SC	MODERNIZATION	26,500	25,305	149	618	428		1,046	428	
DENVER,CO	CLINICAL SUPPORT WING AND A/C	46,500			2,105		44,395	640	2,395	44,395
HAMPTON,VA	MODERNIZATION	8,889	8,694	54	141			141		
LITTLE ROCK,AR	REPLACEMENT HOSPITAL	140,570	1,722	4,503	54,975	1,064	73,306	111,935	58,510	71,686
LITTLE ROCK,AR	REPLACEMENT HOSPITAL	3,500	2,951	260	289			289		
LOMA LINDA, CA	REPLACEMENT HOSPITAL	64,900	62,820	321	955	804		1,759	804	
LOS ANGELES,CA	REPLACEMENT HOSPITAL	87,029	85,644	102	1,283			1,283		
MADISON,WI	MODERNIZATION	11,455	10,670	375	725	185		910	185	
MARTINSBURG,WV	REPLACEMENT HOSPITAL	74,610	14,533	10,248	37,970	3,214	4,595	45,774	7,809	4,595
MINNEAPOLIS,MN	REPLACEMENT HOSPITAL	221,400				6,545	214,855			8,455
NEW ORLEANS,LA	LAND PURCHASE	1,400			1,750	50			50	
NEW ORLEANS,LA	EXPAND CL,OUTPATIENT EDUC AND RES SPACE	67,650				4,445	63,165			63,165
OKLAHOMA CITY,OK	CL AUD MOD COMM SEISMIC DEFIC	37,687	731	1,491		33,630	2,035	1,583	35,665	2,035
PHOENIX,AZ	328 BED ADDITION AND MODERNIZATION	80,429	63,377	1	351			351		
PHOENIX,AZ	MODERNIZATION PH II	5,519	5,544	-4	79			75		
PORTLAND,OR	REPLACEMENT HOSPITAL	141,671	176	57	995		140,043	141,044	140,049	140,049

14-69

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
REPLACEMENT AND MODERNIZATION								
RICHMOND,VA	REPLACEMENT HOSPITAL	116,000	116,000			116,000		
SALT LAKE CITY,UT	AMB CARE ADN LAB ADN RES ED CL IMPR SURG + PAD	21,718	21,473		245	21,718		
SAN ANTONIO,TX	760 BED HOSPITAL	37,103	37,320		-217	37,103		
SAN DIEGO,CA	811 BED RELOCATION HOSPITAL	40,244	38,964		1,280	40,244		
SAN FRANCISCO, CA	REPLACEMENT HOSPITAL	16,778	16,877		-99	16,778		
SAN FRANCISCO, CA	REMODEL BLDGS 2,4,200 FOR NEW FUNCTION	27,900	1,350			1,350	998	25,552
SEATTLE,WA	REPLACEMENT HOSPITAL	115,900	90,000	620		90,620	15,910	9,370
ST.ALBANS(DIV),NY	MODERNIZATION	6,000	6,000			6,000		
*EST ROXBURY,MA	MODERNIZATION	30,358	21,513			21,513	8,845	
*ICHITA,KS	MOD ADDN + ALTERATIONS PHASEI	6,716	5,284			5,284	1,432	
SUBTOTAL (34)		1848171	1226753	189822	1209	1417784	187445	242942

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
REPLACEMENT AND MODERNIZATION										
RICHMOND,VA	REPLACEMENT HOSPITAL	116,000	24,792	616	78,200	2,656	9,734	90,590	12,390	9,734
SALT LAKE CITY,UT	AMB CARE ADN LAB ADN RE ED CL IMPR SURG + PAD	21,718	1,333	20,385						
SAN ANTONIO,TX	760 BED HOSPITAL	37,103	37,103							
SAN DIEGO,CA	811 BED RELOCATION HOSPITAL	40,244	38,654	1,256	134			134		
SAN FRANCISCO, CA	REPLACEMENT HOSPITAL	18,778	18,778							
SAN FRANCISCO, CA	REMODEL BLDGS 2,4,200 F NEW FUNCTION	27,900	541	31			27,278	728	728	1,728
SEATTLE,WA	REPLACEMENT HOSPITAL	115,400	2,862	4,310	1,735	67,950	39,043	82,828	81,713	29,673
ST.ALBANS(DIV),NY	MODERNIZATION	6,000	4,810	1,103	61	26		87	26	
WEST ROXBURY,MA	MODERNIZATION	30,358	12,251	187	1,643	14,560	1,717	4,675	7,432	1,717
WICHITA,KS	MOD ADDN + ALTERATIONS PHASEI	6,716	94		445	5,835	337	5,185	4,740	337
SUBTOTAL (34)		1848171	552774	66953	259690	236408	732346	608235	538367	489404

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
NURSING HOME CARE								
ATLANTA,GA	NHC-120 BEDS	7,144	7,144			7,144		
BRONX,NY	NHC-120 BEDS	11,700					11,700	
COATESVILLE,PA	NHC-120 BEDS	8,500					8,500	
COLUMBIA,SC	NHC-120 BEDS	4,044	4,044			4,044		
DALLAS,TX	NHC-120 BEDS	7,850					7,850	
GAINESVILLE,FL	NHC-120 BEDS	5,290	4,690		600	5,290		
HAMPTON,VA	NHC-120 BEDS	4,955	4,955			4,955		
HINES(VAH),IL	NHC-120 BEDS	8,550	674			674	7,876	
JACKSON,MS	NHC-120 BEDS	3,310	3,310			3,310		
KERRVILLE,TX	NHC-120 BEDS	7,750					7,750	
LIVERMORE,CA	NHC-120 BEDS	7,111	6,866		245	7,111		
MANCHESTER,NH	NHC-120 BEDS	3,429	3,429			3,429		
MEMPHIS,TN	NHC-120 BEDS	5,590	5,590			5,590		
MIAMI,FL	NHC-120 BEDS	5,199	5,199			5,199		
PALO ALTO(MPD),CA	NHC-150 BEDS	5,400	5,400			5,400		
PERRY POINT,MD	NHC-80 BEDS	2,747	2,747			2,747		
PHOENIX,AZ	NHC-120 BEDS	4,500	4,500			4,500		
RENO,NV	NHC-60 BEDS	5,100					5,100	
SEPULVEDA,CA	NHC-180 BEDS REHAB	3,527	3,527			3,527		
TEMPLE,TX	NHC-120 BEDS	4,237	5,050		-813	4,237		
*WASHINGTON, DC	NHC-120 BEDS AND CL FACIL UNDERGROUND PK GARAGE	24,600	19,707			19,707	4,893	
*WICHITA,KS	NHC-60 BEDS AND UNDERGROUND DRAIN CULVERT	6,800					6,800	
*WILKES-BARRE,PA	NHC-120 BEDS	5,764	5,764			5,764		
*WILMINGTON,DE	NHC-60 BEDS	2,542	2,542			2,542		
SUBTOTAL (24)		155639	95138		32	95170	60469	

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF M AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
NURSING HOME CARE										
ATLANTA,GA	NHC-120 BEDS	7,144		328	6,225	235	356	6,816	591	356
BRONX,NY	NHC-120 BEDS	11,700				775	10,925			10,925
COATESVILLE,PA	NHC-120 BEDS	8,500				565	7,935			7,935
COLUMBIA,SC	NHC-120 BEDS	4,044	3,812	44	145	43		188	43	
DALLAS,TX	NHC-120 BEDS	7,850				520	7,330			7,330
GAINESVILLE,FL	NHC-120 BEDS	5,249	249	4,724	45	110	162	317	272	162
HAMPTON,VA	NHC-120 BEDS	4,955	4,684	32	155	84		239	84	
HINES(VAH),IL	NHC-120 BEDS	8,550	338	15		7,525	672	321	321	672
JACKSON,MS	NHC-120 BEDS	3,310	3,285	12	13			13		
KERRVILLE,TX	NHC-120 BEDS	7,750					7,750			7,750
LIVERMORE,CA	NHC-120 BEDS	7,111	352	6,569	45	145		190	145	
MANCHESTER,NH	NHC-120 BEDS	3,429	3,396	-5	38			38		
MEMPHIS,TN	NHC-120 BEDS	5,390	244	5,131	195	20		215	20	
MIAMI,FL	NHC-120 BEDS	5,199	4,944	36	120	99		219	99	
PALO ALTO(MPD),CA	NHC-150 BEDS	5,400	5,150	53	157			157		
PERRY POINT,MD	NHC-80 BEDS	2,747	171	2,342	120	114		234	114	
PHOENIX,AZ	NHC-120 BEDS	4,500	4,181	-27	346			346		
RENO,NV	NHC-60 BEDS	5,100				340	4,760			4,760
SEPULVEDA,CA	NHC-180 BEDS REHAB	3,527	3,401	8	118			118		
TEMPLE,TX	NHC-120 BEDS	4,237	255	3,707	40	95	140	275	235	140
*WASHINGTON, DC	NHC-120 BEDS AND CL FAC UNDERGROUND PK GARAGE	24,000	302	813		22,115	1,370	18,592	18,592	1,370
*WICHITA,KS	NHC-60 BEDS AND UNDERGROUND DRAIN CULVE	6,800					6,800			6,800
*WILKES-BARRE,PA	NHC-120 BEDS	5,764	415		4,165	275	909	5,349	1,184	909
*WILMINGTON,DE	NHC-60 BEDS	2,542	2,504	-2	40			40		
SUBTOTAL (24)		155639	37723	23780	11967	33060	49109	33667	21700	49109

14-23

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
DOMICILIARIES								
BATH,NY	200-BED DOMICILIARY	10,255	10,255			10,255		
DAYTON,OH	200-BED DOMICILIARY	7,566	7,566			7,566		
HAMPTON,VA	200-BED DOMICILIARY	10,800	710			710	10,090	
WOOD,WI	200-BED DOMICILIARY	7,177	7,177			7,177		
SUBTOTAL (4)		35798	25708			25708	10090	

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
DOMICILIARIES										
BATH,NY	200-BED DOMICILIARY	10,255		9	9,050	170	1,026	10,246	1,196	1,026
DAYTON,OH	200-BED DOMICILIARY	7,366	399	6,807	105	170	85	360	255	85
HAMPTON,VA	200-BED DOMICILIARY	10,800	319	3		9,730	748	388	388	748
WOOD,WI	200-BED DOMICILIARY	7,177	6,698	85	394			394		
SUBTOTAL (4)		35798	7416	6904	9549	10070	1859	11388	1839	1859

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN RO BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
RESEARCH AND EDUCATION								
CHICAGO(LAKESIDE),IL	RENOVA. TO MED. SCIENCE BLDG.	4,327	4,327			4,327		
CLEVELAND(WADE PARK),OH	RESEARCH ADDITION	2,322	2,348		-26	2,322		
DALLAS,TX	RESEARCH AND EDUCATION	5,200	5,200			5,200		
HOUSTON,TX	RESEARCH AND EDUCATION	5,162	5,162			5,162		
JACKSON,MS	RESEARCH ADDITION	6,336	6,336			6,336		
LONG BEACH,CA	RESEARCH AND EDUCATION ADDITION	12,600	429			429	12,171	
MIAMI,FL	RESEARCH + EDUCATION ADDITION	8,341	250	7,845	246	8,341		
NEW YORK,NY	RESEARCH ALTERATIONS	2,553	2,553			2,553		
PHILADELPHIA,PA	RESEARCH ADDITION	4,210	4,233		-23	4,210		
SHREVEPORT,LA	RESEARCH AND EDUCATION	1,200	102			102		1,098
WOOD,WI	RENOVATE BLDG. NO. 70 ANIMAL QUARTERS	1,900		1,900		1,900		
SUBTOTAL (11)		54151	30940	9745	197	40882	12171	1098

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
RESEARCH AND EDUCATION										
CHICAGO(LAKESIDE),IL	RENOVA. TO MED. SCIENCE BLDG.	4,327	2,750		577	1,000		1,577	1,000	
CLEVELAND(WADE PARK),OH	RESEARCH ADDITION	2,322	2,322							
DALLAS,TX	RESEARCH AND EDUCATION	5,200	4,857	107	236			236		
HOUSTON,TX	RESEARCH AND EDUCATION	5,162	4,946	8	208			208		
JACKSON,MS	RESEARCH ADDITION	6,336	6,058	18	260			260		
LONG BEACH,CA	RESEARCH AND EDUCATION ADDITION	12,600	336			11,675	589	93	93	589
MIAMI,FL	RESEARCH + EDUCATION ADDITION	8,341	156	345	7,290	140	416	1	556	416
NEW YORK,NY	RESEARCH ALTERATIONS	2,553	2,400	153						
PHILADELPHIA,PA	RESEARCH ADDITION	4,210	4,209	1						
SHREVEPORT,LA	RESEARCH AND EDUCATION	1,200		71			1,129	31	31	31
WOOD,WI	RENOVATE BLDG. NO. 79 ANIMAL QUARTERS	1,900			125	1,640	135		1,775	135
SUBTOTAL (11)		54151	28028	703	8696	14455	2269	2406	3455	1171

14-77

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OUTPATIENT IMPROVEMENTS								
ALTOONA,PA	AMBULATORY CARE ADDN	10,400					10,400	
ATLANTA,GA	AMBULATORY CARE ADDN	8,361	8,361			8,361		
BATH,NY	AMBULATORY CARE ADDITION B-76	4,400					4,400	
BOSTON,MA	OUTPATIENT CLINIC	3,750	1,051			1,051		2,699
BROOKLYN,NY	OUTPATIENT CLINIC	4,469	350			350		4,119
BUFFALO,NY	OUTPATIENT CLINIC	5,734	5,734			5,734		
CHICAGO(LAKESIDE),IL	OUTPATIENT CLINIC	2,244	2,244			2,244		
CINCINNATI,OH	OUTPATIENT CLINIC	4,535	4,535			4,535		
CLEVELAND(WADE PARK),OH	OUTPATIENT CLINIC	2,358	2,358			2,358		
DALLAS,TX	AMBULATORY CARE ADDN AND RENOVATION	6,904	6,904			6,904		
DES MOINES,IA	AMBULATORY CARE ADDN AND RENOVATION	4,300	102	2,542		2,644	1,656	
FRESNO,CA	OP CLINIC FACILITY	3,641	3,396		245	3,641		
HINES(VAH),IL	OUTPATIENT CLINIC	2,582	2,582			2,582		
HOUSTON,TX	O/P CLINIC BLDG AND 60 BED SCIU	12,485	896	11,589		12,485		
JACKSON,MS	UPDATE REGIONAL OFFICE SPACE FOR OP CLINIC	3,850	5,363		-1,513	3,850		
KANSAS CITY,MO	OUTPATIENT CLINIC	6,795	6,795			6,795		
LONG BEACH,CA	OUTPATIENT CLINIC	6,443	6,443			6,443		
MEMPHIS,TN	AMBULATORY CARE ADDN	9,250					9,250	
MIAMI,FL	O/P ADDN,RENOVATION AND SCI RELOCATION	26,650					26,650	
NASHVILLE,TN	AMBULATORY CARE RES AND EDUCATION ADDITION	11,900	11,300		600	11,900		
NEWINGTON,CT	OUTPATIENT CLINIC	1,229	1,229			1,229		
NORTHAMPTON,MA	EXPANSION OF OPC	2,460	2,460			2,460		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OUTPATIENT IMPROVEMENTS										
ALTOONA,PA	AMBULATORY CARE ADDN	10,400				690	9,710			9,710
ATLANTA,GA	AMBULATORY CARE ADDN	8,361	151	306	7,250	245	409	7,904	654	409
BATH,NY	AMBULATORY CARE ADDITION B-76	4,400				4,110	290			290
BOSTON,MA	OUTPATIENT CLINIC	3,750					3,750	1,051	1,051	1,051
BROOKLYN,NY	OUTPATIENT CLINIC	4,469					4,469	350	350	350
BUFFALO,NY	OUTPATIENT CLINIC	5,734	5,503	51	90	90		180	90	
CHICAGO(LAKESIDE),IL	OUTPATIENT CLINIC	2,244	2,150		94			94		
CINCINNATI,OH	OUTPATIENT CLINIC	4,535	4,333	99	103			103		
CLEVELAND(WADE PARK),OH	OUTPATIENT CLINIC	2,358	2,195	29	134			134		
DALLAS,TX	AMBULATORY CARE ADDN AND RENOVATION	6,904	70	490	5,355	155	834	6,344	989	834
DES MOINES,IA	AMBULATORY CARE ADDN AND RENOVATION	4,300	33	3	370	3,675	219	66	2,238	219
FRESNO,CA	OP CLINIC FACILITY	3,641	274	3,252	5	5	105	115	110	105
HINES(VAH),IL	OUTPATIENT CLINIC	2,582	2,412	36	134			134		
HOUSTON,TX	O/P CLINIC BLDG AND 60 BED SCIU	12,485		111		930	11,444	785	12,374	11,444
JACKSON,MS	UPDATE REGIONAL OFFICE SPACE FOR OP CLINIC	3,850	316	3,237	120	95	62	277	157	62
KANSAS CITY,MO	OUTPATIENT CLINIC	6,795	6,622	8	140	25		165	25	
LONG BEACH,CA	OUTPATIENT CLINIC	5,443	5,209	91	143			143		
MEMPHIS,TN	AMBULATORY CARE ADDN	9,250				615	8,635			8,635
MIAMI,FL	O/P ADDN,RENOVATION AND SCI RELOCATION	26,650				1,765	24,885			24,885
NASHVILLE,TN	AMBULATORY CARE RES AND EDUCATION ADDITION	11,900	479	11,261	160			160		
NEWINGTON,CT	OUTPATIENT CLINIC	1,229	1,207		22			22		
NORTHAMPTON,MA	EXPANSION OF OPC	2,460	2,200	62	180	18		198	18	

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FUTURE FOR CONSIDERATION
OUTPATIENT IMPROVEMENTS								
PALO ALTO(PAD),CA	OUTPATIENT CLINIC	2,944	2,944			2,944		
PROVIDENCE,RI	OUTPATIENT CLINIC	3,574	3,454		120	3,574		
SAN JUAN, PR	UPDATE HO SPACE FOR OPC PHASE I	6,832	6,832			6,832		
SHREVEPORT,LA	AMB CARE ADDITION	1,551		1,551		1,551		
ST.LOUIS(JCD),MO	AMBULATORY CARE	2,079		2,079		2,079		
ST.LOUIS(SLD),MO	OUTPATIENT CLINIC	2,110	2,110			2,110		
TUCSON,AZ	OUTPATIENT CLINIC	2,717	2,717			2,717		
TUSKEGEE,AL	AMBULATORY CARE ADDN	4,350	440	3,910		4,350		
WASHINGTON, DC	O/P CL RENOVATION AND ADMISSION CONSOLIDATION	4,225	4,225			4,225		
WHITE RIVER JUNCTION,VT	OUTPATIENT CLINICS	3,780	4,363		-583	3,780		
SUBTOTAL (32)		178902	99188	21671	-1131	119728	52356	6818

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OUTPATIENT IMPROVEMENTS										
PALO ALTO(PAD),CA	OUTPATIENT CLINIC	2,944	2,906	13	23			23		
PROVIDENCE,RI	OUTPATIENT CLINIC	3,574	3,102	292	145	35		180	35	
SAN JUAN, PR	UPDATE RO SPACE FOR OPC PHASE I	6,832	113		365		6,354	6,719	6,354	6,354
SHREVEPORT,LA	AMB CARE ADDITION	1,551			105		1,446		1,446	1,446
ST.LOUIS(JCU),MO	AMBULATORY CARE	2,079				140	1,939		2,079	1,939
ST.LOUIS(SLD),MO	OUTPATIENT CLINIC	2,110	2,097	7	6			6		
TUCSON,AZ	OUTPATIENT CLINIC	2,717	2,573	5	139			139		
TUSKEGEE,AL	AMBULATORY CARE ADDN	4,350	59	5	365		3,961	376	3,961	3,961
WASHINGTON, DC	O/P CL RENOVATION AND ADMISSION CONSOLIDATION	4,225	258		3,620	85	262	3,967	347	262
WHITE RIVER JUNCTION,VT	OUTPATIENT CLINICS	3,780	254	3,229	150	125	22	297	147	22
SUBTOTAL (32)		178,02	45518	22607	19178	12803	78796	29932	32425	71978

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

14-82

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN BB BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (A)-GENERAL PROJECTS								
ALBANY, NY	AIR OXYGEN VACUUM SYS	3,500	209			209	3,291	
ALBANY, NY	RADIATION THERAPY	2,312		2,312		2,312		
AMERICAN LAKE,WA	RENOVATE WARDS BLDG.7	2,031	2,031			2,031		
ATLANTA,GA	WAREHOUSE ENGINEERING OFFICE	1,650	110			110	1,540	
AUGUSTA(LD),GA	DINING HALL KITCHEN AND SUBSISTENCE WAREHOUSE	3,175	3,271		-96	3,175		
AUGUSTA(LD),GA	BOILER PLANT STEAM DISTRIBUTION SYSTEM	2,980	3,779		-799	2,980		
BATTLE CREEK,MI	REPLACE ADMINISTRATION BUILDING	3,100	222			222		2,878
BAY PINES,FL	REPLACE BOILER PLANT	1,985	1,985			1,985		
BILOXI(BD),MS	RENOVATE HOSP BLDG.NO.2 DAMAGED BY FIRE	6,000	6,000			6,000		
BOISE,ID	RENOVATE WARDS 2 4	2,163		2,163		2,163		
BRENTWOOD(LA),CA	REMODEL BLDG. 209	2,614	2,614			2,614		
BROCKTON,MA	60 BD SPINAL CD INJURY AND A/C	1,637	1,637			1,637		
BROOKLYN,NY	AIR OXYGEN VACUUM SYSTEM	3,750	1,136			1,136	2,614	
CANANDAIGUA,NY	NEW ENGINEERG SHOPS + OFFICE BUILDINGS	1,347	1,347			1,347		
CANANDAIGUA,NY	RENOVATE PATIENTS BLDG	3,716	3,716			3,716		
CHICAGO(LAKESIDE),IL	REMODEL SURGICAL AREA	2,014	1,880		134	2,014		
CINCINNATI(CO),OH	REMODEL AND EXPAND CANTEEN	1,161		1,161		1,161		
COLUMBIA,SC	RENOVATE B22 ADMIN.	2,111		2,111		2,111		
DAYTON,OH	CONSOLIDATE KITCHEN BLDGS 300 AND 411	1,513	126			126		1,387
DURHAM,NC	MULTI-STORY PARKING GARAGE	4,281	167			167		4,114

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (A)-GENERAL PROJECTS										
ALBANY, NY	AIR OXYGEN VACUUM SYS	3,500			140	3,100	210	209	19	210
ALBANY, NY	RADIATION THERAPY	2,312				2,140	172		2,312	172
AMERICAN LAKE,WA	RENOVATE WARDS BLDG.7	2,031		32	135	1,765	99	1,999	1,864	99
ATLANTA,GA	WAREHOUSE ENGINEERING OFFICE	1,650	24	53		1,470	103	33	33	103
AUGUSTA(LD),GA	DINING HALL KITCHEN AND SUBSISTENCE WAREHOUSE	3,175	193	2,827	85	60	10	155	70	10
AUGUSTA(LD),GA	BOILER PLANT STEAM DISTRIBUTION SYSTEM	2,980	221	2,530	95	75	59	229	134	59
BATTLE CREEK,MI	REPLACE ADMINISTRATION BUILDING	3,100	42	99			2,959	81	81	81
BAY PINES,FL	REPLACE BOILER PLANT	1,985					1,985	1,985	1,985	1,985
BILOXI(BD),MS	RENOVATE HOSP BLDG.NO.2 DAMAGED BY FIRE	6,000		273	4,565	430	732	5,727	1,162	732
BOISE,ID	RENOVATE WARDS 2 & 4	2,163			145	1,870	148		2,018	148
BRENTWOOD(LA),CA	REMODEL BLDG. 209	2,614		57	175	2,255	127	2,557	2,382	127
BROCKTON,MA	60 BD SPINAL CD INJURY AND A/C	1,637	1,637							
BROOKLYN,NY	AIR OXYGEN VACUUM SYSTE	3,750			250		3,500	1,136	886	3,500
CANANDAIGUA,NY	NEW ENGINEERG SHOPS + OFFICE BUILDINGS	1,347	1,299	39	9			9		
CANANDAIGUA,NY	RENOVATE PATIENTS BLDG	3,716	46	16	3,445	30	185	3,660	215	185
CHICAGO(LAKESIDE),IL	REMODEL SURGICAL AREA	2,014	1,840	97	60	17		77	17	
CINCINNATI(CD),OH	REMODEL AND EXPAND CANTEEN	1,161				75	1,086		1,161	1,086
COLUMBIA,SC	RENOVATE M22 ADMIN.	2,111			140	1,825	146		1,971	146
DAYTON,OH	CONSOLIDATE KITCHEN BLD 300 AND 411	1,513	17				1,496	109	109	109
DURHAM,NC	MULTI-STORY PARKING GARAGE	4,281	158				4,123	9	9	9

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	APPROPRIATION PLAN: NET 1980 APPRO	APPROPRIATION PLAN: ADJUSTMENTS	APPROPRIATION PLAN: TOTAL AVAIL THRU 1980	APPROPRIATION PLAN: REQUIRED FOR 1981	APPROPRIATION PLAN: FOR FUTURE CONSIDERATION
OTHER IMPR (A)-GENERAL PROJECTS								
EAST ORANGE,NJ	IMPROVE AND CORRECT FOR BLDG. ENVIRONMENTAL DEF.	31,669	16,883			16,883	14,786	
FAYETTEVILLE,AR	RENOVATE BLDG. 4	1,606	1,606			1,606		
MINES(DPC),IL	SUPPLY DEPOT EXPAN B-37	8,800					8,800	
MINES(VAM),IL	NEW CONTROL INCINERATOR	2,034	1,300			1,300	734	
HUNTINGTON,WV	ADDITION BLDG NO.1	7,097	7,097			7,097		
IOWA CITY,IA	PARKING FACILITY	2,757	108			108		2,649
IOWA CITY,IA	REPLACE BOILER PLANT	2,288	2,288			2,288		
IOWA CITY,IA	REMODEL 9TH FLOOR WARDS	1,352		1,352		1,352		
KANSAS CITY,MO	AIR OXYGEN VACUUM SYS	1,850	134			134	1,716	
LEAVENWORTH,KS	NEW LAUNDRY BLDG.	3,797	3,797			3,797		
LIVERMORE,CA	REMODEL 5TH FL WDS BLDG 62	1,761	1,761			1,761		
LIVERMORE,CA	SEWER CONNECTION	1,220		1,220		1,220		
MIAMI,FL	RELOCATE SURGICAL ICU	1,726		1,726		1,726		
MINNEAPOLIS,MN	BOILERS	5,307	5,307			5,307		
MURFREESBORO,TN	REMODEL WARDS 5A + 5B	3,248	275	2,973		3,248		
MURFREESBORO,TN	RENOVATE WARDS 6A +6B	3,750	287	3,463		3,750		
PERRY POINT,MD	NEW CL ADMIN BLDG.	1,636	1,636			1,636		
PERRY POINT,MD	SEWER PLANT UPGRADING	1,141		1,141		1,141		
SALEM,VA	MODERNIZE BLDG NO.76	3,200	390			390		2,810
SALEM,VA	RENOVATE BLDG NO 77	1,383	1,383			1,383		
SALEM,VA	RENOVATION OF BUILDING 7	4,038	129			129		3,909
SIOUX FALLS,SD	BOILERS	2,361	2,902		-541	2,361		
ST.ALBANS(DIV),NY	LAUNDRY CONSOLIDATION	2,727	2,727			2,727		
ST.LOUIS(JB),MO	RELOCATE ADMIN TO B16	1,462		1,462		1,462		
SYRACUSE,NY	MULTI-STORY PARKING GARAGE	2,978	153			153		2,825
TOGUS,ME	RENOVATE B-207	5,100					5,100	

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (A)-GENERAL PROJECTS										
EAST ORANGE,NJ	IMPROVE AND CORRECT FOR BLDG. ENVIRONMENTAL DEF	31,669	1,154	34		27,665	2,816	15,695	15,695	2,816
FAYETTEVILLE,AR	RENOVATE BLDG. 4	1,686		18	105	1,390	93	1,588	1,483	93
HINES(DPC),IL	SUPPLY DEPOT EXPAN B-37	8,800				585	8,215			8,215
HINES(VAH),IL	NEW CONTROL INCINERATOR	2,034					2,034	1,300	1,300	2,034
HUNTINGTON,WV	ADDITION BLDG NO.1	7,047	6,466	129	345	157		502	157	
IOWA CITY,IA	PARKING FACILITY	2,757	102				2,655	6	6	6
IOWA CITY,IA	REPLACE BOILER PLANT	2,288	2,209	60	19			19		
IOWA CITY,IA	REMODEL 9TH FLOOR WARDS	1,352			90	1,195	67		1,262	67
KANSAS CITY,MO	AIR OXYGEN VACUUM SYS	1,850	95			1,625	130	39	39	130
LEAVENWORTH,KS	NEW LAUNDRY BLDG.	3,797	3,719	30	48			48		
LIVERMORE,CA	REMODEL 5TH FL WDS BLDG 62	1,761		46	150	1,485	80	1,715	1,565	80
LIVERMORE,CA	SEWER CONNECTION	1,220				1,135	85		1,220	85
MIAMI,FL	RELOCATE SURGICAL ICU	1,726			115	1,490	121		1,611	121
MINNEAPOLIS,MN	BOILERS	5,307				325	4,982	5,307	5,307	4,982
MURFREESBORO,TN	REMODEL WARDS 5A + 5B	3,248	34		3,045	15	154	241	169	154
MURFREESBORO,TN	RENOVATE WARDS 6A +6B	3,750			280		3,470	287	3,470	3,470
PERRY POINT,MD	NEW CC ADMIN BLDG.	1,636		4	1,515	10	107	1,632	117	107
PERRY POINT,MD	SEWER PLANT UPGRADING	1,141			1,055	10	76		86	76
SALEM,VA	MODERNIZE BLDG NO.76	3,200	180	3			3,017	207	207	207
SALEM,VA	RENOVATE BLDG NO 77	1,383	1,277	5	101			101		
SALEM,VA	RENOVATION OF BUILDING	4,038					4,038	129	129	129
SIOUX FALLS,SD	BOILERS	2,361		2,166	20	60	115	195	175	115
ST.ALBANS(DIV),NY	LAUNDRY CONSOLIDATION	2,727	242		2,370	75	40	2,485	115	40
ST.LOUIS(JB),MO	RELOCATE ADMIN TO B18	1,462			95	1,265	102		1,367	102
SYRACUSE,NY	MULTI-STORY PARKING GARAGE	2,976	124				2,854	29	29	29
TOGUS,ME	RENOVATE B-207	5,100				340	4,760			4,760

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (A)-GENERAL PROJECTS								
#ACO,1X	REPLACE BOILER PLANT	1,568	1,568			1,568		
#OOO,#I	BOILER PLANT ADDITION	1,126	1,126			1,126		
#OOO,#I	BINCH HOT #ATER LINE	1,334		1,334		1,334		
SUBTOTAL (49)		163356	83087	22418	-1302	104203	38581	20572

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
(S000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (A)-GENERAL PROJECTS										
*ACO*TX	REPLACE BOILER PLANT	1,568	1,517	15	35	1		36	1	
*UUU*XI	BOILER PLANT ADDITION	1,126	1,125		1			1		
*UUU*XI	8INCH HOT *ATER LINE	1,334			1,235	25	74		99	74
SUBTOTAL (49)		163356	23715	8533	19916	53965	57225	49537	52037	36653

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (C)-CLINICAL IMPROVEMENTS								
ALLEN PARK,MI	EXPAND/RENOVATE LAB	1,416	1,416			1,416		
BAY PINES,FL	CLINICAL IMPROVEMENTS	2,242	2,242			2,242		
BILOXI(BD),MS	CL ADDITION AND O/P	20,750					20,750	
BIRMINGHAM,AL	BLIND REHABILITATION FACILITY	4,714	4,714			4,714		
BUFFALO,NY	RENOVATE SPD	2,800		1,456		1,456	1,344	
CHICAGO(LAKESIDE),IL	RENOVATE LAB	1,126		1,126		1,126		
CINCINNATI(CD),OH	CLINICAL EXPANSION	9,800	3,047			3,047	6,753	
DANVILLE,IL	RELOC/EXPAND PAD	5,600					5,600	
DAYTON,OH	CLINICAL ADDITION	10,380	10,380			10,380		
FAYETTEVILLE,AK	CLINICAL ADDITION	4,500					4,500	
GAINESVILLE,FL	CORRECT CLINICAL DEFICIENCIES	5,795	5,795			5,795		
GAINESVILLE,FL	CLIN IMPROV RESEARCH AND EDUCATION PH II	19,596	19,596			19,596		
HAMPTON,VA	SPINAL CORD INJURY UNIT	5,150					5,150	
HUNTINGTON,WV	CLINICAL IMPROVEMENTS	1,550	1,550			1,550		
INDIANAPOLIS(TSD),IN	CLINICAL IMPROVEMENTS EDUCATION BLDG.	10,848	10,848			10,848		
LAKE CITY,FL	RENOVATE SPD	1,100		1,100		1,100		
LOUISVILLE,KY	RENOVATE OPERATING ROOMS	1,693	1,693			1,693		
MOUNTAIN HOME,TN	CLINICAL SUPPORT BLDG	10,269	10,269			10,269		
MUSKOGEE,OK	RELOCATE AND EXPAND REHABILIATION MED SVC	993	1,050		-57	993		
PALO ALTO(PAD),CA	SURIGICAL ADDNPAD	16,043		16,043		16,043		
PHILADELPHIA,PA	CLINICAL IMPROVEMENTS	1,993	1,993			1,993		
RENO,NV	CLINICAL ADDN UTILITIES IMPROV BOILER PLANT	13,444	13,444			13,444		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (C)-CLINICAL IMPROVEMENTS										
ALLEN PARK,MI	EXPAND/RENOVATE LAB	1,416		23	1,315	10	68	1,393	78	68
BAY PINES,FL	CLINICAL IMPROVEMENTS	2,242	2,228		14			14		
BILOXI(BD),MS	CL ADDITION AND O/P	20,750				1,375	19,375			19,375
BIRMINGHAM,AL	BLIND REHABILITATION FACILITY	4,714	73	200	4,065	75	301	4,441	376	301
BUFFALO,NY	RENOVATE SPD	2,800			165	2,420	195		1,271	195
CHICAGO(LAKESIDE),IL	RENOVATE LAB	1,126				1,055	71		1,126	71
CINCINNATI(CO),OH	CLINICAL EXPANSION	9,800	56	1	735	8,465	543	2,990	2,255	543
DANVILLE,IL	HELOC/EXPAND PAD	5,600				370	5,230			5,230
DAYTON,OH	CLINICAL ADDITION	10,380	9,594	35	335	350	66	751	416	66
FAYETTEVILLE,AK	CLINICAL ADDITION	4,500				300	4,200			4,200
GAINESVILLE,FL	CORRECT CLINICAL DEFICIENCIES	5,795	5,542	118	135			135		
GAINESVILLE,FL	CLIN IMPROV RESEARCH AND EDUCATION PH II	19,596		338	1,380	16,930	948	19,258	17,878	948
HAMPTON,VA	SPINAL CORD INJURY UNIT	5,150				340	4,810			4,810
HUNTINGTON,WV	CLINICAL IMPROVEMENTS	1,550	1,468	14	68			68		
INDIANAPOLIS(TSO),IN	CLINICAL IMPROVEMENTS EDUCATION BLDG.	10,848	9,923	72	350	270	233	853	503	233
LAKE CITY,FL	RENOVATE SPD	1,100				1,020	80		1,100	80
LOUISVILLE,KY	RENOVATE OPERATING ROOMS	1,693		97	1,465	30	101	1,596	131	101
MOUNTAIN HOME,TN	CLINICAL SUPPORT BLDG	10,269		494		9,170	615	9,785	9,785	615
MUSKOGEE,OK	RELOCATE AND EXPAND REHABILITATION MED SVC	993	57	822	40	45	29	114	74	29
PALO ALTO(PAD),CA	SURGICAL ADDNPAD	16,043			1,065	13,865	1,113		14,978	1,113
PHILADELPHIA,PA	CLINICAL IMPROVEMENTS	1,993				155	1,838	1,993	1,993	1,838
RENO,NV	CLINICAL ADDN UTILITIES IMPROV BOILER PLANT	13,444	1,070	11,962	255	157		412	157	

14-89

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (C)-CLINICAL IMPROVEMENTS								
SALEM,VA	NEW CLINICAL BLDG	2,961	2,961			2,961		
SAN DIEGO,CA	CLINICAL IMPROVEMENTS	2,380	2,380			2,380		
TEMPLE,TX	CL EXPANSION RELOCATE SUPPORT FUNCT	27,600					27,600	
TUCSON,AZ	CLINICAL ADDN	20,850					20,850	
WHITE CITY,OR	RENOVATE CONSOL REHAB MED SVC	1,723		1,723		1,723		
WHITE RIVER JUNCTION,VT	CLINICAL IMPROVEMENTS	3,123	3,123			3,123		
WOOD,WI	RELOCATE NUCLEAR MED	1,700	120			128		1,572
SUBTOTAL (29)		212139	96629	21448	-57	118020	92547	1572

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	1980	1981
OTHER IMPR (C)-CLINICAL IMPROVEMENTS										
SALEM,VA	NEW CLINICAL BLDG	2,961	2,830		131			131		
SAN DIEGO,CA	CLINICAL IMPROVEMENTS	2,380	2,267	46	67			67		
TEMPLE,TX	CL EXPANSION RELOCATE SUPPORT FUNCT	27,600				1,830	25,770			25,770
TUCSON,AZ	CLINICAL ADDN	20,850				1,380	19,470			19,470
WHITE CITY,OR	RENOVATE CONSOL REHAB MED SVC	1,723				1,600	123		1,723	123
WHITE RIVER JUNCTION,VT	CLINICAL IMPROVEMENTS	3,123	3,067	12	44			44		
WOOD,WI	RELOCATE NUCLEAR MED	1,700	21	67			1,612	40	40	40
SUBTOTAL (29)		212139	38196	14291	11649	61212	86791	44085	53884	85219

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (D)-AIR CONDITIONING SYSTEMS								
AMARILLO,TX	A/C PT PRIVACY NURSE CALL SYS	6,139					6,139	
AUGUSTA(LD),GA	AIR CONDITIONING	3,959	3,959			3,959		
CASTLE POINT,NY	CENTRAL A/C	7,405	619	6,786		7,405		
COATESVILLE,PA	AIR CONDITION AND WARD ADDITION	16,040	16,887		-847	16,040		
FAYETTEVILLE,AK	AIR CONDITIONING	3,183	3,253		-70	3,183		
INDIANAPOLIS(CSR),IN	AIR CONDITIONING	4,143	4,143			4,143		
INDIANAPOLIS(TSD),IN	AIR CONDITIONING	6,336	6,336			6,336		
IOWA CITY,IA	AC SYSTEM AND ADDN ELECTRIC POWER	5,317	5,317			5,317		
KERRVILLE,TX	AIR CONDITIONING	2,880	2,880			2,880		
KNOXVILLE,IA	AIR CONDITIONING	11,277	11,277			11,277		
LEAVENWORTH,KS	AIR CONDITIONING	4,353	4,363		-10	4,353		
LEBANON,PA	AIR CONDITIONING	8,065	8,965			8,065		
LEXINGTON,KY	AIR CONDITIONING	7,580	7,580			7,580		
LINCOLN,NB	AIR CONDITIONING	3,600	3,600			3,600		
MOUNTAIN HOME,TN	AIR CONDITIONING	1,637	1,637			1,637		
OMAHA,NB	AIR CONDITIONING	4,974	4,977		-3	4,974		
PERRY POINT,MD	AIR CONDITIONING	9,618	9,618			9,618		
POPLAR BLUFF,MO	AIR CONDITIONING	4,450	4,450			4,450		
SALEM,VA	AIR CONDITIONING	5,857	5,857			5,857		
SEPULVEDA,CA	AIR CONDITIONING	12,878	12,631		247	12,878		
TUCSON,AZ	AIR CONDITIONING	4,871	4,871			4,871		
TUSCALOOSA,AL	AIR CONDITIONING	2,668	2,801		-133	2,668		
SUBTOTAL (22)		137230	125121	6786	-816	131091	6139	

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (D)-AIR CONDITIONING SYSTEMS										
AMARILLO,TX	A/C PT PRIVACY NURSE CALL SYS	6,139				405	5,734			5,734
AUGUSTA(LD),GA	AIR CONDITIONING	3,959	3,779	53	127			127		
CASTLE POINT,NY	CENTRAL A/C	7,405	116	503		6,395	391		6,786	391
COATESVILLE,PA	AIR CONDITION AND WARD ADDITION	16,040	1,034	13,612	630	764		1,394	764	
FAYETTEVILLE,AK	AIR CONDITIONING	3,183	276	2,578	65	140	124	329	264	124
INDIANAPOLIS(CSR),IN	AIR CONDITIONING	4,143	3,809	141	193			193		
INDIANAPOLIS(ISD),IN	AIR CONDITIONING	6,336	6,189		147			147		
IOWA CITY,IA	AC SYSTEM AND ADDN ELECTRIC POWER	5,317	5,232	4	81			81		
KERRVILLE,TX	AIR CONDITIONING	2,880	2,800	1	60	19		79	19	
KNOXVILLE,IA	AIR CONDITIONING	11,277	705	9,026	160	805	581	1,546	1,386	581
LEAVENWORTH,KS	AIR CONDITIONING	4,353	4,353							
LEBANON,PA	AIR CONDITIONING	8,065	7,571	164	130	200		330	200	
LEXINGTON,KY	AIR CONDITIONING	7,580	7,414	79	87			87		
LINCOLN,NB	AIR CONDITIONING	3,600	3,500	82	18			18		
MOUNTAIN HOME,IN	AIR CONDITIONING	1,637	1,533	9	95			95		
OMAHA,NB	AIR CONDITIONING	4,974	4,974							
PERRY POINT,MD	AIR CONDITIONING	9,618	8,914	114	440	150		590	150	
POPLAR BLUFF,MO	AIR CONDITIONING	4,450	4,136	201	113			113		
SALEM,VA	AIR CONDITIONING	5,857	5,640	5	100	112		212	112	
SEPULVEDA,CA	AIR CONDITIONING	12,878	12,592	276	10			10		
TUCSON,AZ	AIR CONDITIONING	4,871	4,822	8	41			41		
TUSCALOOSA,AL	AIR CONDITIONING	2,668	2,668							
SUBTOTAL (22)		137230	92057	26856	2497	8990	6830	5392	9681	6830

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (G)-CORRECTION OF SEISMIC DEF								
BOISE,ID	SEISMIC CORRECTION FOR VARIOUS BLDGS	2,407	2,407			2,407		
CHARLESTON,SC	CORRECTION OF SEISMIC DEFICIENCIES	11,424	963	10,461		11,424		
FRESNO,CA	CORRECT SEISMIC DEF	2,950	1,803			1,803	1,147	
LIVERMORE,CA	ADDITION TO BLDG NO.62	1,982	1,982			1,982		
PALO ALTO(PAD),CA	CENTER CORE BLDG	30,150					3,015	27,135
PALO ALTO(PAD),CA	LOW VISION REHAB CTR	2,478	2,478			2,478		
POPLAR BLUFF,MO	CORRECTION OF SEISMIC DEFICIENCIES	10,550	190			190	10,360	
SALT LAKE CITY,UT	SEISMIC CORRECTION BLDGS 1 THRU 5	6,414	6,414			6,414		
SALT LAKE CITY,UT	SEISMIC CORRECTION BLDGS, 6-10 13 2728	2,370	2,320		50	2,370		
VARIOUS STATIONS	FY74 PROGRAM BALANCE	66	66			66		
SUBTOTAL (10)		70791	18623	10461	50	29134	14522	27135

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (G)-CORRECTION OF SEISMIC DEF										
BOISE,ID	SEISMIC CORRECTION FOR VARIOUS BLDGS	2,407	2,407							
CHARLESTON,SC	CORRECTION OF SEISMIC DEFICIENCIES	11,424		440		9,990	994	523	10,984	994
FRESNO,CA	CORRECT SEISMIC DEF	2,950		195		2,550	205	1,608	1,608	205
LIVERMORE,CA	ADDITION TO BLDG NO.62	1,982	1,969	3	10			10		
PALO ALTO(PAD),CA	CENTER CORE BLDG	30,150				2,000	28,150			1,015
PALO ALTO(PAD),CA	LOW VISION REHAB CTR	2,478	2,467		11			11		
POPLAR BLUFF,MO	CORRECTION OF SEISMIC DEFICIENCIES	10,550		37	100	9,760	653	153	53	653
SALT LAKE CITY,UT	SEISMIC CORRECTION BLDGS 1 THRU 5	6,414	6,146	60	110	98		208	98	
SALT LAKE CITY,UT	SEISMIC CORRECTION BLDGS. 6-10 13 2728	2,370	2,275	46	49			49		
VARIOUS STATIONS	FY74 PROGRAM BALANCE	66				65	1	66	66	1
SUBTOTAL (10)		70791	15264	781	280	24463	30003	2628	12809	2868

14-95

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (H)-CORR OF ELECTRICAL DEF								
ALBANY, NY	EMERG GENERATOR ELECTRICAL DEFIC.	880	880			880		
ALBANY, NY	UPDATE PRIMARY DISTR PH III	2,039		2,039		2,039		
ALEXANDRIA,LA	EMERGENCY GENERATOR	992	1,000		-8	992		
BATAVIA,NY	ELECTRICAL DEFICIENCIES	1,048	1,048			1,048		
BATTLE CREEK,MI	EMERG GENERATOR ELECTRICAL DEFIC.	935	1,400		-465	935		
BEDFORD,MA	EMERGENCY GENERATOR	907	1,000		-93	907		
BILOXI(BD),MS	EMERGENCY GENERATOR AND ELECTRICAL DEFICIENCY	866	1,696		-830	866		
BROCKTON,MA	EMERG GENERATOR ELECTRICAL DEFIC.	1,000	1,000			1,000		
BUFFALO,NY	SECOND GEN SYS	1,380	1,380			1,380		
CASTLE POINT,NY	UPGRADE PRIMARY DISTR. SYS	1,260	1,260			1,260		
CHEYENNE,WY	EMERG GENERATOR ELECTRICAL DEFIC.	1,100	1,100			1,100		
CHICAGO(LAKESIDE),IL	CORR OF ELECTRICAL DEF	1,245	1,245			1,245		
CHILLICOTHE,OH	EMERGENCY POWER DISTRIBUTION	559	1,345		-786	559		
DURHAM,NC	CORR OF ELECTRICAL DEFICIENCY	1,401	1,401			1,401		
EAST ORANGE,NJ	EMERGENCY GENERATOR	2,204	2,204			2,204		
FAYETTEVILLE,AR	CORR OF ELECTRICAL DEF	1,029	1,044		-15	1,029		
FORT HARRISON,MT	ELECTRICAL DEFICIENCIES	1,112	1,100		12	1,112		
GRAND ISLAND,NB	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,214	1,500		-286	1,214		
GRAND JUNCTION,CO	ELECTRICAL DEFICIENCIES	850	1,100		-250	850		
HINES(VAH),IL	CORR OF ELECTRICAL DEFICIENCIES	1,650	1,650			1,650		

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (H)-CORR OF ELECTRICAL DEF										
ALBANY, NY	EMERG GENERATOR ELECTRICAL DEFIC.	880	67	659	95	55	4	154	59	4
ALBANY, NY	UPDATE PRIMARY DISTR PH III	2,039			135	1,760	144		1,904	144
ALEXANDRIA,LA	EMERGENCY GENERATOR	992	45	871	65	11		76	11	
BATAVIA,NY	ELECTRICAL DEFICIENCIES	1,048	72	896	40	25	15	80	40	15
BATTLE CREEK,MI	EMERG GENERATOR ELECTRICAL DEFIC.	935	81	748	25	45	36	106	81	36
BEDFORD,MA	EMERGENCY GENERATOR	907	57	772	15	35	28	78	63	28
BILOXI(BD),MS	EMERGENCY GENERATOR AND ELECTRICAL DEFICIENCY	866	81	716	69			69		
BRUCKTON,MA	EMERG GENERATOR ELECTRICAL DEFIC.	1,000	65		860	20	55	935	75	55
BUFFALO,NY	SECOND GEN SYS	1,380		71	1,180	35	94	1,309	129	94
CASTLE POINT,NY	UPGRADE PRIMARY DISTR. SYS	1,260		77		1,100	83	1,183	1,183	83
CHEYENNE,WY	EMERG GENERATOR ELECTRICAL DEFIC.	1,100	102	896	35	35	32	102	67	32
CHICAGO(LAKESIDE),IL	CORR OF ELECTRICAL DEF	1,245	164	-3	1,060	20	4	1,084	24	4
CHILLICOTHE,OH	EMERGENCY POWER DISTRIBUTION	559	36	488	15	10	10	36	20	10
DURHAM,NC	CORR OF ELECTRICAL DEFICIENCY	1,401	1,202	105	80	14		94	14	
EAST ORANGE,NJ	EMERGENCY GENERATOR	2,204	2,015	27	162			162		
FAYETTEVILLE,AK	CORR OF ELECTRICAL DEF	1,029	1,029							
FORT HARRISON,MT	ELECTRICAL DEFICIENCIES	1,112	72	988	5	20	27	52	47	27
GRAND ISLAND,NB	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,214	99	1,019	15	40	41	96	81	41
GRAND JUNCTION,CO	ELECTRICAL DEFICIENCIES	850	62	652	60	55	21	136	76	21
HINES(VAM),IL	CORR OF ELECTRICAL DEFICIENCIES	1,650	1,506	45	99			99		

14-97

55-500 O - 80 - 43

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	APPROPRIATION PLAN: NET 1980 APPRO	APPROPRIATION PLAN: ADJUSTMENTS	APPROPRIATION PLAN: TOTAL AVAIL THRU 1980	APPROPRIATION PLAN: REQUIRED FOR 1981	APPROPRIATION PLAN: FOR FUTURE CONSIDERATION
OTHER IMPR (H)-CORR OF ELECTRICAL DEF								
HOUSTON,TX	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	2,800	2,800			2,800		
INDIANAPOLIS(TSD),IN	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,400	1,400			1,400		
KNOXVILLE,IA	EMERGENCY POWER AND ELECTRICAL DEFICIENCIES	1,398	1,470		-72	1,398		
LEBANON,PA	EMERGENCY GENERATOR	1,100	1,100			1,100		
LONG BEACH,CA	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,510	1,400		110	1,510		
LYONS,NJ	EMERGENCY GENERATOR	1,096	1,000		96	1,096		
MADISON,WI	SECOND EMERGENCY DISTR GENERATOR	1,785	1,785			1,785		
MARION,IN	CORR OF ELECTRICAL DEFICIENCIES	1,641	1,641			1,641		
MONTGOMERY,AL	UPGRADE ELECTRICAL SYSTEM	830	1,537		-707	830		
MUSKOGEE,OK	UPGRADE ELECTRICAL SYSTEM	864	891		-27	864		
NEW YORK,NY	CORR OF ELECTRICAL DEFICIENCIES	1,896	1,896			1,896		
NORTH CHICAGO(DOWNEY),IL	EMERGENCY GEN. ELECTRICAL DEF.	2,962	2,715		247	2,962		
OKLAHOMA CITY,OK	CORR OF ELECTRICAL DEFICIENCIES	658	676		-18	658		
PALO ALTO(MPD),CA	EMERG GEN + UPDATE POWER SYSTEM	1,696	2,121		-425	1,696		
PALO ALTO(PAD),CA	UPDATE ELECTRICAL POWER SYSTEM	1,208	1,679		-471	1,208		
PERRY POINT,MD	CORR OF ELECTRICAL DEF	1,661	1,661			1,661		
POPLAR BLUFF,MO	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	940	1,000		-60	940		
ROSEBURG,OR	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,090	1,000		90	1,090		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	1980	1981
OTHER IMPR (H)-CORR OF ELECTRICAL DEF										
HOUSTON,TX	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	2,800	141	21		2,405	233	2,638	2,638	233
INDIANAPOLIS(TSD),IN	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,400	72	1,288	35	5		40	5	
KNOXVILLE,IA	EMERGENCY POWER AND ELECTRICAL DEFICIENCIES	1,498	97	1,198	15	45	43	103	88	43
LEBANON,PA	EMERGENCY GENERATOR	1,100	47	981	15	35	22	72	57	22
LONG BEACH,CA	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,510	1,115	40	170	165	20	355	185	20
LYONS,NJ	EMERGENCY GENERATOR	1,096	65	958	10	35	30	75	65	30
MADISON,WI	SECOND EMERGENCY DISTR GENERATOR	1,785		21	120	1,565	79	1,764	1,644	79
MARION,IN	CORR OF ELECTRICAL DEFICIENCIES	1,641	1,541	70	30			30		
MONTGOMERY,AL	UPGRADE ELECTRICAL SYST	830	62	703	65			65		
MUSKOGEE,OK	UPGRADE ELECTRICAL SYST	864	745	38	40	35	6	81	41	6
NEW YORK,NY	CORR OF ELECTRICAL DEFICIENCIES	1,896	1,841	16	39			39		
NORTH CHICAGO(DOWNEY),I	EMERGENCY GEN. ELECTRICAL DEF.	2,962	168	2,625	25	80	64	169	144	64
OKLAHOMA CITY,OK	CORR OF ELECTRICAL DEFICIENCIES	658	658							
PALO ALTO(MPD),CA	EMERG GEN + UPDATE POWER SYSTEM	1,696	120	1,372	55	70	79	204	149	79
PALO ALTO(PAD),CA	UPDATE ELECTRICAL POWER SYSTEM	1,208	90	981	40	50	47	137	97	47
PERRY POINT,MD	CORR OF ELECTRICAL DEF	1,661	1,557	20	45	39		84	39	
POPLAR BLUFF,MO	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	940	68	802	10	30	30	70	60	30
ROSEBURG,OR	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,090	66	989	30	5		35	5	

14-99

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (H)-CORR OF ELECTRICAL DEF								
SALEM,VA	EMERGENCY ELECTRICAL POWER SYSTEM	1,684	1,878		-194	1,684		
ST.ALBANS(DIV),NY	PRIMARY DISTR AND SECOND GEN	1,962	1,962			1,962		
SYRACUSE,NY	CORR OF ELECTRICAL DEF	1,288	1,238			1,288		
TOMAH,WI	CORRECT OF ELECTRICAL DEFICIENCIES	2,144	2,144			2,144		
TUSKEGEE,AL	ELECTRICAL	2,224		2,224		2,224		
WACO,TX	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	747	1,000		-253	747		
WALLA WALLA,WA	PRIMARY DISTR AND SECOND GEN SYS	1,140	1,140			1,140		
WOOD,WI	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,400	1,400			1,400		
SUBTOTAL (46)		62795	62937	4263	-4405	62795		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (H)-CORR OF ELECTRICAL DEF										
SALEM,VA	EMERGENCY ELECTRICAL POWER SYSTEM	1,684	122	1,415	30	65	52	147	117	52
ST.ALBANS(DIV),NY	PRIMARY DISTR AND SECOND GEN	1,962		143	1,695	20	104	1,819	124	104
SYRACUSE,NY	CORR OF ELECTRICAL DEF	1,288	91	1,073	60	50	14	124	64	14
IOWA,WI	CORRECT OF ELECTRICAL DEFICIENCIES	2,144	1,951	48	145			145		
TUSKEGEE,AL	ELECTRICAL	2,224			2,070	20	134		154	134
WACO,TX	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	747	52	635	5	15	40	60	55	40
WALLA WALLA,WA	PRIMARY DISTR AND SECOND GEN SYS	1,140		66		990	84	1,074	1,074	84
WOOD,WI	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	1,400	86	1,236	30	40	8	78	48	8
SUBTOTAL (46)		62795	17510	25764	8794	9044	1683	15258	10727	1683

14-102

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (1)-ELIM OF SAFETY HAZARDS								
AUGUSTA,GA	SAFETY AND FIRE DEFICIENCIES	1,309	1,309			1,309		
BATTLE CREEK,MI	SAFETY AND FIRE DEFICIENCIES	1,347	1,347			1,347		
BEDFORD,MA	SMOKE PARTITIONS AND BARRIER DOORS	1,075		1,075		1,075		
BIRMINGHAM,AL	SAFETY AND FIRE DEFICIENCIES	2,016	2,016			2,016		
CANANDAIGUA,NY	2ND EXIT FROM ROOMS	6,710	6,710			6,710		
CHILLICOTHE,OH	ELIMINATE EXIT DEFIC.	1,856		1,856		1,856		
CINCINNATI,OH	SAFETY AND FIRE DEFICIENCIES	1,288	1,288			1,288		
DALLAS,TX	FIRE SPRINKLER BLDG NO.1	1,186	1,186			1,186		
DENVER,CO	SAFETY AND FIRE DEFICIENCIES	1,408	1,408			1,408		
KANSAS CITY,MO	SAFETY AND FIRE DEFICIENCIES	1,518	1,518			1,518		
KNOXVILLE,IA	SAFETY AND FIRE DEFICIENCIES	1,245	1,245			1,245		
LEBANON,PA	SAFETY AND FIRE DEFICIENCIES	1,574	1,574			1,574		
MINNEAPOLIS,MN	SAFETY AND FIRE DEFICIENCIES	1,761	1,761			1,761		
MONTGOMERY,AL	SMOKE PARTITIONS	1,239		1,239		1,239		
MURFREESBORO,TN	SAFETY AND FIRE DEFICIENCIES	3,168	3,168			3,168		
MUSKOGEE,OK	CONSTRUCT ADEQUATE STAIRWELLS	1,693	1,693			1,693		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (I)-ELIM OF SAFETY HAZARDS										
AUGUSTA,GA	SAFETY AND FIRE DEFICIENCIES	1,309		19		85	1,205	1,290	1,290	1,205
BATTLE CREEK,MI	SAFETY AND FIRE DEFICIENCIES	1,347	25		1,260	10	52	1,322	62	52
BEDFORD,MA	SMOKE PARTITIONS AND BARRIER DOORS	1,075			95		980		980	980
BIRMINGHAM,AL	SAFETY AND FIRE DEFICIENCIES	2,016	93			1,755	168	1,923	1,923	168
CANANDAIGUA,NY	2ND EXIT FROM ROOMS	6,710	494	-6	5,820	75	327	6,222	402	327
CHILLICOTHE,OH	ELIMINATE EXIT DEFIC.	1,856				1,720	136		1,856	136
CINCINNATI,OH	SAFETY AND FIRE DEFICIENCIES	1,288			110	1,100	78	1,288	1,178	78
DALLAS,TX	FIRE SPRINKLER BLDG NO.1	1,186			795	165	226	1,186	391	226
DENVER,CO	SAFETY AND FIRE DEFICIENCIES	1,408	25		95	1,165	123	1,383	1,288	123
KANSAS CITY,MO	SAFETY AND FIRE DEFICIENCIES	1,518	1,452	-3	69			69		
KNOXVILLE,IA	SAFETY AND FIRE DEFICIENCIES	1,245			110	1,065	70	1,245	1,135	70
LEBANON,PA	SAFETY AND FIRE DEFICIENCIES	1,574	121	6	1,365	25	57	1,447	82	57
MINNEAPOLIS,MN	SAFETY AND FIRE DEFICIENCIES	1,761	66			115	1,580	1,695	1,695	1,580
MONTGOMERY,AL	SMOKE PARTITIONS	1,239				80	1,159		1,239	1,159
MURFREESBORO,TN	SAFETY AND FIRE DEFICIENCIES	3,168	33		205	2,625	305	3,135	2,930	305
MUSKOGEE,OK	CONSTRUCT ADEQUATE STAIRWELLS	1,693	412	8	401	825	47	1,273	872	47

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (I)-ELIM OF SAFETY HAZARDS								
NEW YORK,NY	SAFETY AND FIRE DEFICIENCIES	5,878	5,878			5,878		
NORTH CHICAGO(DOWNEY),IL	SAFETY AND FIRE DEFICIENCIES	3,626	3,626			3,626		
NORTH CHICAGO(DOWNEY),IL	REPLACE AND UPGRADE FIRE ALARM SYS	1,355		1,355		1,355		
NORTHPORT,NY	SAFETY AND FIRE DEFICIENCIES	3,900	1,366			1,366	2,534	
OKLAHOMA CITY,OK	SAFETY AND FIRE DEFICIENCIES	1,501	1,501			1,501		
PALO ALTO(PAD),CA	SAFETY AND FIRE DEFICIENCIES	4,000					4,000	
PITTSBURGH(UD),PA	SAFETY AND FIRE DEFICIENCIES	8,400					8,400	
SALEM,VA	SAFETY AND FIRE DEFICIENCIES	4,502	4,502			4,502		
SALISBURY,NC	SAFETY AND FIRE DEFICIENCIES	1,492		1,492		1,492		
SEPULVEDA,CA	SAFETY AND FIRE DEFICIENCIES	5,300	1,614			1,614	3,686	
SHREVEPORT,LA	SAFETY AND FIRE DEFICIENCIES	1,158	1,158			1,158		
ST.LOUIS(JB),MO	SAFETY AND FIRE DEFICIENCIES	1,319	1,319			1,319		
ST.LOUIS(JB),MO	SAFETY AND FIRE DEFICIENCIES	1,447	1,447			1,447		
TOGUS,ME	SAFETY AND FIRE DEFICIENCIES	1,907	1,907			1,907		
TUSCALOOSA,AL	SAFETY AND FIRE DEFICIENCIES	2,132	2,132			2,132		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (I)-ELIM OF SAFETY HAZARDS										
NEW YORK,NY	SAFETY AND FIRE DEFICIENCIES	5,878	100	35	340	5,125	228	5,743	5,353	228
NORTH CHICAGO(DOWNEY),I	SAFETY AND FIRE DEFICIENCIES	3,626	46		240		3,340	3,580	3,340	3,340
NORTH CHICAGO(DOWNEY),I	REPLACE AND UPGRADE FIRE ALARM SYS	1,355			90	1,170	95		1,265	95
NORTHPORT,NY	SAFETY AND FIRE DEFICIENCIES	3,900	73	14	260	3,405	148	1,279	1,019	148
OKLAHOMA CITY,OK	SAFETY AND FIRE DEFICIENCIES	1,501		73			1,428	1,428	1,428	1,428
PALO ALTO(PAD),CA	SAFETY AND FIRE DEFICIENCIES	4,000				265	3,735			3,735
PITTSBURGH(UD),PA	SAFETY AND FIRE DEFICIENCIES	8,400				555	7,845			7,845
SALEM,VA	SAFETY AND FIRE DEFICIENCIES	4,502	57		300	3,975	170	4,445	4,145	170
SALISBURY,NC	SAFETY AND FIRE DEFICIENCIES	1,492				1,395	97		1,492	97
SEPULVEDA,CA	SAFETY AND FIRE DEFICIENCIES	5,300	40	36	350	4,665	209	1,538	1,188	209
SHREVEPORT,LA	SAFETY AND FIRE DEFICIENCIES	1,158				75	1,083	1,158	1,158	1,083
ST.LOUIS(JB),MO	SAFETY AND FIRE DEFICIENCIES	1,319	32		85	1,145	57	1,287	1,202	57
ST.LOUIS(JB),MO	SAFETY AND FIRE DEFICIENCIES	1,447			95	1,250	102	1,447	1,352	102
TUGUS,ME	SAFETY AND FIRE DEFICIENCIES	1,907		17	125	1,645	120	1,890	1,765	120
TUSCALOOSA,AL	SAFETY AND FIRE DEFICIENCIES	2,132			2,015	10	107	2,132	117	107

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUST-MENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDE-RATION
OTHER IMPR (I)-ELIM OF SAFETY HAZARDS								
WHITE CITY,OR	REPLACE/UPGRADE FIRE ALARM SYS	1,010	1,010			1,010		
SUBTOTAL (32)		79320	53683	7017		60700	18620	

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (I)-ELIM OF SAFETY HAZARDS										
WHITE CITY,OR	REPLACE/UPGRADE FIRE ALARM SYS	1,010		19	65	875	51	991	926	51
SUBTOTAL (32)		79320	3069	218	14340	36365	25328	50396	43073	25328

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (K)-ELEVATORS								
BROOKLYN,NY	ADDITIONAL ELEVATORS	1,702	1,702			1,702		
CINCINNATI,OH	TWO ELEVATORS	1,720		1,295		1,295	425	
EAST ORANGE,NJ	FOUR ADDN ELEVATORS AND TWO FUTURE ELEVATORS	6,644	510			510		6,134
OMAHA,NB	TWO ADDNL ELEVATORS	1,053	1,053			1,053		
PALO ALTO(PAD),CA	2 ADDITIONAL ELEVATORS	1,300		1,300		1,300		
WILKES-BARRE,PA	THREE ELEVATORS	2,550	1,356			1,356	1,194	
SUBTOTAL (6)		14969	4621	2595		7216	1619	6134

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (K)-ELEVATORS										
BROOKLYN,NY	ADDITIONAL ELEVATORS	1,702	1,657	-42	87			87		
CINCINNATI,OH	TWO ELEVATORS	1,720			115	1,485	120		1,180	120
EAST ORANGE,NJ	FOUR ADDN ELEVATORS AND TWO FUTURE ELEVATORS	6,644	218				6,426	292	292	292
OMAHA,NB	TWO ADDNL ELEVATORS	1,053	957	33	63			63		
PALO ALTO(PAD),CA	2 ADDITIONAL ELEVATORS	1,300			85	1,125	90		1,215	90
WILKES-BARRE,PA	THREE ELEVATORS	2,550			170	2,205	175	1,356	1,186	175
SUBTOTAL (6)		14969	2832	-9	520	4815	6811	1798	3873	677

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN BO BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (M)-ENERGY CONSERVATION								
VARIOUS STATIONS	FY1981 ENERGY REQUEST	8,756					8,756	
AUGUSTA(LD),GA	DINING HALL KITCHEN ENERGY CONSERVATION	350			350	350		
AUGUSTA(LD),GA	ENERGY CONVERSATION	279			279	279		
COATESVILLE,PA	ENERGY CONSERVATION A/C WARD ADDN	703	700		3	703		
DAYTON,OH	ENERGY CONVERSATION	386			386	386		
DAYTON,OH	ENERGY CONSERVATION CLINICAL ADDITION	173	173			173		
FRESNO,CA	ENERGY CONSERVATION O/P CLINIC	250	250			250		
HAMPTON,VA	ENERGY CONSERVATION 120 BED NHC	415	415			415		
HUNTINGTON,WV	ENERGY CONSERVATION	403	403			403		
LIVERMORE,CA	ENERGY CONSERVATION 120 BED NHC	373			373	373		
MIAMI,FL	ENERGY CONSERVATION	330	330			330		
NASHVILLE,TN	ENERGY CONVERSATION	250			250	250		
PERRY POINT,MD	ENERGY CONSERVATION 80-BED NHC	108	108			108		
RENO,NV	ENERGY CONSERVATION CLINICAL ADDITION	125	125			125		
SALT LAKE CITY,UT	AMB. CORE ADN. ENERGY CONSERVA.	1,216			1,216	1,216		
TEMPLE,TX	ENERGY CONSERVATION 120 BED NHC	338			338	338		
VARIOUS STATIONS	FY78 ENERGY CONSERVATION	2,892	5,184		-2,292	2,892		
VARIOUS STATIONS	FY79 ENERGY CONSERVATION	723	1,623		-900	723		
VARIOUS STATIONS	FY80 ENERGY CONSERVATION	4,330		4,330		4,330		
SUBTOTAL (19)		22400	9311	4330	3	13644	8756	

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (N)-ENERGY CONSERVATION										
VARIOUS STATIONS	FY1981 ENERGY REQUEST	8,756					8,756			8,756
AUGUSTA(LD),GA	DINING HALL KITCHEN ENERGY CONSERVATION	350		350						
AUGUSTA(LD),GA	ENERGY CONVERSATION	279		279						
COATESVILLE,PA	ENERGY CONSERVATION A/C WARD ADDN	703	35	667	1			1		
DAYTON,OH	ENERGY CONVERSATION	386		368	5	10	3	18	13	3
DAYTON,OH	ENERGY CONSERVATION CLINICAL ADDITION	173	173							
FRESNO,CA	ENERGY CONSERVATION O/P CLINIC	250	15	231	4			4		
HAMPTON,VA	ENERGY CONSERVATION 120 BED NHC	415	366	3	40	6		46	6	
HUNTINGTON,WV	ENERGY CONSERVATION	403	403							
LIVERMORE,CA	ENERGY CONSERVATION 120 BED NHC	373		373						
MIAMI,FL	ENERGY CONSERVATION	330	330							
NASHVILLE,TN	ENERGY CONVERSATION	250		250						
PERRY POINT,MD	ENERGY CONSERVATION 80-BED NHC	108		108						
RENO,NV	ENERGY CONSERVATION CLINICAL ADDITION	125		125						
SALT LAKE CITY,UT	AMB. CORE ADN. ENERGY CONSERVA.	1,216		1,216						
TEMPLE,TX	ENERGY CONSERVATION 120 BED NHC	338		322	5	11		16	11	
VARIOUS STATIONS	FY78 ENERGY CONSERVATIO	2,892			1,870	215	807	2,892	1,022	807
VARIOUS STATIONS	FY79 ENERGY CONSERVATIO	723			685	25	13	723	38	13
VARIOUS STATIONS	FY80 ENERGY CONSERVATIO	4,330			270		4,060		4,060	4,060
SUBTOTAL (19)		22400	1322	4292	2880	267	13639	3700	5150	13639

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1980 FUNDING INCLUDES C OF M AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN BO BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (N)-WORKING RESERVE								
VARIOUS STATIONS	NON-RESEARCH WORKING RESERVE	15,872	9,874		5,998	15,872		
SUBTOTAL (1)		15872	9874		5998	15872		

59-500 O - 80 - 44

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (N)-WORKING RESERVE										
VARIOUS STATIONS	NON-RESEARCH WORKING RESERVE	15,872					15,872	15,872	15,872	15,872
SUBTOTAL (1)		15872					15872	15872	15872	15872

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (O)-ADVANCE PLANNING FUND								
VARIOUS STATIONS	FY1981 ADVANCE PLANNING REQUEST	11,000					11,000	
VARIOUS STATIONS	FY1980 ADVANCE PLANNING FUND	4,000		4,000		4,000		
SUBTOTAL (2)		15000		4000		4000	11000	
SUB-TOTAL, OTHER IMPROVEMENTS (216)		$793872	$463886	$83318	$-529	$546675	$191784	$55413

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (D)-ADVANCE PLANNING FUND										
VARIOUS STATIONS	FY1981 ADVANCE PLANNING REQUEST	11,000				4,000	7,000			7,000
VARIOUS STATIONS	FY1980 ADVANCE PLANNING FUND	4,000			3,755	35	210		245	210
SUBTOTAL (2)		15000			3755	4035	7210		245	7210
SUB-TOTAL, OTHER IMPROVEMENTS (216)		$793872	$193965	$80726	$64633	$203156	$251392	$188666	$287351	$195979

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
NATIONAL CEMETERIES								
CALVERTON, NY	DESIGN 70 ACRES MASTER PLAN PHII	8,194					574	7,620
CALVERTON, NY	ADMIN SERVICE BLDGS. COMMITTAL SVC COMPLEX	2,496	2,496			2,496		
CALVERTON, NY	MASTER PLANS DEV 50 ACRES	3,344	3,344			3,344		
CALVERTON, NY	DEVELOP 25 ACRES SVC BLDG	2,576	2,576			2,576		
FORT LOGAN,CO	ADM BLDG/ENTRANCE DR	1,115	92			92		1,023
FORT LOGAN,CO	DEVELOP 35 ACRES	2,260	2,260			2,260		
FORT SNELLING,MN	1ST PHASE MASTER PLANS PARTIAL DEVELOPMENT	712	712			712		
FORT SNELLING,MN	ADM SVC BLDG COMPLEX	2,050	326			326		1,724
FT.SAM HOUSTON, TX	DEVELOP 31 ACRES AND RELOCATE UTILITIES	1,832		1,832		1,832		
HONOLULU,HI	ADMIN BLDG/VISITOR CTR PKG, STRUCTURE	2,967	2,967			2,967		
HONOLULU,HI	COLUMBARIUM ON RIM OF CRATER	3,250	3,250			3,250		
INDIAN TOWN GAP, PA	MASTER PLANS PH I DEV	4,250	4,250			4,250		
INDIAN TOWN GAP, PA	MEMORIAL CTR (VISTOR)	575	575			575		
INDIAN TOWN GAP, PA	DEVELOP 100 ACRES	5,595	5,595			5,595		
JEFFERSON BARRACKS,MO	DEV 20 ACRES + ADDN FACIL	1,371	1,400		-29	1,371		
JEFFERSON BARRACKS,MO	DEVELOP 40 ACRES	1,944		1,944		1,944		
MASSACHUSETTS	DESIGN 60 ACRES MASTER PLAN PH IV	4,152					291	3,861
MASSACHUSETTS	MASTER PLANS PH I DEV	3,330	3,085		245	3,330		
MASSACHUSETTS	MEMORIAL CTR (VISTOR)	575	575			575		
MASSACHUSETTS	DEVELOP 50 ACRES	2,394	2,394			2,394		
QUANTICO,VA	DESIGN 50 ACRES MASTER PLAN PH III	15,485					1,084	14,401

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
NATIONAL CEMETERIES										
CALVERTON, NY	DESIGN 70 ACRES MASTER PLAN PHII	8,194				475	7,719			99
CALVERTON, NY	ADMIN SERVICE BLDGS, COMMITTAL SVC COMPLEX	2,496	163	5	2,165	50	113	2,328	163	113
CALVERTON, NY	MASTER PLANS DEV 50 ACR	3,344	492	30	2,665	85	72	2,822	157	72
CALVERTON, NY	DEVELOP 25 ACRES SVC BL	2,576			170		2,406	2,576	2,406	2,406
FORT LOGAN,CO	ADM BLDG/ENTRANCE DR	1,115		60			1,055	32	32	32
FORT LOGAN,CO	DEVELOP 35 ACRES	2,260		160	1,930	60	110	2,100	170	110
FORT SNELLING,MN	1ST PHASE MASTER PLANS PARTIAL DEVELOPMENT	712	662		50			50		
FORT SNELLING,MN	ADM SVC BLDG COMPLEX	2,050	139	-1			1,912	188	188	188
FT.SAM HOUSTON, TX	DEVELOP 31 ACRES AND RELOCATE UTILITIES	1,832					1,832		1,832	1,832
HONOLULU,HI	ADMIN BLDG/VISITOR CTR PKG. STRUCTURE	2,967				195	2,772	2,967	2,967	2,772
HONOLULU,HI	COLUMBARIUM ON RIM OF CRATER	3,250	240	29	215	2,716		2,931	2,716	
INDIAN TOWN GAP, PA	MASTER PLANS PH I DEV	4,250	321	256	77	3,345	251	3,673	3,596	251
INDIAN TOWN GAP, PA	MEMORIAL CTR (VISTOR)	575				40	535	575	575	535
INDIAN TOWN GAP, PA	DEVELOP 100 ACRES	5,595				370	5,225	5,595	5,595	5,225
JEFFERSON BARRACKS,MO	DEV 20 ACRES + ADDN FAC	1,371	1,371							
JEFFERSON BARRACKS,MO	DEVELOP 40 ACRES	1,944			1,640	35	269		304	269
MASSACHUSETTS	DESIGN 60 ACRES MASTER PLAN PH IV	4,152				240	3,912			51
MASSACHUSETTS	MASTER PLANS PH I DEV	3,330	440	2,661	65	85	79	229	164	79
MASSACHUSETTS	MEMORIAL CTR (VISTOR)	575				40	535	575	575	535
MASSACHUSETTS	DEVELOP 50 ACRES	2,394			180		2,214	2,394	2,214	2,214
QUANTICO,VA	DESIGN 50 ACRES MASTER PLAN PH III	15,485				900	14,585			184

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
NATIONAL CEMETERIES								
QUANTICO,VA	DEV 20 ACRES CONSTRUCT ADMIN/SVC BLDGS.	3,300	3,300			3,300		
QUANTICO,VA	MEMORIAL CTR (VISITOR)	575	575			575		
QUANTICO,VA	DEVELOP 75 ACRES	4,888	4,888			4,888		
REGION IV	MASTER PLANS PH I DEV	4,038	653	3,385		4,038		
REGION V	MASTER PLANS	4,000	650	3,350		4,000		
RIVERSIDE, CA	MASTER PLANS PH I DEV	5,053	5,053			5,053		
RIVERSIDE, CA	MEMORIAL CTR (VISITOR)	575	575			575		
RIVERSIDE, CA	DEVELOP 45 ACRES	2,425	200	2,225		2,425		
WILLAMETTE,OR	DEV 20 ACRES ADDN FACILITIES	1,506	1,506			1,506		
SUBTOTAL (30)		96827	53297	12736	216	66249	1949	28629

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	1980	1981
NATIONAL CEMETERIES										
QUANTICO,VA	DEV 20 ACRES CONSTRUCT ADMIN/SVC BLDGS.	3,300		215	2,865	35	185	3,085	220	185
QUANTICO,VA	MEMORIAL CTR (VISITOR)	575				40	535	575	575	535
QUANTICO,VA	DEVELOP 75 ACRES	4,888				420	4,468	4,888	4,888	4,468
REGION IV	MASTER PLANS PH I DEV	4,038	50			300	3,688	603	3,988	3,688
REGION V	MASTER PLANS	4,000	48			265	3,687	602	3,952	3,687
RIVERSIDE, CA	MASTER PLANS PH I DEV	5,053	4,919	87	47			47		
RIVERSIDE, CA	MEMORIAL CTR (VISITOR)	575	47			500	28	528	528	28
RIVERSIDE, CA	DEVELOP 45 ACRES	2,425		143	2,120	50	112	57	162	112
WILLAMETTE,OR	DEV 20 ACRES ADDN FACILITIES	1,506	193	115	1,198			1,198		
SUBTOTAL (30)		96827	9135	3760	15387	10246	58299	40618	37967	29670

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
COMPUTER CENTERS ADDN + ALTERATIONS								
MINES(DPC),IL	DPC BUILDING	5,600	5,600			5,600		
SUBTOTAL (1)		5600	5600			5600		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
COMPUTER CENTERS ADDN + ALTERATIONS										
MINES(DPC),IL	DPC BUILDING	5,600	5,431	120	49			49		
SUBTOTAL (1)		5600	5431	120	49			49		

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
REGIONAL OFFICE REPL RENOVA								
TOGUS,ME	UVB	3,090					3,090	
SUBTOTAL (1)		3090					3090	
TOTAL (353)		$3172050	$2000510	$317292	$-652317796		$519354	$334900
TOTAL		$3172050	$2000510	$317292	$-652317796		$519354	$334900
APF SUPPLEMENTAL		3200		3200		3200		
GRAND TOTAL		$3175250	$2000510	$320492		$2320996	$519354	$334900

CONSTRUCTION, MAJOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
REGIONAL OFFICE REPL RENOVA										
IOGUS,ME	DVo	3,090				205	2,885			2,885
SUBTOTAL (1)		3090				205	2885			2885
TOTAL (353)		$3172050	$879990	$205552	$389149	$520403	$1176956	$914962	$843105	$842056
TOTAL		$3172050	$879990	$205552	$389149	$520403	$1176956	$914962	$843105	$842056
APP SUPPLEMENTAL		3200			275	1970	955		2925	955
GRAND TOTAL		$3175250	$879990	$205552	$389424	$522373	$1177911	$914962	$846030	$843011

14-123

CONSTRUCTION, MINOR PROJECTS

Appropriation Language

"For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, including planning, architectural and engineering services, and site acquisition, or for any of the purposes set forth in Sections 1004, 1006,[5001, 5002, 5004 and 5012] 5002, 5003, 5006, 5008, 5009, 5010 where the estimated cost of a project is less than [$1,000,000] $3,000,000, and for necessary expense of the Office of Construction [$73,072,000] $140,454,000 to remain available until expended: Provided, that not more than [$23,669,000] $29,344,000 shall be available for expenses of the Office of Construction.

Explanation of Language Change

The demarcation between the Major and Minor Construction appropriations has been $1,000,000 since the inception of the appropriations in FY 73. By FY 81, construction costs will have doubled as measured by the Boeckh Index, a leading construction market indicator used by the agency in cost estimating. The increase to $3 million is based on two factors. The upward spiralling of construction costs will continue; within 5 more years, inflation at current rates will reduce $3 million to less than one million in FY 73 dollars. Secondly, the relationship between Major and Minor Construction appropriation will not change markedly. Beginning with the FY 81 budget, the Veterans Administration is proposing a significant expansion of construction activity in the future. With the increase to $3 million for Minor projects, program balance, flexibility, and response can be maintained while correcting several smaller deficiencies simultaneously, which is more efficient during construction and less disruptive to the hospitals. Larger projects have been limited by the need to disseminate the funds throughout the VA system as well as the rapidly declining value of a million dollars. With larger budgets, larger projects will now be possible if the limitation on Minor is raised. The relationship between Major and Minor has been approximately a 4:1 ratio in dollars; this will not change with the significantly larger budgets we are proposing as both Major and Minor projects will generally be larger.

The sections of Title 38, United States Code pertaining to construction activities have been adjusted by P.L. 96-22, enacted on June 13, 1979.

Appropriation/Fund Highlights

	FY 1979 Actual	1980 Estimate	1981 Estimate	Increase (+) Decrease (-)
	(Dollars in Thousands)			
Appropriation	86,345	74,539	140,454	+ 65,915
Less: Reprogrammings from prior appropriations	...	-510	...	-510
New Budget Authority	86,345	74,029	140,454	+ 66,425
Obligations	111,405	93,143	122,320	+ 29,177
Cost	86,533	116,843	117,994	+ 1,151
Outlays	86,265	112,870	107,696	- 5,174
Average employment (jurisdictional)	740	762	851	+ 89

FY 1980 total includes requested supplementals

General Statement

The Construction, Minor Projects appropriation provides for constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, including planning, architectural and engineering services, and site acquisition, and art in architecture where the estimated cost of a project is less than $3,000,000, and expenses of the Office of the Assistant Administrator for Construction.

SUMMARY OF 1981 REQUEST

An appropriation of $140,454 is requested for 1981. A summary of the request by activity follows:

	FY 1981 Request (In Thousands of $)
Construction Projects :	
A. Medical Program	
Research and Education	$ 5,620
Outpatient Improvement	1,634
Other Improvements	94,509
General Projects	(23,958)
Miscellaneous Projects $100,000 - $400,000	(41,984)
Clinical Improvements	(8,939)
Correction of Electrical Deficiencies	(5,482)
Elimination of Safety Hazards	(7,217)
Elevators	(3,365)
Air Conditioning	(740)
Energy Conservation	(2,824)
B. ODM&T	1,848
C. National Cemetery Program	3,173
D. Regional Offices, Replacement and Renovation	4,326
E. General Administration	29,344
Total - Construction Minor Request	$140,454

Changes from Original 1980 Budget Estimates

	1980 Budget Estimate	1980 Current Estimate	Increase (+) Decrease (-)
Appropriation (adjusted)	72,633	74,539	+ 1,906
Obligations	99,356	93,143	- 6,213
Costs	105,306	116,843	+11,537
Outlays	102,392	112,870	+10,478
Average employment (jurisdictional)	737	762	+ 25
General Administration	(704)	(706)	(+ 2)
Purchase and Hire	(33)	(56)	(+ 23)

The FY 1980 appropriation bill as enacted provides $72,633,000, which was $439,000 less than requested. Congress reduced the General Administration request of the Office of Construction by this amount with a reduction of the average employment by 9. The additional budget authority, $1,396,000, reflected in the current estimate consists of two portions. First, the civilian pay raise effective October 7, 1979 will require $1,310,000 in additional payroll funds. The proposal to meet this funding need is an $800,000 supplemental and a $510,000 reprogramming of existing funds. The $510,000 is unobligated minor construction funds. With our civilian pay raise supplemental request of $800,000 is the provision to increase the limitation on Office of Construction administrative expenses by the full $1,310,000 for FY 80. With approval of this higher limitation, reprogramming for the $510,000 can be undertaken.

Secondly, a supplemental appropriation request of $596,000 is being requested to provide additional employees in the Office of Construction (11 average employment) to develop the projects through preliminary plans, which will be funded in the Construction, major supplemental. The advance planning of construction projects is being intensified in anticipation of much larger construction budgets in the immediate future.

In addition to the increases for the two supplementals, obligations, costs, and outlays have been adjusted with revised schedules and cost estimates for contract awards in FY 80 and actual contractor bids received over the last year.

The average employment increase of 25 is composed of two portions - General Administration and Purchase and Hire. The General Administration increase of 2 to 706 reflects the Congressional reduction of 9 specified in the appropriation bill and a supplemental of 11 now being proposed for the preliminary development of projects within the Advance Planning Fund supplemental in the Major Construction appropriation.

Purchase and Hire employees are skilled and unskilled laborers hired directly to finish projects or to do small projects completely. No funds will be reprogrammed to pay for the additional employees as the project funds are used to pay these temporary construction workers. They are not civil service employees; rather than contracting with a construction firm for some projects, the station engineer employs the construction workers directly. These employees are utilized when the funding is restricted, the schedule is erratic, or the work has to be done very quickly. The Office of Construction estimates the need for an additional 35 above the FY 80 budget estimate of 40. It is divided between both Major and Minor appropriations.

	Budget Estimate	Current Estimate	Change
Major	7	19	+ 12
Minor	33	56	+ 23
Total	40	75	+ 35

CONSTRUCTION, MINOR PROSPECTUS INDEX

Location	Project Description	Page No.
Construction, Minor		
Various Stations	Research and Education	15-5
Various Stations	Outpatient Improvements	15-6
Various Stations	General Projects	15-7
Various Stations	Miscellaneous Project ($100,000 - $400,000)	15-8
Various Stations	Energy Conservation	15-14
Various Stations	Elimination of Safety Hazards	15-11
Various Stations	Correction of Electrical Deficiencies	15-10
Various Stations	Clinical Improvements	15-9
Various Stations	Air Conditioning	15-13
Various Stations	Elevators	15-12
Various Stations	Regional Offices, Replacement & Renovation.	15-17
Various Stations	National Cemetery Program	15-15
Various Stations	Computer Center Additions & Alterations ...	15-16

Various Stations

Research and Education

I. Need for the Program

Research and Education activities serve as important support functions in fostering strong medical school affiliations, augmenting the therapeutic skills of providers of medical care, and furthering medical science.

II. Method of Meeting the Need

It is proposed to make necessary additions to or modifications of existing structures or to provide new construction where necessary. The funds requested under this category are to provide for projects costing less than $3,000,000, but more than $400,000. Projects estimated to cost $3,000,000 or more are included in the construction, major appropriation request.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request ... $5,620

Various Stations

Outpatient Improvements

I. Need for the Project

Until recent years the primary mission of VA hospitals was to provide inpatient care, with outpatient programs serving as an adjunct. As a result of recent legislation (Public Laws 91-102, 91-500, and 93-82), the outpatient workload has increased tremendously. To meet immediate and future needs, and provide better ambulatory care, outpatient clinics must be modernized and expanded.

II. Method of Meeting the Need

It is planned to improve outpatient clinics and outpatient related support functions, such as radiology or clinical laboratory by alterations to existing space or expansion. These improvements will provide facilities for an improved workflow necessary to continue to care properly for veteran outpatients. Fixed equipment will be updated, communication facilities improved, and equipment provided for the use of automated procedure.

The funds requested under this category are to provide for projects estimated to cost more than $400,000 but less than $3,000,000 for improvement to outpatient clinic facilities, including expansion and relocation where feasible. Projects estimated to cost $3,000,000 or more are included in the Construction, Major appropriation request.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request ... $1,634

59-500 O - 80 - 45

Various Stations

General Projects

I. Need for the Program

Projects funded from this category are necessary to eliminate deficiencies which sharply impair the ability of a facility to provide modern medical care and treatment. Accomplishment of these minor modernization, renovation, and expansion projects can have a major effect on the ability of a hospital to function efficiently and provide care effectively, while maintaining the dignity of our veterans.

II. Method of Meeting the Need

It is proposed to make the necessary additions or modifications to existing structures to improve operations, eliminate deficiencies, or provide for new or improved patient care or therapy with projects estimated to cost more than $400,000 but less than $3,000,000. Included are such projects as renovation of buildings and wards, modernization of dietetics areas, warehouses and other projects generally intended to upgrade or expand support and administrative areas.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request $23,958

Various Stations

Miscellaneous Projects / $100,000 - $400,000

I. Need for the Program

There is a need to support and provide for the continuing modification and expansion of selected facilities to protect the capital investment, meet the demands of an ever-changing environment, correct unsafe conditions and cited deficiencies, and provide an acceptable standard of therapy and care commensurate with the funding limitations for this category of projects. Minor improvement medical construction projects costing less than $100,000 are generally funded from annual operating funds justified as part of the medical care appropriation.

Minor miscellaneous projects represent a very high priority category of funds because they provide a flexible and timely response for the accomplishment of many critical projects necessary to keep pace with the rapid changes in the practice of medicine and to offset facility deterioration.

II. Method of Meeting the Need

It is proposed to make necessary additions or modifications to existing structures to improve operations, and to eliminate deficiencies with projects estimated to cost no more than $400,000. Included are such projects as converting or renovating patient wards, remodeling clinical areas, renovating patient support facilities, installing specialized medical equipment and providing transportation systems. Also included are projects correcting safety and fire protection deficiencies, JCAH deficiencies and other cited deficiencies and providing for the conversion of energy improvements.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request ... $41,984

706

Various Stations

Clinical Improvements

I. Need for the Program

In a large number of VA medical centers, clinical support facilities such as Radiology, Laboratory, Dentistry, etc., were provided in a minimum amount at the time of construction or alteration. New developments in medicine and recent legislative enactments have increased the workload of support facilities for the inpatient and outpatient workload

II. Method of Meeting the Need

It is planned to correct the deficiencies at various Medical Centers by alterations to existing facilities or new construction where necessary. The funds requested under this category are to provide for projects costing less than $3,000,000, but more than $400,000. Projects estimated to cost $3,000,000 or more are included in the construction, major appropriation request.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request ... $8,939

Various Stations

Correction of Electrical Deficiencies

I. Need for the Program

Many of our medical centers fail to meet the fundamental standards for effectual and sound electrical distribution systems. Various vital and critical areas such as essential alarm systems and elevators, corridors, bed areas and stairwells in patient occupied buildings are deficient in emergency electrical power. Most electrical systems are in dire need of upgrading to conform with codes, standards and sound engineering practices.

Power blackouts and brownouts have become a reality due to our nation's increasing use of electrical power. The energy crisis and the possibility of natural disasters present the continuing threat of power outages in our VA facilities. Therefore, we must provide the capability for safe and sure electrical power.

II Method of Meeting the Need

This is the FY 1981 segment of our multi-year effort that proposes to upgrade emergency, primary, and secondary electrical power systems, consistent with applicable codes, standards and sound engineering practices tailored to the needs of individual Medical Centers.

The funds requested under this category are to provide for projects costing more than $400,000, but less than $3,000,000. Projects estimated to cost $3,000,000 or more are included in the construction, major appropriation request.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request ... $5,482

Various Stations

Elimination of Safety Hazards

I. Need for the Program

This program proposes to correct safety and fire protection deficiencies in existing structures by installation of additional exits, enclosing stairs and installation of smoke barrier doors and automatic sprinkler systems and fire alarm systems.

II. Method of Meeting the Need

This is one increment in a multi-year program to upgrade existing structures to comply with applicable safety and fire protection codes and OSHA Standards or to demolish vacant buildings which, if left standing, would become a safety and fire hazard.

The funds requested under this category are to provide for projects costing more than $400,000 but less than $3,000,000. Projects estimated to cost $3,000,000 or more are included in the construction, major appropriation request.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request $7,217

Various Stations

Elevators

I. Need for the Program

The present elevator systems of passenger and freight elevators are inadequate and the cause of unwarranted delays in transporting emergency health care teams, patients, critical supplies, food carts, staff and visitors. These situations sorely need correction so that proper patient care can be administered effectively and the morale of patients and staff maintained at a favorable degree.

II. Method of Meeting the Need

It is proposed that these deficiencies be corrected by constructing new elevator shafts, new elevator cars within and/or abutting existing hospital buildings. Elevator cars and controls will be equipped with the latest state-of-the-art components which will insure that fast dependable service can be provided.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request $3,365

Various Stations

Air Conditioning

I. Need for the Program

Air conditioning is a necessary feature of modern medical centers. Provision of air conditioning enhances patient comfort and contributes to increased productivity of workers in the clinical environment.

II. Method of Meeting the Need

Project provides for air conditioning of selected clinical areas.

III. Budget Authority (In Thousands of Dollars)

Fy 1981 Request ... $740

Various Stations

Energy Conservation
(Minor Construction)

I. Need for the Program

The reduction of fuel requirements requested by the President, along with the philosophy of zero growth in power use, has impelled the VA to include in its FY 1981 construction program projects which will enhance government leadership in these areas. All projects selected for this category will have significant energy saving potential.

II. Method of Meeting the Need

Design of these projects will be on an individual basis to meet specific energy conservation requirements. Projects will include alteration of existing energy systems to augment their efficiency and reduce their energy consumption. Other projects will make use of solar energy to provide heated water for laundries.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request $2,824

National Cemetery Program

Construction - Minor

Various Stations

I. Need for the Program

Various projects are needed to provide urgently needed gravesites including supporting roadways, utilities, and landscaping.

II. Method of Meeting the Need

It is planned to provide, with this category, urgent National Cemetery Construction projects costing less than $3,000,000 for the type of work listed in Need For The Program above.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request $3,173

Various Stations

Computer Center Additions and Alterations

I. Need for the Program

Projects funded under this category are necessary to provide for alterations to space within existing hospitals for the Health Care Information System and to correct deficiencies in the electrical and cooling systems at the Hines DPC.

II. Method of Meeting the Need

Health Care Information System

Installation of raised flooring, air conditioning and electrical components for three computer systems and twelve telecommunication systems. There will be six sites selected.

Hines DPC

Provide emergency power for the computer room and associated air conditioning equipment on a continuous basis. This will require:

a. Approximately 2,500 square feet addition to the building.

b. Installation of emergency generators and related electrical work.

c. Changing size of evaporative coolers.

d. Installation of additional pneumatic control compressors.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request $1,848

Various Stations

Regional Offices and Other Department of Veterans Benefits Facilities Replacement or Renovations

I. Need for the Program

Projects funded from this category are necessary to adapt existing facilities to meet DVB's current operational needs. This is essential to avoid critical operational problems resulting from major unresolved space deficiencies. Also, a new facility will be constructed on medical center grounds at one location as the trend of geographically separating the regional office and medical center is reversed.

II. Method of Meeting the Need

It is proposed to make necessary additions and modifications to existing facilities and the construction of a new regional office at the medical center to provide an acceptable, operationally effective work environment for DVB activities where the estimated cost of this project is less than $3,000,000.

III. Budget Authority (In Thousands of Dollars)

FY 1981 Request ... $4,326

INDEX

MINOR PROJECTS

	DESCRIPTION	PAGE NO.
NHC	Nursing Home Care	15-20
R&E	Research and Education	15-22
AMB	Outpatient Improvements	15-24
OSA	Other Improv. - General Projects	15-26
OSB	Other Improv. - Misc. Projects $100 - $400,000	15-32
OSD	Other Improv. - Clinical Improvements	15-80
OSE	Other Improv. - Air Conditioning Systems	15-86
OSH	Other Improv. - Correction of Seismic Defic.	15-88
OSI	Other Improv. - Correction of Electrical Defic.	15-92
OSJ	Other Improv. - Elimination of Safety Hazards	15-100
OSL	Other Improv. - Elevators	15-110
OSO	Other Improv. - Energy Conservation	15-112
OSQ	Other Improv. - Admin. Discretionary Fund	15-114
OSR	Other Improv. - Advance Planning Fund	15-116
NC	National Cemeteries	15-118
CC	Computer Centers Addition and Alterations	15-122
DVB	Regional Office Repl. Renovation	15-124
GAD	General Administration	15-126

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUST-MENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSID-ERATION
NURSING HOME CARE								
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		6,269		2	6,271		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-1,628			-1,628		
BILOXI(BD),MS	NHC-70 BEDS	321						
CASTLE POINT,NY	NHC-52 BEDS	865						
EAST ORANGE,NJ	NHC-60 BEDS	652						
FORT LYON,CO	RENOVATE LEVEL A B7 FOR NHCU	1,000						
LEXINGTON(LD),KY	NHC-50 BEDS	653						
MEMPHIS,TN	LAND ACQUISION PARCEL 1-4	275						
SAGINAW,MI	30 BED NHC UNIT	664						
VARIOUS STATIONS	NHC WORKING RESERVE	4						
VARIOUS STATIONS	FY75 PROGRAM BALANCE	49						
VARIOUS STATIONS	FY76 PROGRAM BALANCE	122						
VARIOUS STATIONS	FYTQ PROGRAM BALANCE	38						
SUBTOTAL (13)		4643	4641		2	4643		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
NURSING HOME CARE										
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
BILOXI(BD),MS	NHC-70 BEDS	321	321							
CASTLE POINT,NY	NHC-52 BEDS	865	850	11	4			4		
EAST ORANGE,NJ	NHC-60 BEDS	652	652							
FORT LYON,CO	RENOVATE LEVEL A B7 FOR NHCU	1,000				30	970	1,000	1,000	970
LEXINGTON(LD),KY	NHC-50 BEDS	653	635	6	12			12		
MEMPHIS,TN	LAND ACQUISION PARCEL 1-4	275				265	10	275	275	10
SAGINAW,MI	30 BED NHC UNIT	664	48	582	15	19		34	19	
VARIOUS STATIONS	NHC WORKING RESERVE	4				4		4	4	
VARIOUS STATIONS	FY75 PROGRAM BALANCE	49			45		4	49	4	4
VARIOUS STATIONS	FY76 PROGRAM BALANCE	122			93	29		122	29	
VARIOUS STATIONS	FYTQ PROGRAM BALANCE	38				35	3	38	38	3
SUBTOTAL (13)		4643	2506	599	169	382	987	1538	1369	987

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
RESEARCH AND EDUCATION								
VARIOUS STATIONS	FY1981 REQUEST	5,620					5,620	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		12,657		1	12,658		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-834			-834		
ALBANY, NY	EDUCATION TRAINING FACILITIES	364						
ALBANY, NY	ANIMAL RESEARCH FACILITY	972						
ALBUQUERQUE,NM	EDUCATION BLDG.	920						
BRENTWOOD(LA),CA	PROVIDE RESEARCH LAB	576						
FRESNO,CA	AHEC/MEDICAL EDUCATION BLDG.	1,344						
LOUISVILLE,KY	EDUCATION BLDG.	951						
MARTINEZ,CA	MODULAR EDUCATION BLDG.	999						
PALO ALTO(PAD),CA	ANIMAL RESEARCH FACILITY	1,078						
SAN FRANCISCO, CA	ANIMAL RESEARCH FACILITY	998						
SEATTLE,WA	ANIMAL RESEARCH FACILITY	471						
TUCSON,AZ	ANIMAL FACILITY	1,149						
WADSWORTH(LA),CA	PEPTIC ULCER CENTER	235						
WADSWORTH(LA),CA	NEW ARF	996						
WASHINGTON, DC	CLOSE CIRCUIT TV	458						
WICHITA,KS	REMODEL BLDG NO.4	225						
VARIOUS STATIONS	FY74 PROGRAM BALANCE	57						
VARIOUS STATIONS	FY79 PROGRAM BALANCE	31						
SUBTOTAL (20)		17444	11823		1	11824	5620	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
RESEARCH AND EDUCATION										
VARIOUS STATIONS	FY1981 REQUEST	5,620				365	5,255			5,255
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
ALBANY, NY	EDUCATION TRAINING FACILITIES	364	388	-24						
ALBANY, NY	ANIMAL RESEARCH FACILIT	972	80	10	30	852		882	852	
ALBUQUERQUE,NM	EDUCATION BLDG.	920		882	25	13		38	13	
BRENTWOOD(LA),CA	PROVIDE RESEARCH LAB	576	565		11			11		
FRESNO,CA	AHEC/MEDICAL EDUCATION BLDG.	1,344	98	1,202	15	29		44	29	
LOUISVILLE,KY	EDUCATION BLDG.	951	883	-6	74			74		
MARTINEZ,CA	MODULAR EDUCATION BLDG.	999	37	6	956			956		
PALO ALTO(PAD),CA	ANIMAL RESEARCH FACILITY	1,078	76	970	5	10	17	32	27	17
SAN FRANCISCO, CA	ANIMAL RESEARCH FACILITY	998	82		35	881		916	881	
SEATTLE,WA	ANIMAL RESEARCH FACILIT	471	28	184	135	124		259	124	
TUCSON,AZ	ANIMAL FACILITY	1,149		1,105	30	14		44	14	
WADSWORTH(LA),CA	PEPTIC ULCER CENTER	235	219		16			16		
WADSWORTH(LA),CA	NEW ARF	996		8	875	45	68	988	113	68
WASHINGTON, DC	CLOSE CIRCUIT TV	458	457		1			1		
WICHITA,KS	REMODEL BLDG NO.4	225	209	15	1			1		
VARIOUS STATIONS	FY74 PROGRAM BALANCE	57			55	2		57	2	
VARIOUS STATIONS	FY76 PROGRAM BALANCE	31			30		1	31	1	1
SUBTOTAL (20)		17444	3122	4352	2294	2335	5341	4350	2056	5341

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OUTPATIENT IMPROVEMENTS								
VARIOUS STATIONS	FY1981 REQUEST	1,634					1,634	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		16,336	544		16,880		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-1,835			-1,835		
ASHEVILLE(OTEEN),NC	RENOVATE AND EXPAND O/P AMB CARE	474						
BAY PINES,FL	O/P CLINIC EXPANSION	375						
CHARLESTON,SC	O/P CLINIC EXPANSION	850						
EAST ORANGE,NJ	O/P CLINIC IMPROVEMENTS	988						
FORT HARRISON,MT	O/P ADDITIONS	1,140						
GRAND JUNCTION,CO	REMODEL AMBULATORY CARE CLINIC	336						
MANCHESTER,NH	O/P CLINIC IMPROVEMENTS	771						
SAN DIEGO,CA	O/P CLINIC IMPROVEMENTS	528						
SAN DIEGO,CA	O/P CLINIC IMPROVEMENTS	304						
SAN DIEGO,CA	ALTERATIONS TO O/P CLINICS PHASE III	1,002						
SEATTLE,WA	AMBULATORY CARE BLDG	1,276						
TAMPA,FL	O/P IMPROVEMENTS	682						
WEST HAVEN,CT	O/P CLINIC IMPROVEMENTS	870						
VARIOUS STATIONS	FY74 PROGRAM BALANCE	258						
VARIOUS STATIONS	FY75 PROGRAM BALANCE	327						
VARIOUS STATIONS	FYTQ PROGRAM BALANCE	500						
VARIOUS STATIONS	FY77 PROGRAM BALANCE	3,820						
VARIOUS STATIONS	FY80 PROGRAM BALANCE	544						
SUBTOTAL (21)		16679	14501	544		15045	1634	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF M AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OUTPATIENT IMPROVEMENTS										
VARIOUS STATIONS	FY1981 REQUEST	1,634				110	1,524			1,524
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
ASHEVILLE(OTEEN),NC	RENOVATE AND EXPAND O/P AMB CARE	474	450	9	15			15		
BAY PINES,FL	O/P CLINIC EXPANSION	375	361		14			14		
CHARLESTON,SC	O/P CLINIC EXPANSION	850	47	760	30	13		43	13	
EAST ORANGE,NJ	O/P CLINIC IMPROVEMENTS	988	950		38			38		
FORT HARRISON,MT	O/P ADDITIONS	1,140	1,097	9	34			34		
GRAND JUNCTION,CO	REMODEL AMBULATORY CARE CLINIC	336	306	6	24			24		
MANCHESTER,NH	O/P CLINIC IMPROVEMENTS	771	746	-3	28			28		
SAN DIEGO,CA	O/P CLINIC IMPROVEMENTS	528	512	-3	19			19		
SAN DIEGO,CA	O/P CLINIC IMPROVEMENTS	304	22	264	18			18		
SAN DIEGO,CA	ALTERATIONS TO O/P CLINICS PHASE III	1,002	68	799	60	75		135	75	
SEATTLE,WA	AMBULATORY CARE BLDG	1,276	1,244	20	12			12		
TAMPA,FL	O/P IMPROVEMENTS	682	634	8	40			40		
WEST HAVEN,CT	O/P CLINIC IMPROVEMENTS	870	836	1	33			33		
VARIOUS STATIONS	FY74 PROGRAM BALANCE	258				240	18	258	258	18
VARIOUS STATIONS	FY75 PROGRAM BALANCE	327				305	22	327	327	22
VARIOUS STATIONS	FY76 PROGRAM BALANCE	500				465	35	500	500	35
VARIOUS STATIONS	FY77 PROGRAM BALANCE	3,820					3,820	3,820	3,820	3,820
VARIOUS STATIONS	FY80 PROGRAM BALANCE	544			35	475	34		509	34
SUBTOTAL (21)		16579	7273	1870	400	1683	5453	5358	5502	5453

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (A)-GENERAL PROJECTS								
VARIOUS STATIONS	FY1981 REQUEST-OTHER	11,124					11,124	
VARIOUS STATIONS	FY1981 REQUEST-ENVIRO	12,834					12,834	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		37,222	1,826	-502	-38,546		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-2,165			-2,165		
ALBUQUERQUE,NM	WARD RENOVATIONS 7 7A	962						
AUGUSTA(LD),GA	MEDICAL GAS AND NURSE CALL SYSTEM	590						
BATH,NY	NEW WAREHOUSE	663						
BEDFORD,MA	CONN TO CITY SEWER SYS	668						
BEDFORD,MA	REPLACE WATER DISTR. SYSTEM	536						
BROCKTON,MA	MODERNIZE PATIENT ROOMS BLDGS. 3 5	1,099						
CLEVELAND(BRECKSVLE),OH	ADVANCE TO CITY OF CLEVELAND	156						
DALLAS,TX	PATIENT SUPPORT SYSTEM	775						
DAYTON,OH	RENOVATE WARD 11	429						
DAYTON,OH	RENOVATE WARD 12	589						
DUBLIN,GA	SEWAGE TREATMENT PLANT	472						
FARGO,ND	EXPANSION OF LAB SVC	681						
FAYETTEVILLE,AK	WARD RENOVATIONS	951						
FAYETTEVILLE,NC	SUPPLY WAREHOUSE	367						
FORT LYON,CO	MOD TO SEWAGE TREATMENT PLANT	1,028						
HINES(VAH),IL	FUEL OIL STORAGE	534						
HUNTINGTON,WV	BASIC SCIENCE ADDITION	834						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (A)-GENERAL PROJECTS										
VARIOUS STATIONS	FY1981 REQUEST-OTHER	11,124				720	10,404			10,404
VARIOUS STATIONS	FY1981 REQUEST-ENVIRO	12,834				830	12,004			12,004
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
ALBUQUERQUE,NM	WARD RENOVATIONS 7 7A	962	69	834	40	19		59	19	
AUGUSTA(LD),GA	MEDICAL GAS AND NURSE CALL SYSTEM	590		8	30	530	22	582	552	22
BATH,NY	NEW WAREHOUSE	663	651	2	10			10		
BEDFORD,MA	CONN TO CITY SEWER SYS	668	670	-2						
BEDFORD,MA	REPLACE WATER DISTR. SYSTEM	536	499	28	9			9		
BROCKTON,MA	MODERNIZE PATIENT ROOMS BLDGS. 3 5	1,099	1,056	41	2			2		
CLEVELAND(BRECKSVLE),OH	ADVANCE TO CITY OF CLEVELAND	156	256	-100						
DALLAS,TX	PATIENT SUPPORT SYSTEM	775	777	-2						
DAYTON,OH	RENOVATE WARD 11	429	429							
DAYTON,OH	RENOVATE WARD 12	589	583	2	4			4		
DUBLIN,GA	SEWAGE TREATMENT PLANT	472		39	430	3		433	3	
FARGO,ND	EXPANSION OF LAB SVC	681	652	3	25	1		26	1	
FAYETTEVILLE,AK	WARD RENOVATIONS	951		884	25	42		67	42	
FAYETTEVILLE,NC	SUPPLY WAREHOUSE	367	367							
FORT LYON,CO	MOD TO SEWAGE TREATMENT PLANT	1,028	885	89	54			54		
MINES(VAM),IL	FUEL OIL STORAGE	534				534		534	534	
HUNTINGTON,WV	BASIC SCIENCE ADDITION	834		834						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (A)-GENERAL PROJECTS								
LEAVENWORTH,KS	UTLIITY WALKWAYS BLDGS. 88,89,91	563						
MARION,IN	WAREHOUSE ADDITION	537						
MARION,IN	AOV SYSTEM BLDGS.NO.124 15 16 17	863						
MARION,IN	CONNECTING CORRIDORS	940						
MURFREESBORO,TN	WARD PARTITIONS	358						
NASHVILLE,TN	RENOVATE WAREHOUSE FOR HOSPITAL SUPPORT SPACE	347						
NEW ORLEANS,LA	PRE-FAB OFFICE BLDG.	353						
NORTHAMPTON,MA	RENOVATE BLDG NO.26	922						
OMAHA,NB	BOILER PLANT EXPANSION	810						
PALO ALTO(PAD),CA	GERESTRIC RESEARCH AND CLINICAL CENTER	998						
PHILADELPHIA(VAH),PA	CONVERT KITCHEN TO CENTRAL TRAY	640						
PITTSBURGH(LFR),PA	CONVERT 16 8 BED WARDS TO 4 BED RMS	998						
POPLAR BLUFF,MO	AUDIO VISUAL NURSE CALL	140						
RENO,NV	NEW LAUNDRY	1,100						
SALEM,VA	RENOVATE BLDG NO.8	860						
SEPULVEDA,CA	PATIENT SUPPORT SYSTEM	564						
SEPULVEDA,CA	PATIENT SUPPORT SYSTEM PHASE II	1,023						
ST.ALBANS(DIV),NY	DEMOLITION UTILITIES REROUNTING FENCING	1,185						
TOGUS,ME	MODERNIZE BLDG. NO.207	843						
TOGUS,ME	NEW PUMPHOUSE AND SEWER LINE	573						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (A)-GENERAL PROJECTS										
LEAVENWORTH,KS	UTILITY WALKWAYS BLDGS. 88,89,91	563	520		40	3		43	3	
MARION,IN	WAREHOUSE ADDITION	537	534	3						
MARION,IN	AOV SYSTEM BLDGS.NO.124 15 16 17	863	804	58	1			1		
MARION,IN	CONNECTING CORRIDORS	940		887	25	28		53	28	
MURFREESBORO,TN	WARD PARTITIONS	358	337	3	18			18		
NASHVILLE,TN	RENOVATE WAREHOUSE FOR HOSPITAL SUPPORT SPACE	347	346	1						
NEW ORLEANS,LA	PRE-FAB OFFICE BLDG.	353	330	3	20			20		
NORTHAMPTON,MA	RENOVATE BLDG NO.26	922	50	829	30	13		43	13	
OMAHA,NB	BOILER PLANT EXPANSION	810	805	-1	6			6		
PALO ALTO(PAD),CA	GERESTRIC RESEARCH AND CLINICAL CENTER	998	61	883	20	34		54	34	
PHILADELPHIA(VAH),PA	CONVERT KITCHEN TO CENTRAL TRAY	640	609	21	10			10		
PITTSBURGH(LFH),PA	CONVERT 16 8 BED WARDS TO 4 BED RMS	998		934	35	29		64	29	
POPLAR BLUFF,MO	AUDIO VISUAL NURSE CALL	140	136	4						
RENO,NV	NEW LAUNDRY	1,100	83	11	20	970	16	1,006	986	16
SALEM,VA	RENOVATE BLDG NO.8	860	795	9	56			56		
SEPULVEDA,CA	PATIENT SUPPORT SYSTEM	564	564							
SEPULVEDA,CA	PATIENT SUPPORT SYSTEM PHASE II	1,023	45	925	30	23		53	23	
ST.ALBANS(DIV),NY	DEMOLITION UTILITIES REROUNTING FENCING	1,185	1,185							
TOGUS,ME	MODERNIZE BLDG. NO.207	843	763	7	45	28		73	28	
TOGUS,ME	NEW PUMPHOUSE AND SEWER LINE	573	37	522	14			14		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (A)-GENERAL PROJECTS								
TOMAH,WI	IMPROVE WATER SEWAGE SYSTEM	320						
TUSCALOOSA,AL	RENOVATE DIETETICS	1,497						
TUSCALOOSA,AL	RENOVATE WARD BLDG.NO.1	604						
TUSKEGEE,AL	RENOVATE WARDS BLDG. NO 3 3A	812						
WHITE RIVER JUNCTION,VT	NEW ENGINEERING BLDG.	635						
VARIOUS STATIONS	NON-RES WORKING RESERVE	366						
VARIOUS STATIONS	FY76 GENERAL PROJECTS	292						
VARIOUS STATIONS	FY76 GENERAL PROJECTS	422						
VARIOUS STATIONS	FY77 GENERAL PROJECTS	114						
VARIOUS STATIONS	FY78 GENERAL PROJECTS	1,714						
VARIOUS STATIONS	FY79 GENERAL PROJECTS	1,828						
VARIOUS STATIONS	FY80 GENERAL PROJECTS	1,826						
SUBTOTAL (53)		60339	35057	1826	-502	36381	23958	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (A)-GENERAL PROJECTS										
TOMAH,WI	IMPROVE WATER SEWAGE SYSTEM	320	319		1			1		
TUSCALOOSA,AL	RENOVATE DIETETICS	1,497	74	1,387	30	6		36	6	
TUSCALOOSA,AL	RENOVATE WARD BLDG.NO.1	604	43	518	20	23		43	23	
TUSKEGEE,AL	RENOVATE WARDS BLDG. NO 3 3A	812			715	70	27	812	97	27
WHITE RIVER JUNCTION,VT	NEW ENGINEERING BLDG.	635	600	-2	37			37		
VARIOUS STATIONS	NON-RES WORKING RESERVE	366					366	366	366	366
VARIOUS STATIONS	FY76 GENERAL PROJECTS	292			90	105	97	292	202	97
VARIOUS STATIONS	FY76 GENERAL PROJECTS	422			130	150	142	422	292	142
VARIOUS STATIONS	FY77 GENERAL PROJECTS	114			105		9	114	9	9
VARIOUS STATIONS	FY78 GENERAL PROJECTS	1,714				1,595	119	1,714	1,714	119
VARIOUS STATIONS	FY79 GENERAL PROJECTS	1,828			120	1,590	118	1,828	1,708	118
VARIOUS STATIONS	FY80 GENERAL PROJECTS	1,826			115	1,595	116		1,711	116
SUBTOTAL (53)		60339	15934	9662	2362	8941	23440	8,959	8,423	23440

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
VARIOUS STATIONS	FY1981 REQUEST	41,984					41,984	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		89,487	39,306		5 128,798		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-4,984			-4,984		
ALBANY, NY	RENOVATE WARD 4-C	225						
ALBANY, NY	RELOCATE ANAOMICAL LAB	428						
ALBANY, NY	RENOVATE NHCU 4A AND 4D	426						
ALBUQUERQUE,NM	LAB REMODELING PHASE II	266						
ALBUQUERQUE,NM	WARD MODIFICATIONS	321						
ALBUQUERQUE,NM	PATIENT ELEVATOR BLDG NO.3	218						
ALBUQUERQUE,NM	WARD 5 RENOVATION PHASE 2	448						
ALBUQUERQUE,NM	A/C PATIENT WARDS	237						
ALBUQUERQUE,NM	PSY WARD RENOVATION	295						
ALEXANDRIA,LA	RELOCATE DENTAL SERVICE	272						
ALEXANDRIA,LA	RENOVATE DIETETICS BLDG. NO.4	268						
ALEXANDRIA,LA	RENOVATE DIETETIC SERVICE PHASE 2	375						
ALLEN PARK,MI	DOUBLE DECK PAD	68						
ALLEN PARK,MI	RENOVATE O/P PHARMACY	99						
ALLEN PARK,MI	CONVERT AUDITORIUM TO EDUCATIONAL SPACE	329						
ALLEN PARK,MI	FIRE SPRINKLER PROTECTION	295						
ALLEN PARK,MI	ELIMATE ARCH BARRIERS	80						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
VARIOUS STATIONS	FY1981 REQUEST	41,984				30,585	11,399			11,399
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
ALBANY, NY	RENOVATE WARD 4-C	225	219	6						
ALBANY, NY	RELOCATE ANAOMICAL LAB	428		25	20	340	43	403	383	43
ALBANY, NY	RENOVATE NHCU 4A AND 4D	426		413	5	8		13	8	
ALBUQUERQUE,NM	LAB REMODELING PHASE II	266	266							
ALBUQUERQUE,NM	WARD MODIFICATIONS	321	294	26	1			1		
ALBUQUERQUE,NM	PATIENT ELEVATOR BLDG NO.3	218	207	10	1			1		
ALBUQUERQUE,NM	WARD 5 RENOVATION PHASE 2	448		26	370	52		9	52	
ALBUQUERQUE,NM	A/C PATIENT WARDS	237		208	15	14		29	14	
ALBUQUERQUE,NM	PSY WARD RENOVATION	295				280	15		295	15
ALEXANDRIA,LA	RELOCATE DENTAL SERVICE	272	272							
ALEXANDRIA,LA	RENOVATE DIETETICS BLDG. NO.4	268	266	2						
ALEXANDRIA,LA	RENOVATE DIETETIC SERVI PHASE 2	375		22	340	13		353	13	
ALLEN PARK,MI	DOUBLE DECK PAD	68	68							
ALLEN PARK,MI	RENOVATE O/P PHARMACY	99	96	3						
ALLEN PARK,MI	CONVERT AUDITORIUM TO EDUCATIONAL SPACE	329	322	5	2			2		
ALLEN PARK,MI	FIRE SPRINKLER PROTECTI	295	295							
ALLEN PARK,MI	ELIMATE ARCH BARRIERS	80	78	-12	14			14		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
ALLEN PARK,MI	EXPAND O/P	385						
ALLEN PARK,MI	RELOCATE AND EXPAND HEMODIALYSIS UNIT	399						
ALLEN PARK,MI	ENCLOSE AMBULANCE ENTRANC	130						
ALLEN PARK,MI	INSTALL ECONOMIZER	183						
ALLEN PARK,MI	INSTALL SPRINKLER SYSTEM	422						
ALLEN PARK,MI	RELOCATE SUPPLY SVC	87						
ALTOONA,PA	CONSTRUCT DECANTAMINALIAR AREA	206						
ALTOONA,PA	ADDITIONAL SMOKE 48	130						
ALTOONA,PA	MED GAS RENOVATE WARD 4	314						
AMERICAN LAKE,WA	RESEARCH LAB	266						
AMERICAN LAKE,WA	CANTEEN RELOCATION	419						
AMERICAN LAKE,WA	UPDATE FIRE ALARM SYSTEM	396						
AMERICAN LAKE,WA	RENOVATE WARD 81C PATIENT PRIVACY	418						
AMERICAN LAKE,WA	CLINICAL AGING CENTER	230						
AMERICAN LAKE,WA	EXPAND CLINICAL LAB	213						
AMERICAN LAKE,WA	REMODEL PHARMACY BLDG	342						
AMERICAN LAKE,WA	RENOVATE WARD 4	295						
ANN ARBOR,MI	MEDICAL ICU	419						
ANN ARBOR,MI	CORONARY CARE UNIT	419						
ANN ARBOR,MI	REMODEL O/P BLDG, NO.1	338						
ASHEVILLE(OTEEN),NC	EXPAND CANTEEN STORAGE AND OFFICES	139						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
ALLEN PARK,MI	EXPAND O/P	385		375	5	5		10	5	
ALLEN PARK,MI	RELOCATE AND EXPAND HEMODIALYSIS UNIT	399		396	3			3		
ALLEN PARK,MI	ENCLOSE AMBULANCE ENTRA	130			110	20			20	
ALLEN PARK,MI	INSTALL ECONOMIZER	183			175	8			8	
ALLEN PARK,MI	INSTALL SPRINKLER SYSTE	422		410	10	2		12	2	
ALLEN PARK,MI	RELOCATE SUPPLY SVC	87			85	2			2	
ALTOONA,PA	CONSTRUCT DECONTAMINATI AREA	206	196	6	4			4		
ALTOONA,PA	ADDITIONAL SMOKE 48	130	121	9						
ALTOONA,PA	MED GAS RENOVATE WARD 4	314			300	14			14	
AMERICAN LAKE,WA	RESEARCH LAB	266	266							
AMERICAN LAKE,WA	CANTEEN RELOCATION	419	17	391	10	1		11	1	
AMERICAN LAKE,WA	UPDATE FIRE ALARM SYSTEM	396	16	368	5	7		12	7	
AMERICAN LAKE,WA	RENOVATE WARD 81C PATIE PRIVACY	418		407	11			11		
AMERICAN LAKE,WA	CLINICAL AGING CENTER	230		223	5	2		7	2	
AMERICAN LAKE,WA	EXPAND CLINICAL LAB	213		207	5	1		6	1	
AMERICAN LAKE,WA	REMODEL PHARMACY BLDG	342			325	17			17	
AMERICAN LAKE,WA	RENOVATE WARD 4	295			255	40			40	
ANN ARBOR,MI	MEDICAL ICU	419		401	10	8		18	8	
ANN ARBOR,MI	CORONARY CARE UNIT	419		401	10	8		18	8	
ANN ARBOR,MI	REMODEL O/P BLDG, NO.1	338		15	15	308		323	308	
ASHEVILLE(OTEEN),NC	EXPAND CANTEEN STORAGE AND OFFICES	139	134	5						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
ASHEVILLE(OTEEN),NC	ADDITIONAL ELEVATOR BLDG	275						
ASHEVILLE(OTEEN),NC	LEARNING LAB AND EDUCATION CENTER	438						
ASHEVILLE(OTEEN),NC	ENERGY RETROFIT	422						
ASHEVILLE(OTEEN),NC	ALTERATIONS MULTIPURPOSE ROOM	233						
ATLANTA (DECATUR), GA	EDUCATION SPACE	440						
ATLANTA,GA	PARKING DECK	429						
AUGUSTA(LD),GA	ACCOMODATION FOR THE PHYSICALLY HANDICAPPEND	314						
AUGUSTA(LD),GA	LAUNDRY ADDITION BLDG NO.95	432						
AUGUSTA(LD),GA	ANIMAL CARE FACILITY	312						
AUGUSTA(LD),GA	INSTALL AUTOMATIC EXIT AND EMERGENCY LIGHTS	270						
BALTIMORE,MD	EDUCATION BLDG.	241						
BALTIMORE,MD	UPDATE FIRE ALARM SYSTEM	223						
BATAVIA,NY	CORRECT FIRE AND SAFETY DEFIC.	215						
BATAVIA,NY	STEAM HEAT RECOVERY BOILER	151						
BATH,NY	INSTALL THERMAL INSULATION	142						
BATH,NY	RETROFIT HEATING VENT SYS BLDG NO.92	303						
BATTLE CREEK,MI	PATIENT PRIVACY	281						
BATTLE CREEK,MI	INSTALL INSULATION IN BLDG. ATTIC	151						
BATTLE CREEK,MI	ENERGY CONVERSATION	226						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
ASHEVILLE(OTEEN),NC	ADDITIONAL ELEVATOR BLD	275		267	5	3		8	3	
ASHEVILLE(OTEEN),NC	LEARNING LAB AND EDUCATION CENTER	438		425	10	3		13	3	
ASHEVILLE(OTEEN),NC	ENERGY RETROFIT	422		410	5	7		12	7	
ASHEVILLE(OTEEN),NC	ALTERATIONS MULTIPURPOS ROOM	233			220	10	3		13	3
ATLANTA (DECATUR), GA	EDUCATION SPACE	440		429	5	6		11	6	
ATLANTA,GA	PARKING DECK	429		32	385	12		397	12	
AUGUSTA(LD),GA	ACCOMODATION FOR THE PHYSICALLY HANDICAPPEND	314	306	4	4			4		
AUGUSTA(LD),GA	LAUNDRY ADDITION BLDG NO.95	432		26	345	45	16	14	61	16
AUGUSTA(LD),GA	ANIMAL CARE FACILITY	312		20	270	22		292	22	
AUGUSTA(LD),GA	INSTALL AUTOMATIC EXIT AND EMERGENCY LIGHTS	270		263	5	2		7	2	
BALTIMORE,MD	EDUCATION BLDG.	241	241							
BALTIMORE,MD	UPDATE FIRE ALARM SYSTE	223		214	5	4		9	4	
BATAVIA,NY	CORRECT FIRE AND SAFETY DEFIC.	215	215							
BATAVIA,NY	STEAM HEAT RECOVERY BOILER	151		11	10	130		140	130	
BATH,NY	INSTALL THERMAL INSULATION	142	138		4			4		
BATH,NY	RETROFIT HEATING VENT SYS BLDG NO.92	303		295	5	3		8	3	
BATTLE CREEK,MI	PATIENT PRIVACY	281	259	20	2			2		
BATTLE CREEK,MI	INSTALL INSULATION IN BLDG. ATTIC	151	146		5			5		
BATTLE CREEK,MI	ENERGY CONVERSATION	226		219	5	2		7	2	

15-37

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
BATTLE CREEK,MI	OPC RENOVATION	163						
BATTLE CREEK,MI	PATIENT PRIVACY RENOVATION	162						
BAY PINES,FL	SPRINKLER SYSTEM	123						
BEDFORD,MA	NEW EXIT BLDG.NO.2	246						
BEDFORD,MA	EXTEND LAUNDRY BLDG NO.19	87						
BEDFORD,MA	SUPPLY PAD AREA BLDG.NO.78	227						
BEDFORD,MA	PATINET PRIVACY BLDG. NO.2	270						
BIG SPRING,TX	6 BED SURGICAL ICU	135						
BIG SPRING,TX	RENOVATE LABORATORY 2ND FLOOR	201						
BIG SPRING,TX	UPGRADE FIRE ALARM SYSTEM	25						
BIG SPRING,TX	RELOCATE AND EXPAND DENTAL	165						
BIG SPRING,TX	PATIENT PRIVACY	368						
BILOXI(BD),MS	INSTALL SOLAR WINDOWS	164						
BILOXI(BD),MS	6 BED SURGICAL ICU	169						
BILOXI(BD),MS	ADDITIONAL EXITS B-5	57						
BIRMINGHAM,AL	UPDATE WARD 8 OPEN HEART SURGERY	307						
BIRMINGHAM,AL	RENOVATION FOR O/P STAT LAB	142						
BOSTON,MA	CARDIAC CATH LAB	98						
BOSTON,MA	LABORATORY RENOVATIONS	433						
BRENTWOOD(LA),CA	OCCUPATIONAL THERAPY	134						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1979	UNOBLIGATED APPROPRIATION END OF YEAR: 1980	UNOBLIGATED APPROPRIATION END OF YEAR: 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
BATTLE CREEK,MI	OPC RENOVATION	163			15	140	8		148	8
BATTLE CREEK,MI	PATIENT PRIVACY RENOVATION	162				145	17		162	17
BAY PINES,FL	SPRINKLER SYSTEM	123			105	18			18	
BEDFORD,MA	NEW EXIT BLDG.NO.2	246	213		33			33		
BEDFORD,MA	EXTEND LAUNDRY BLDG NO.19	87	85	2						
BEDFORD,MA	SUPPLY PAD AREA BLDG.NO.78	227	217	7	3			3		
BEDFORD,MA	PATINET PRIVACY BLDG. NO.2	270			230	40			40	
BIG SPRING,TX	6 BED SURGICAL ICU	135	129	6						
BIG SPRING,TX	RENOVATE LABORATORY 2ND FLOOR	201	190	3	8			8		
BIG SPRING,TX	UPGRADE FIRE ALARM SYSTEM	25		25						
BIG SPRING,TX	RELOCATE AND EXPAND DENTAL	165				160	5		165	5
BIG SPRING,TX	PATIENT PRIVACY	368			35	330	3		333	3
BILOXI(BU),MS	INSTALL SOLAR WINDOWS	164			140	24			24	
BILOXI(BU),MS	6 BED SURGICAL ICU	169	164	2	3			3		
BILOXI(BU),MS	ADDITIONAL EXITS B-5	57	55		2			2		
BIRMINGHAM,AL	UPDATE WARD 8 OPEN HEART SURGERY	307	294	4	9			9		
BIRMINGHAM,AL	RENOVATION FOR O/P STAT LAB	142	136	6						
BOSTON,MA	CARDIAC CATH LAB	98	97		1			1		
BOSTON,MA	LABORATORY RENOVATIONS	433		418	10	5		15	5	
BRENTWOOD(LA),CA	OCCUPATIONAL THERAPY	134	130	3	1			1		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
BRENTWOOD(LA),CA	EDUCATION BUILDING 158	332						
BRENTWOOD(LA),CA	ROOMS BLDG 208	163						
BROCKTON,MA	EMERGENCY GENERATOR	255						
BROCKTON,MA	MODERNIZE BLDG NO.4 2ND FLOOR	344						
BROCKTON,MA	INSTALL FIRE ALARM SYSTEM	365						
BROCKTON,MA	CONSOLIDATED RES ACTIVITY	33						
BRONX,NY	O/P SUBSTANCE ABUSE PROGRAM CL	168						
BROOKLYN,NY	INSTALL X-RAY	213						
BROOKLYN,NY	CANTEEN RENOVATION	27						
BROOKLYN,NY	ELECTROMAGNETIC DOOR HOLDERS	442						
BUFFALO,NY	RENOVATE SURGERY	172						
BUFFALO,NY	SUB-DIVIDE 16-BED WARD ROOMS	337						
BUFFALO,NY	MED ICU MED ICCU	272						
BUFFALO,NY	RELOCATE AND EXPAND SICU	410						
BUFFALO,NY	ADDITIONAL PARKING AREA	77						
BUFFALO,NY	16 BED WARD RMS PHASE III	438						
BUTLER,PA	REMODEL RADIOLOGY 5TH FLOOR	200						
BUTLER,PA	DAMPERS SMOKE BARRIER PARTITIONS	200						
BUTLER,PA	REMODEL NUCLEAR MED SERVICE	189						
CANANDAIGUA,NY	INSTALL ELEVATOR BLDG. NO.7	72						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
BRENTWOOD(LA),CA	EDUCATION BUILDING 158	332		321	5	6		11	6	
BRENTWOOD(LA),CA	ROOMS BLDG 208	163			135	28			28	
BROCKTON,MA	EMERGENCY GENERATOR	255	254	-1	2			2		
BROCKTON,MA	MODERNIZE BLDG NO.4 2ND FLOOR	344	328	10	6			6		
BROCKTON,MA	INSTALL FIRE ALARM SYST	365		355	5	5		10	5	
BROCKTON,MA	CONSOLIDATED MES ACTIVITY	33				30	3		33	3
BRONX,NY	O/P SUBSTANCE ABUSE PROGRAM CL	168			10	150	8		158	8
BROOKLYN,NY	INSTALL X-RAY	213	200	10	3			3		
BROOKLYN,NY	CANTEEN RENOVATION	27		27						
BROOKLYN,NY	ELECTROMAGNETIC DOOR HOLDERS	442			40	380	22		402	22
BUFFALO,NY	RENOVATE SURGERY	172	168	3	1			1		
BUFFALO,NY	SUB-DIVIDE 16-BED WARD ROOMS	337	324	6	7			7		
BUFFALO,NY	MED ICU MED ICCU	272	265	5	2			2		
BUFFALO,NY	RELOCATE AND EXPAND SIC	410		398	5	7		12	7	
BUFFALO,NY	ADDITIONAL PARKING AREA	77		75	2			2		
BUFFALO,NY	16 BED WARD RMS PHASE III	438			370	60	8		68	8
BUTLER,PA	REMODEL RADIOLOGY 5TH FLOOR	200		194		6		6	6	
BUTLER,PA	DAMPERS SMOKE BARRIER PARTITIONS	200			20	140			160	
BUTLER,PA	REMODEL NUCLEAR MED SERVICE	189			15	170	4		174	4
CANANDAIGUA,NY	INSTALL ELEVATOR BLDG. NO.7	72	72							

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
CANANDAIGUA,NY	HEAT RECOVERY	17						
CANANDAIGUA,NY	OPC RENOVATION	188						
CANANDAIGUA,NY	INSTALL FIRE DAMPERS	142						
CASTLE POINT,NY	BIOENGINEERING EVALUATION LAB	335						
CHARLESTON,SC	RESEARCH LAB BLDG.	355						
CHARLESTON,SC	EDUCATION CLASSROOMS BLDG.	341						
CHARLESTON,SC	CONSTRUCT MOD ANIMAL HOUSING	239						
CHARLESTON,SC	RENOVATE RADIOLOGY	78						
CHARLESTON,SC	REMODEL PSYCH WARD	289						
CHEYENNE,WY	UPDATE SURGICAL SUITE	292						
CHICAGO(LAKESIDE),IL	MODERNIZE PATIENT WARD	413						
CHICAGO(LAKESIDE),IL	REMODEL FLOORS 7 AND 8	408						
CHICAGO(WS),IL	HEMODIALYSIS WARD	234						
CHICAGO(WS),IL	REMODEL NURSING STATION	348						
CHILLICOTHE,OH	AUTOMATIC SPRINKLER SYSTEM	185						
CHILLICOTHE,OH	REMODEL VCS CANTEEN BLDG. NO 2a	383						
CINCINNATI,OH	REMODEL MAIN KITCHEN BLDG.NO.1	414						
CINCINNATI(CD),OH	REMODEL MAIN ENTRANCE BLDG 1	122						
CINCINNATI(FTTH),OH	DEADEND STAIRWELL	201						
CINCINNATI(FTTH),OH	PORCH ENCLOSURE AND LOADING DOCK	127						
CLARKSBURG,WV	EDUCATION AND TRAINING CLASSROOM	118						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
CANANDAIGUA,NY	HEAT RECOVERY	17		17						
CANANDAIGUA,NY	OPC RENOVATION	188			155	33			33	
CANANDAIGUA,NY	INSTALL FIRE DAMPERS	142			135	7			7	
CASTLE POINT,NY	BIOENGINEERING EVALUATI LAB	335		18	310	7		317	7	
CHARLESTON,SC	RESEARCH LAB BLDG.	355	355							
CHARLESTON,SC	EDUCATION CLASSROOMS BLDG.	341	341							
CHARLESTON,SC	CONSTRUCT MOD ANIMAL HOUSING	234	229	9	1			1		
CHARLESTON,SC	RENOVATE RADIOLOGY	78	2	74	2			2		
CHARLESTON,SC	REMODEL PSYCH WARD	289			275	14			14	
CHEYENNE,WY	UPDATE SURGICAL SUITE	292	292							
CHICAGO(LAKESIDE),IL	MODERNIZE PATIENT WARD	413	17	382	14			14		
CHICAGO(LAKESIDE),IL	REMODEL FLOORS 7 AND 8	408		396	12			12		
CHICAGO(WS),IL	HEMODIALYSIS WARD	234	16	211	5	2		7	2	
CHICAGO(WS),IL	REMODEL NURSING STATION	348		338	10			10		
CHILLICOTHE,OH	AUTOMATIC SPRINKLER SYSTEM	185	185							
CHILLICOTHE,OH	REMODEL VCS CANTEEN BLDG. NO 28	383	13	309	61			61		
CINCINNATI,OH	REMODEL MAIN KITCHEN BLDG.NO.1	414		399	10	5		15	5	
CINCINNATI(CD),OH	REMODEL MAIN ENTRANCE BLDG 1	122			10	110	2		112	P
CINCINNATI(FTTH),OH	DEADEND STAIRWELL	201	187	5	9			9		
CINCINNATI(FTTH),OH	PORCH ENCLOSURE AND LOADING DOCK	127	124		3			3		
CLARKSBURG,WV	EDUCATION AND TRAINING CLASSROOM	118		115	3			3		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
CLARKSBURG,WV	REMODEL WARD B	394						
CLEVELAND,OH	CONVERT WARD 33 TO PSYCH	238						
CLEVELAND(BRECKSVLE),OH	RELOCATE DENTAL	130						
CLEVELAND(BRECKSVLE),OH	ADDITONAL FUEL OIL STORAGE	291						
CLEVELAND(WADE PARK),OH	RELOCATE PHARMACY TO B-2	398						
CLEVELAND(WADE PARK),OH	EXPAND HEMODIALYSIS 4 BEDS	173						
CLEVELAND(WADE PARK),OH	ANIMAL RESEARCH FACILITY ADDITION	194						
COLUMBIA,SC	ADDITION AND RENOVATION BLDG #20	256						
DALLAS,TX	RELOCATE REHAB MEDICINE	271						
DALLAS,TX	EXPAND RADIOLOGY	395						
DALLAS,TX	SMOKE DOOR CLOSERS	380						
DALLAS,TX	RENOVATE BLDG. NO.1	357						
DALLAS,TX	WHEELCHAIR RAMP MAINENT.	370						
DANVILLE,IL	CENTRAL TRAY AND DISHWASHING SVC B104	268						
DANVILLE,IL	RENOVATE B58 PATIENT PRIVACY	395						
DAYTON,OH	RENOVATE NHC UNIT BLDG. NO.410	373						
DAYTON,OH	ADDITIONAL TRANSFORMER AND SWITCH GEAR	216						
DAYTON,OH	EMERGENCY GENERATOR	219						
DENVER,CO	CENTRALIZED 21 BED RCU WITH MONITORS	266						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
CLARKSBURG,WV	REMODEL WARD 8	394		383	5	6		11	6	
CLEVELAND,OH	CONVERT WARD 33 TO PSYC	238			200	38			38	
CLEVELAND(BRECKSVLE),OH	RELOCATE DENTAL	130	128		2			2		
CLEVELAND(BRECKSVLE),OH	ADDITONAL FUEL OIL STORAGE	291	284		5	2		7	2	
CLEVELAND(WADE PARK),OH	RELOCATE PHARMACY TO B-2	396			380	18			18	
CLEVELAND(WADE PARK),OH	EXPAND HEMODIALYSIS 4 BEDS	173	168		5			5		
CLEVELAND(WADE PARK),OH	ANIMAL RESEARCH FACILITY ADDITION	194			160	15	19	194	34	19
COLUMBIA,SC	ADDITION AND RENOVATION BLDG #20	256		245	11			11		
DALLAS,TX	RELOCATE REHAB MEDICINE	271	208	3	60			60		
DALLAS,TX	EXPAND RADIOLOGY	395		100	25	270		295	270	
DALLAS,TX	SMOKE DOOR CLOSERS	380		23	335	22		357	22	
DALLAS,TX	RENOVATE BLDG. NO.1	357				350	7		357	7
DALLAS,TX	WHEELCHAIR RAMP MAINENT.	370		359	11			11		
DANVILLE,IL	CENTRAL TRAY AND DISHWASHING SVC BLDG	268		260	8			8		
DANVILLE,IL	RENOVATE B58 PATIENT PRIVACY	395			35	355	5		360	5
DAYTON,OH	RENOVATE RMC UNIT BLDG. NO.410	373	54	143	135	1		136	1	
DAYTON,OH	ADDITIONAL TRANSFORMER AND SWITCH GEAR	216	216							
DAYTON,OH	EMERGENCY GENERATOR	219		9	10	165	35	210	200	35
DENVER,CO	CENTRALIZED 21 BED MCU WITH MONITORS	266	259	6	1			1		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
DENVER,CO	REMODEL 7TH FLOOR PSY WARD	265						
DES MOINES,IA	RELOC PAD TO BASEMENT BLDG NO.2	255						
DES MOINES,IA	INSTALL ELEVATOR 82	110						
DES MOINES,IA	INSULATE ROOFS BLDG 2-8	96						
DES MOINES,IA	ELIMINATE BARRIERS HANDICAP	260						
DES MOINES,IA	RENOVATE AND MOD SICU BLDG.NO.1	177						
DUBLIN,GA	RENOVATION OF PROCESSING AND DISTRI BLDG.	139						
DUBLIN,GA	EMERGENCY POWER	250						
DUBLIN,GA	PHARMACY RELOCATION AND RECREATION TO 7A	294						
DURHAM,NC	WAREHOUSE ADDN BLDG.NO.1	271						
DURHAM,NC	RESEARCH BLDG. NO.4	288						
DURHAM,NC	RENOVATE 3C DIALYSIS	309						
EAST ORANGE,NJ	RADIATION THERAPY SIMULATOR	100						
EAST ORANGE,NJ	EXPAND SURGICAL ICU	164						
ERIE,PA	KITCHEN ALTERATIONS	188						
ERIE,PA	PATIENT PRIVACY WARDS 3 AND 5	170						
ERIE,PA	SURGICAL SUITE RENOVATION	310						
FARGO,ND	DIETITIC REMODELING BLDG.NO.1	396						
FARGO,ND	BLDG NO. 38 ADDITION	239						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 ONGOING INCLUDES C OF H AND OF APPROPRIATION)
(X000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
DENVER,CO	REMODEL 7TH FLOOR PSY WARD	265	229	31	5			5		
DES MOINES,IA	RELOC PAD TO BASEMENT BLDG NO.2	255	200	54	1			1		
DES MOINES,IA	INSTALL ELEVATOR 82	110		107		3		3	3	
DES MOINES,IA	INSULATE ROOFS BLDG 2-8	96				90	6		96	6
DES MOINES,IA	ELIMINATE BARRIERS HANDICAP	260			25	225	10		235	10
DES MOINES,IA	RENOVATE AND MOD SICU BLDG.NO.1	177			170	7			7	
DUBLIN,GA	RENOVATION OF PROCESSIN AND DISTRI BLDG.	139	139							
DUBLIN,GA	EMERGENCY POWER	230	16	216	10	6		16	6	
DUBLIN,GA	PHARMACY RELOCATION AND RECREATION TO 7A	294		17	260	17		277	17	
DURHAM,NC	WAREHOUSE ADDN BLDG.NO.	271	266		5			5		
DURHAM,NC	RESEARCH BLDG. NO.4	288	19	73	100	96		196	96	
DURHAM,NC	RENOVATE 3C DIALYSIS	309			295	14			14	
EAST ORANGE,NJ	RADIATION THERAPY SIMULATOR	100			95	5			5	
EAST ORANGE,NJ	EXPAND SURGICAL ICU	164	163	1						
ERIE,PA	KITCHEN ALTERATIONS	138	183	-1	6			6		
ERIE,PA	PATIENT PRIVACY #AMUS 3 AND 5	170			140	25	5		30	5
ERIE,PA	SURGICAL SUITE RENOVATION	310			20	285	5		290	5
FARGO,ND	DIETITIC REMODELING BLDG.NO.1	396			35	355	6		361	6
FARGO,ND	BLDG NO. 38 ADDITION	239	233	6						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN BO BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
FARGO,ND	ADDN PARKING FOR EDUCATIONAL CENTER	263						
FAYETTEVILLE,NC	RELOCATE/CONSOLIDATE ROOMS	256						
FAYETTEVILLE,NC	AMBULATORY HCF EXPANSION	69						
FAYETTEVILLE,NC	RELOCATE PHARMACY	109						
FORT HARRISON,MT	TEMPERATUR CONTROL	146						
FORT HARRISON,MT	INSTALL DAMPERS B154	140						
FORT HARRISON,MT	CORRECT NFPA/JCAH DEFICIENCIES	400						
FORT LYON,CO	WATER TREATMENT PLANT	204						
FORT LYON,CO	RENOVATE PATIENT AREAS BLDG.NO.7	400						
FORT LYON,CO	RELOCATE LABORATORY	254						
FORT LYON,CO	AUTOMATIC DOOR CLOSERS	190						
FORT MEADE,SD	EXPAND O/P CLINIC	284						
FORT MEADE,SD	RELOCATE PAD	196						
FORT MEADE,SD	REMODEL 2RD AND 3RD FLOOR BLDG NO.145	439						
FORT WAYNE, IN	EXPAND O/P AND ADMITTING AREA	281						
FORT WAYNE, IN	NHC UNIT ADDITION 14 BEDS	348						
FORT WAYNE, IN	REALIGN SPACE FOR BED WARD	124						
FORT WAYNE, IN	RELOCATE RCU LAB AND XRAY	452						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1979	UNOBLIGATED APPROPRIATION END OF YEAR: 1980	UNOBLIGATED APPROPRIATION END OF YEAR: 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
FARGO,ND	ADDN PARKING FOR EDUCATIONAL CENTER	263	257	5	1			1		
FAYETTEVILLE,NC	RELOCATE/CONSOLIDATE ROOMS	256	252	-1	5			5		
FAYETTEVILLE,NC	AMBULATORY HCF EXPANSION	69	64	5						
FAYETTEVILLE,NC	RELOCATE PHARMACY	109	106	3						
FORT HARRISON,MT	TEMPERATUR CONTROL	146	133	13						
FORT HARRISON,MT	INSTALL DAMPERS B154	140			120	20			20	
FORT HARRISON,MT	CORRECT NFPA/JCAH DEFICIENCIES	400			380	20			20	
FORT LYON,CO	WATER TREATMENT PLANT	204	204							
FORT LYON,CO	RENOVATE PATIENT AREAS BLDG.NO.7	400	55	273	40	32		72	32	
FORT LYON,CO	RELOCATE LABORATORY	254		23	231			231		
FORT LYON,CO	AUTOMATIC DOOR CLOSERS	190	12	171	5	2		7	2	
FORT MEADE,SD	EXPAND O/P CLINIC	284	263	21						
FORT MEADE,SD	RELOCATE PAD	196	175	20	1			1		
FORT MEADE,SD	REMODEL 2ND AND 3RD FLOOR BLDG NO.145	439		424	10	5		15	5	
FORT WAYNE, IN	EXPAND O/P AND ADMITTING AREA	241	241							
FORT WAYNE, IN	NHC UNIT ADDITION 14 BEDS	346	341	5	1			1		
FORT WAYNE, IN	REALIGN SPACE FOR BED WARD	124	7	6	95	15	1	111	16	1
FORT WAYNE, IN	RELOCATE MED LAB AND XRAY	457			40	400	12		412	12

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF M AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
FRESNO,CA	EXPAND UPDATE RADIOLOGY	365						
FRESNO,CA	ALCHOL TREATMENT UNIT	168						
FRESNO,CA	RECIRCULATE AIR	19						
GAINESVILLE,FL	RESEARCH LAB	200						
GAINESVILLE,FL	FREEZER WALK-IN BOARS							
GRAND ISLAND,NB	DIETETIC SERVICE	163						
GRAND JUNCTION,CO	REMODEL CL LAB AND DENTAL SERVICE	239						
GRAND JUNCTION,CO	REMODEL BLDG. NO.5	287						
GRAND JUNCTION,CO	REMODEL WD 5E BLDG.NO.1	399						
GRAND JUNCTION,CO	RELOCATE RECOVERY AND ICU	400						
GRAND JUNCTION,CO	RELOCATE SPD	456						
GRAND JUNCTION,CO	REMODEL WARD 3E	445						
HAMPTON,VA	RENOVATE BLDG NO.72 FOR RESEARCH	300						
HAMPTON,VA	ENERGY CONSERVATION MODIFICATION	318						
HAMPTON,VA	CONVERT 2E BLDG 210 TO NUCLEAR MED	254						
HINES(VAH),IL	ACUTE ANIMAL RESEARCH FACILITY	342						
HINES(VAH),IL	RESEARCH REHAB.CENTER	405						
HINES(VAH),IL	ALTERATIONS FOR RENAL AND HYPERTENSION SECTION	453						
HINES(VAH),IL	SUN DECK ENCLOSURE SCI	423						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
FRESNO,CA	EXPAND UPDATE RADIOLOG	365	20	338	7			7		
FRESNO,CA	ALCHOL TREATMENT UNIT	168		8	140	20		160	20	
FRESNO,CA	RECIRCULATE AIR	19		19						
GAINESVILLE,FL	RESEARCH LAB	200	195		5			5		
GAINESVILLE,FL	FREEZER WALK-IN BOXES DIETETIC SERVICE	163		160		3		3	3	
GRAND ISLAND,NB	REMODEL CL LAB AND DENTAL SERVICE	239	14	219	6			6		
GRAND JUNCTION,CO	REMODEL BLDG. NO.5	287	257	29	1			1		
GRAND JUNCTION,CO	REMODEL WD 5E BLDG.NO.1	399		26	360	13		11	13	
GRAND JUNCTION,CO	RELOCATE RECOVERY AND ICU	400		26	370	4		10	4	
GRAND JUNCTION,CO	RELOCATE SPD	456			40	380	36		416	36
GRAND JUNCTION,CO	REMODEL WARD 3E	445			35	375	35		410	35
HAMPTON,VA	RENOVATE BLDG NO.72 FOR RESEARCH	300	300							
HAMPTON,VA	ENERGY CONSERVATION MODIFICATION	318		306	12			12		
HAMPTON,VA	CONVERT 2E BLDG 210 TO NUCLEAR MED	254			240	10	4		14	4
MINES(VAH),IL	ACUTE ANIMAL RESEARCH FACILITY	342	320	2	20			20		
MINES(VAH),IL	RESEARCH REHAB.CENTER	405		392	10	3		13	3	
MINES(VAH),IL	ALTERATIONS FOR RENAL & HYPERTENSION SECTION	453		439	10	4		14	4	
MINES(VAH),IL	SUN DECK ENCLOSURE SCI	423		409	5	9		14	9	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF M AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
HOUSTON,TX	SMOKE BARRIERS	205						
HOUSTON,TX	REMODEL 2ND 3RD FLOORS BLDG NO.7	369						
HOUSTON,TX	MODERNIZE CANTEEN	453						
HUNTINGTON,WV	ANIMAL RESEARCH FACILITY	366						
INDIANAPOLIS,IN	MOD SPD WARDS	275						
INDIANAPOLIS,IN	RELOCATE CCU MICU AND ESTABLISH RCC	36						
INDIANAPOLIS,IN	UPGRADE SICU	197						
INDIANAPOLIS,IN	MODERNIZE WARD 8-1	278						
IOWA CITY,IA	DEADEND CORRIDOR STAIRS	270						
IOWA CITY,IA	SURGICAL RESEARCH 4TH FLOOR	144						
IOWA CITY,IA	EMERGENCY GENERATOR	165						
IOWA CITY,IA	INSTALL HEAT RECOVERY SYS	125						
JACKSON,MS	REMODEL 16 BED WARDS	282						
JACKSON,MS	RELOCATE AND RENOVATE MICU ICU	363						
JACKSON,MS	HEMODIALYSIS CENTER	147						
JACKSON,MS	LAB EXPANSION	434						
JACKSON,MS	INSTALL COMPUTERIZED SYS	286						
JACKSON,MS	RENOVATE 16 BED WARDS	110						
JACKSON,MS	WINDOW WELLS SICU	252						
KANSAS CITY,MO	REMODEL NURSING STATION	194						
KANSAS CITY,MO	CARDIO DIGNOSTIC LAB	91						
KANSAS CITY,MO	RENOVATE PSYCHIATRIC WARDS FLOORS 9I0	279						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (G)-MISC PROJ $100-$400,000										
HOUSTON,TX	SMOKE BARRIERS	205		199	5	1		6	1	
HOUSTON,TX	REMODEL 2ND 3RD FLOORS BLDG NO.7	369	4	322	43			43		
HOUSTON,TX	MODERNIZE CANTEEN	453			40	400	13		413	13
HUNTINGTON,WV	ANIMAL RESEARCH FACILIT	366		354	5	7		12	7	
INDIANAPOLIS,IN	MOD SPD WARDS	275	266	2	7			7		
INDIANAPOLIS,IN	RELOCATE CCU MICU AND ESTABLISH RCC	36			35	1		36	1	
INDIANAPOLIS,IN	UPGRADE SICU	197			165	25	7		32	7
INDIANAPOLIS,IN	MODERNIZE WARD B-1	278				275	3		278	3
IOWA CITY,IA	DEADEND CORRIDOR STAIRS	270	259	7	4			4		
IOWA CITY,IA	SURGICAL RESEARCH 4TH FLOOR	144	125	19						
IOWA CITY,IA	EMERGENCY GENERATOR	165		159	5	1		6	1	
IOWA CITY,IA	INSTALL HEAT RECOVERY SYS	125			120	5			5	
JACKSON,MS	REMODEL 16 BED WARDS	282	274	7	1			1		
JACKSON,MS	RELOCATE AND RENOVATE MICU ICU	363	354	8	1			1		
JACKSON,MS	HEMODIALYSIS CENTER	147	139	2	6			6		
JACKSON,MS	LAB EXPANSION	434		420	5	9		14	9	
JACKSON,MS	INSTALL COMPUTERIZED SYS	286		277	5	4		9	4	
JACKSON,MS	RENOVATE 16 BED WARDS	110		107	3			3		
JACKSON,MS	WINDOW WELLS SICU	252			235	10	7		17	7
KANSAS CITY,MO	REMODEL NURSING STATION	194	194							
KANSAS CITY,MO	CARDIO DIGNOSTIC LAB	91	91							
KANSAS CITY,MO	RENOVATE PSYCHIATRIC WARDS FLOORS 9TH	279	272		7			7		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
KANSAS CITY,MO	RELOCATE RUOMS	297						
KANSAS CITY,MO	ALCOHOL TREATMENT UNIT	186						
KANSAS CITY,MO	RELOCATE AND EXPAND DIGNOSTIC XRAY	395						
KERRVILLE,TX	ADDITIONAL EXITS TO SURGERY	266						
KERRVILLE,TX	EXPAND FIRE PROTECTION SYSTEM	376						
KNOXVILLE,IA	RELOCATE DENTAL SERVICE	259						
KNOXVILLE,IA	ENCLOSE 4 PORCHES B102	99						
KNOXVILLE,IA	RELOCATE ADMIN OFFICE TO BLDG. NO.3	290						
LAKE CITY,FL	UPGRADE AOV SYSTEMS	223						
LAKE CITY,FL	CONSTRUCT LEARNING RESOUR BLDG.	244						
LEAVENWORTH,KS	INSTALL ZONE HEATING VALVE	217						
LEAVENWORTH,KS	WHEELCHAIR ACCESS	215						
LEAVENWORTH,KS	SMOKE DETECTION SYS	414						
LEBANON,PA	NURSE CALL SYSTEM HLDG NO.17	202						
LEBANON,PA	SMOKE BARRIER DOORS	271						
LEXINGTON,KY	CORRECT SMOKE AND FIRE BARRIER	420						
LEXINGTON,KY	RENOVATE FIRST FLOOR B-2	258						
LEXINGTON(LD),KY	RELOCATE NUCLEAR MED	212						
LITTLE ROCK,AK	ISOLATION ICU 2 BEDS	88						
LOMA LINDA, CA	OPC EXPANSION	228						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF F AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
KANSAS CITY,MO	RELOCATE ROOMS	297		289	5			8		
KANSAS CITY,MO	ALCOHOL TREATMENT UNIT	186		181	5			5		
KANSAS CITY,MO	RELOCATE AND EXPAND DIGNOSTIC XRAY	395			375	20			20	
KERRVILLE,TX	ADDITIONAL EXITS TO SURGERY	266	245	19	2			2		
KERRVILLE,TX	EXPAND FIRE PROTECTION SYSTEM	376			305	35	36		71	36
KNOXVILLE,IA	RELOCATE DENTAL SERVICE	259	243	16						
KNOXVILLE,IA	ENCLOSE 4 PORCHES B102	99	99							
KNOXVILLE,IA	RELOCATE ADMIN OFFICE TO BLDG. NO.3	290	282	8						
LAKE CITY,FL	UPGRADE ADV SYSTEMS	223		216	5	2		7	2	
LAKE CITY,FL	CONSTRUCT LEARNING RESO BLDG.	244			230	5	9		14	9
LEAVENWORTH,KS	INSTALL ZONE HEATING VALVE	217	217							
LEAVENWORTH,KS	WHEELCHAIR ACCESS	215			180	25	10		35	10
LEAVENWORTH,KS	SMOKE DETECTION SYS	414			35	320	59		379	59
LEBANON,PA	NURSE CALL SYSTEM BLDG NO.17	202	191	4	7			7		
LEBANON,PA	SMOKE BARRIER DOORS	271	269		2			2		
LEXINGTON,KY	CORRECT SMOKE AND FIRE BARRIER	420			355	35	30		65	30
LEXINGTON,KY	RENOVATE FIRST FLOOR B-	258		250	5	3		6	3	
LEXINGTON(LTD),KY	RELOCATE NUCLEAR MED	212	209		3			3		
LITTLE ROCK,AR	ISOLATION ICU & BEDS	88		86	2			2		
LOMA LINDA, CA	OPC EXPANSION	226			195	10	23		33	23

59-500 O - 80 - 48

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
LONG BEACH,CA	DENTAL CLINIC EXPANSION	385						
LONG BEACH,CA	NURSING EDUCATION SPACE	206						
LONG BEACH,CA	UPGRADE SURGICAL ICU	458						
LONG BEACH,CA	RELOCATE SPECIAL REF LAB	393						
LONG BEACH,CA	PATIENT PRIVACY BLDG.NO.122	272						
LONG BEACH,CA	EXPAND CL LAB SPACE	431						
LOUISVILLE,KY	EXPAND AMBULATORY CARE FACILITIES	104						
LOUISVILLE,KY	RELOCATE AND RENOVATE CLINICS	191						
LOUISVILLE,KY	ANIMAL FACILITY ADDN BLDG NO.12	12						
LOUISVILLE,KY	RELOCATE AND EXPAND CARDIC LAB	249						
LOUISVILLE,KY	ANIMAL RES FACIL EXPANSION BLDG NO.12	416						
LOUISVILLE,KY	RENOVATE OP AND PSYCH SVC	143						
LYONS,NJ	RELOCATE CLINICAL LAB BLDG.NO.1	151						
LYONS,NJ	4 BED CCU AND ICU	336						
LYONS,NJ	REMODEL FLOORS A AND B BLDG NO.7	442						
LYONS,NJ	RENOVATE RADIOLOGY SVC BLDG.NO.1	351						
MADISON,WI	INSTALL STORM WINDOWS	138						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
LONG BEACH,CA	DENTAL CLINIC EXPANSION	385	24	350	11			11		
LONG BEACH,CA	NURSING EDUCATION SPACE	206	8	187	11			11		
LONG BEACH,CA	UPGRADE SURGICAL ICU	458	23	423	5	7		12	7	
LONG BEACH,CA	RELOCATE SPECIAL REF LAB	393		367	15	11		26	11	
LONG BEACH,CA	PATIENT PRIVACY BLDG.NO.122	272		265	5	2		7	2	
LONG BEACH,CA	EXPAND CL LAB SPACE	431			40	355	36		391	36
LOUISVILLE,KY	EXPAND AMBULATORY CARE FACILITIES	104	104							
LOUISVILLE,KY	RELOCATE AND RENOVATE CLINICS	191	189	2						
LOUISVILLE,KY	ANIMAL FACILITY ADDN BLDG NO.12	12	4		8			8		
LOUISVILLE,KY	RELOCATE AND EXPAND CARDIC LAB	249		241	5	3		8	3	
LOUISVILLE,KY	ANIMAL RES FACIL EXPANSION BLDG NO.12	416		404	12			12		
LOUISVILLE,KY	RENOVATE OP AND PSYCH SVC	143			120	15	8		23	8
LYONS,NJ	RELOCATE CLINICAL LAB BLDG.NO.1	151	142	9						
LYONS,NJ	4 BED CCU AND ICU	336	17		5	305	9	319	314	9
LYONS,NJ	REMODEL FLOORS A AND B BLDG NO.7	442		25	395	22		417	22	
LYONS,NJ	RENOVATE RADIOLOGY SVC BLDG.NO.1	351				340	11		351	11
MADISON,WI	INSTALL STORM WINDOWS	138	123		15			15		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
MADISON,WI	SMOKE PARTITION CORRECTION	385						
MADISON,WI	SPACE RELOCATION	376						
MANCHESTER,NH	REMODEL OR AREA	317						
MARION,IL	CANTEEN SVC FACILITY	448						
MARION,IN	REMODEL NURSING AND ADMIN AREAS	424						
MARION,IN	REMODEL BLDG.NO.12	441						
MARLIN,TX	SECONDARY ELECTRICAL UPGRADE	304						
MARLIN,TX	RELINE STUDENT QUARTERS	190						
MARTINEZ,CA	UPDATE CATH LAB	301						
MARTINEZ,CA	RELOCATE DENTAL SERVICE	318						
MARTINEZ,CA	LAB EXPANSION AND RENOVATION	273						
MARTINEZ,CA	TEMPORY RESEARCH BLDG.	399						
MEMPHIS,TN	SUPERVOLTAGE THERAPY	86						
MEMPHIS,TN	BOILER EFFICIENCY IMPROV.	233						
MIAMI,FL	REARRANGE MAIN KITCHEN	245						
MIAMI,FL	CENTRALIZED RESPIRATORY CARE	146						
MILES CITY,MT	REMODEL AMBULATORY CARE AREA	222						
MINNEAPOLIS,MN	EXPAND AMBULATORY CARE UNIT	320						
MINNEAPOLIS,MN	REPLACEMENT MODULAR BLDG.	230						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
MADISON,WI	SMOKE PARTITION CORRECTION	385			365	10	10		20	10
MADISON,WI	SPACE RELOCATION	376				365	11		376	11
MANCHESTER,NH	REMODEL OR AREA	317	308	6	3			3		
MARION,IL	CANTEEN SVC FACILITY	448			40	365	43		408	43
MARION,IN	REMODEL NURSING AND ADMIN AREAS	424		418	5	1		6	1	
MARION,IN	REMODEL BLDG.NO.12	441			375	66			66	
MARLIN,TX	SECONDARY ELECTRICAL UPGRADE	304		20	284			284		
MARLIN,TX	RELINE STUDENT QUARTERS	190		179	11			11		
MARTINEZ,CA	UPDATE CATH LAB	301	296	5						
MARTINEZ,CA	RELOCATE DENTAL SERVICE	318		309	5	4		9	4	
MARTINEZ,CA	LAB EXPANSION AND RENOVATION	273			20	225	28		253	28
MARTINEZ,CA	TEMPORY RESEARCH BLDG.	399			380	10	9		19	9
MEMPHIS,TN	SUPERVOLTAGE THERAPY	86		7	5	74		79	74	
MEMPHIS,TN	BOILER EFFICIENCY IMPROV.	233			220	5	8		13	8
MIAMI,FL	REARRANGE MAIN KITCHEN	245	236	8	1			1		
MIAMI,FL	CENTRALIZED RESPIRATORY CARE	146	9	133		4		4	4	
MILES CITY,MT	REMODEL AMBULATORY CARE AREA	222		217	5			5		
MINNEAPOLIS,MN	EXPAND AMBULATORY CARE UNIT	320	316		4			4		
MINNEAPOLIS,MN	REPLACEMENT MODULAR BLDG.	230		224	6			6		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
MOUNTAIN HOME,TN	STORM SEWER CANACELLED	8						
MOUNTAIN HOME,TN	INSTALL INCINERATOR	341						
MOUNTAIN HOME,TN	EXCAVATE BASEMENT BLDG.NO.34	428						
MURFREESBORO,TN	RELOCATION OF SPD	183						
MURFREESBORO,TN	FIRE ALARM SYS AND SMOKE DOORS	421						
MURFREESBORO,TN	CONSTRUCT ENTRANCE AND ROAD	414						
MUSKOGEE,OK	ENERGY SAVING SERVICES	263						
NASHVILLE,TN	4 BED CCU	98						
NASHVILLE,TN	CONSERVATION OF ENERGY	270						
NEW ORLEANS,LA	WHEELCHAIR RAMP	89						
NEW ORLEANS,LA	FIRE AND SAFETY DEFICIENCIES EXITS	290						
NEW ORLEANS,LA	RELOCATE PHARMACY	12						
NEW ORLEANS,LA	LINEN SVC RELOCATION	153						
NEW ORLEANS,LA	RENOVATE PAD	182						
NEW ORLEANS,LA	INSTALL SHADESCREENS	295						
NEW ORLEANS,LA	TEMPORARY SPACE FOR RESEARCH	93						
NEW ORLEANS,LA	RENOVATE EKG AND CARDIAC CATH.	185						
NEW YORK,NY	RELOCATE PHARMACY	184						
NEW YORK,NY	INSTALL STORM WINDOW	132						
NEW YORK,NY	EXPAND OPC	450						
NEWINGTON,CT	ANIMAL CARE FACILITY	348						
NEWINGTON,CT	LEARNING RESOURCE FACILITY 2ND AND 3RD FL	412						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
MOUNTAIN HOME,TN	STORM SEWER CANACELLED	8	8							
MOUNTAIN HOME,TN	INSTALL INCINERATOR	341	328	7	6			6		
MOUNTAIN HOME,TN	EXCAVATE BASEMENT BLDG.NO.34	428		416	5	7		12	7	
MURFREESBORO,TN	RELOCATION OF SPD	183	176	6	1			1		
MURFREESBORO,TN	FIRE ALARM SYS AND SMOKE DOORS	421	18	394	9			9		
MURFREESBORO,TN	CONSTRUCT ENTRANCE AND ROAD	414			30	375	9		384	9
MUSKOGEE,OK	ENERGY SAVING SERVICES	263		19	240	4		244	4	
NASHVILLE,TN	4 BED CCU	98	96		2			2		
NASHVILLE,TN	CONSERVATION OF ENERGY	270			260	10			10	
NEW ORLEANS,LA	WHEELCHAIR RAMP	89	89							
NEW ORLEANS,LA	FIRE AND SAFETY DEFICIENCIES EXITS	290	15		250	25		275	25	
NEW ORLEANS,LA	RELOCATE PHARMACY	12	12							
NEW ORLEANS,LA	LINEN SVC RELOCATION	153	7	4	125	17		142	17	
NEW ORLEANS,LA	RENOVATE PAD	182	172	8	2			2		
NEW ORLEANS,LA	INSTALL SHADESCREENS	295			270	25		295	25	
NEW ORLEANS,LA	TEMPORARY SPACE FOR RESEARCH	93		86	7			7		
NEW ORLEANS,LA	RENOVATE EKG AND CARDIAC CATH.	185			15	150	20		170	20
NEW YORK,NY	RELOCATE PHARMACY	184	150		20	14		34	14	
NEW YORK,NY	INSTALL STORM WINDOW	132		129	3			3		
NEW YORK,NY	EXPAND OPC	450			40	375	35		410	35
NEWINGTON,CT	ANIMAL CARE FACILITY	348	15	18	290	25		315	25	
NEWINGTON,CT	LEARNING RESOURCE FACILITY 2ND AND 3RD FL	412	17	384	11			11		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
NEWINGTON,CT	PURCHASE STATE OWNED BLDG.	192						
NORTH CHICAGO(DOWNEY),IL	CENTRAL HVAC CONTROL	179						
NORTH CHICAGO(DOWNEY),IL	6 BED SICU	346						
NORTH CHICAGO(DOWNEY),IL	RELOCATE SPD	269						
NORTH CHICAGO(DOWNEY),IL	SURGICAL SUITE RENOVATION	439						
NORTH CHICAGO(DOWNEY),IL	ANIMAL RESEARCH FACILITY	428						
NORTHAMPTON,MA	EMERGENCY LIGHT CIRCUITS	284						
NORTHAMPTON,MA	IMPROVE PATIENT ENVIRONMENT WARD 3	428						
NORTHPORT,NY	RENOVATE B-5 EDUCATION	399						
NORTHPORT,NY	RENOVATE EAST WING BLDG.NO.61	235						
NORTHPORT,NY	REPLACE SMOKE BARRIER DOORS	404						
OKLAHOMA CITY,OK	FIRE BARRIER	292						
OKLAHOMA CITY,OK	FIRE BARRIER PROTECTION BLDG.NO.19	104						
OMAHA,NB	ANIMAL RESEARCH FACILITY NEW BLDG	412						
OMAHA,NB	HEAT RECOVERY SYS BLDG 1 AND 15	369						
OMAHA,NB	BOILER STACK ECONOMY	207						
OMAHA,NB	RENOVATE LAUNDRY FAC BLDG.NO.9	397						
PALO ALTO(PAD),CA	CAHE LAB	328						
PALO ALTO(PAD),CA	PHARMACY RELOCATION RADIO. EXPANSION	204						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
NEWINGTON,CT	PURCHASE STATE OWNED BLDG.	192		192						
NORTH CHICAGO(DOWNEY),I	CENTRAL HVAC CONTROL	179	174	1	4			4		
NORTH CHICAGO(DOWNEY),I	6 BED SICU	346	18	324	4			4		
NORTH CHICAGO(DOWNEY),I	RELOCATE SPD	269	262		7			7		
NORTH CHICAGO(DOWNEY),I	SURGICAL SUITE RENOVATION	439		427	10	2		12	2	
NORTH CHICAGO(DOWNEY),I	ANIMAL RESEARCH FACILIT	428			350	55	23		78	23
NORTHAMPTON,MA	EMERGENCY LIGHT CIRCUITS	284	275	9						
NORTHAMPTON,MA	IMPROVE PATIENT ENVIRONMENT WARD 3	428		413	15			15		
NORTHPORT,NY	RENOVATE B-5 EDUCATION	399				370	29		399	29
NORTHPORT,NY	RENOVATE EAST WING BLDG.NO.61	235			195	35	5		40	5
NORTHPORT,NY	REPLACE SMOKE BARRIER DOORS	404			335	45	24		69	24
OKLAHOMA CITY,OK	FIRE BARRIER	292	291	1						
OKLAHOMA CITY,OK	FIRE BARRIER PROTECTION BLDG.NO.19	104			95	9			9	
OMAHA,NB	ANIMAL RESEARCH FACILITY NEW BLDG	412		30	20	335	27	382	362	27
OMAHA,NB	HEAT RECOVERY SYS BLDG 1 AND 15	369			30	300	39		339	39
OMAHA,NB	BOILER STACK ECONOMY	207			20	185	2		187	2
OMAHA,NB	RENOVATE LAUNDRY FAC BLDG.NO.9	377			15	350	12		362	12
PALO ALTO(PAD),CA	CATH LAB	328	328							
PALO ALTO(PAD),CA	PHARMACY RELOCATION RADIO. EXPANSION	394		382	12			12		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF M AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
PALO ALTO(PAD),CA	REHAB ENGINEERING RES CENTER	398						
PALO ALTO(PAD),CA	IMPROVE RADIOLOGY PH II	392						
PALO ALTO(PAD),CA	MOD.BLDG. FOR ADMIN.	307						
PERRY POINT,MD	ADDITIONAL FUEL STORAGE TANKS	348						
PERRY POINT,MD	FOUR ADDITIONAL ELEVATORS	402						
PERRY POINT,MD	RENOVATE 24 FL TO INTERMEDIATE CARE	419						
PHILADELPHIA(VAH),PA	HANDICAP FACILITY IMPROVEMENT OPC	178						
PHILADELPHIA(VAH),PA	REMODEL 7 E AND 7W	289						
PHOENIX,AZ	RADILOGY EXPANSION	119						
PITTSBURGH(LFR),PA	INSTALL LOAD MGT TEMP CONTROL PH I	213						
PITTSBURGH(LFR),PA	CONVERT 16 BED WARDS	399						
PITTSBURGH(UD),PA	SMOKE BARRIERS	287						
PITTSBURGH(UD),PA	O/P X-RAY	47						
PITTSBURGH(UD),PA	RENOVATE 10TH FL NUCLEAR MED	303						
PITTSBURGH(UD),PA	20 BED TOTAL CARE WARD BLDG.NO.1	342						
POPLAR BLUFF,MO	RELOCATE DENTAL CLINIC	165						
POPLAR BLUFF,MO	INSTALL GRAPHIC CONTROL	307						
PORTLAND,OR	CONSTRUCT RESEARCH LAB	295						
PORTLAND,OR	EMERGENCY SERVICE CIRCUIT	129						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

('000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
PALO ALTO(PAD),CA	REHAB ENGINEERING RES CENTER	398		398						
PALO ALTO(PAD),CA	IMPROVE RADIOLOGY PH II	392			375	17			17	
PALO ALTO(PAD),CA	MOD.BLDG. FOR ADMIN.	307		298	5	4		9	4	
PERRY POINT,MD	ADDITIONAL FUEL STORAGE TANKS	348	337		11			11		
PERRY POINT,MD	FOUR ADDITIONAL ELEVATO	402		390	5	7		12	7	
PERRY POINT,MD	RENOVATE 24 FL TO INTERMEDIATE CARE	419			345	60	14		74	14
PHILADELPHIA(VAH),PA	HANDICAP FACILITY IMPROVEMENT OPC	178				175	3		178	3
PHILADELPHIA(VAH),PA	REMODEL 7 E AND 7W	289			275	10	4		14	4
PHOENIX,AZ	RADILOGY EXPANSION	119	112	6	1			1		
PITTSBURGH(LFR),PA	INSTALL LOAD MGT TEMP CONTROL PH I	213	19	188	6			6		
PITTSBURGH(LFR),PA	CONVERT 16 BED WARDS	399		386	13			13		
PITTSBURGH(UD),PA	SMOKE BARRIERS	287		19	260	8		268	8	
PITTSBURGH(UD),PA	O/P X-RAY	47	44	3						
PITTSBURGH(UD),PA	RENOVATE 10TH FL NUCLEAR MED	303			30	260	13		273	13
PITTSBURGH(UD),PA	20 BED TOTAL CARE WARD BLDG.NO.1	342	204	68	70			70		
POPLAR BLUFF,MO	RELOCATE DENTAL CLINIC	165	157	3	5			5		
POPLAR BLUFF,MO	INSTALL GRAPHIC CONTROL	307			25	270	12		282	12
PORTLAND,OR	CONSTRUCT RESEARCH LAB	[illegible]	284	11						
PORTLAND,OR	EMERGENCY SERVICE CIRCUIT	129	34	61	29			29		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
PORTLAND,OR	CORRECT JCAH FIRE DEFIC	448						
PORTLAND,OR	UPGRADE HEMODIALYSIS	194						
PRESCOTT	EXPAND SURGICAL SUITE	53						
PRESCOTT	CORRECT F + S DEFIC.	269						
PROVIDENCE,RI	RENOVATE BLDG.NO.9 FOR RESEARCH	329						
PROVIDENCE,RI	EXPAND RADIOLOGY	139						
PROVIDENCE,RI	RELOCATE CANTEEN	428						
RENO,NV	REMODEL NE WING WARD 2B	246						
RENO,NV	REMOVE ARCHITECTURAL BARRIERS PHASE 2	130						
RENO,NV	PURCHASE LEASED FACILITY	213						
ROSEBURG,OR	REMODEL WARD 4 NORTH BLDG	405						
SAGINAW,MI	CONSTRUCT NEW LAB	248						
SAGINAW,MI	UPDATE OUTPATIENT CL	218						
SAGINAW,MI	RELOCATE	304						
SALEM,VA	ADDITIONAL ELEVATORS BLDG. NO.6	156						
SALEM,VA	HEMODIALYSIS CENTER RENOVATIONS	223						
SALISBURY,NC	EXPAND XRAY AND MEDICAL SERVICES	185						
SALISBURY,NC	RENOVATION FOR PATIENT PRIVATE	199						
SALT LAKE CITY,UT	PRIMATE ADDITION	260						
SALT LAKE CITY,UT	EMERGENCY RETROFIT UNITS	167						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF M AND OE APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
PORTLAND,OR	CORRECT JCAH FIRE DEFIC	448			360	40	28		68	28
PORTLAND,OR	UPGRADE HEMODIALYSIS	194		183	10	1		11	1	
PRESCOTT	EXPAND SURGICAL SUITE	53	52		1			1		
PRESCOTT	CORRECT F + S DEFIC.	269			20	230	19		249	19
PROVIDENCE,RI	RENOVATE BLDG.NO.9 FOR RESEARCH	329			260	20	29		49	29
PROVIDENCE,RI	EXPAND RADIOLOGY	139			120	10	9		19	9
PROVIDENCE,RI	RELOCATE CANTEEN	428			365	25	38		63	38
RENO,NV	REMODEL NE WING WARD 2B	246	231	15						
RENO,NV	REMOVE ARCHITECTURAL BARRIERS PHASE 2	130		126	4			4		
RENO,NV	PURCHASE LEASED FACILITY	213		213						
ROSEBURG,OR	REMODEL WARD 4 NORTH BL	405		393	12			12		
SAGINAW,MI	CONSTRUCT NEW LAB	248	237		11			11		
SAGINAW,MI	UPDATE OUTPATIENT CL	218	218							
SAGINAW,MI	RELOCATE	304		21	280	3		19	3	
SALEM,VA	ADDITIONAL ELEVATORS BLDG. NO.6	156	154	2						
SALEM,VA	HEMODIALYSIS CENTER RENOVATIONS	223			210	13			13	
SALISBURY,NC	EXPAND XRAY AND MEDICAL SERVICES	185	180	3	2			2		
SALISBURY,NC	RENOVATION FOR PATIENT PRIVATE	199			165	15	19		34	19
SALT LAKE CITY,UT	PRIMATE ADDITION	260	261	-1						
SALT LAKE CITY,UT	EMERGENCY RETROFIT UNITS	167	163	1	3			3		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
SALT LAKE CITY,UT	REMODEL WARD 1D	322						
SALT LAKE CITY,UT	REMODEL WARD 1G BLDG.NO.1	337						
SALT LAKE CITY,UT	REMODEL THEATER FOR EDUCATION PHASE II	386						
SAN ANTONIO,TX	EXPAND O/P FACILITY	233						
SAN ANTONIO,TX	CONNECTING PASSAGEWAY	433						
SAN DIEGO,CA	31 BED SICU CANCELLED	17						
SAN DIEGO,CA	WASTE HEAT RECOVERY	111						
SAN DIEGO,CA	EXPAND SURGICAL ICU BY 7 BEDS	294						
SAN DIEGO,CA	MODIFY 60-BED NHCU	329						
SAN DIEGO,CA	CCU/MIC UNIT	398						
SAN FRANCISCO, CA	RENOVATE EXP PHY ALCOHOLIC NHU	207						
SAN FRANCISCO, CA	FIRE ALARM AND SMOKE BARRIERS	357						
SAN JUAN, PR	INSTALL MGT LOAD SYS	122						
SAN JUAN, PR	ADDITIONAL A/C UNITS	263						
SAN JUAN, PR	ADDITIONAL XRAY FACILITIES	146						
SAN JUAN, PR	LEARNING RESOURCE CENTER	171						
SEATTLE,WA	LAB EXPANSION	304						
SEATTLE,WA	UNIT DOSE PHARMACY	179						
SEATTLE,WA	PRE-ENGINEERED RECREATION BLDG.	54						
SEATTLE,WA	RESEARCH BLDG NO.8	221						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF M AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
SALT LAKE CITY,UT	REMODEL WARD 1D	322		303	15	4		19	4	
SALT LAKE CITY,UT	REMODEL WARD 1G BLDG.NO.1	337			320	15	2		17	2
SALT LAKE CITY,UT	REMODEL THEATER FOR EDUCATION PHASE II	386			325	61			61	
SAN ANTONIO,TX	EXPAND O/P FACILITY	233	217		16			16		
SAN ANTONIO,TX	CONNECTING PASSAGEWAY	433		33	400			400		
SAN DIEGO,CA	31 BED SICU CANCELLED	17	7		10			10		
SAN DIEGO,CA	WASTE HEAT RECOVERY	111	16	87	8			8		
SAN DIEGO,CA	EXPAND SURGICAL ICU BY 7 BEDS	294	283	10	1			1		
SAN DIEGO,CA	MODIFY 60-BED NHCU	329		16	275	38		313	38	
SAN DIEGO,CA	CCU/MIC UNIT	398			35	360	3		363	3
SAN FRANCISCO, CA	RENOVATE EXP PHY ALCOHOLIC NHU	207	201	5	1			1		
SAN FRANCISCO, CA	FIRE ALARM AND SMOKE BARRIERS	357			340	17			17	
SAN JUAN, PR	INSTALL MGT LOAD SYS	122	119	1	2			2		
SAN JUAN, PR	ADDITIONAL A/C UNITS	263	255	5	3			3		
SAN JUAN, PR	ADDITIONAL XRAY FACILITIES	146		141	5			5		
SAN JUAN, PR	LEARNING RESOURCE CENTE	171			15	150	6		156	6
SEATTLE,WA	LAB EXPANSION	304	297	1	6			6		
SEATTLE,WA	UNIT DOSE PHARMACY	179	179							
SEATTLE,WA	PRE-ENGINEERED RECREATION BLDG.	54		54						
SEATTLE,WA	RESEARCH BLDG NO.8	221		179	42			42		

15-6-69

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (8)-MISC PROJ $100-$400,000								
SEATTLE,WA	REMODEL 1ST FLOOR BLDG.NO.8	236						
SEPULVEDA,CA	PSYCHIATRIC WD REDESIGN	307						
SEPULVEDA,CA	RENOVATE PSYCHIATRIC WARD 5-2A	414						
SEPULVEDA,CA	PSYCHIATRIC WARD REDESIGN	48						
SEPULVEDA,CA	EXPAND DIETETIC KITCHEN	256						
SEPULVEDA,CA	REDESIGN PSY WARD	329						
SEPULVEDA,CA	RESEARCH EXPANSION B-7	224						
SHERIDAN,WY	TEMPORARY LAR	178						
SHERIDAN,WY	PATIENT PRIVACY AND RECRE BLDG NO.8	223						
SHREVEPORT,LA	RESEARCH EXPANSION BLDG.NO.16 ARF	235						
SHREVEPORT,LA	ENERGY CONSERVATION MOD	430						
SHREVEPORT,LA	RENOVATE SURGICAL SUITE 3W	122						
SIOUX FALLS,SD	REMODEL SURGERY	324						
SIOUX FALLS,SD	MODULAR RESEARCH BLDG.	321						
SIOUX FALLS,SD	EXPAND RADIOLOGY PH I	70						
SPOKANE,WA	REPLACE SMOKE FIRE DOORS	349						
ST CLOUD,MN	REMODEL WEST END BLDG. 1H	283						
ST CLOUD,MN	MODERNIZE MMPS(CCTV)	127						
ST CLOUD,MN	CONSOLIDATE TRAY SERVICE B50	191						

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
SEATTLE,WA	REMODEL 1ST FLOOR BLDG.NO.8	236			20	215	1		216	1
SEPULVEDA,CA	PSYCHIATRIC WD REDESIGN	307	295	8	4			4		
SEPULVEDA,CA	RENOVATE PSYCHIATRIC WARD 5-2A	414		402	5	7		12	7	
SEPULVEDA,CA	PSYCHIATRIC WARD REDESI	48			40		8	48	8	8
SEPULVEDA,CA	EXPAND DIETETIC KITCHEN	256			215	41			41	
SEPULVEDA,CA	REDESIGN PSY WARD	329			30	295	4		299	4
SEPULVEDA,CA	RESEARCH EXPANSION B-7	224			220	4			4	
SHERIDAN,WY	TEMPORARY LAB	178		175	3			3		
SHERIDAN,WY	PATIENT PRIVACY AND RECRE BLDG NO.8	223		215	5	3		8	3	
SHREVEPORT,LA	RESEARCH EXPANSION BLDG.NO.16 ARF	235	228	6	1			1		
SHREVEPORT,LA	ENERGY CONSERVATION MOD	430		416	10	4		14	4	
SHREVEPORT,LA	RENOVATE SURGICAL SUITE 3*	122			115	7			7	
SIOUX FALLS,SD	REMODEL SURGERY	324	319	5						
SIOUX FALLS,SD	MODULAR RESEARCH BLDG.	321	320	1						
SIOUX FALLS,SD	EXPAND RADIOLOGY PH I	70		68	2			2		
SPOKANE,WA	REPLACE SMOKE FIRE DOORS	349			335	14			14	
ST CLOUD,MN	REMODEL WEST END BLDG. 1H	283	255	20	8			8		
ST CLOUD,MN	MODERNIZE MMPS(CCTV)	127	124	-121	60	64		124	64	
ST CLOUD,MN	CONSOLIDATE TRAY SERVICE B50	191			180	5	6		11	6

59-500 O - 80 - 49

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
ST.ALBANS(DIV),NY	FIRE SPRINKLER	171						
ST.ALBANS(DIV),NY	ELECTROMEGNETIC DOOR HOLDERS	317						
ST.LOUIS(JB),MO	REMODEL 1-W-8	426						
ST.LOUIS(JB),MO	MEDICAL AND CLINICAL SUPPORT AREAS	65						
ST.LOUIS(JB),MO	REMODEL WARD 1-W-1 FOR CLINICAL	74						
ST.LOUIS(JB),MO	REMODEL WARD 1-W-2 NORTH	300						
ST.LOUIS(JB),MO	RESEARCH RELOCATION BLDG	210						
ST.LOUIS(JB),MO	REMODEL WARD 1-E-2	350						
ST.LOUIS(JB),MO	REMODEL DENTAL SVC	396						
ST.LOUIS(JCD),MO	PROPOSED PURCHASE OF IMPROVED LEASED PROPERTY	290						
ST.LOUIS(JCD),MO	RELOCATE GI/INHALATION THERAPY	92						
ST.LOUIS(JCD),MO	OUTPATIENT PHARMACY	120						
ST.LOUIS(JCD),MO	RELOCATE RMS	306						
ST.LOUIS(JCD),MO	CARDIOLOGY AND RADIOLOGY SUPPORT SVC	289						
SYRACUSE,NY	EXCAVATE CRAWL SPACE	201						
SYRACUSE,NY	RENOVATE SPD	293						
SYRACUSE,NY	RENOVATE NURSING HOME CARE UNIT 7	320						
SYRACUSE,NY	RESEARCH CONSOLIDATION	255						
SYRACUSE,NY	REMODEL RADIOLOGY	317						
TAMPA,FL	HEAT RECOVERY SYSTEM	263						
TAMPA,FL	OPERATING ROOMS AND STAFF	223						
TAMPA,FL	INCINERATOR BLDG.	83						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
ST.ALBANS(DIV),NY	FIRE SPRINKLER	171				145	26		171	26
ST.ALBANS(DIV),NY	ELECTROMEGNETIC DOOR HOLDERS	317			25	255	37		292	37
ST.LOUIS(JB),MO	REMODEL 1-W-8	426	15	409	2			2		
ST.LOUIS(JB),MO	MEDICAL AND CLINICAL SUPPORT AREAS	65	4	60	1			1		
ST.LOUIS(JB),MO	REMODEL WARD 1-W-1 FOR CLINICAL	74	8	65	1			1		
ST.LOUIS(JB),MO	REMODEL WARD 1-W-2 NORT	300	13	285	2			2		
ST.LOUIS(JB),MO	RESEARCH RELOCATION BLD	210		203	5	2		7	2	
ST.LOUIS(JB),MO	REMODEL WARD 1-E-2	350			335	15			15	
ST.LOUIS(JB),MO	REMODEL DENTAL SVC	396				375	21		396	21
ST.LOUIS(JCD),MO	PROPOSED PURCHASE OF IMPROVED LEASED PROPERT	290		270	10	10		20	10	
ST.LOUIS(JCD),MO	RELOCATE GI/INHALATION THERAPY	92	86	3	3			3		
ST.LOUIS(JCD),MO	OUTPATIENT PHARMACY	120	116	4						
ST.LOUIS(JCD),MO	RELOCATE RMS	306		298	5	3		8	3	
ST.LOUIS(JCD),MO	CARDIOLOGY AND RADIOLOG SUPPORT SVC	289			245	44			44	
SYRACUSE,NY	EXCAVATE CRAWL SPACE	201	201							
SYRACUSE,NY	RENOVATE SPD	293	11	280	2			2		
SYRACUSE,NY	RENOVATE NURSING HOME CARE UNIT 7	320	15	295	10			10		
SYRACUSE,NY	RESEARCH CONSOLIDATION	255	242	12	1			1		
SYRACUSE,NY	REMODEL RADIOLOGY	317		305	10	2		12	2	
TAMPA,FL	HEAT RECOVERY SYSTEM	263	256	5	2			2		
TAMPA,FL	OPERATING ROOMS AND STA	223		208	10	5		15	5	
TAMPA,FL	INCINERATOR BLDG.	83		81	2			2		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (8)-MISC PROJ $100-$400,000								
TAMPA,FL	ENERGY CONV.RETROFIT	215						
TAMPA,FL	O/P CLINIC EXPANSION	337						
TEMPLE,TX	CORRECT SAFETY AND SPACE DEFICIENCIES BLDG 162	411						
TEMPLE,TX	AOV BLDG NO.162	72						
TOGUS,ME	INSTALL EMERGENCY GENERATOR	214						
TOGUS,ME	RENOVATE 3RD FLOOR BLDG NO. 206	364						
TOGUS,ME	RENOVATE LAB AND PAD	396						
TOGUS,ME	RENOVATE BLDG.NO.206 PATIENT PRIVACY	385						
TOMAH,WI	REMODEL FOR AMBULATORY CARE	194						
TOMAH,WI	REMODEL WARDS B AND D	3						
TOMAH,WI	INSTALL ECONOMIZIER	1						
TOPEKA,KS	RELOCATE MEDICAL MEDIA SVC B-1	153						
TUCSON,AZ	PRE-ENGINEERED METAL RESEARCH BLDG.	248						
TUCSON,AZ	RELOCATE OP/ENT EYE SPEECH AUDIO DL.	124						
TUCSON,AZ	INPATIENT PHARMACY	228						
TUSCALOOSA,AL	PATIENT PRIVACY CUBICLE	110						
TUSCALOOSA,AL	RENOVATE 1ST FLOOR BLDG. NO.33	18						
TUSCALOOSA,AL	RENOVATE WD 1C WEST BLDG. NO.1	226						
TUSCALOOSA,AL	RENOVATE CANTEEN	317						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
TAMPA,FL	ENERGY CONV.RETROFIT	215			205	5	5		10	5
TAMPA,FL	O/P CLINIC EXPANSION	337			320	15	2		17	2
TEMPLE,TX	CORRECT SAFETY AND SPAC DEFICIENCIES BLDG 162	411		399	5	7		12	7	
TEMPLE,TX	ADV BLDG NO.162	72		70	2			2		
TOGUS,ME	INSTALL EMERGENCY GENERATOR	214	210		4			4		
TOGUS,ME	RENOVATE 3RD FLOOR BLDG NO. 206	364		354	10			10		
TOGUS,ME	RENOVATE LAB AND PAD	396		334	35	27		62	27	
TOGUS,ME	RENOVATE BLDG.NO.206 PATIENT PRIVACY	385			365	15	5		20	5
TOMAH,WI	REMODEL FOR AMBULATORY CARE	194	172	19	3			3		
TOMAH,WI	REMODEL WARDS B AND D	3		3						
TOMAH,WI	INSTALL ECONOMIZIER	1			1			1		
TOPEKA,KS	RELOCATE MEDICAL MEDIA SVC B-1	153			130	23			23	
TUCSON,AZ	PRE-ENGINEERED METAL RESEARCH BLDG.	248	248							
TUCSON,AZ	RELOCATE OP/ENT EYE SPEECH AUDIO DL.	124		120	4			4		
TUCSON,AZ	INPATIENT PHARMACY	228			215	10	3		13	3
TUSCALOOSA,AL	PATIENT PRIVACY CUBICLE	110	106		4			4		
TUSCALOOSA,AL	RENOVATE 1ST FLOOR BLDG. NO.33	18	7		11			11		
TUSCALOOSA,AL	RENOVATE WD IC WEST BLDG. NO.1	226	224	-1	3			3		
TUSCALOOSA,AL	RENOVATE CANTEEN	317		276	30	11		41	11	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (8)-MISC PROJ $100-$400,000								
TUSKEGEE,AL	CONSTRUCT STAIRWELL BLDG. NO.62	19						
TUSKEGEE,AL	CORRECT SAFETY DEFIC.	227						
TUSKEGEE,AL	PROVIDE PATIENT PRIVACY	441						
*ADSWORTH(LA),CA	DENTAL TRAINING CENTER	330						
*ADSWORTH(LA),CA	RELOCATE DENTAL LAB	362						
*ADSWORTH(LA),CA	ANEROBIC RES LAB	455						
*ASHINGTON, DC	ADMINISTRATIVE SERVICE RENOVATION	93						
*ASHINGTON, DC	UPGRADE CARDIC CATH LAB	127						
*ASHINGTON, DC	ENCLOSE 4TH FLOOR TERRACE FOR EDUCATION	270						
*ASHINGTON, DC	EXPAND *AREHOUSE	440						
*EST HAVEN,CT	CONSOLIDATE O/P RECORDS	224						
*EST ROXBURY,MA	REPLACE T-5 *AREHOUSE	211						
*EST ROXBURY,MA	RENOVATE LAB SERVICE	350						
*EST ROXBURY,MA	RENOVATE DIETETIC SPACE	422						
*EST ROXBURY,MA	EXPAND RADIOLOGY SERVICE	409						
*HITE CITY,OR	RENOVATE BLDG. NO.213	326						
*HITE CITY,OR	RENOVATE BLDG.NO.214 NORTH	320						
*HITE CITY,OR	O/P CLINIC EXPANSION	428						
*HITE RIVER JUNCTION,VT	SUPPLY EXPANSION (PAD)	239						
*HITE RIVER JUNCTION,VT	ANESTHISOLOGY EXPAN	143						
*HITE RIVER JUNCTION,VT	EXIT DEFICIENCIES BLDG. NO.3	136						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF M AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
TUSKEGEE,AL	CONSTRUCT STAIRWELL BLDG. NO.62	19	19	-1	1			1		
TUSKEGEE,AL	CORRECT SAFETY DEFIC.	227	221	3	3			3		
TUSKEGEE,AL	PROVIDE PATIENT PRIVACY	441			375	60	6		66	6
WADSWORTH(LA),CA	DENTAL TRAINING CENTER	330	323	7						
WADSWORTH(LA),CA	RELOCATE DENTAL LAB	362		31	330	1		331	1	
WADSWORTH(LA),CA	ANEHOBIC RES LAB	455			385	65	5		70	5
WASHINGTON, DC	ADMINISTRATIVE SERVICE RENOVATION	93	93							
WASHINGTON, DC	UPGRADE CARDIC CATH LAB	127	92	34	1			1		
WASHINGTON, DC	ENCLOSE 4TH FLOOR TERRA FOR EDUCATION	270	262	1	7			7		
WASHINGTON, DC	EXPAND WAREHOUSE	440	19		400	15	6	137	21	6
WEST HAVEN,CT	CONSOLIDATE O/P RECORDS	224		217	7			7		
WEST ROXBURY,MA	REPLACE T-S WAREHOUSE	211	210		1			1		
WEST ROXBURY,MA	RENOVATE LAB SERVICE	350	21	319	5	5		10	5	
WEST ROXBURY,MA	RENOVATE DIETETIC SPACE	422	24	357	30	11		41	11	
WEST ROXBURY,MA	EXPAND RADIOLOGY SERVICE	409			345	5	59		64	59
WHITE CITY,OR	RENOVATE BLDG. NO.213	326	320	6						
WHITE CITY,OR	RENOVATE BLDG.NO.214 NORTH	320		305	5	10		15	10	
WHITE CITY,OR	O/P CLINIC EXPANSION	420			355	35	30		65	30
WHITE RIVER JUNCTION,VT	SUPPLY EXPANSION (PAD)	236	234		2			2		
WHITE RIVER JUNCTION,VT	ANESTHISOLOGY EXPAN	143	139	2	2			2		
WHITE RIVER JUNCTION,VT	EXIT DEFICIENCIES BLDG. NO.8	136	133	1	4			4		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (B)-MISC PROJ $100-$400,000								
*ICHITA,KS	PSYCHIATRIC DAY TREATMENT CENTER	184						
*ICHITA,KS	AMBULATORY CARE AND PHYSI OFFICE SPACE	416						
*ILKES-BARRE,PA	ALTERATIONS PAD BLDG.NO.1	399						
*ILKES-BARRE,PA	KITCHEN REMODELING SECTION A	391						
*ILMINGTON,DE	ELIMINATE ARCH BARRIERS	240						
*OUD,*I	RELOCATE GU CLINIC	190						
*OUD,*I	RELOCATE FEE SVC AND PERSONNEL SVC	136						
*OUD,*I	EXPAND AMBULATORY CARE	318						
*OUD,*I	RELOCATE CARDIAC CATHORIZATION LAB	154						
*OUD,*I	RELOCATE CLINIC FILES	370						
*OUD,*I	ANIMAL RESEARCH FACILITY	444						
VARIOUS STATIONS	FY79 PROGRAM BALANCE	595						
VARIOUS STATIONS	FY80 PROGRAM BALANCE	2,791						
SUBTOTAL (467)		165798	84503	39306	5	123814	41984	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING (INCLUDES C OF H AND OF APPROPRIATION)
$000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (B)-MISC PROJ $100-$400,000										
WICHITA,KS	PSYCHIATRIC DAY TREATMENT CENTER	184	184							
WICHITA,KS	AMBULATORY CARE AND PHY OFFICE SPACE	416		35	375	6		381	6	
WILKES-BARRE,PA	ALTERATIONS PAD BLDG.NO.1	399		384	15			15		
WILKES-BARRE,PA	KITCHEN REMODELING SECTION A	391			375	16			16	
WILMINGTON,DE	ELIMINATE ARCH BARRIERS	240			20	205	15		220	15
WOOD,WI	RELOCATE GU CLINIC	190	190							
WOOD,WI	RELOCATE FEE SVC AND PERSONNEL SVC	136	136							
WOOD,WI	EXPAND AMBULATORY CARE	318	316		2			2		
WOOD,WI	RELOCATE CARDIAC CATHORIZATION LAB	154	143	3	8			8		
WOOD,WI	RELOCATE CLINIC FILES	370		359	10	1		11	1	
WOOD,WI	ANIMAL RESEARCH FACILIT	444		26	25	375	18	418	393	18
VARIOUS STATIONS	FY79 PROGRAM BALANCE	595			35	525	35	595	560	35
VARIOUS STATIONS	FY80 PROGRAM BALANCE	2,791			1,180	115	1,496		1,611	1,496
SUBTOTAL (467)		166798	34344	37818	30595	48717	14324	12346	21057	14324

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (D)-CLINICAL IMPROVEMENTS								
VARIOUS STATIONS	FY1981 REQUEST	8,939					8,939	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		40,956		965	41,921		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-6,977			-6,977		
ALLEN PARK,MI	CARDIO-VASCULAR DIAG THNG	860						
ALLEN PARK,MI	UPDATE SURGICAL ICU	637						
AMERICAN LAKE,WA	5 BED GP ICU	173						
ANN ARBOR,MI	ALTNS TO RADIOLOGY	736						
BATTLE CREEK,MI	DENTAL CLINIC EXPANSION	397						
BATTLE CREEK,MI	20 BED RCC 6 BED ICU	493						
BIRMINGHAM,AL	6 BED SURGICAL ICU	277						
BIRMINGHAM,AL	25 BED RCC	554						
BROOKLYN,NY	12 BED HEMODIALYSIS CENTER	332						
BUFFALO,NY	RELOCATE NUCLEAR MED	700						
BUTLER,PA	40 BED RESPIR CARE CENTER PFL	626						
CANANDAIGUA,NY	20 BED RCU	564						
CANANDAIGUA,NY	RELOCATE UPDATE PAD	565						
CHICAGO(WS),IL	20-BED RESPIRATORY CARE	1,053						
CHILLICOTHE,OH	20 BED RCC PFL 6 BED GP	602						
CINCINNATI,OH	REMODEL CLINICAL LAB	449						
CINCINNATI(CO),OH	RELOCATE MOD + MED ICU	439						
CLEVELAND(BRECKSVLE),OH	5 BED GP ICU	118						
CLEVELAND(WADE PARK),OH	32 BED RCC AND PFL	1,000						
CLEVELAND(WADE PARK),OH	EXPAND RADIOLOGY	312						
DALLAS,TX	10 BED CCU 6 BED MICU	666						
DES MOINES,IA	ADDITION TO BLDG.NO.1 DENTAL EXPANSION	561						

15-80

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	1980	1981
OTHER IMPR (D)-CLINICAL IMPROVEMENTS										
VARIOUS STATIONS	FY1981 REQUEST	8,939				580	8,359			8,359
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
ALLEN PARK,MI	CARDIO-VASCULAR DIAG TM	860	801		59			59		
ALLEN PARK,MI	UPDATE SURGICAL ICU	637	611	24	2			2		
AMERICAN LAKE,WA	5 BED GP ICU	173	164	7	2			2		
ANN ARBOR,MI	ALTNS TO RADIOLOGY	736	733		3			3		
BATTLE CREEK,MI	DENTAL CLINIC EXPANSION	397	391		6			6		
BATTLE CREEK,MI	20 BED RCC 6 BED ICU	493	493							
BIRMINGHAM,AL	6 BED SURGICAL ICU	277	259	12	6			6		
BIRMINGHAM,AL	25 BED RCC	554	530	14	10			10		
BROOKLYN,NY	12 BED HEMODIALYSIS CENTER	332	332							
BUFFALO,NY	RELOCATE NUCLEAR MED	700	49	2	555	94		649	94	
BUTLER,PA	40 BED RESPIR CARE CENTER PFL	626	574	7	45			45		
CANANDAIGUA,NY	20 BED RCU	564	38	500	20	6		26	6	
CANANDAIGUA,NY	RELOCATE UPDATE MED	565	524	2	35	4		39	4	
CHICAGO(WS),IL	20-BED RESPIRATORY CARE	1,053		1,002	25	26		51	26	
CHILLICOTHE,OH	20 BED RCC PFL 6 BED G	602	558	2	25	17		42	17	
CINCINNATI,OH	REMODEL CLINICAL LAB	449	448		1			1		
CINCINNATI(CD),OH	RELOCATE MOD + MED ICU	439	407	1	31			31		
CLEVELAND(BRECKSVLE),OH	5 BED GP ICU	118	114		4			4		
CLEVELAND(WADE PARK),OH	32 BED RCC AND PFL	1,000	15	54	65	866		931	866	
CLEVELAND(WADE PARK),OH	EXPAND RADILOIGY	312		307	5			5		
DALLAS,TX	10 BED CCU 6 BED MICU	666	663	3						
DES MOINES,IA	ADDITION TO BLDG.NO.1 DENTAL EXPANSION	561	524	10	27			27		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (D)-CLINICAL IMPROVEMENTS								
DES MOINES,IA	RCU AND PLF	601						
DUBLIN,GA	14 BED RESPIRATORY CARE CENTER	288						
FORT HARRISON,MT	EXPAND PHARMACY	848						
GRAND JUNCTION,CO	REMODEL LAB AND CANTEEN	861						
HOT SPRINGS,SD	SURGERY PAD ALTERATIONS	1,206						
IOWA CITY,IA	EXPAND SURGERY	592						
LONG BEACH,CA	11 BEDS ICU CC UNIT	276						
LONG BEACH,CA	PHARMACY EXPANSION	659						
LONG BEACH,CA	SURGICAL ICU	922						
LOUISVILLE,KY	CLINICAL LABS	609						
MINNEAPOLIS,MN	DIAGNOSTIC RADIOLOGY EXPANSION	801						
MONTROSE,NY	MENTAL HYGIENE CLINIC	240						
MURFREESBORO,TN	20 BED STROKE REHAB. UNIT KINESILOGY LAB	354						
NEW YORK,NY	RELOCATE 12 BED MICU AND 6 BED CCU	566						
NEWINGTON,CT	REMODEL RADIOLOGY	401						
PHILADELPHIA(VAH),PA	10 BED SURGICAL ICU	408						
PHILADELPHIA(VAH),PA	ADM/ED RELOC FOR CL IMP	999						
PORTLAND,OR	UPDATE A/C CLINICAL LAB	378						
PRESCOTT	CLINICAL IMPROVEMENTS	554						
SAN FRANCISCO, CA	RENOV AND EXPAND SICU BLDG.NO.203	760						
SEPULVEDA,CA	4 BED CCU	166						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (D)-CLINICAL IMPROVEMENTS										
DES MOINES,IA	RCU AND PLF	601	546	10	45			45		
DUBLIN,GA	14 BED RESPIRATORY CARE CENTER	288	290	-2						
FORT HARRISON,MT	EXPAND PHARMACY	848		57	791			791		
GRAND JUNCTION,CO	REMODEL LAB AND CANTEEN	861	798	32	20	11		31	11	
HOT SPRINGS,SD	SURGERY PAD ALTERATIONS	1,206	1,130	9	40	27		67	27	
IOWA CITY,IA	EXPAND SURGERY	592	590	2						
LONG BEACH,CA	11 BEDS ICU CC UNIT	276	272		4			4		
LONG BEACH,CA	PHARMACY EXPANSION	659	603	18	25	13		38	13	
LONG BEACH,CA	SURGICAL ICU	922		879	20	23		43	23	
LOUISVILLE,KY	CLINICAL LABS	609	573	5	20	11		31	11	
MINNEAPOLIS,MN	DIAGNOSTIC RADIOLOGY EXPANSION	801	765	8	28			28		
MONTROSE,NY	MENTAL HYGIENE CLINIC	240	240							
MURFREESBORO,TN	20 BED STROKE REHAB. UNIT KINESILOGY LAB	354	354							
NEW YORK,NY	RELOCATE 12 BED MICU AND 6 BED CCU	566	507	6	53			53		
NEWINGTON,CT	REMODEL RADIOLOGY	401	322		79			79		
PHILADELPHIA(VAH),PA	10 BED SURGICAL ICU	408	342	11	55			55		
PHILADELPHIA(VAH),PA	ADM/ED RELOC FOR CL IMP	999	28		971			971		
PORTLAND,OR	UPDATE A/C CLINICAL LAB	378	378							
PRESCOTT	CLINICAL IMPROVEMENTS	554	554							
SAN FRANCISCO, CA	RENOV AND EXPAND SICU BLDG.NO.203	760			40	640	30	760	720	30
SEPULVEDA,CA	4 BED CCU	166	14	149	3			3		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (O)-CLINICAL IMPROVEMENTS								
SEPULVEDA,CA	RADIOLOGY EXPANSION	496						
SHREVEPORT,LA	EXPAND ICU	407						
SYRACUSE,NY	EXPANSION OF CLINICAL LAB	626						
SYRACUSE,NY	RELOCATE DENTAL CLINIC	511						
TEMPLE,TX	10 BED CMICU	657						
TOGUS,ME	CLINICAL IMPROVEMENTS	1,294						
TOMAH,WI	5 BED GP ICU 20 BED RCC	516						
TUSKEGEE,AL	MENTAL HYGIENE	115						
WASHINGTON, DC	MICU/CCU UPGRADE EXP	506						
WASHINGTON, DC	LINEAR ACCELECATOR	902						
WEST HAVEN,CT	RENOV PROCESS + DISTRIB	653						
WEST HAVEN,CT	11 BED MEDICAL ICU	565						
WHITE CITY,OR	CLINICAL IMPROVEMENTS	341						
WHITE RIVER JUNCTION,VT	EXPAND SICU AND RECOVERY UNIT	649						
WILKES-BARRE,PA	EXPAND AND MOD DENTAL CLINIC	465						
VARIOUS STATIONS	FY76 PROGRAM BALANCE	971						
VARIOUS STATIONS	FY77 PROGRAM BALANCE	61						
VARIOUS STATIONS	FY78 PROGRAM BALANCE	606						
SUBTOTAL (65)		43883	33979		965	34944	8939	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (D)-CLINICAL IMPROVEMENTS										
SEPULVEDA,CA	RADIOLOGY EXPANSION	496	484	-9	21			21		
SHREVEPORT,LA	EXPAND ICU	407	407							
SYRACUSE,NY	EXPANSION OF CLINICAL L	626	582	30	14			14		
SYRACUSE,NY	RELOCATE DENTAL CLINIC	511	474	24	13			13		
TEMPLE,TX	10 BED CMICU	657	558	60	39			39		
TOGUS,ME	CLINICAL IMPROVEMENTS	1,294	1,240	31	23			23		
TOMAH,WI	5 BED GP ICU 20 BED RCC	516	504		12			12		
TUSKEGEE,AL	MENTAL HYGIENE	115	114		1			1		
WASHINGTON, DC	MICU/CCU UPGRADE EXP	506	484	1	21			21		
WASHINGTON, DC	LINEAR ACCELECATOR	902	835	47	20			20		
WEST HAVEN,CT	RENOV PROCESS + DISTRIB	653	645	-3	11			11		
WEST HAVEN,CT	11 BED MEDICAL ICU	565	31	493	25	16		41	16	
WHITE CITY,OR	CLINICAL IMPROVEMENTS	341	327	2	12			12		
WHITE RIVER JUNCTION,VT	EXPAND SICU AND RECOVERY UNIT	649	29	592	15	13		28	13	
WILKES-BARRE,PA	EXPAND AND MOD DENTAL CLINIC	465		447	18			18		
VARIOUS STATIONS	FYTQ PROGRAM BALANCE	971				955	16	971	971	16
VARIOUS STATIONS	FY77 PROGRAM BALANCE	61				30	31	61	61	31
VARIOUS STATIONS	FY78 PROGRAM BALANCE	606			45	530	31	606	561	31
SUBTOTAL (65)		43883	23248	4846	3410	3912	8467	6850	3440	8467

15-85

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FUTURE CONSIDERATION
OTHER IMPR (E)-AIR CONDITIONING SYSTEMS								
VARIOUS STATIONS	FY1981 REQUEST	740					740	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		3,697			3,697		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-1,140			-1,140		
BILOXI(GD),MS	AC BLDG NO.5	364						
DES MOINES,IA	AC BLDG NO.2	282						
DES MOINES,IA	A/C BUILDING NO 1*	647						
MARION,IL	AC BLDG NO.2	809						
SAN JUAN, PR	ADDITIONAL A/C	290						
VARIOUS STATIONS	FY75 PROGRAM BALANCE	123						
VARIOUS STATIONS	FY76 PROGRAM BALANCE	42						
SUBTOTAL (10)		3297	2557			2557	740	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (E)-AIR CONDITIONING SYSTEMS										
VARIOUS STATIONS	FY1981 REQUEST	740				50	690			690
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
BILOXI(GD),MS	AC BLDG NO.5	364	348	1	15			15		
DES MOINES,IA	AC BLDG NO.2	282	273	8	1			1		
DES MOINES,IA	A/C BUILDING NO 1*	647	610	29	8			8		
MARION,IL	AC BLDG NO.2	809	776	7	26			26		
SAN JUAN, PR	ADDITIONAL A/C	290	291	-1						
VARIOUS STATIONS	FY75 PROGRAM BALANCE	123				115	8	123	123	8
VARIOUS STATIONS	FY76 PROGRAM BALANCE	42				40	2	42	42	7
SUBTOTAL (10)		3297	2298	44	50	205	700	215	165	700

15-87

59-500 O 80 - 50

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (H)-CORRECTION OF SEISMIC DEF								
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		10,018		2	10,020		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-940			-940		
ALBUQUERQUE,NM	SEISMIC INVESTIGATION	115						
AMERICAN LAKE,WA	SEISMIC CORRECTIONS BLDG. NO.4	474						
AUGUSTA(LD),GA	SEISMIC INVESTIGATION	63						
FORT HARRISON,MT	SEISMIC CORRECTION	768						
LIVERMORE,CA	DEMOLITION OF BLDGS	545						
LIVERMORE,CA	NON-STRUCTURAL SEISMIC DEFICIENCIES	135						
LONG BEACH,CA	NON-STRUCTURAL SEISMIC CORRECTION	730						
LOS ANGELES,CA	SEISMIC DEFICIENCIES	100						
LOS ANGELES,CA	SEISMIC CORRECTIONS TO BLDG 113	800						
MANCHESTER,NH	SEISMIC INVESTIGATION	62						
MARTINEZ,CA	NON-STRUCTURAL SEISMIC CORRECTION	148						
PALO ALTO(MPD),CA	NON-STRUCTURAL SEISMIC DEFICIENCIES	146						
PALO ALTO(PAD),CA	NON-STRUCTURAL SEISMIC CORRECTION	396						
PRESCOTT	SEISMIC CORRECTIONS TO VARIOUS BLDGS.	827						
RENO,NV	NON-STRUCTURAL SEISMIC DEFICIENCIES	103						
SALEM,VA	SEISMIC INVESTIGATION	145						
SAN DIEGO,CA	NON-STRUCTURAL SEISMIC CORRECTION	774						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 197# FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (H)-CORRECTION OF SEISMIC DEF										
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
ALBUQUERQUE,NM	SEISMIC INVESTIGATION	115	99		16			16		
AMERICAN LAKE,WA	SEISMIC CORRECTIONS BLDG. NO.4	474	474							
AUGUSTA(LD),GA	SEISMIC INVESTIGATION	63	61		2			2		
FORT HARRISON,MT	SEISMIC CORRECTION	768	708	18	30	12		42	12	
LIVERMORE,CA	DEMOLITION OF BLDGS	545	528	5	12			12		
LIVERMORE,CA	NON-STRUCTURAL SEISMIC DEFICIENCIES	135	8	13	114			114		
LONG BEACH,CA	NON-STRUCTURAL SEISMIC CORRECTION	730	8	1	721			721		
LOS ANGELES,CA	SEISMIC DEFICIENCIES	100	94		6			6		
LOS ANGELES,CA	SEISMIC CORRECTIONS TO BLDG 113	800		40	685	75		760	75	
MANCHESTER,NH	SEISMIC INVESTIGATION	62	63	-1						
MARTINEZ,CA	NON-STRUCTURAL SEISMIC CORRECTION	148	8	1	139			139		
PALO ALTO(MPD),CA	NON-STRUCTURAL SEISMIC DEFICIENCIES	146	8	14	124			124		
PALO ALTO(PAD),CA	NON-STRUCTURAL SEISMIC CORRECTION	396	8	30	358			358		
PRESCOTT	SEISMIC CORRECTIONS TO VARIOUS BLDGS.	827		59	610	158		768	158	
RENO,NV	NON-STRUCTURAL SEISMIC DEFICIENCIES	103	7	1	95			95		
SALEM,VA	SEISMIC INVESTIGATION	145	145							
SAN DIEGO,CA	NON-STRUCTURAL SEISMIC CORRECTION	774	39	702	15	18		33	18	

15-8-79

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (H)-CORRECTION OF SEISMIC DEF								
SAN DIEGO,CA	NON-STRUCTURAL SEISMIC CORRECTION FOR EL	688						
SAN FRANCISCO, CA	NON-STRUCTURAL SESIMIC	300						
SEPULVEDA,CA	NON-STRUCTURAL SEISMIC CORRECTION	346						
TUCSON,AZ	DINING REGR FACILS	18						
WALLA WALLA,WA	SEISMIC CORRECTION	728						
VARIOUS STATIONS	SEISMIC INVESTIGATION	115						
VARIOUS STATIONS	FY76 PROGRAM BALANCE	69						
VARIOUS STATIONS	STRONG MOTION INSTRU	150						
VARIOUS STATIONS	FY77 PROGRAM BALANCE	335						
SUBTOTAL (28)		9080	9078		2	9080		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	1980	1981
OTHER IMPR (H)-CORRECTION OF SEISMIC DEF										
SAN DIEGO,CA	NON-STRUCTURAL SEISMIC CORRECTION FOR EL	688		642	5	20	21	46	41	21
SAN FRANCISCO, CA	NON-STRUCTURAL SESIMIC	300	7	1	275	17		292	17	
SEPULVEDA,CA	NON-STRUCTURAL SEISMIC CORRECTION	346	7	1	290	30	18	338	48	18
TUCSON,AZ	DINING REGR FACILS	18	8		10			10		
WALLA WALLA,WA	SEISMIC CORRECTION	728		68	660			660		
VARIOUS STATIONS	SEISMIC INVESTIGATION	115	114		1			1		
VARIOUS STATIONS	FY76 PROGRAM BALANCE	69				65	4	69	69	4
VARIOUS STATIONS	STRONG MOTION INSTRU	150	150							
VARIOUS STATIONS	FY77 PROGRAM BALANCE	335			335			335		
SUBTOTAL (28)		9080	2544	1595	4503	395	43	4941	438	43

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (I)-CORR OF ELECTRICAL DEF								
VARIOUS STATIONS	FY1981 REQUEST	5,482					5,482	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		53,084	932	1	54,017		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-5,542			-5,542		
ALBANY, NY	EMERG GEN + CORR ELEC DEFICIENCIES	548						
ALBUQUERQUE,NM	CORR OF ELECTRICAL DEFIC	983						
ALEXANDRIA,LA	ELECTRICAL DISTR. SYSTEM	712						
ALLEN PARK,MI	EMERGENCY GENERATOR	513						
ALTOONA,PA	INSTALL 750KW EMERG GEN	346						
AMERICAN LAKE,WA	CORR OF ELECTRICAL DEFIC	595						
ASHEVILLE(OTEEN),NC	EMERGENCY GENERATOR AND ELECTRICAL DEFIC	334						
BALTIMORE,MD	EMERGENCY GENERATOR	482						
BECKLEY,WV	EMERGENCY GENERATOR	106						
BEDFORD,MA	EMERGENCY GENERATOR	1,090						
BILOXI(GD),MS	REPLACE PRIMARY DISTRIBUTION SYS	638						
BRENTWOOD(LA),CA	CORR OF ELECTRICAL DEFIC	603						
BUFFALO,NY	EMERG GEN + ELEC DEFIC	633						
CANANDAIGUA,NY	EMERGENCY GENERATOR	908						
CHICAGO(HES),IL	INSTALL EMERG GENERATOR	879						
CHICAGO(MS),IL	ELECTRICAL DEFICIENCIES	959						
CLEVELAND(BRECKSVLE),OH	EMERGENCY GENERATOR	383						
COATESVILLE,PA	CORRECT ELECTRICAL DEFICIENCIES	575						
COLUMBIA,SC	EMERGENCY GEN AND ELECTRICAL DEFIC	406						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (I)-CORR OF ELECTRICAL DEF										
VARIOUS STATIONS	FY1981 REQUEST	5,482				355	5,127			5,127
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
ALBANY, NY	EMERG GEN + CORR ELEC DEFICIENCIES	548	481	56	11			11		
ALBUQUERQUE,NM	CORR OF ELECTRICAL DEFI	983	981	2						
ALEXANDRIA,LA	ELECTRICAL DISTR. SYSTE	712	712							
ALLEN PARK,MI	EMERGENCY GENERATOR	513	513							
ALTOONA,PA	INSTALL 750KW EMERG GEN	346	346							
AMERICAN LAKE,WA	CORR OF ELECTRICAL DEFI	595	588		7			7		
ASHEVILLE(OTEEN),NC	EMERGENCY GENERATOR AND ELECTRICAL DEFIC	334	313	4	17			17		
BALTIMORE,MD	EMERGENCY GENERATOR	482	468	9	5			5		
BECKLEY,WV	EMERGENCY GENERATOR	106	106							
BEDFORD,MA	EMERGENCY GENERATOR	1,090	1,053	7	30			30		
BILOXI(GD),MS	REPLACE PRIMARY DISTRIBUTION SYS	638	42	532	35	29		64	29	
BRENTWOOD(LA),CA	CORR OF ELECTRICAL DEFI	603	47	527	5	15	9	29	24	9
BUFFALO,NY	EMERG GEN + ELEC DEFIC	633	606	8	19			19		
CANANDAIGUA,NY	EMERGENCY GENERATOR	908	67	742	50	49		99	49	
CHICAGO(RES),IL	INSTALL EMERG GENERATOR	879	855	13	11			11		
CHICAGO(WS),IL	ELECTRICAL DEFICIENCIES	959	918	22	19			19		
CLEVELAND(BRECKSVLE),OH	EMERGENCY GENERATOR	383	382	1						
COATESVILLE,PA	CORRECT ELECTRICAL DEFICIENCIES	575	533	17	25			25		
COLUMBIA,SC	EMERGENCY GEN AND ELECTRICAL DEFIC	406	18	369	10	9		19	9	

15-63

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (I)-CORR OF ELECTRICAL DEF								
DALLAS,TX	EMERGENCY POWER AND DISTRIBUTION	493						
DES MOINES,IA	UPGRADE ELECTRIC POWER	544						
ERIE,PA	EMERGENCY POWER	504						
FARGO,ND	CORRECT ELECTRICAL DEFICIENCIES	874						
HINES(VAH),IL	INTERIOR ELEC DISTR SYS BLDGS. 1 50 51 53	278						
HOT SPRINGS,SD	UPGRADE ELECTRICAL SYS VARIOUS BLDGS.	961						
IRON MOUNTAIN,MI	SECONDARY GEN AND PRIMARY DISTR	970						
KANSAS CITY,MO	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	419						
KERRVILLE,TX	EMERGENCY GENERATOR ELECTRICAL DISTRI SYS	712						
LEAVENWORTH,KS	EMERG GEN + ELEC DEFIC	706						
LEXINGTON(LD),KY	CORR OF ELECTRICAL DEFIC	583						
LEXINGTON(LD),KY	EMERGENCY GENERATOR	255						
LINCOLN,NB	EMERGENCY GEN AND ELECTRICAL DEFIC	761						
LOUISVILLE,KY	PRIMARY DISTR, SECONDARY GENERATOR	737						
MINNEAPOLIS,MN	CORR OF ELECTRICAL DEFIC	926						
MONTROSE,NY	CORR OF ELECTRICAL DEFIC	977						
MONTROSE,NY	EMERGENCY GENERATOR	992						
MOUNTAIN HOME,TN	CORR OF ELECTRICAL DEFIC	875						
MOUNTAIN HOME,TN	CONNECT EMERGENCY GENERATOR	148						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (I)-CORR OF ELECTRICAL DEF										
DALLAS,TX	EMERGENCY POWER AND DISTRIBUTION	493	67	399	20	7		27	7	
DES MOINES,IA	UPGRADE ELECTRIC POWER	544	458	9	77			77		
ERIE,PA	EMERGENCY POWER	504	46	436	20	2		22	2	
FARGO,ND	CORRECT ELECTRICAL DEFICIENCIES	874	806	37	31			31		
HINES(VAH),IL	INTERIOR ELEC DISTR SYS BLDGS. 1 50 51 53	278	258	20						
HOT SPRINGS,SD	UPGRADE ELECTRICAL SYS VARIOUS BLDGS.	961	902	23	36			36		
IRON MOUNTAIN,MI	SECONDARY GEN AND PRIMARY DISTR	970			855	115		970	115	
KANSAS CITY,MO	EMERGENCY GENERATOR ELECTRICAL DEFICIENCIES	419	418	1						
KERRVILLE,TX	EMERGENCY GENERATOR ELECTRICAL DISTRI SYS	712	57	526	70	59		129	59	
LEAVENWORTH,KS	EMERG GEN + ELEC DEFIC	706	706							
LEXINGTON(LOJ),KY	CORR OF ELECTRICAL DEFI	583	564	10	9			9		
LEXINGTON(LOJ),KY	EMERGENCY GENERATOR	255	245	3	7			7		
LINCOLN,NH	EMERGENCY GEN AND ELECTRICAL DEFIC	761	35	681	20	25		45	25	
LOUISVILLE,KY	PRIMARY DISTR, SECONDARY GENERATOR	737		659	30	48		78	48	
MINNEAPOLIS,MN	CORR OF ELECTRICAL DEFI	926	926							
MONTROSE,NY	CORR OF ELECTRICAL DEFI	977	951	1	25			25		
MONTROSE,NY	EMERGENCY GENERATOR	992	49	68	875			875		
MOUNTAIN HOME,TN	CORR OF ELECTRICAL DEFI	875	814		61			61		
MOUNTAIN HOME,TN	CONNECT EMERGENCY GENERATOR	148	136		10			10		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (I)-CORR OF ELECTRICAL DEF								
MURFREESBORO,TN	CONVERT EMERG ELEC SYS	327						
NEW ORLEANS,LA	ELECTRICAL DEFIC	777						
NEWINGTON,CT	EMERGENCY GENERATOR AND ELECTRICAL DEFIC	807						
NORTHPORT,NY	EMERGENCY GENERATOR	643						
PERRY POINT,MD	CORRECTION OF ELECTRICAL DEFICIENCIES	950						
PHILADELPHIA(VAH),PA	EMERGENCY GENERATORS	853						
PITTSBURGH(UD),PA	EMERGENCY GEN SYS	995						
PITTSBURGH(UD),PA	EMERG GEN + ELEC DEFIC	509						
RENO,NV	EMERGENCY GENERATOR AND ELECTRICAL DEFICIENCIES	665						
SAGINAW,MI	ELECTRICAL DEFICIENCIES	941						
SALISBURY,NC	EMERGENCY GEN AND ELECTRICAL DEFIC	846						
SAN DIEGO,CA	EMERGENCY GENERATOR	967						
SEATTLE,WA	CORR OF ELCTRICAL DEFIC	344						
SEPULVEDA,CA	ELECTRICAL DEFIC.	955						
SHERIDAN,WY	EMERGENCY GENERATOR AND ELECTRICAL DEFIC	745						
ST.LOUIS(JB),MO	EMERGENCY POWER	557						
ST.LOUIS(JB),MO	EMERGENCY GENERATOR	926						
TEMPLE,TX	EMERG GEN + ELEC DEFIC	559						
TOPEKA,KS	EMERGENCY GENERATOR CORR OF ELECT DEF	329						
TUSCALOOSA,AL	INSTALLATION EMERG GEN	536						
TUSKEGEE,AL	EMERGENCY POWER	861						
WADSWORTH(LA),CA	CORR OF ELECTRICAL DEFIC	959						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	1980	1981
OTHER IMPR (I)-CORR OF ELECTRICAL DEF										
MURFREESBORO,TN	CONVERT EMERG ELEC SYS	327	327							
NEW ORLEANS,LA	ELECTRICAL DEFIC	777	38		700	39		739	39	
NEWINGTON,CT	EMERGENCY GENERATOR AND ELECTRICAL DEFIC	807	46	705	20	20	16	56	36	16
NORTHPORT,NY	EMERGENCY GENERATOR	643	598	6	39			39		
PERRY POINT,MD	CORRECTION OF ELECTRICA DEFICIENCIES	950	296	434	220			220		
PHILADELPHIA(VAH),PA	EMERGENCY GENERATORS	853	37	773	5	15	23	43	38	23
PITTSBURGH(UD),PA	EMERGENCY GEN SYS	995		56	910	5	24	939	29	24
PITTSBURGH(UD),PA	EMERG GEN + ELEC DEFIC	509	509							
RENO,NV	EMERGENCY GENERATOR AND ELECTRICAL DEFICIENCIES	665	621	2	30	12		42	12	
SAGINAW,MI	ELECTRICAL DEFICIENCIES	941	59	789	15	40	38	93	78	38
SALISBURY,NC	EMERGENCY GEN AND ELECTRICAL DEFIC	846	807	-58	97			97		
SAN DIEGO,CA	EMERGENCY GENERATOR	967		83	60	824		884	824	
SEATTLE,WA	CORR OF ELCTRICAL DEFIC	344	325		19			19		
SEPULVEDA,CA	ELECTRICAL DEFIC.	955	68	817	35	35		70	35	
SHERIDAN,WY	EMERGENCY GENERATOR AND ELECTRICAL DEFIC	745	695		35	15		50	15	
ST.LOUIS(JB),MO	EMERGENCY POWER	557	508	14	35			35		
ST.LOUIS(JB),MO	EMERGENCY GENERATOR	926	25	798	55	48		103	48	
TEMPLE,TX	EMERG GEN + ELEC DEFIC	559	558		1			1		
TOPEKA,KS	EMERGENCY GENERATOR CORR OF ELECT DEF	329	7	308	10	4		14	4	
TUSCALOOSA,AL	INSTALLATION EMERG GEN	536	536							
TUSKEGEE,AL	EMERGENCY POWER	861	807	1	53			53		
WADSWORTH(LA),CA	CORR OF ELECTRICAL DEFI	959	86	831	25	17		42	17	

11-9-79

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (I)-CORR OF ELECTRICAL DEF								
WASHINGTON, DC	ELECTRICAL DEFIC	738						
WHITE RIVER JUNCTION,VT	EMERG GEN AND ELECTRICAL DEFIC.	347						
WICHITA,KS	EMERG GEN + ELEC DEFIC	850						
WILMINGTON,DE	EMERG GENERATOR AND ELECTRICAL DEFIC.	472						
VARIOUS STATIONS	FY76 PROGRAM BALANCE	716						
VARIOUS STATIONS	FY77 PROGRAM BALANCE	885						
VARIOUS STATIONS	FY78 PROGRAM BALANCE	983						
VARIOUS STATIONS	FY79 PROGRAM BALANCE	2,093						
VARIOUS STATIONS	FY80 PROGRAM BALANCE	932						
SUBTOTAL (72)		53957	47542	932	1	48475	5482	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (I)-CORR OF ELECTRICAL DEF										
*ASHINGTON, DC	ELECTRICAL DEFIC	738	692	23	20	3		23	3	
*HITE RIVER JUNCTION,VT	EMERG GEN AND ELECTRICAL DEFIC.	347	40	286	10	11		21	11	
*ICHITA,KS	EMERG GEN + ELEC DEFIC	850	814	16		10	10	20	20	10
*ILMINGTON,DE	EMERG GENERATOR AND ELECTRICAL DEFIC.	472		441	20	11		31	11	
VARIOUS STATIONS	FY76 PROGRAM BALANCE	716				665	51	716	716	51
VARIOUS STATIONS	FY77 PROGRAM BALANCE	885				825	60	885	885	60
VARIOUS STATIONS	FY78 PROGRAM BALANCE	983				915	68	983	983	68
VARIOUS STATIONS	FY79 PROGRAM BALANCE	2,093			75	1,885	133	2,093	2,018	133
VARIOUS STATIONS	FY80 PROGRAM BALANCE	932			50	845	37		882	37
SUBTOTAL (72)		53957	24968	11507	4929	6957	5596	11068	7071	5596

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1976 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS								
VARIOUS STATIONS	FY1981 REQUEST	7,217					7,217	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		50,080	2,515		52,595		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-7,333			-7,333		
ALBANY, NY	SMOKE DOOR HOLDERS	140						
AMERICAN LAKE,WA	REPLACE EXIT DOORS	96						
AMERICAN LAKE,WA	SPRINKLER SYSTEM	174						
AMERICAN LAKE,WA	ADDITIONAL EXITS	1,091						
ANN ARBOR,MI	DEADEND CORRIDOR STAIRS	589						
ASHEVILLE(OTEEN),NC	MODIFY NURSE SERVERS	192						
AUGUSTA(FHD),GA	SMOKE BARRIERS	107						
BATAVIA,NY	DEADEND CORRIDOR STAIRS	380						
BECKLEY,WV	DEADEND CORRIDOR STAIRS	537						
BEDFORD,MA	DEADEND CORRIDOR STAIRS	641						
BILOXI(GD),MS	ADDITIONAL EXITS	510						
BIRMINGHAM,AL	REPL FIRE ALARM SYSTEM	428						
BIRMINGHAM,AL	SMOKE BARRIERS	248						
BONHAM,TX	DEADEND CORRIDOR STAIRS	414						
BRENTWOOD(LA),CA	DEADEND CORRIDOR STAIRS	940						
BUFFALO,NY	SMOKE BARRIERS	435						
BUTLER,PA	SEWAGE DISPOSAL PLANT	87						
BUTLER,PA	SMOKE BARRIERS	128						
CANANDAIGUA,NY	UPG+EXT FIRE ALARM SYS	166						
CANANDAIGUA,NY	EMERGENCY LIGHTS	56						
CANANDAIGUA,NY	EMERG LIGHTS BASEMENT	134						
CANANDAIGUA,NY	REVERSE DOOR SWING	200						
CANANDAIGUA,NY	SPRINKLER SYSTEM	100						
CASTLE POINT,NY	UPGRADE EXTEND FIRE ALARM SYSTEM	551						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS										
VARIOUS STATIONS	FY1981 REQUEST	7,217				465	6,752			6,752
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
ALBANY, NY	SMOKE DOOR HOLDERS	140	137		3			3		
AMERICAN LAKE,WA	REPLACE EXIT DOORS	96	92		4			4		
AMERICAN LAKE,WA	SPRINKLER SYSTEM	174	168		6			6		
AMERICAN LAKE,WA	ADDITIONAL EXITS	1,091	1,037	29	25			25		
ANN ARBOR,MI	DEADEND CORRIDOR STAIRS	589	36	1	530	10	12	552	22	12
ASHEVILLE(OTEEN),NC	MODIFY NURSE SERVERS	192	182		10			10		
AUGUSTA(FHD),GA	SMOKE BARRIERS	107	105		2			2		
BATAVIA,NY	DEADEND CORRIDOR STAIRS	380	367		13			13		
BECKLEY,WV	DEADEND CORRIDOR STAIRS	537		492	20	25		45	25	
BEDFORD,MA	DEADEND CORRIDOR STAIRS	641	626	6	9			9		
BILOXI(GD),MS	ADDITIONAL EXITS	510	492	7	11			11		
BIRMINGHAM,AL	REPL FIRE ALARM SYSTEM	428	428							
BIRMINGHAM,AL	SMOKE BARRIERS	248	248							
BONHAM,TX	DEADEND CORRIDOR STAIRS	414	401	8	5			5		
BRENTWOOD(LA),CA	DEADEND CORRIDOR STAIRS	940	18	862	25	35		60	35	
BUFFALO,NY	SMOKE BARRIERS	435	432	3						
BUTLER,PA	SEWAGE DISPOSAL PLANT	87				85	2	87	87	2
BUTLER,PA	SMOKE BARRIERS	128	133	-5						
CANANDAIGUA,NY	UPG+EXT FIRE ALARM SYS	166	166							
CANANDAIGUA,NY	EMERGENCY LIGHTS	56	56							
CANANDAIGUA,NY	EMERG LIGHTS BASEMENT	134	134							
CANANDAIGUA,NY	REVERSE DOOR SWING	200	195	3	2			2		
CANANDAIGUA,NY	SPRINKLER SYSTEM	100	96		4			4		
CASTLE POINT,NY	UPGRADE EXTEND FIRE ALARM SYSTEM	551	550	1						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1976 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS								
CHICAGO(LAKESIDE),IL	SMOKE DOOR HOLDERS	168						
CHICAGO(WS),IL	SPRINKLER SYSTEM	232						
CINCINNATI,OH	UPGRADE FIRE ALARM SYS	109						
CINCINNATI,OH	SMOKE DOOR HOLDERS	79						
CINCINNATI,OH	SPRINKLER SYSTEM	78						
CLEVELAND(BRECKSVLE),OH	SMOKE DOOR HOLDERS	117						
CLEVELAND(BRECKSVLE),OH	SPRINKLER SYSTEM	351						
COLUMBIA,SC	DEADEND CORRIDOR STAIRS	214						
DANVILLE,IL	SMOKE DOOR HOLDERS	225						
DENVER,CO	SPRINKLER SYSTEM	203						
DENVER,CO	IONIZATION DETECTOR	239						
DES MOINES,IA	REPLACE UPGRADE FIRE ALARM SYS	407						
EAST ORANGE,NJ	SURGICAL SUITE CLINICAL LAB A/C	785						
FARGO,ND	DEADEND CORRIDOR STAIRS	322						
FAYETTEVILLE,AK	DEADEND CORRIDOR STAIRS	562						
FORT HARRISON,MT	UPG-EXT FIRE ALARM SYS	143						
FORT LYON,CO	DEADEND CORRIDOR STAIRS	429						
FORT LYON,CO	SPRINKLER SYSTEM	308						
FORT WAYNE, IN	DEADEND CORRIDOR STAIRS	708						
HAMPTON,VA	STAIRWELL DEFICIENCY	205						
HINES(VAH),IL	SMOKE DOOR HOLDERS	489						
INDIANAPOLIS(TSD),IN	SMOKE BARRIERS	466						
KANSAS CITY,MO	REPLACE FIRE ALARM SYS	554						
KNOXVILLE,IA	CITY SEWAGE CONN SYS	154						
KNOXVILLE,IA	REPLACE FIRE ALARM SYS	186						
LEBANON,PA	SPRINKLER SYSTEM	462						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS										
CHICAGO(LAKESIDE),IL	SMOKE DOOR HOLDERS	168	166		2			2		
CHICAGO(WS),IL	SPRINKLER SYSTEM	232	212		20			20		
CINCINNATI,OH	UPGRADE FIRE ALARM SYS	109	109							
CINCINNATI,OH	SMOKE DOOR HOLDERS	79	79							
CINCINNATI,OH	SPRINKLER SYSTEM	78	78							
CLEVELAND(BRECKSVLE),OH	SMOKE DOOR HOLDERS	117	114	3						
CLEVELAND(BRECKSVLE),OH	SPRINKLER SYSTEM	351	342		9			9		
COLUMBIA,SC	DEADEND CORRIDOR STAIRS	214	209		5			5		
DANVILLE,IL	SMOKE DOOR HOLDERS	225	8	208	9			9		
DENVER,CO	SPRINKLER SYSTEM	203	198	4	1			1		
DENVER,CO	IONIZATION DETECTOR	239	236		3			3		
DES MOINES,IA	REPLACE UPGRADE FIRE ALARM SYS	407		26	375	6		381	6	
EAST ORANGE,NJ	SURGICAL SUITE CLINICA LAB A/C	785	770		15			15		
FARGO,ND	DEADEND CORRIDOR STAIRS	322	311	2	9			9		
FAYETTEVILLE,AK	DEADEND CORRIDOR STAIRS	562		523	15	24		39	24	
FORT HARRISON,MT	UPG-EXT FIRE ALARM SYS	143	139	1	3			3		
FORT LYON,CO	DEADEND CORRIDOR STAIRS	429	22		380	15	12	407	27	12
FORT LYON,CO	SPRINKLER SYSTEM	308	308							
FORT WAYNE, IN	DEADEND CORRIDOR STAIRS	708	26	649	15	18		33	18	
HAMPTON,VA	STAIRWELL DEFICIENCY	205	205							
HINES(VAH),IL	SMOKE DOOR HOLDERS	489	468	16	5			5		
INDIANAPOLIS(TSD),IN	SMOKE BARRIERS	466	426	8	32			32		
KANSAS CITY,MO	REPLACE FIRE ALARM SYS	554	30	488	20	16		36	16	
KNOXVILLE,IA	CITY SEWAGE CONN SYS	154	153	-153	50	50	54	154	104	54
KNOXVILLE,IA	REPLACE FIRE ALARM SYS	186	189	-3						
LEBANON,PA	SPRINKLER SYSTEM	462	436		26			26		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS								
LEXINGTON(LD),KY	DEADEND CORRIDOR STAIRS	260						
LIVERMORE,CA	SMOKE BARRIERS	92						
LONG BEACH,CA	CORRECT SAFETY DEFIC	231						
LONG BEACH,CA	SMOKE DOOR HOLDERS	971						
LONG BEACH,CA	SPRINKLER SYSTEM	558						
LYONS,NJ	MOD SEWAGE TREATMENT PLT	3						
LYONS,NJ	DEADEND CORRIDOR STAIRS	263						
MANCHESTER,NH	UPG+EXT FIRE ALARM SYS	267						
MARION,IL	DEADEND CORRIDOR STAIRS	309						
MARION,IN	REPL FIRE ALARM SYSTEM	473						
MARLIN,TX	SAFETY FIRE DEF.	1,000						
MEMPHIS,TN	UPDATE FIRE ALARM SYS	301						
MEMPHIS,TN	MODIFY NURSE SERVERS	108						
MINNEAPOLIS,MN	REPL FIRE ALARM SYS	356						
MONTGOMERY,AL	DEADEND CORRIDOR STAIRS	510						
MONTROSE,NY	DEADEND CORRIDOR STAIRS	445						
NEW YORK,NY	SMOKE DOOR HOLDERS	292						
NEWINGTON,CT	DEADEND CORRIDOR STAIRS CANCELLED	3						
NORTHAMPTON,MA	ADDITIONAL EXITS	58						
NORTHAMPTON,MA	ELIMINATION OF SF	917						
NORTHPORT,NY	REVERSE DOOR SWING	317						
PERRY POINT,MD	DEADEND CORRIDOR STAIRS	231						
PHILADELPHIA(VAH),PA	FIRE ALARM AND SMK. BAR.	642						
PITTSBURGH(LFH),PA	SMOKE BARRIERS	99						
POPLAR BLUFF,MO	REPL FIRE ALARM SYS	74						
POPLAR BLUFF,MO	ADDITIONAL EXITS	407						
POPLAR BLUFF,MO	SMOKE BARRIERS	266						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS										
LEXINGTON(LD),KY	DEADEND CORRIDOR STAIRS	260	21	227	10	2		12	2	
LIVERMORE,CA	SMOKE BARRIERS	92	85	5	2			2		
LONG BEACH,CA	CORRECT SAFETY DEFIC	231	232	-1						
LONG BEACH,CA	SMOKE DOOR HOLDERS	971	65	-7	790	75	48	913	123	48
LONG BEACH,CA	SPRINKLER SYSTEM	558	541	16	1			1		
LYONS,NJ	MOD SEWAGE TREATMENT PL	3	3							
LYONS,NJ	DEADEND CORRIDOR STAIRS	263	263							
MANCHESTER,NH	UPG-EXT FIRE ALARM SYS	267	251	6	10			10		
MARION,IL	DEADEND CORRIDOR STAIRS	305	285	14	6			6		
MARION,IN	REPL FIRE ALARM SYSTEM	473	462	1	10			10		
MARLIN,TX	SAFETY FIRE DEF.	1,000			815	125	60	1,000	185	60
MEMPHIS,TN	UPDATE FIRE ALARM SYS	301	301							
MEMPHIS,TN	MODIFY NURSE SERVERS	108	104	4						
MINNEAPOLIS,MN	REPL FIRE ALARM SYS	356	349		7			7		
MONTGOMERY,AL	DEADEND CORRIDOR STAIRS	510	49	421	10	30		40	30	
MONTROSE,NY	DEADEND CORRIDOR STAIRS	445	425	10	10			10		
NEW YORK,NY	SMOKE DOOR HOLDERS	292	279	9	4			4		
NEWINGTON,CT	DEADEND CORRIDOR STAIRS CANCELLED	3	3							
NORTHAMPTON,MA	ADDITIONAL EXITS	58	55	3						
NORTHAMPTON,MA	ELIMINATION OF SF	917		903	14			14		
NORTHPORT,NY	REVERSE DOOR SWING	317	308	9						
PERRY POINT,MD	DEADEND CORRIDOR STAIRS	231	16	-1	210	6		216	6	
PHILADELPHIA(VAH),PA	FIRE ALARM AND SMK. PAR	642				642			642	
PITTSBURGH(LFH),PA	SMOKE BARRIERS	99	99							
POPLAR BLUFF,MO	REPL FIRE ALARM SYS	74	72	2						
POPLAR BLUFF,MO	ADDITIONAL EXITS	407	393	6	8			8		
POPLAR BLUFF,MO	SMOKE BARRIERS	266	258	7	1			1		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS								
PORTLAND,OR	SPRINKLER SYSTEM	118						
PRESCOTT	DEADEND CORRIDOR STAIRS	708						
PROVIDENCE,RI	SPRINKLER SYSTEM	234						
PROVIDENCE,RI	DEADEND CORRIDOR STAIRS	985						
RENO,NV	STAIRWELL DEADEND	98						
RICHMOND(BRH),VA	DEADEND CORRIDOR STAIRS	28						
SAGINAW,MI	DEADEND CORRIDOR STAIRS	385						
SALEM,VA	SPRINKLER SYSTEM	337						
SALISBURY,NC	SMOKE DOOR HOLDERS	202						
SALT LAKE CITY,UT	DEADEND CORRIDOR STAIRS	138						
SAN ANTONIO,TX	SMOKE EXHAUST FANS	229						
SAN DIEGO,CA	STANDPIPE SYSTEM	219						
SEATTLE,WA	DEADEND CORRIDOR STAIRS CANCELLED	7						
SEPULVEDA,CA	SPRINKLER SYSTEM	236						
SHERIDAN,WY	DEADEND CORRIDOR STAIRS	818						
SPOKANE,WA	REPL FIRE ALARM SYS	112						
SPOKANE,WA	DEADEND CORRIDOR STAIRS	296						
ST.LOUIS(SLD),MO	DEADEND CORRIDOR STAIRS	216						
ST.LOUIS(SLD),MO	SPRINKLER SYSTEM	95						
SYRACUSE,NY	SMOKE BARRIERS	271						
TOPEKA,KS	DEADEND CORRIDOR STAIRS	164						
TUCSON,AZ	REPLACE UPGRADE FIRE ALARM SYSTEM	638						
TUSCALOOSA,AL	SPRINKLER SYSTEM	308						
TUSKEGEE,AL	DEADEND CORRIDOR STAIRS	323						
TUSKEGEE,AL	SAFETY FIRE PROTECTION	525						
TUSKEGEE,AL	SAFETY FIRE DEF.	1,000						
WACO,TX	DEADEND CORRIDOR STAIRS	513						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
(S000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS										
PORTLAND,OR	SPRINKLER SYSTEM	118	118							
PRESCOTT	DEADEND CORRIDOR STAIRS	708	680	13	15			15		
PROVIDENCE,RI	SPRINKLER SYSTEM	234	225		9			9		
PROVIDENCE,RI	DEADEND CORRIDOR STAIRS	985	66	10	795	90	24	909	114	24
RENO,NV	STAIRWELL DEADEND	98	92	-7	10	3		13	3	
RICHMOND(BRR),VA	DEADEND CORRIDOR STAIRS	28	4		24			24		
SAGINAW,MI	DEADEND CORRIDOR STAIRS	385	49	42	294			294		
SALEM,VA	SPRINKLER SYSTEM	337	337							
SALISBURY,NC	SMOKE DOOR HOLDERS	202	202							
SALT LAKE CITY,UT	DEADEND CORRIDOR STAIRS	138	36	99	3			3		
SAN ANTONIO,TX	SMOKE EXHAUST FANS	229	213	4	12			12		
SAN DIEGO,CA	STANDPIPE SYSTEM	219	218		1			1		
SEATTLE,WA	DEADEND CORRIDOR STAIRS CANCELLED	7	7	-2	2			2		
SEPULVEDA,CA	SPRINKLER SYSTEM	236	220		16			16		
SHERIDAN,WY	DEADEND CORRIDOR STAIRS	818	71	725	10	12		22	12	
SPOKANE,WA	REPL FIRE ALARM SYS	112	112							
SPOKANE,WA	DEADEND CORRIDOR STAIRS	296	281	12	3			3		
ST.LOUIS(SLD),MO	DEADEND CORRIDOR STAIRS	216			205	5	6	216	11	6
ST.LOUIS(SLD),MO	SPRINKLER SYSTEM	95	94		1			1		
SYRACUSE,NY	SMOKE BARRIERS	271	261	6	4			4		
TOPEKA,KS	DEADEND CORRIDOR STAIRS	164	147	3	14			14		
TUCSON,AZ	REPLACE UPGRADE FIRE ALARM SYSTEM	638			540	50	48	638	98	48
TUSCALOOSA,AL	SPRINKLER SYSTEM	308	287	-202	220	3		223	3	
TUSKEGEE,AL	DEADEND CORRIDOR STAIRS	323	275	38	10			10		
TUSKEGEE,AL	SAFETY FIRE PROTECTION	525	37	452	25	11		36	11	
TUSKEGEE,AL	SAFETY FIRE DEF.	1,000		46	845	55	54	954	109	54
WACO,TX	DEADEND CORRIDOR STAIRS	513	507	-1	7			7		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS								
WACO,TX	UPGRADE EXTEND FIRE ALARM SYSTEM	484						
WADSWORTH(LA),CA	SPRINKLER SYSTEM	72						
WEST HAVEN,CT	REPLACE FIRE ALARM SYS	380						
WEST HAVEN,CT	AUTOMATIC SPRINKLER	526						
WEST ROXBURY,MA	SMOKE BARRIERS	121						
WHITE RIVER JUNCTION,VT	SANITARY SEWER TREAT CTR	171						
WICHITA,KS	DEADEND CORRIDOR STAIRS	235						
WILKES-BARRE,PA	SMOKE BARRIERS	401						
WILMINGTON,DE	DEADEND CORRIDOR STAIRS	435						
VARIOUS STATIONS	FY75 PROGRAM BALANCE	1						
VARIOUS STATIONS	FY76 PROGRAM BALANCE	3,057						
VARIOUS STATIONS	FY77 PROGRAM BALANCE	825						
VARIOUS STATIONS	FY78 PROGRAM BALANCE	1,127						
VARIOUS STATIONS	FY79 PROGRAM BALANCE	363						
VARIOUS STATIONS	FY80 PROGRAM BALANCE	1,873						
SUBTOTAL (122)		52479	42747	2515		45262	7217	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (J)-ELIM OF SAFETY HAZARDS										
*ACO,TX	UPGRADE EXTEND FIRE ALARM SYSTEM	484	41	385	35	23		58	23	
*AUSWORTH(LA),CA	SPRINKLER SYSTEM	72	72							
WEST HAVEN,CT	REPLACE FIRE ALARM SYS	380	363	-4	15	6		21	6	
*EST HAVEN,CT	AUTOMATIC SPRINKLER	526		441	45	40		85	40	
*EST ROXBURY,MA	SMOKE BARRIERS	121	121							
*HITE RIVER JUNCTION,VT	SANITARY SEWER TREAT CT	171	171							
*ICHITA,KS	DEADEND CORRIDOR STAIRS	235			10	215	10	235	225	10
*ILKES-BARRE,PA	SMOKE BARRIERS	401	401							
*ILMINGTON,DE	DEADEND CORRIDOR STAIRS	435	26		395	14		409	14	
VARIOUS STATIONS	FY75 PROGRAM BALANCE	1			1			1		
VARIOUS STATIONS	FY76 PROGRAM BALANCE	3,057			115	125	2,817	3,057	2,942	2,817
VARIOUS STATIONS	FY77 PROGRAM BALANCE	825			30	35	760	825	795	760
VARIOUS STATIONS	FY78 PROGRAM BALANCE	1,127			45	45	1,037	1,127	1,082	1,037
VARIOUS STATIONS	FY79 PROGRAM BALANCE	363			25	315	23	363	338	23
VARIOUS STATIONS	FY80 PROGRAM BALANCE	1,873				160	1,713		1,873	1,713
SUBTOTAL (122)		52479	21986	6873	7352	2836	13432	13888	9051	13432

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (L)-ELEVATORS								
VARIOUS STATIONS	FY1981 REQUEST	3,365					3,365	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		2,660			2,660		
BILOXI(BD),MS	ADDITIONAL ELEVATORS BLDG. NO. 3 AND 4	305						
HOT SPRINGS,SD	ONE ADDITIONAL ELEVATOR BLDG. NO.12	465						
MONTROSE,NY	FOUR ELEVATORS	893						
VARIOUS STATIONS	FY78 PROGRAM BALANCE	53						
VARIOUS STATIONS	FY79 PROGRAM BALANCE	944						
SUBTOTAL (7)		6025	2660			2660	3365	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (L)-ELEVATORS										
VARIOUS STATIONS	FY1981 REQUEST	3,365				215	3,150			3,150
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
BILOXI(BO),MS	ADDITIONAL ELEVATORS BLDG. NO. 3 AND 4	305	16	261	28			28		
HOT SPRINGS,SD	ONE ADDITIONAL ELEVATOR BLDG. NO.12	465	442	4	19			19		
MONTROSE,NY	FOUR ELEVATORS	893		850	43			43		
VARIOUS STATIONS	FY78 PROGRAM BALANCE	53				50	3	53	53	3
VARIOUS STATIONS	FY79 PROGRAM BALANCE	944			60	820	64	944	884	64
SUBTOTAL (7)		6025	458	1115	150	1085	3217	1087	937	3217

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (O)-ENERGY CONSERVATION								
VARIOUS STATIONS	FY1981 REQUEST	2,824					2,824	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		6,702	1,977	-1	8,678		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-381			-381		
CHARLESTON,SC	HEAT RUN AROUND SYS	461						
DURHAM,NC		11						
JACKSON,MS	ENERGY RECOVERY COILS	360						
LOMA LINDA, CA	RETROFIT HVAS SYS	500						
MIAMI,FL	ENERGY CONSERVATION SYS	363						
NASHVILLE,TN	ENERGY RECOVERY COILS	463						
NEW YORK,NY	HEAT WHEELS	856						
TUCSON,AZ	ENERGY CONSERVATION	60						
WASHINGTON, DC	HVAC HEAT RECLAMATION	688						
VARIOUS STATIONS	FY78 PROGRAM BALANCE	332						
VARIOUS STATIONS	FY79 PROGRAM BALANCE	2,226						
VARIOUS STATIONS	FY80 PROGRAM BALANCE	1,977						
SUBTOTAL (15)		11121	6321	1977	-1	8297	2824	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (O)-ENERGY CONSERVATION										
VARIOUS STATIONS	FY1981 REQUEST	2,824				185	2,639			2,639
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
CHARLESTON,SC	HEAT RUN AROUND SYS	461	26	408	15	12		27	12	
DURHAM,NC		11		11						
JACKSON,MS	ENERGY RECOVERY COILS	360	21	311	15	13		28	13	
LOMA LINDA, CA	RETHOFIT HVAS SYS	500		468	15	17		32	17	
MIAMI,FL	ENERGY CONSERVATION SYS	363		53	310			310		
NASHVILLE,TN	ENERGY RECOVERY COILS	463	21	411	15	16		31	16	
NEW YORK,NY	HEAT WHEELS	856	53	749	25	29		54	29	
TUCSON,AZ	ENERGY CONSERVATION	60		60						
WASHINGTON, DC	HVAC HEAT RECLAMATION	688			65	540	83	688	623	83
VARIOUS STATIONS	FY76 PROGRAM BALANCE	332			20	300	12	332	312	12
VARIOUS STATIONS	FY79 PROGRAM BALANCE	2,226			145	1,940	141	2,226	2,081	141
VARIOUS STATIONS	FY80 PROGRAM BALANCE	1,977			125	1,725	127		1,852	127
SUBTOTAL (15)		11121	121	2471	750	4777	3002	3728	4955	3002

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (Q)-ADMIN DISCRETIONARY FUND								
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		1,894		-997	897		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-338			-338		
HARTFORD,CT	SPACE PROBLEM RENOV.	120						
MILWAUKEE,WI	PROPOSED ALTERATION OF FEDERAL BLDG.	164						
ST.PETERSBURG,FL	PROPOSED ALTER TO AND RESIGNMENT OF VARO	192						
VARIOUS STATIONS	FY79 ADMIN DISC FUND	42						
VARIOUS STATIONS	FY78 ADMIN DISC FUND	41						
SUBTOTAL (7)		559	1556		-997	559		

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (O)-ADMIN DISCRETIONARY FUND										
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
HARTFORD,CT	SPACE PROBLEM RENOV.	120	120							
MILWAUKEE,WI	PROPOSED ALTERATION OF FEDERAL BLDG.	164	164							
ST.PETERSBURG,FL	PROPOSED ALTER TO AND REDIGNMENT OF YARD	192	192							
VARIOUS STATIONS	FY79 ADMIN DISC FUND	42				40	2	42	42	2
VARIOUS STATIONS	FY78 ADMIN DISC FUND	41			40		1	41	1	1
SUBTOTAL (7)		559	476		40	40	3	83	43	3

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1970 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
OTHER IMPR (R)-ADVANCE PLANNING FUND								
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		8,323			8,323		
VARIOUS STATIONS	FY79 ADVANCE PLANNING FUND	4,000						
VARIOUS STATIONS	FY78 ADVANCE PLANNING FUND	4,323						
SUBTOTAL (3)		8323	8323			8323		
SUB-TOTAL, OTHER IMPROVEMENTS (849)		$414861	$274323	$46556	$-527	$320352	$94509	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
OTHER IMPR (R)-ADVANCE PLANNING FUND										
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	FY79 ADVANCE PLANNING FUND	4,000		252	2,770		978	3,748	978	978
VARIOUS STATIONS	FY78 ADVANCE PLANNING FUND	4,323		3,656	667			667		
SUBTOTAL (3)		8323		3908	3437		978	4415	978	978
SUB-TOTAL, OTHER IMPROVEMENTS (849)		$41486	$126377	$79839	$57578	$77865	$73202	$67580	$56558	$73202

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
NATIONAL CEMETERIES								
VARIOUS STATIONS	FY1981 REQUEST	3,173					3,173	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		20,705	835	-1	21,539		
VARIOUS STATIONS	LESS FIN CUMPLETED PROJECTS		-1,743			-1,743		
BLACK HILLS,SD	DEVELOPE 7 ACRES	718						
CALVERTON, NY	38 ACRES GRAVESITE DEVELOPMENT	1,256						
CAMP BUTLER,IL	DEVELOP 10 ACRES	232						
CAMP NELSON,NY	DEVELOP 5 ACRES	265						
CHATTANOOGA,TN	RELOCATE DRIVES	566						
CHATTANOOGA,TN	CONSTRUCT SERVICE BLDG.	771						
CHATTANOOGA,TN	5 ACRES DEV NEW ENTR GATE DRIVE	321						
CHATTANOOGA,TN	POND AND RELATED ROAD AND FILL	641						
CULPEPER,VA	FACILITY UPGRADING ENT.DR.DEV BDR	280						
DAYTON,OH	ADMIN SERVICE BLDGS AND DEVELOP 5 ACRES	830						
FARMINGDALE(LI),NY	ACQUISITION OF LAND	12						
FORT LOGAN,CO	NEW WATER LINES FIRE HYDRANTS LAWN WAT.SYS	117						
FORT ROSECRANS,CA	LAWN WATERING	978						
FORT SCOTT,KS	LAWN WATERING SYSTEM	120						
FORT SNELLING,MN	NEW ENTRANCE DRIVE AND GATE	502						
FT.SAM HOUSTON, TX	SERVICE BLDG AND ADDITIONAL FACILITIES	343						
GOLDEN GATE NAT.CEM.,CA	LAWN WATERING SYSTEM	889						

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	OBLIGATIONS: ACTUAL FOR 1979	OBLIGATIONS: ESTIMATED FOR 1980	OBLIGATIONS: ESTIMATED FOR 1981	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
NATIONAL CEMETERIES										
VARIOUS STATIONS	FY1981 REQUEST	3,173				205	2,968			2,968
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
BLACK HILLS,SD	DEVELOPE 7 ACRES	718	695	5	18			18		
CALVERTON, NY	38 ACRES GRAVESITE DEVELOPMENT	1,256	1,143	92	21			21		
CAMP BUTLER,IL	DEVELOP 10 ACRES	232	206	17	9			9		
CAMP NELSON,NY	DEVELOP 5 ACRES	265	239	16	10			10		
CHATTANOOGA,TN	RELOCATE DRIVES	566	33	1	450	60	22	532	82	22
CHATTANOOGA,TN	CONSTRUCT SERVICE BLDG.	771	41	2	615	85	28	728	113	28
CHATTANOOGA,TN	5 ACRES DEV NEW ENTH GATE DRIVE	321	18		280	23		303	23	
CHATTANOOGA,TN	POND AND RELATED ROAD AND FILL	641	38	2	560	41		601	41	
CULPEPER,VA	FACILITY UPGRADING ENT.DR.DEV BUR	280			265	5	10	280	15	10
DAYTON,OH	ADMIN SERVICE BLDGS AND DEVELOP 5 ACRES	830		3	690	137		827	137	
FARMINGDALE(LI),NY	ACQUISITION OF LAND	12	11		1			1		
FORT LOGAN,CO	NEW WATER LINES FIRE HYDRANTS LAWN WAT.SYS	117	114	1	2			2		
FORT ROSECRANS,CA	LAWN WATERING	978	81	770	80	47		127	47	
FORT SCOTT,KS	LAWN WATERING SYSTEM	120	102	12	6			6		
FORT SNELLING,MN	NEW ENTHANCE DRIVE AND GATE	502		35	467			467		
FT.SAM HOUSTON, TX	SERVICE BLDG AND ADDITIONAL FACILITIES	343		327	16			16		
GOLDEN GATE NAT.CEM.,CA	LAWN WATERING SYSTEM	889	790	2	85	12		97	12	

59-500 O - 80 - 52

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
NATIONAL CEMETERIES								
GOLDEN GATE,CA	LAWN WATERING	304						
HOUSTON,TX	SERVICE BLDG	118						
HOUSTON,TX	DEVELOP 15 ACRES FOR BURIL	517						
JEFFERSON BARRACKS,MO	CHAPEL	500						
JEFFERSON BARRACKS,MO	SITE DEVELOP APPROACH ROAD	257						
KEOKUK,IA	SVC BLDG. ADDN. FACILITIES	498						
LEAVENWORTH,KS	DEVELOP MASTER PLANS	200						
LEAVENWORTH,KS	ENTRANCE GATE DRIVE	1,075						
LOS ANGELES,CA	RENOVATION OF SERVICE AREA AND ADMIN BLDG	392						
MARION,IN	ADMIN.SERVICE BLDG.	208						
MT.HOME NATL CEMETERY,TN	ADMINISTRATION SERVICE BLDG.	188						
ROCKLAND NATIONAL CEM	INSTALL WATER LINES	135						
SALISBURY,NC	2.5 ACRES DEVELOPMENT	88						
SAN JUAN, PR	SERVICE BLDG.	361						
SAN JUAN, PR	DEVELOP 12 ACRES	864						
SANTA FE,NM	ADMINISTRATION SERVICE BUILDING	354						
WILLAMETTE,OR	COLUMBARIUM	700						
VARIOUS STATIONS	FY75 PROGRAM BALANCE	10						
VARIOUS STATIONS	FY76 PROGRAM BALANCE	16						
VARIOUS STATIONS	FY78 PROGRAM BALANCE	5						
VARIOUS STATIONS	FY77 PROGRAM BALANCE	633						
VARIOUS STATIONS	FY78 PROGRAM BALANCE	2,647						
VARIOUS STATIONS	FY80 PROGRAM BALANCE	835						
SUBTOTAL (43)		22969	18962	835	-1	19796	3173	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	ESTIMATED FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
NATIONAL CEMETERIES										
GOLDEN GATE,CA	LAWN WATERING	304	25	246	15	18		33	18	
HOUSTON,TX	SERVICE BLDG	118		12	50	56		106	56	
HOUSTON,TX	DEVELOP 15 ACRES FOR BURIL	517		30	410	40	37	487	77	37
JEFFERSON BARRACKS,MO	CHAPEL	500	500							
JEFFERSON BARRACKS,MO	SITE DEVELOP APPROACH ROAD	257	257							
KEOKUK,IA	SVC BLDG. ADDN. FACILITIES	496			430	68		498	68	
LEAVENWORTH,KS	DEVELOP MASTER PLANS	200	161		39			39		
LEAVENWORTH,KS	ENTRANCE GATE DRIVE	1,075		71	905	20	79	1,004	99	79
LOS ANGELES,CA	RENOVATION OF SERVICE AREA AND ADMIN BLDG	342			365	20	7	392	27	7
MARION,IN	ADMIN.SERVICE BLDG.	208	198	9	1			1		
MT.HOPE NATL CEMETERY,T	ADMINISTRATION SERVICE BLDG.	188	183	-3	6			6		
ROCKLAND NATIONAL CEM	INSTALL WATER LINES	135		125	5	5		10	5	
SALISBURY,NC	2.5 ACRES DEVELOPMENT	88	88							
SAN JUAN, PR	SERVICE BLDG.	361	266	81	14			14		
SAN JUAN, PR	DEVELOP 12 ACRES	864			775	89		864	89	
SANTA FE,NM	ADMINISTRATION SERVICE BUILDING	354	335		19			19		
WILLAMETTE,OR	COLUMBIARIUM	700		50	35	615		650	615	
VARIOUS STATIONS	FY75 PROGRAM BALANCE	10				10		10	10	
VARIOUS STATIONS	FY76 PROGRAM BALANCE	16				16		16	16	
VARIOUS STATIONS	FY76 PROGRAM BALANCE	5				5		5	5	
VARIOUS STATIONS	FY77 PROGRAM BALANCE	633			45	545	43	633	588	43
VARIOUS STATIONS	FY78 PROGRAM BALANCE	2,697				2,515	182	2,697	2,697	182
VARIOUS STATIONS	FY80 PROGRAM BALANCE	835			50	750	35		785	35
SUBTOTAL (43)		22469	5524	1906	6741	5387	3411	11531	5625	3411

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
COMPUTER CENTERS ADDN + ALTERATIONS								
VARIOUS STATIONS	FY1981 REQUEST	526					526	
VARIOUS STATIONS	FY1981 REQUEST	1,322					1,322	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		3,771		283	4,054		
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS		-529			-529		
AUSTIN,TX	UNINTERRUPTABLE POWER SUPPLY SYSTEM	858						
CHICAGO(DPC),IL	RELOCATE DPC HQ	298						
MINES(DPC),IL	EMERGENCY POWER	245						
LOS ANGELES,CA	PROPROSED ALTERATIONS OF FEDERAL BLDG.	468						
PHILADELPHIA(DPC),PA	EXPANSION OF DATA PROCESSING CENTER	252						
PHILADELPHIA(DPC),PA	INSTALLATION OF UPS	700						
VARIOUS STATIONS	FY78 PROGRAM BALANCE	84						
VARIOUS STATIONS	FY79 PROGRAM BALANCE	620						
SUBTOTAL (12)		5373	3242		283	3525	1848	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1978	OBLIGATIONS ACTUAL FOR 1979	OBLIGATIONS ESTIMATED FOR 1980	OBLIGATIONS ESTIMATED FOR 1981	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
COMPUTER CENTERS ADDN + ALTERATIONS										
VARIOUS STATIONS	FY1981 REQUEST	526				35	491			491
VARIOUS STATIONS	FY1981 REQUEST	1,322				1,275	47			47
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	LESS FIN COMPLETED PROJECTS									
AUSTIN,TX	UNINTERRUPTABLE POWER SUPPLY SYSTEM	858	790	44	24			24		
CHICAGO(DPC),IL	RELOCATE DPC RD	298	298							
HINES(DPC),IL	EMERGENCY POWER	245				235	10	245	245	10
LOS ANGELES,CA	PROPHOSED ALTERATIONS OF FEDERAL BLDG.	468	170	298						
PHILADELPHIA(DPC),PA	EXPANSION OF DATA PROCESSING CENTER	252	245	-4	11			11		
PHILADELPHIA(DPC),PA	INSTALLATION OF UPS	700		296	120	145	139	404	284	139
VARIOUS STATIONS	FY78 PROGRAM BALANCE	84				84		84	84	
VARIOUS STATIONS	FY79 PROGRAM BALANCE	620			575	20	25	620	45	25
SUBTOTAL (12)		5373	1503	634	730	1794	712	1388	658	712

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
REGIONAL OFFICE REPL RENOVA								
VARIOUS STATIONS	FY1981 REQUEST	4,326					4,326	
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET		2,080	1,468		3,548		
VARIOUS STATIONS	REGIONAL OFFICE REPLACE AND RENOVATION	2,080						
VARIOUS STATIONS	FY80 PROGRAM BALANCE	1,468						
SUBTOTAL (4)		7874	2080	1468		3548	4326	

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF H AND DF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1979	1980	1981
REGIONAL OFFICE REPL RENOVA										
VARIOUS STATIONS	FY1981 REQUEST	4,326				280	4,046			4,046
VARIOUS STATIONS	APPRO AVAIL IN FY1980 BUDGET									
VARIOUS STATIONS	REGIONAL OFFICE REPLACE AND RENOVATION	2,080				1,935	145	2,080	2,080	145
VARIOUS STATIONS	FY80 PROGRAM BALANCE	1,468			95	1,315	58		1,373	58
SUBTOTAL (4)		7874			95	3530	4249	2080	3453	4249

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1978 FUNDING INCLUDES C OF H AND DF APPROPRIATION)

($000)

15-126

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATION PLAN: AVAIL THRU 1979 IN 80 BUDG	NET 1980 APPRO	ADJUSTMENTS	TOTAL AVAIL THRU 1980	REQUIRED FOR 1981	FOR FUTURE CONSIDERATION
GENERAL ADMINISTRATION								
TOTAL (962)		$489843	$329572	$49403	-242*$378733		$111110	
GENERAL ADMINISTRATION		118193	65,297	23,230	322	88849	29344	
TOTAL		$ 608036	$394869	$72633	$80	$467582	$ 140454	
	PAYRAISE	800		800		800		
	SUPPLEMENTAL	596		596		596		
GRAND TOTAL		$ 609432	$394869	$74029	$80	$468978	$ 140454	

*$510 to be reprogrammed from General Projects in FY1980.

CONSTRUCTION, MINOR PROJECTS APPROPRIATIONS

(STATUS OF CURRENT CONSTRUCTION PROJECTS - PRIOR 1979 FUNDING INCLUDES C OF II AND OF APPROPRIATION)
($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS: ACTUAL THRU 1978	ACTUAL FOR 1979	ESTIMATED FOR 1980	ESTIMATED FOR 1981	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1979	UNOBLIGATED APPROPRIATION END OF YEAR 1980	UNOBLIGATED APPROPRIATION END OF YEAR 1981
GENERAL ADMINISTRATION										
TOTAL (962)		$489843	$146305	$89200	$68007	$92976	$93355	$93825	$75221	$93355
GENERAL ADMINISTRATION		118193	42,903	22,206	23,740	29344		510 *		
TOTAL		$608036	$189208	$111406	$91747	$122320	$93355	$94335	$75221	$93355
	PAYRAISE	800			800					
	SUPPLEMENTAL	596			596					
GRAND TOTAL		$ 609432	$189208	$111406	$93143	$ 122320	$93355	$94335	$75221	$93355

*$510 to be reprogrammed from General Projects in FY1980.

15-127

GENERAL ADMINISTRATION

The General Administration activity of the Construction Minor Projects Appropriation provides for all the cost of the Office of Construction in 1981.

The General Administration costs consist of salaries and related expenses of the personnel of the Office of Construction engaged in the (1) design and construction of Veterans Administration medical centers, domiciliaries and other facilities, and (2) acquisition, utilization, and disposition of VA real property.

The architect-engineer contract costs and the salaries and related costs of the labor force hired by the VA for construction projects are funded as part of the construction project costs (average employment under these construction funds is as follows: 1979-53; 1980-75; 1981-75).

SUMMARY OF OBLIGATED REQUIREMENTS BY OBJECT FOR GENERAL ADMINISTRATION

(In Thousands of Dollars)

	1979 Actual	1980 Estimate	1981 Estimate	Diff. FY 81 Over FY 80
Average Employment	691	706	799	+93
Obligations				
Personnel Compensation	$16,786	$18,987	$21,316	$+2,329
Permanent positions	(16,446)	(18,582)	(20,854)	(+2,272)
Positions other than permanent	(76)	(96)	(123)	(+27)
Other personnel compensation	(264)	(309)	(339)	(+30)
Personnel benefits	1,775	2,015	2,320	+305
Total pers. comp. and benefits	18,561	21,002	23,636	+2,634
Travel and transportation of persons	751	868	1,077	+209
Transportation of things	129	100	201	+101
Rent, communication and utilities	391	457	523	+66
Printing & reproduction	208	276	250	-26
Other services	1,745	1,867	2,930	+1,063
Supplies and materials	139	176	210	+34
Equipment	282	390	517	+127
Total Obligations	22,206	25,136	29,344	+4,208

FY 1980 total includes requested supplementals

FUNCTIONS OF ORGANIZATIONAL ELEMENTS

1. The following functions are performed by the elements of the Office of Construction.

Office of Assistant Administrator - The Assistant Administrator for Construction provides overall direction to the construction program. His office and its immediate staff including the Deputy AssistantAdministrator for Construction provide for planning, design, and construction operations as follows:

a. Architect-Engineer Evaluation Board is responsible for evaluating architect-engineer firms for Central Office contracts.

b. Management Staff is responsible for the development, coordination, and control of the administrative, management, and personnel policies in the Office of Construction.

c. Program Control & Analysis Staff is responsible for the programming, budgeting, accounting and control of project construction funds. They also provide reporting and statistical services along with a scheduling and reporting system for the processing of construction projects.

d. Research Staff conducts a research and development program in building technology as related to design and construction of Veterans Administration facilities. This program, established to provide continual liaison with all sources of data in private industry and government on the latest advances in building technology and also to initiate and conduct research into new concepts in this field, is accomplished by in-house capacity and through contracts with outside consultants.

e. Contract Administration Staff serves as principal advisor to the Project Directors and the Assistant Administrator for Construction on all contracting matters, and provides guidance for the negotiations, issue, award, execution and administration of contracts for architectural and engineering services and for construction.

f. ADP Staff is responsible for the development, design, implementation, and control of all management and technical automated applications utilized in the accomplishment of the construction program.

g. Project Directors direct, control, expedite, and coordinate planning, design, and construction of projects to satisfy agency construction requirements. They serve as architect-engineer and construction contracting officers for assigned projects, review and evaluate contract progress, and obtain authorizations for contract changes and funding increases when required.

h. Planning and Development provides Health Care Facilities, Preliminary Planning, Land Management, and Estimating Services to the Project Directors. These services involve the development of detailed requirements, cost data, and preliminary plans for VA facilities based on operating department needs.

i. Architecture and Engineering coordinates the work of the technical services (Architectural, Civil Engineering, Mechanical Engineering, Electrical Engineering, and Value Analysis) provided to the Project Directors. These services predominantly involve the review of contract architect-engineer work and the development of working drawings for "in-house" designed projects.

j. Resident Engineer Staff administers the Resident Engineer program. It provides administrative support to the Resident Engineers, coordinates requirements for technical supervision at construction sites and participates in assigning Resident Engineers to adequately staff the construction projects.

k. Space Management Staff is responsible for space acquisition for VA; and for policies, standards and procedures pertaining to the acquisition of leased space and the utilization of space.

2. The development and accomplishment of a construction project is generally as follows:

a. Requirements - Design requirements are developed by Health Care Facilities Service, assisted by private firms when necessary, based on input from operating departments. Advance planning studies and estimates are then used to evaluate the feasibility and advantages of alternative designs.

b. Preliminary Plans - Based on approved project requirements, preliminary plans and estimates are prepared for necessary review and approval by higher authority and for presentation of the budget. Plans must be developed within specific cost and square feet area limits to comply with executive restrictions. The work is handled by the Planning and Development Services and by private architecture and engineering firms, with the assistance of other parts of the Office of Construction.

c. Working Drawings and Specifications - Working drawings and specifications prepared by contract architect-engineers are reviewed by Architectural Service, Electrical Engineering Service, Mechanical Engineering Service, and Land Management Service. The same services also prepare working drawings and specifications for "in-house" designed projects. Estimates during this stage are prepared by the Estimating Staff.

d. Construction Put-in-Place - This phase is directed and controlled by the Project Directors in Central Office with on-site supervision by Resident Engineers who ensure that construction contractors provide timely performance and build in accordance with plans and specifications. The construction Contract Administration Division advises and assists the Project Directors in awarding construction contracts, processing of contract changes, partial payment and final settlement vouchers, and maintains contract records for construction contracts.

Summary of Average Employment for General Administration

	1979 Actual	1980 Estimate	1981 Estimate	Diff.FY 81 Over FY 80
Office of Construction				
Office of Assistant Administrator & Deputy Assistant Administrator	8	8	8	...
Staff Offices				
Architect-Engineer Evaluation Board	11	10	11	+1
Management Staff	40	35	37	+2
Program Control & Analysis Staff	37	38	41	+3
Research Staff	7	7	7	...
Contract Administration Staff	18	19	22	+3
ADP Staff	15	15	16	+1
Space Management Staff	5	7	8	+1
Sub-Total	133	131	142	+11
Project Directors' Offices	63	64	75	+11
Planning & Development				
Director of Planning and Development	5	5	6	+1
Health Care Facilities Service	58	62	75	+13
Preliminary Planning Service	26	27	31	+4
Land Management Service	31	29	30	+1
Estimating Service	27	28	30	+2
Sub-Total	147	151	172	+21
Architecture & Engineering				
Director of Architecture and Engineering	6	6	7	+1
Coordination & Value Analysis Staff	6	6	7	+1
Architectural Service	51	48	49	+1
Mechanical Engineering Service	46	45	47	+2
Civil Engineering Service	18	18	19	+1
Electrical Engineering Service	29	27	29	+2
Sub-Total	156	150	158	+8
Field Supervision a/				
Resident Engineers	128	140	170	+30
Clerical Assistants	56	62	74	+12
Sub-Total	184	202	244	+42
Total General Administration	691	706	799	+93

a/ includes Central Office R/E Staff

Justification and Explanation of Personal Services Obligations
(In Thousands of Dollars)

	1979 Actual	1980 Estimate	1981 Estimate	Diff FY 81 Over FY 80
Average Employment:	691	706	799	+ 93
Personnel Compensation:	$16,786	$18,987	$21,316	+ 2,329

$21,316 thousand is requested for personnel compensation in 1981. Our staffing requirements are derived from needs in both Central Office and in the field at our construction sites. Our Resident Engineer needs are determined by a project by project analysis of scheduled construction awards which will require on-site supervision. The staffing levels for Central Office are based on a projection of the requirements to design and review a program of a known size and character.

Personnel Benefits:

$2,320 thousand is requested under this object in 1981 to cover the Government's cost and contribution to the various funds for the benefit of its employees in accordance with existing legislation. The funds requested are for:

a. Subsistence & Temporary Expenses*	51	55	100	+45
b. Real Estate Cost*	173	180	200	+20
c. Miscellaneous Moving Cost	10	18	30	+12
d. Federal Employee Life Insurance Fund	48	67	76	+9
e. Federal Insurance Compensation Act	16	20	23	+3
f. Civil Service Retirement Fund	1,131	1,326	1,466	+140
g. Federal Employees Health Insurance Fund	332	349	425	+76
h. Awards	14	...	...	...
TOTAL	1,775	2,015	2,320	+305

*Moving and related expenses under Public Law 89-516

Explanation and Justification of Obligations
Other Than Personal Services
(In Thousands of Dollars)

	1979 Actual	1980 Estimate	1981 Estimate	Diff FY 81 Over FY 80
Travel and Transportation of Persons	751	868	1,077	+209

$1,077 thousand is requested in 1981 for travel by administrative, architectural, engineering and other technical personnel for inspecting, surveying, and determining on-site conditions and other advanced planning requirements for health care centers, the National Cemeteries System, regional offices, and data processing centers. Also included are provisions for pre-bid and pre-construction conferences, on-site supervision of construction contracts by resident engineers, intermediate supervisory inspections, final construction inspections and post-evaluation surveys by Office of Construction technical personnel, and travel related to employee training.

Transportation of Things	129	100	201	+101

$201 thousand is requested in 1981 for the cost of shipment of household goods and other personal effects of employees transferring between construction project duty stations, between field and Central Office, and to first duty station for newly recruited shortage category employees, including architects and engineers. The cost reflects an increased number of R/E moves as well as the growth in the Office of Construction Staff.

Rent, Comm. and Utilities	391	457	523	+66

$523 thousand is requested to provide the Office of Construction's prorata share of the switchboard and wire mileage rental, telephone rentals, long distance telephone calls including FTS intercity telephone network, and equipment rentals. The increase of $66 thousand is due primarily to increases in FTS, recurring and non-recurring telephone charges, and increased cost of rental equipment.

Printing and Reproduction	208	276	250	-26

$250 thousand is requested for printing and reproduction to cover the cost of: reproduction of drawings for field station files; printing of forms under the control of the Office of Construction; the revision and updating of master specifications, standard details, handbooks, and other technical publications; and reproduction of drawings and specifications for projects. The reduction of $26 thousand is based on the anticipated increase of in-house printing.

	1979 Actual	1980 Estimate	1981 Estimate	Diff FY 81 Over FY 80
Other Services	1,745	1,867	2,930	+1,063

A total of $2,930 is requested for 1981 for contractual services and other expenses not provided for elsewhere. Funds requested are for:

a. Repairs - Furniture & Equipment	4	4	4	....
b. Services of Consultants and Expert Witnesses	149	200	625	+425
c. Employee Training	103	130	161	+31
d. ADP Services	414	600	750	+150
e. Surveys - Utility, Topographic, Site	60	100	350	+250
f. Construction R&D Projects	777	700	850	+150
g. Misc. Other Services	238	133	190	+57
TOTAL	1,745	1,867	2,930	+1,063

$625 thousand is requested for services of consultants and expert witnesses. Of this, $50 thousand is for those individuals who render services on behalf of the Government in connection with alleged claims and the cost of legal secretaries for stenographic services. $150 thousand is for general management studies, such as work measurement. Studies of VA Facilities for possible inclusion on the National Register are planned for $200 thousand. The remaining $225 thousand is for work in selected areas of health care facility planning.

An additional $31 thousand is requested for employee training to maintain an adequate level of training. This is due mainly to the higher employment level.

$750 thousand is needed in FY81 to provide for commercial and government ADP services, including processing, software, and analysis. The increase of $150 thousand is for improvements in our current systems and development of new applications.

$350 thousand is requested for surveys to cover not only project work, but also for appraisals and archeological surveys on certain facilities for possible nomination to the National Register of Historic Places.

Construction Research and Development projects will need $850 thousand to continue our R&D program, especially in the area of energy conservation.

$190 thousand is required for miscellaneous other services-those contractual services not provided for in the remaining subcategories. This includes such items as photographic drawings presently retained by the field stations.

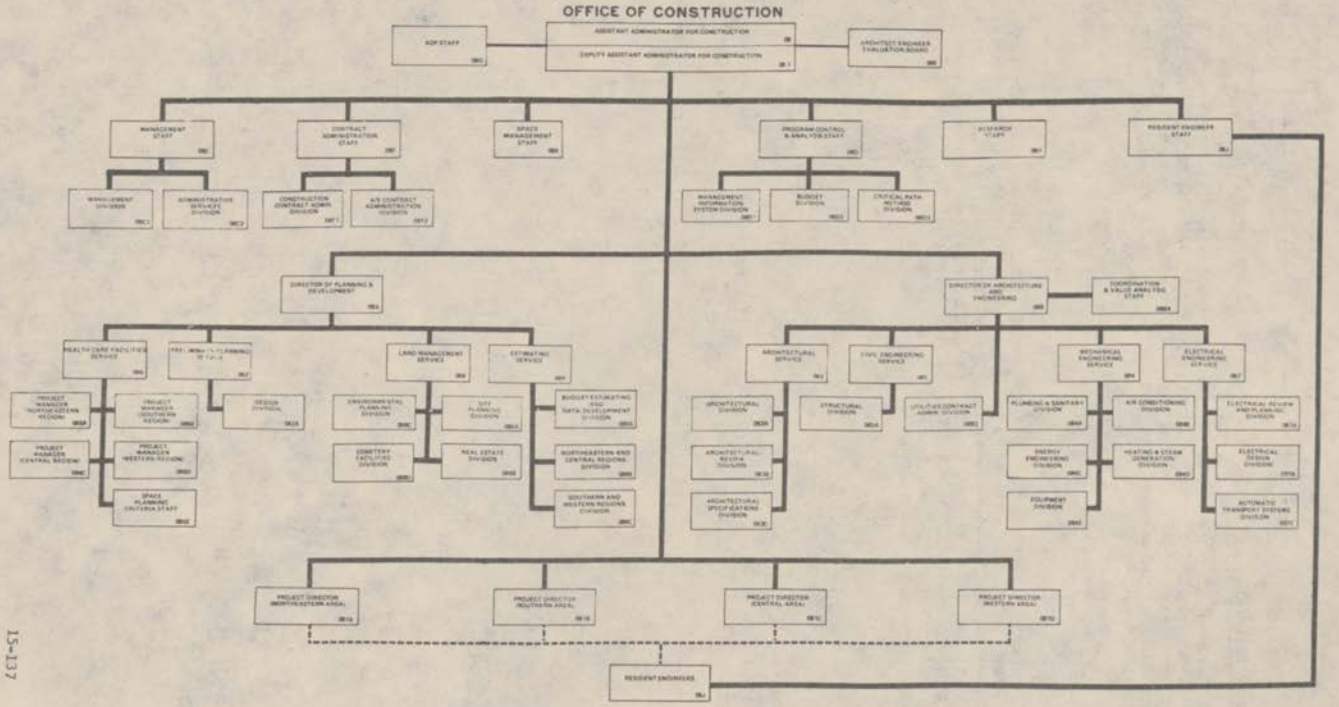
	1979 Actual	1980 Estimate	1981 Estimate	Diff FY 81 Over FY 80
Supplies & Materials	139	176	210	$+ 34

$210 thousand is requested for office and computer supplies and materials which are not available through central supply system. The increase of $34 thousand is necessary because of the higher volume of supplies associated with our reproduction, micrographic and computer operations, as well as higher levels of employment.

Equipment	282	390	517	+ 127

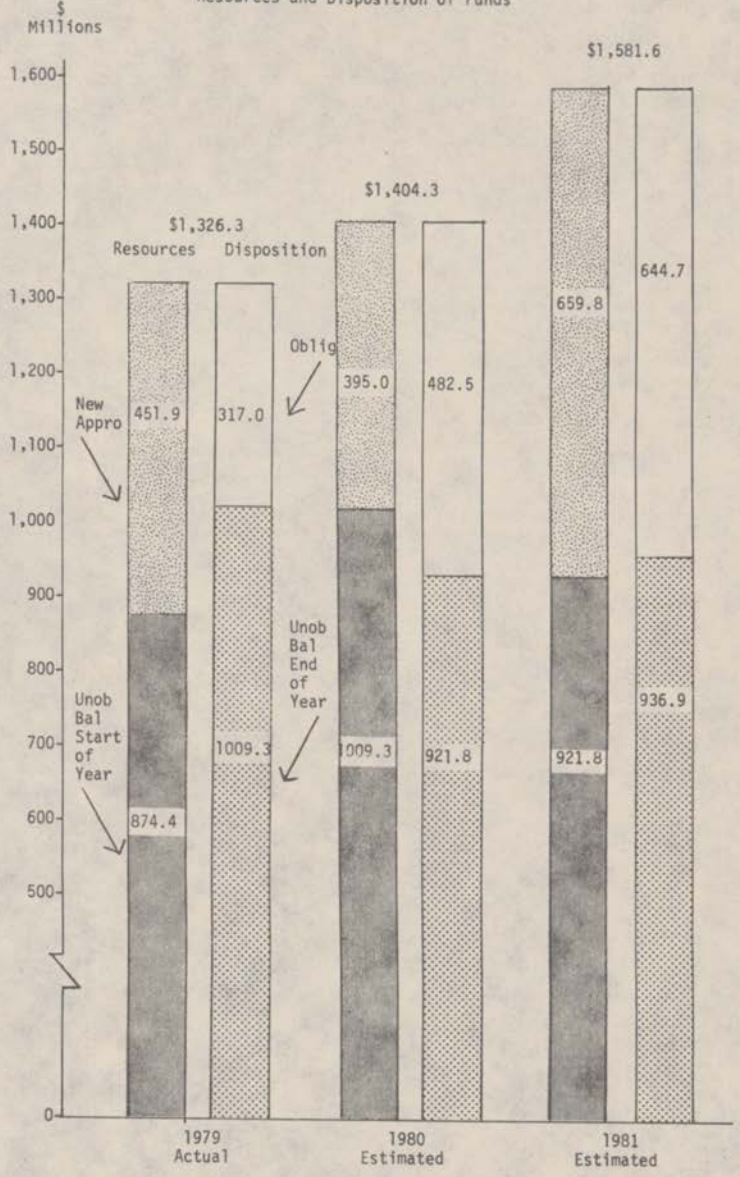
$517 thousand is needed for 1981 to provide for replacement of furniture and equipment which will have reached the General Services Administration criteria for replacement as well as equipment for new employees. Included in this request is over $200 thousand for ADP equipment to replace currently leased mini-processor capability with the Office of Construction. The purchase of an automated microfilm storage and retrieval device originally included in the FY 1980 budget request has been omitted.

59-500 O - 80 - 53


OFFICE OF CONSTRUCTION

SPECIAL ANALYSES

Resources and Disposition of Funds



NOTE: Includes FY 1980 Supplemental request of $5.1 million.

Comparative Summary Obligational Requirements by Object
(In thousands of dollars)

	1979 Actual	1980* Estimate	1981 Estimate	Diff FY 81 Over FY 80
Personnel Compensation (total)	17,967	20,772	23,908	+3,136
Permanent Positions	(16,446)	(18,588)	(21,465)	(+2,877)
Positions Other than Permanent	(1,252)	(1,920)	(2,088)	(+168)
Other Personnel Compensation	(269)	(264)	(355)	(+ 91)
Personnel Benefits	1,842	2,056	2,446	+390
Total Personnel Compensation & Benefits	19,809	22,828	26,354	+3,526
Travel & Transportation of Persons	751	868	1,077	+ 209
Transportation of Things	133	108	237	+ 129
Rent, Commun. & Utilities	430	511	587	+ 76
Printing & Reproduction	208	276	250	- 26
Other Services	24,774	25,683	29,460	+3,777
Supplies & Materials	691	812	848	+ 36
Equipment	460	435	669	+ 234
Land & Structures	269,702	431,046	585,211	+154,165
Total Obligations	316,958	482,567	644,693	+162,126
Unobligated Balance Brought Forward	- 874,360	- 1,009,307	-921,771	- 87,536
Unobligated Balance Carried Forward	1,009,307	921,771	936,886	+ 15,115
TOTAL Budget Authority (Appropriation)	451,905	395,031	659,808	+264,777
Less: Reprogrammings from prior appropriations		-510		
New Budget Authority		394,521		

* Includes FY 1980 Supplemental requests

Summary of Construction Funds from 7-1-31 a/
(In Millions of Dollars) b/

Fiscal Year	Cash Appropriation Actual	Cash Appropriation Sept. '79 $Value*	Obligations Actual	Obligations Sept. '79 $Value*	Unobligated Balance c/	Expenditures Accrued	Expenditures Cash
1932-45	141.6		118.7		22.9		90.0
1946	242.8	Not	14.1	Not	251.6		26.9
1947	147.4	Avail-	68.0	Avail-	772.3		28.0
1948	-50.0	able	224.9	able	835.7		53.0
1949	202.0		84.1		795.6		141.5
1950	.0	.0	212.4		582.3		159.7
1951	160.0	709.0	104.1	461.3	478.2		144.9
1952	27.5	115.3	42.8	179.4	82.6		123.0
1953	117.5	469.3	48.9	195.3	92.2		98.5
1954	38.7	150.2	23.2	90.1	86.6		54.2
1955	50.5	193.0	47.3	180.8	89.7		29.2
1956	33.9	124.6	29.9	109.9	93.8	978.0d/	25.8
1957	56.2	197.9	21.6	76.1	128.3	39.1	36.0
1958	44.5	152.1	63.9	218.4	108.9	33.0	32.9
1959	19.3	63.9	63.0	208.7	65.1	47.8	45.4
1960	31.7	101.5	34.7	111.1	62.1	57.9	56.8
1961	75.0	236.1	77.3	243.3	59.8	50.3	51.4
1962	76.3	233.8	68.8	210.8	67.3	51.8	53.1
1963	77.0	229.6	71.7	213.8	72.6	68.5	65.8
1964	76.8	222.6	109.5	317.4	39.9	73.6	70.3
1965	98.1	275.3	64.5	181.0	73.5	81.3	80.6
1966	90.5	244.5	43.6	117.8	120.5	83.6	83.7
1967	52.1	134.5	63.5	164.0	109.1	57.7	60.0
1968	52.6	126.9	20.2	48.7	141.5	43.4	47.6
1969	7.9	17.8	105.6	237.9	43.8	48.5	46.1
1970	69.1	144.5	34.0	71.1	78.9	71.2	67.4
1971	59.0	113.7	102.8	198.2	35.1	80.9	80.2
1972	93.6	167.7	84.6	151.6	44.1	107.3	105.1
1973	181.0	306.0	136.6	230.9	88.5	92.6	95.8
1974	110.6	174.8	91.9	145.3	107.2	106.4	103.7
1975	303.0e/	427.7	207.8	293.3	202.3	121.1	118.9
1976	403.9	530.3	226.8	297.8	379.4	186.0	187.6
19-TQ	32.5	40.6	23.3	29.1	388.5	49.2	42.9
1977	498.5	592.1	278.4	330.7	608.5	224.4	233.8
1978	488.9	547.5	223.2	250.0	874.3	245.1	243.3
1979	451.9	.....	317.0	.....	1009.2	240.3	236.5
1980(EST)	394.5e/	.....	482.5	.....	921.8	274.1	263.9
1981(EST)	659.8	.....	644.7	.....	936.9	389.0	370.7
TOTAL	5,616.2		4,679.9		10,951.8	3,911.1	3,854.2

a/ Includes following appropriations: 1932-52 - Hospital & Domiciliary Facilities; 1953-58 Hospital & Domiciliary Facilities, and Major Alterations Improvements & Repairs; 1959-72 - Construction of Hospital & Domiciliary Facilities; and 1973 to date - Construction, Major Projects and Construction, Minor Projects.

b/ Because of rounding, details do not necessarily add to totals.

c/ Unobligated balance of appropriations of Cash plus Contract Authority.

d/ From 1932 through 1956 combined. Figures for individual fiscal years not available prior to 1957.

Summary of Construction Funds from 7-1-31 a/ (Cont'd)
(In Millions of Dollars) b/

e/ Includes Supplemental Appropriation Request.

* September 1979 $ Value is calculated by multiplying the respective Actual dollar figures by the ratio of the September 1979 Boeckh Index (995.3) to each of the respective fiscal year averages for the Boeckh Building Cost Index (Apartments, Hotel & Office Buildings - Brick & Concrete; Base 100 = United States Average Prices 1926-1929 for 20 major pricing areas).

BOECKH BUILDING COST INDEX BY TYPE OF CONSTRUCTION
(Brick-Concrete) Apartments, Hotels & Office Buildings
20 City National Average (1926-1929 = 100)

YEAR	C.Y.	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	F.Y.	YEAR
1950	216.5														1950
1951	232.7													224.6	1951
1952	242.1													237.4	1952
1953	256.3					NOT AVAILABLE								249.2	1953
1954	256.5													256.4	1954
1955	264.3													260.4	1955
1956	277.4													270.85	1956
1957	287.7	282.7	283.1	283.5	284.3	286.3	288.3	290.5	290.6	291.0	290.6	290.7	291.1	282.55	1957
1958	294.8	291.5	291.4	290.7	291.4	292.2	294.7	296.1	296.7	296.9	298.3	298.8	299.6	291.2	1958
1959	306.2	301.1	301.2	301.4	302.8	304.7	307.6	308.4	308.9	309.2	309.1	309.6	310.1	300.4	1959
1960	313.6	310.5	312.2	311.4	312.0	313.3	314.6	314.7	314.6	315.1	315.0	315.0	315.1	310.8	1960
1961	320.3	315.6	315.7	315.9	316.2	320.1	321.6	322.4	322.8	323.3	323.4	323.3	323.8	316.2	1961
1962	329.3	324.5	324.7	324.8	326.1	328.4	329.5	331.5	332.1	332.5	332.5	332.3	333.0	324.8	1962
1963	338.3	333.6	333.9	334.0	334.6	336.8	338.7	340.2	340.5	341.2	341.4	342.1	342.3	333.8	1963
1964	349.0	343.7	343.8	343.8	344.9	347.1	349.8	351.5	352.0	351.4	352.9	353.1	353.4	343.4	1964
1965	361.6	354.2	355.9	356.3	356.1	358.7	361.3	364.3	365.0	365.7	366.2	366.4	368.6	354.7	1965
1966	376.2	367.8	368.3	368.6	370.3	373.3	375.9	379.4	380.2	380.8	382.1	383.7	384.4	368.4	1966
1967	398.9	385.3	385.6	385.8	386.8	390.4	400.3	406.3	407.0	408.7	409.7	410.3	410.4	385.4	1967
1968	426.0	409.9	411.7	412.5	414.4	421.5	429.2	432.2	434.2	435.6	436.2	436.3	438.8	412.6	1968
1969	461.3	(444.7)	450.6	(451.1)	451.6	(456.4)	461.1	(463.1)	465.1	(468.8)	472.5	(474.2)	475.9	441.8	1969
1970	494.9	476.0	(478.3)	480.6	482.6	484.7	489.0	495.7	502.0	507.8	511.8	514.0	516.6	475.9	1970
1971	534.8	519.8	522.4	524.2	525.4	525.9	529.6	536.6	542.0	545.6	547.5	547.5	550.7	516.3	1971
1972	573.85	557.1	561.9	565.2	567.8	569.9	572.9	576.9	579.8	581.4	583.1	584.6	585.6	555.4	1972
1973	606.6	585.8	588.6	593.7	598.4	602.5	605.3	606.8	611.2	618.6	622.3	622.3	623.3	588.8	1973
1974	666.1	625.3	630.4	638.8	646.1	652.4	653.2	673.4	680.6	689.9	696.2	699.8	702.6	629.6	1974
1975	731.9	705.0	710.2	718.3	724.4	728.6	731.9	734.4	737.7	741.8	746.1	750.7	754.2	705.1	1975
1976	788.5	756.6	760.4	765.5	773.5	784.4	791.1	793.8	796.6	799.8	805.7	814.4	820.2	758.0	1976
T.Q.	862.7	N/A	N/A	N/A	N/A	N/A	N/A	857.7	862.9	867.5	N/A	N/A	N/A	796.6*	T.Q.
1977	853.0	823.2	828.4	836.0	842.1	846.6	851.8	857.7	862.9	867.5	870.9	873.0	875.9	838.0	1977
1978	902.2	879.7	882.8	885.1	888.0	891.6	896.1	901.6	907.1	912.6	919.6	928.2	933.8	888.7	1978
1979		939.4	942.4	949.1	960.3	970.3	979.1	985.5	989.5	995.3	1002.7	N/A	N/A	957.7	1979
1980														1,034.3≠	1980
1981														1,137.7≠	1981

16-5

BOECKH BUILDING COST INDEX BY TYPE OF CONSTRUCTION
(Brick-Concrete) Apartments, Hotels & Office Buildings
20 City National Average (1926-1929 = 100)
(Cont.)

* Transition quarter FY Index was found by taking 15 month average of indexes from January 1976 thru March 1977.

† 1980 and 1981 FY Indexes are estimates found by using a Projected Escalation rate per fiscal year of 8% and 10% respectively.

NOTE 1: All figures after February 1970 are estimated (e.g., mean average of preceding and following bi-monthly indexes).

NOTE 2: CY and FY averages shown above for 1969 and later are averages of the monthly indexes shown. These differ slightly from CY and FY averages published by Boeckh, but are believed to be more representative. (Boeckh's CY averages are as follows: 1969 - 462.9, 1970 - 494.5, 1971 - 534.6, etc.).

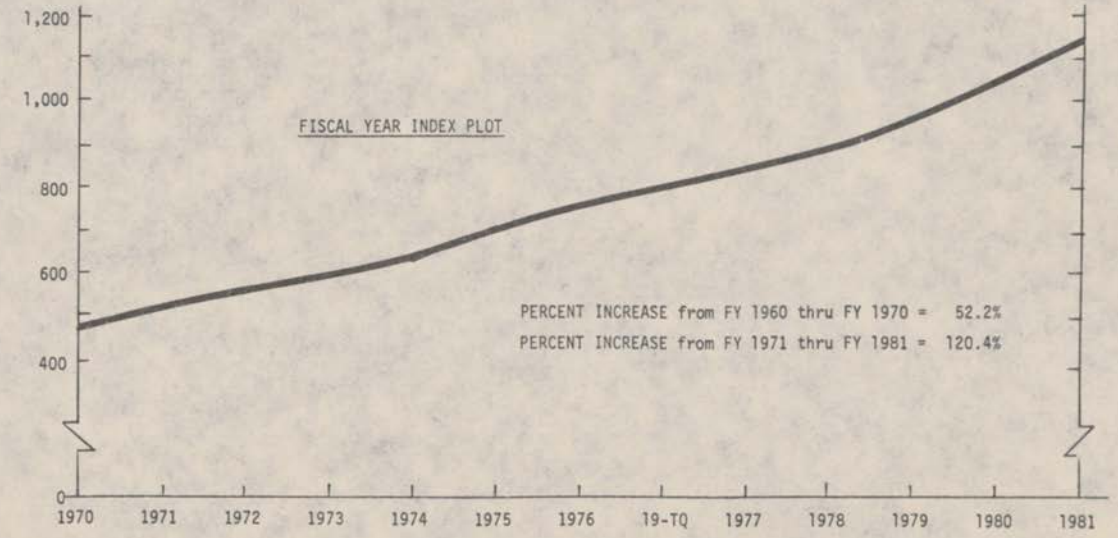
BOECKH BUILDING COST INDEX

Apartments, Hotels and Office Buildings: Brick and Concrete

National Average (20) -- Base 100 = United States Average Prices 1926 - 1929

Increase in Boeckh Fiscal Year Index - Year to Year

40.4	39.1	33.4	40.8	75.5	52.9	38.6	41.4	50.7	69.0	76.6	103.4
8.5%	7.6%	6.0%	6.9%	12.0%	7.5%	5.1%	5.2%	6.1%	7.8%	8.0%	10.0%



VOLUME III. 1981 CONGRESSIONAL BUDGET SUMMARY

Contents

PART 17. GENERAL

Contents 17-1

PART 18. 1981 BUDGET SUMMARIES

Contents 18-1

PART 19. 1981 BUDGET HIGHLIGHTS

Contents 19-1

PART 20. GAO AUDIT REPORTS

Contents 20-1

PART 21. SPECIAL ANALYSES - AGENCY-WIDE

Contents 21-1

NOTE: All years referred to as fiscal years. Detail in text, tables and charts may not add to the totals because of rounding.

PART 17. GENERAL

Contents

VA origin and mission 17-2

VA organization 17-3

Veterans population 17-4

Legislative authorization of programs 17-5

THE VETERANS ADMINISTRATION

Origin

The Veterans Administration was established as an independent agency under the President by Executive Order 5398 of July 21, 1930, in accordance with the Act of July 3, 1930 (46 Stat. 1016). This Act authorized the President to consolidate and coordinate Federal agencies especially created for or concerned in the administration of laws providing benefits for veterans.

Under this Act, the Veterans' Bureau, the Bureau of Pensions, and the National Home for Disabled Volunteer Soldiers were consolidated in the Veterans Administration.

Mission

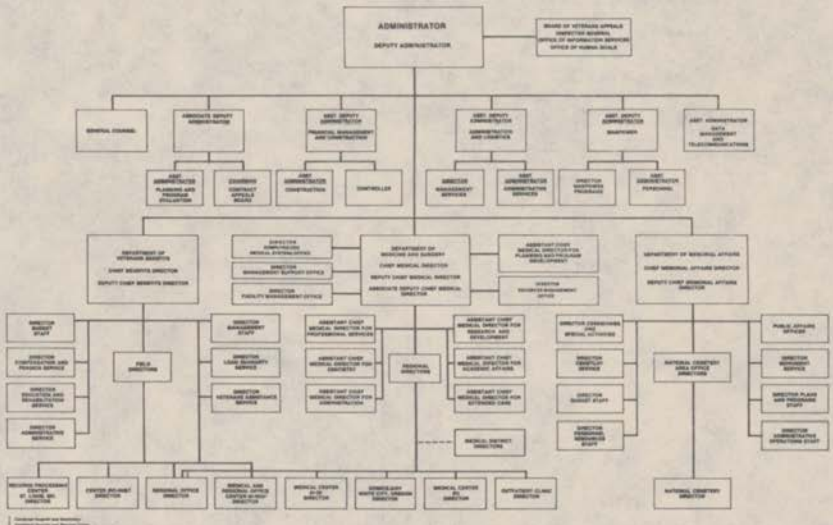
The mission of the Veterans Administration is to administer veterans' laws effectively, expeditiously, and with sympathetic understanding, and to exercise constructive leadership in the field of veterans' affairs. The laws relating to Veterans Benefits are contained in Title 38 of the United States Code. These benefits may be classified in the following general categories:

- Compensation for service-connected disabilities and death
- Pensions for income maintenance of veterans and survivors
- Education and training loans and assistance
- Housing and other credit assistance
- Veterans life insurance
- Servicemen's life insurance
- Hospital and outpatient care
- Nursing home care
- Domiciliary care
- Health manpower training
- Medical and rehabilitative research
- Burial benefits

ORGANIZATION OF THE VETERANS ADMINISTRATION

The organization of the VA is designed so that veterans beneficiaries and their surviving dependents will be provided the best possible service, with the greatest possible effectiveness and economy.

VA programs and operations are directed by the Administrator of Veterans Affairs, who is responsible to the President for the administration of veterans' services and benefits and the laws which govern them. Essentially, agency operations are subdivided by major purpose into three major "departments", the heads of which report to the Administrator through the Deputy Administrator. Agency-level "staff offices" provide staff advice and assistance to the Administrator and Department heads.

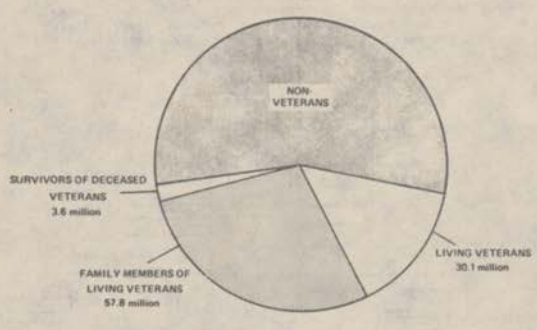


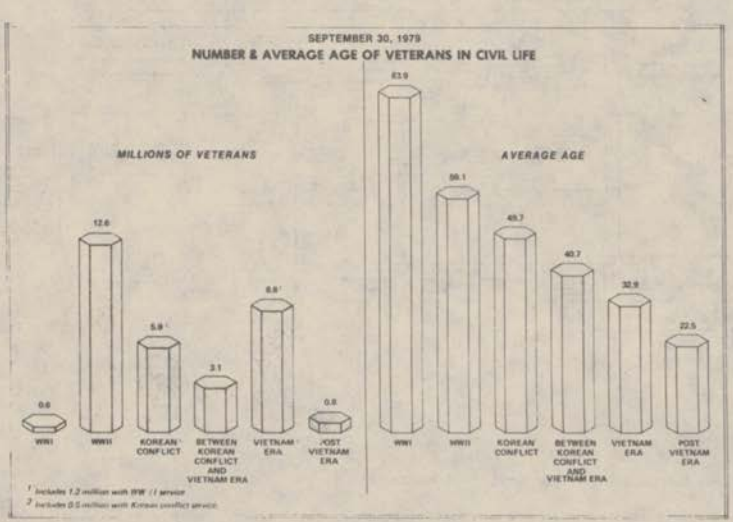
See Special Analyses for detail of installations.

January, 1980

VETERAN POPULATION

On September 30, 1979 there were approximately 30.1 million veterans, 57.8 million family members of living veterans and 3.6 million survivors of deceased veterans. Thus 91.5 million or 41% of the total population of the United States were potential recipients of veterans benefits provided by the Federal Government.





LEGISLATIVE AUTHORIZATION OF PROGRAMS

The authorizations for VA's programs are contained in Title 38 of the U.S. Code. No annual authorization by the legislative committees and the Congress is required, although Title 38 does provide for certain multiple-year authorizations for specific purposes. The authorization of the following items is limited by Title 38 in regard to the time and/or amount as indicated:

Item	Section of Title 38	Annual Authorization	Expiration Date
Medical Operating Appropriations:			
• Authority to enter into special pay agreements with Title 38 Physicians and Dentists of the VA.	4118	-0-	Sept. 30, 1981
Medical Care:			
• Authorizes non-service-connected contract hospital care and outpatient services in the territories, commonwealth and possessions of the United States--with certain provisos, including a report by the President to Congress by Feb. 1, 1980, assessing health needs of veterans in Puerto Rico and the Virgin Islands.	601(4)(c)	-0-	Dec. 31, 1981
Medical Administration and Miscellaneous Operating Expenses:			
• Exchange of Medical Information grants and pilot programs.	5055(c)	$4,000,000	Sept. 30, 1982
Grants for Construction of State Extended Care Facilities:			
• Grants to States to 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.	5033	15,000,000 (1980) as necessary (1981-2)	Sept. 30, 1982
Assistance for Health Manpower Training Institutions:			
• Grants to affiliated medical schools and other health manpower training institutions and expansion of VA education and training capacity.	5082	15,000,000 (1980) 25,000,000 (1981) 30,000,000 (1982)	Sept. 30, 1981
Grants to the Republic of the Philippines:			
• Hospital and nursing home care ($250,000 maximum) of Commonwealth Army veterans and new Philippine Scouts.	632(b)	2,000,000	Sept. 30, 1981
• Grants to Veterans Memorial Medical Center for education and training of hospital health service personnel.	632(d)	50,000	Sept. 30, 1981
• Grants to Veterans Memorial Medical Center for replacing and upgrading equipment and rehabilitating physical plant and facilities.	632(d)	50,000	Sept. 30, 1981
General Operating Expenses:			
• Maintenance of the VA Regional Office in the Republic of the Philippines.	230(b)	-0-	Sept. 30, 1981
Grants for the Construction of State Veterans Cemeteries:			
• Provides grants to the States for the establishment, expansion and improvement of Veterans cemeteries.	1008	5,000,000	Sept. 30, 1984
Post-Vietnam Era Veterans Education Account:			
• Authorizes deposit of servicepersons contributions and matching assistance payments.	1601	-0-	Dec. 31, 1981

PART 18. 1981 BUDGET SUMMARIES

Contents

1981 Appropriation Request (Chart) 18-2

Appropriations 18-3

Appropriations - Reconciliation 18-4

Analysis of Budget Authority 18-5

Budget Authority 18-6

Functional Distribution of VA Estimates - Budget Authority 18-7

Budget Outlays 18-8

Functional Distribution of VA Estimates - Budget Outlays 18-10

Obligations 18-12

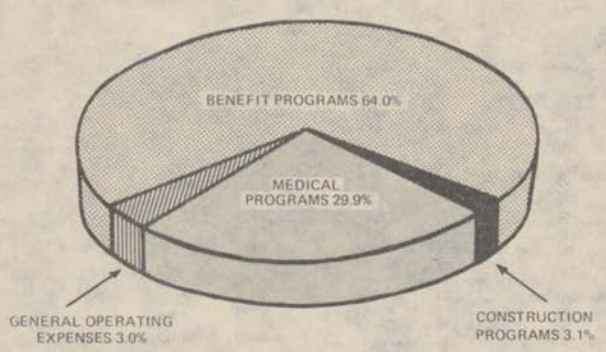
Proposed Legislation 18-14

Supplemental Appropriations 18-16

Average Employment 18-17

1981
Appropriation Request

Distribution by Major Program



	AMOUNT (In Thousands of Dollars)
General Operating Expenses	$ 645,175
Benefit Programs	13,601,368
Medical Programs	6,362,219
Construction Programs	659,808
TOTAL, VA	21,268,570

59-500 O - 80 - 54

APPROPRIATIONS

(Thousands of dollars)

Appropriation/Fund Account	1979	1980	1981	Change
General operating expenses	631,675	626,099	645,175	+ 19,076
Benefit Programs:				
Compensation and pensions	10,706,700	11,201,800	...	-11,201,800
Compensation	...	54,700	7,508,000	+ 7,453,300
Pensions	...	...	4,073,700	+ 4,073,700
Burial benefits and miscellaneous assistance	...	...	191,000	+ 191,000
Readjustment benefits	2,445,700	2,278,535	1,822,308	- 456,227
Veterans insurance and indemnities	5,750	5,400	1,360	- 4,040
Grants for the construction of State veterans cemeteries	...	5,000	5,000	...
Total benefit programs	13,158,150	13,545,435	13,601,368	+ 55,933
Medical programs:				
Medical care	5,374,374	5,854,970	6,154,802	+ 299,832
Medical and prosthetic research	122,847	126,447	134,810	+ 8,363
Medical administration and miscellaneous operating expenses	47,058	48,705	56,407	+ 7,702
Grants for construction of State extended care facilities	10,000	7,500	15,000	+ 7,500
Grants to the Republic of the Philippines	500	1,350	1,200	- 150
Assistance for health manpower training institutions	104,905	...	...	...
Total medical programs	5,659,684	6,038,972	6,362,219	+ 323,247
Construction programs:				
Construction, major projects	365,560	320,492	519,354	+ 198,862
Construction, minor projects	86,345	74,029	140,454	+ 66,425
Total construction programs	451,905	394,521	659,808	+ 265,287
Total appropriations 1/ 2/	19,901,414	20,605,027	21,268,570	+ 663,543

1/ Includes supplementals of $273,972 thousand in 1980.

2/ Excludes proposed legislation as follows:

	1980	1981
Compensation	...	923,100
Readjustment benefits	...	192,520
Medical care	...	- 31,913
General operating expenses	...	- 845
Vocational rehabilitation revolving fund	...	350
Proprietary receipts from the public	-45,240	-321,316
Total proposed legislation	-45,240	761,896

APPROPRIATIONS-RECONCILIATION

(Thousands of dollars)

Appropriation/Fund Account	1979	1980	1981
General operating expenses, appropriation.....	631,675	626,099	645,175
Compensation and pensions, appropriation.....	10,706,700	11,201,800	...
Comparative transfer to compensation.....	-6,909,452	-7,282,600	...
Comparative transfer to pensions.....	-3,554,848	-3,733,500	...
Comparative transfer to burial benefits and miscellaneous assistance.....	- 178,545	- 185,700	...
Transfer to readjustment benefits.....	- 63,855	...	...
Appropriation, adjusted.....	...	...	...
Compensation, appropriation.....	...	54,700	7,508,000
Comparative transfer from compensation and pensions.....	6,909,452	7,282,600	...
Appropriation, adjusted.....	6,909,452	7,337,300	7,508,000
Pensions, appropriation.....	...	...	4,073,700
Comparative transfer from compensation and pensions.....	3,554,848	3,733,500	...
Appropriation, adjusted.....	3,554,848	3,733,500	4,073,700
Burial benefits and miscellaneous assistance, appropriation.....	...	...	191,000
Comparative transfer from compensation and pensions.....	178,545	185,700	...
Appropriation, adjusted.....	178,545	185,700	191,000
Readjustment benefits, appropriation.....	2,445,700	2,278,535	1,822,308
Transfer from compensation and pensions.....	63,855	...	...
Appropriation, adjusted.....	2,509,555	2,278,535	1,822,308
Veterans insurance and indemnities, appropriation.....	5,750	5,400	1,360
Medical care, appropriation.....	5,374,374	5,854,970	6,154,802
Medical and prosthetic research, appropriation	122,847	126,447	134,810
Medical administration and miscellaneous operating expenses, appropriation.....	47,058	48,705	56,407
Grants for construction of State extended care facilities, appropriation.....	10,000	7,500	15,000
Grants to the Republic of the Philippines, appropriation.....	500	1,150	1,200
Assistance for health manpower training institutions, appropriation.....	104,905	...	...
Grants for the construction of State veterans cemeteries, appropriation.....	...	5,000	5,000
Construction, major projects, appropriation...	365,560	320,492	519,354
Construction, minor projects, appropriation...	86,345	74,029	140,454
Veterans Administration, appropriation 1/	19,901,414	20,605,027	21,268,570

1/ Excludes proposed legislation of $-45,240 thousand in FY 1980, and $761,896 thousand in FY 1981.

ANALYSIS OF BUDGET AUTHORITY

(Thousands of dollars)

	1979	1980	1981
A. Requiring action by the Congress:			
1. Requested in this budget:			
a. Appropriations	...	...	21,268,570
b. Supplemental appropriation	...	273,972	...
2. Proposed for later transmittal:			
a. Proposed legislation	...	- 45,240	761,896
Total requiring action by the Congress	...	228,732	22,030,466
B. Available without further action by the Congress:			
1. Current authorizations:			
a. Appropriated	19,901,414	20,331,055	...
2. Permanent authorizations:			
a. Trust funds	1,098,101	1,170,538	1,215,697
Total available without further action by the Congress	20,999,515	21,501,593	1,215,697
C. Less adjustment for proprietary receipts from the public and intragovernmental transactions	- 532,518	- 559,098	- 562,122
Total budget authority	20,466,997	21,171,227	22,684,041
BUDGET AUTHORITY INCLUDED IN APPROPRIATION REQUIREMENTS			
Available to date	19,901,414	20,331,055	...
Anticipated supplementals for existing legislation	...	273,972	...
Requested in this budget	...	...	21,268,570
Total appropriation requirements (adjusted)	19,901,414	20,605,027	21,268,570

BUDGET AUTHORITY

(Thousands of dollars)

Appropriation/Fund Account	1979	1980	1981	Change
Federal funds:				
General operating expenses	631,675	626,099	645,175	+ 19,076
Benefit programs:				
Compensation	6,909,452	7,337,300	7,508,000	+ 170,700
Pensions	3,554,848	3,733,500	4,073,700	+ 340,200
Burial benefits and miscellaneous assistance	178,545	185,700	191,000	+ 5,300
Readjustment benefits	2,509,595	2,278,535	1,822,308	- 456,227
Veterans insurance and indemnities	5,750	5,400	1,360	- 4,040
Grants for the construction of State veterans cemeteries	...	5,000	5,000	...
Total benefit programs	13,158,150	13,545,435	13,601,368	+ 55,933
Medical programs:				
Medical care	5,374,374	5,854,970	6,154,802	+ 299,832
Medical and prosthetic research	122,847	126,447	134,810	+ 8,363
Medical administration and miscellaneous operating expenses	47,058	48,705	56,407	+ 7,702
Grants for construction of State extended care facilities	10,000	7,500	15,000	+ 7,500
Grants to the Republic of the Philippines	500	1,350	1,200	- 150
Assistance for health manpower training institutions	104,905	...	...	...
Total medical programs	5,659,684	6,038,972	6,362,219	+ 323,247
Construction programs:				
Construction, major projects	365,560	320,492	519,354	+ 198,862
Construction, minor projects	86,345	74,029	140,454	+ 66,425
Total construction programs	451,905	394,521	659,808	+ 265,287
Total appropriations & funds	19,901,414	20,605,027	21,268,570	+ 663,543
Proposed legislation:				
Compensation	...	...	923,100	+ 923,100
Readjustment benefits	...	...	192,520	+ 192,520
Medical care	...	...	- 31,913	- 31,913
General operating expenses	...	...	- 845	- 845
Vocational rehabilitation revolving fund	...	...	350	+ 350
Proprietary receipts from the public	...	- 45,240	- 321,316	- 276,076
Total proposed legislation	...	- 45,240	761,896	+ 807,136
Proprietary receipts from the public	- 3,821	- 2,715	- 2,715	...
Total federal funds	19,897,593	20,557,072	22,027,751	+1,470,679
Trust Funds:				
Post-Vietnam veterans education account	70,788	98,800	114,200	+ 15,400
General post fund	6,460	6,700	7,000	+ 300
National service life insurance	982,543	1,029,128	1,060,193	+ 31,065
U.S. Government life insurance	38,110	35,910	34,304	- 1,606
Total trust funds (gross)	1,098,101	1,170,538	1,215,697	+ 45,159
Proprietary receipts from the public	- 526,328	- 552,335	- 552,359	- 24
Total trust funds (net)	571,773	618,203	663,338	+ 45,135
Intragovernmental transactions	- 2,369	- 4,048	- 7,048	- 3,000
Total Veterans Administration	20,466,997	21,171,227	22,684,041	+1,512,814

FUNCTIONAL DISTRIBUTION OF VA ESTIMATES

(Thousands of dollars)

Function and Program	BUDGET AUTHORITY		
	1979 Actual	1980 Estimate	1981 Estimate
701: Income security for veterans:			
Compensation	6,909,452	7,337,300	7,508,000
Proposed legislation	...	...	923,100
Pensions	3,554,848	3,733,500	4,073,700
Burial benefits and miscellaneous assistance	178,545	185,700	191,000
Veterans insurance and indemnities	5,750	5,400	1,360
National service life insurance	982,543	1,029,128	1,060,193
U.S. Government life insurance	38,310	35,910	34,304
NSLI & USGLI receipts	- 457,910	- 457,583	- 445,207
Sub-total, income security for veterans	11,211,538	11,869,355	13,346,450
702: Veterans education, training and rehabilitation:			
Readjustment benefits	2,509,555	2,278,535	1,822,308
Proposed legislation	...	...	192,520
Vocational rehabilitation revolving fund, proposed legislation	...	...	350
Post-Vietnam era veterans education account	70,788	98,800	114,200
Post-Vietnam era veterans education account receipts	- 70,788	- 98,800	- 114,200
Sub-total, veterans education, training and rehabilitation	2,509,555	2,278,535	2,015,178
703: Hospital and medical care for veterans:			
Medical care	5,374,374	5,854,970	6,154,802
Proposed legislation	...	...	- 31,913
Medical and prosthetic research	122,847	126,447	134,810
Medical administration and miscellaneous operating expenses	47,058	48,705	56,407
Construction, major projects	365,560	320,492	519,354
Construction, minor projects	86,345	74,029	140,454
Grants for construction of State extended care facilities	10,000	7,500	15,000
Grants to the Republic of the Philippines	500	1,350	1,200
Assistance for health manpower training institutions	104,905	...	...
Proprietary receipts, proposed legislation	...	- 45,240	- 321,316
Sub-total, hospital and medical care for veterans	6,111,589	6,388,253	6,668,798
704: Veterans housing	...	...	...
705: Other veterans benefits and services:			
General operating expenses	631,675	626,099	645,175
Proposed legislation	...	...	- 845
Grants for the construction of State veterans cemeteries	...	5,000	5,000
General post fund	6,460	6,700	7,000
Sub-total, other veterans benefits and services	638,135	637,799	656,330
Deduction for offsetting receipts	- 3,821	- 2,715	- 2,715
Total Veterans Administration	20,466,997	21,171,227	22,684,041

Note: Excludes veterans support programs of other agencies.

OUTLAYS

(Thousands of dollars)

Appropriation/Fund Account	1979	1980	1981	Change
Federal funds:				
General operating expenses	603,295	638,101	643,576	+ 5,475
Benefit programs:				
Compensation	6,743,320	7,410,800	7,471,000	+ 60,200
Pensions	3,521,725	3,712,500	4,031,600	+319,100
Burial benefits and miscellaneous assistance	176,881	184,600	190,000	+ 5,400
Readjustment benefits	2,810,812	2,305,550	1,837,308	-468,242
Veterans insurance and indemnities	4,421	4,150	4,500	+ 350
Grants for the construction of State veterans cemeteries	...	2,000	5,000	+ 3,000
Loan guaranty revolving fund	207,112	- 31,625	- 195,000	-163,375
Direct loan revolving fund	- 65,358	- 175,000	- 107,000	+ 68,000
Service-disabled veterans insurance fund	893	...	...	...
Veterans reopened insurance fund	- 27,900	- 19,709	- 11,551	+ 8,158
Education loan fund	6,367	5,600	3,800	- 1,800
Vocational rehabilitation revolving fund	23	- 20	- 15	+ 5
Servicemen's group life insurance fund	464	...	...	...
Total benefit programs	13,378,760	13,398,846	13,229,642	-169,204
Medical programs:				
Medical care	5,159,544	5,926,085	6,101,087	+175,002
Medical and prosthetic research	117,270	126,309	134,810	+ 8,501
Medical administration & miscellaneous operating expenses	42,621	48,689	56,448	+ 7,759
Grants for construction of State extended care facilities	14,303	10,056	10,163	+ 107
Grants to the Republic of the Philippines	187	1,350	1,200	- 150
Assistance for health manpower training institutions	40,672	49,502	49,529	+ 27
Canteen service revolving fund	- 3,250	- 1,018	- 143	+ 875
Special therapeutic and rehabilitation activities fund	- 164	- 253	- 255	- 2
Supply fund	- 7,596	9,000	...	- 9,000
Consolidated working fund	3	...	...	...
Total medical programs	5,363,590	6,169,720	6,352,839	+183,119
Construction programs:				
Construction, major projects	150,232	151,079	263,021	+111,942
Construction, minor projects	86,265	112,870	107,696	- 5,174
Total construction programs	236,497	263,949	370,717	+106,768
Total appropriataions & funds	19,582,143	20,470,616	20,596,774	+126,158
Proposed legislation:				
Compensation	...	...	846,200	+846,200
Readjustment benefits	...	...	192,520	+192,520
Medical care	...	...	- 31,913	- 31,913
General operating expenses	...	...	- 845	- 845
Vocational rehabilitation revolving fund	...	...	274	+ 274
Proprietary receipts from the public	...	- 45,240	- 321,316	-276,076
Total proposed legislation	...	- 45,240	684,920	+730,160
Proprietary receipts from the public	- 3,821	- 2,715	- 2,715	...
Total federal funds	19,578,322	20,422,661	21,278,979	+856,318

OUTLAYS

(Thousands of dollars)

Table Continued

Appropriation/Fund Account	1979	1980	1981	Change
Trust funds:				
Post-Vietnam era veterans education account	13,815	13,450	23,450	+ 10,000
General post fund	5,547	6,000	6,300	+ 300
National service life insurance	785,393	803,000	931,000	+128,000
U.S. Government life insurance	70,841	68,700	63,600	- 5,100
Veterans special life insurance	- 38,049	- 46,000	- 47,000	- 1,000
Total trust funds (gross)	837,547	845,150	977,350	+132,200
Proprietary receipts from the public	- 526,328	- 552,335	- 552,359	- 24
Total trust funds (net)	311,219	292,815	424,991	+132,176
Intragovernmental transactions	- 2,369	- 4,048	- 7,048	- 3,000
Total Veterans Administration	19,887,172	20,711,428	21,696,922	+985,494

FUNCTIONAL DISTRIBUTION OF VA ESTIMATES

(Thousands of dollars)

Function and Program	OUTLAYS		
	1979 Actual	1980 Estimate	1981 Estimate
701: Income security for veterans:			
Compensation	6,743,320	7,410,800	7,471,000
Proposed legislation	...	...	846,200
Pensions	3,521,725	3,712,500	4,031,600
Burial benefits and miscellaneous assistance	176,881	184,600	190,000
Veterans insurance and indemnities	4,421	4,150	4,500
Service-disabled veterans insurance	893	...	...
Veterans reopened insurance	- 27,900	- 19,709	- 11,551
Servicemen's group life insurance	464	...	...
National service life insurance	785,393	803,000	931,000
U.S. Government life insurance	70,841	68,700	63,600
Veterans special life insurance	- 38,049	- 46,000	- 47,000
NSLI & USGLI receipts	- 457,910	- 457,583	- 445,207
Sub-total, income security for veterans	10,780,079	11,660,458	13,034,142
702: Veterans education, training and rehabilitation:			
Readjustment benefits	2,810,812	2,305,550	1,837,308
Proposed legislation	...	...	192,520
Education loan fund	6,367	5,600	3,800
Vocational rehabilitation revolving fund, proposed legislation	23	- 20	- 15
Post-Vietnam era veterans education account	...	...	274
Post-Vietnam era veterans education account receipts	13,815	13,450	23,450
Sub-total, veterans education, training and rehabilitation	- 70,788	- 98,800	- 114,200
703: Hospital and medical care for veterans:	2,760,229	2,225,780	1,943,137
Medical care	5,159,544	5,926,085	6,101,087
Proposed legislation	...	...	- 31,913
Medical and prosthetic research	117,270	126,309	134,810
Medical administration and miscellaneous operating expenses	42,621	48,689	56,448
Construction, major projects	150,232	151,079	263,021
Construction, minor projects	86,265	112,870	107,696
Grants for construction of State extended care facilities	14,303	10,056	10,163
Grants to the Republic of the Philippines	187	1,350	1,200
Assistance for health manpower training institutions	40,672	49,502	49,529
Special therapeutic & rehabilitation activities fund	- 164	- 253	- 255
Consolidated working fund	3	...	...
Proprietary receipts, proposed legislation	...	- 45,240	- 321,316
Sub-total, hospital and medical care for veterans	5,610,933	6,380,447	6,370,470
704: Veterans housing:			
Loan guaranty revolving fund	207,112	- 31,625	- 195,000
Direct loan revolving fund	- 65,358	- 175,000	- 107,000
Sub-total, veterans housing	141,754	- 206,625	- 302,000

FUNCTIONAL DISTRIBUTION OF VA ESTIMATES

(Thousands of dollars)

Table Continued

Function and Program	OUTLAYS		
	1979 Actual	1980 Estimate	1981 Estimate
705: Other veterans benefits and services:			
General operating expenses	603,295	638,101	643,576
Proposed legislation	...	...	- 845
Grants for the construction of State veterans cemeteries	...	2,000	5,000
Canteen service revolving fund	- 3,250	- 1,018	- 143
Supply fund	- 7,596	9,000	...
Consolidated working fund	3	...	...
General post fund	5,547	6,000	6,300
Sub-total, other veterans benefits and services	597,999	654,083	653,888
Deduction for offsetting receipts	- 3,821	- 2,715	- 2,715
Total Veterans Administration	19,887,172	20,711,428	21,696,922

Note: Excludes veterans support programs of other agencies.

OBLIGATIONS

(Thousands of dollars)

Appropriation/Fund Account	1979	1980	1981	Change
Federal Funds:				
General operating expenses	625,741	627,439	646,545	+ 19,106
Benefit programs:				
Compensation	6,793,026	7,453,726	7,508,000	+ 54,274
Pensions	3,568,563	3,733,500	4,073,700	+ 340,200
Burial benefits and miscellaneous assistance	178,546	185,700	191,000	+ 5,300
Readjustment benefits	2,796,208	2,283,150	1,822,308	- 460,842
Veterans insurance and indemnities	5,145	4,834	5,272	+ 438
Grants for the construction of State veterans cemeteries	...	5,000	5,000	...
Loan guaranty revolving fund	453,022	634,219	683,867	+ 49,648
Direct loan revolving fund	57,376	77,966	72,948	- 5,018
Service-disabled veterans insurance fund	26,109	25,609	26,543	+ 934
Veterans reopened insurance fund	29,240	47,451	53,291	+ 5,840
Servicemen's group life insurance fund	105,653	104,100	104,100	...
Education loan fund	8,031	8,500	7,700	- 800
Vocational rehabilitation revolving fund	986	975	920	- 55
Total benefit programs	14,021,905	14,564,730	14,554,649	- 10,081
Medical programs:				
Medical care	5,408,252	5,894,970	6,194,802	+ 299,832
Medical and prosthetic research	129,973	134,242	142,010	+ 7,768
Medical administration and miscellaneous operating expenses	46,372	48,725	56,407	+ 7,682
Grants for construction of State extended care facilities	15,053	6,573	13,800	+ 7,227
Grants to the Republic of the Philippines	269	1,403	1,200	- 203
Assistance for health manpower training institutions	47,224	55,686	35,132	- 20,554
Construction and operation of garage and parking facilities	...	821	894	+ 73
Canteen service revolving fund	136,309	146,086	153,769	+ 7,683
Special therapeutic and rehabilitation activities fund	1,850	2,050	2,066	+ 16
Supply fund	414,486	502,753	550,748	+ 47,995
Total medical programs	6,199,788	6,793,309	7,150,828	+ 357,519
Construction programs:				
Construction, major projects	205,552	389,424	522,373	+ 132,949
Construction, minor projects	111,406	93,143	122,320	+ 29,177
Total construction programs	316,958	482,567	644,693	+ 162,126
Total appropriations and funds	21,164,392	22,468,045	22,996,715	+ 528,670
Proposed legislation:				
Compensation	...	...	923,100	+ 923,100
Readjustment benefits	...	...	192,520	+ 192,520
Medical care	...	...	- 31,913	- 31,913
General operating expenses	...	...	- 845	- 845
Vocational rehabilitation revolving fund	...	...	607	+ 607
Total proposed legislation	...	...	1,083,469	+1,083,469
Total federal funds	21,164,392	22,468,045	24,080,184	+1,612,139

OBLIGATIONS

(Thousands of dollars)

Table Continued

Appropriation/Fund Account	1979	1980	1981	Change
Trust funds:				
Post-Vietnam era veterans education account	13,965	19,750	37,850	+ 18,100
General post fund	5,601	6,000	6,300	+ 300
National servie life insurance	1,109,597	1,187,457	1,201,732	+ 14,275
U.S. Government life insurance	84,395	80,339	76,487	- 3,852
Veterans special life insurance	77,173	68,885	72,998	+ 4,113
Total trust funds	1,290,731	1,362,431	1,395,367	+ 32,936
Total Veterans Administration(gross)	22,455,123	23,830,476	25,475,551	+1,645,075
Deduct: Receipts and reimbursements 1/.	2,094,055	2,779,019	3,249,058	+ 470,039
Total Veterans Administration (net)	20,361,068	21,051,457	22,226,493	+1,175,036

1/ Includes proposed legislation of $45,240 thousand in FY 1980, and $321,316 thousand in FY 1981.

PROPOSED LEGISLATION

The following items are included in the President's legislative program for the Second Session of the 96th Congress and have been included in his FY 1981 Budget.

	FY 1981	
	Budget Authority	Budget Outlays
	(In thousands of dollars)	
Compensation:		
• To provide a 13% compensation rate increase for veterans and their surviving spouses and children, effective October 1, 1980	923,100	846,200
Readjustment Benefits		
• To eliminate benefits for flight training programs, effective October 1, 1980	-45,402	-45,402
• To eliminate benefits for correspondence training programs, effective October 1, 1980	-10,859	-10,859
• To extend for two years the delimiting period for certain Vietman veterans, effective October 1, 1980	63,226'	63,226
• To terminate the authority for the predischarge education program (PREP) for Post-Vietnam era veterans, effective October 1, 1980	-2,800	-2,800
• To enhance the Vocational Rehabilitation Program, effective October 1, 1980	7,905	7,905
• To provide a 10% rate increase for education and training except for Post-Vietnam veterans, effective October 1, 1980	180,000	180,000
• To extend eligibility for housing grants to veterans who have loss or loss of use of both extremities, effective October 1, 1980	450	450
Total, Readjustment Benefits	192,520	192,520
Medical Care:		
• To eliminate presumptive service connection for dental treatment one year after discharge, effective October 1, 1980	-31,913	-31,913
General Operating Expenses:		
• To reduce administrative expenses related to the proposed elimination of flight training programs, effective October 1, 1980.	-281	-281
• To reduce administrative expenses related to the proposed elimination of correspondence training program, effective October 1, 1980	-564	-564
Total, General Operating Expenses	-845	-845

PROPOSED LEGISLATION

Table Continued

	FY 1981	
	Budget Authority	Budget Outlays
	(In thousands of dollars)	
Vocational Rehabilitation Revolving Fund:		
• To increase maximum no-interest educational loan authority for disabled veterans from $200 to $400, effective October 1, 1980	350	274
Total		
Proprietary Receipts:		
• To effect reimbursement from insurance carriers, employers, and other non-Federal sources for the cost of Medical Care and treatment to veterans with non-service connected disabilities, effective April 1, 1980.	-321,316	-321,316
Total Proposed Legislation	761,896	684,920

SUPPLEMENTAL APPROPRIATIONS

The following supplemental proposals for fiscal year 1980 are contained in the President's fiscal year 1981 budget:

(thousands of dollars)

	Civilian Pay Raises	Program Increases	Total Request
Compensation	...	54,700	54,700
Medical Care	171,270	...	171,270
Medical and Prosthetic Research	3,600	...	3,600
General Operating Expenses	25,579	13,128	38,707
Medical Administration and Miscellaneous Operating Expenses	1,099	...	1,099
Construction, Major Projects	...	3,200	3,200
Construction, Minor Projects	800	596	1,396
Total 1980 Supplemental Request	202,348	71,624	273,972

Civilian Pay Raises:

An amount of $202,348,000 is requested to cover the cost of civilian pay raises for FY 1980. The agency is absorbing $50,735,000, or 20% of the total pay cost of $253,083,000. The total cost consists of $30,001,000 for wage board increases during FY 1980 and $223,082,000 for the October 7, 1979 general 7.0% pay raise.

Program Increases:

General Operating Expenses:

An amount of $7,490,000 was requested on an urgent supplemental basis by the President on November 30, 1979, to provide the Department of Veterans Benefits with 449 additional average employment. These funds will be used to restore employment savings lost due to the delay in the implementation of the automated system (TARGET) for processing compensation, pensions and education transactions.

An additional amount of $5,638,000 is requested to provide the following:

0 To provide additional space and relocation costs for Central Office staff.	213,000
0 To provide for additional rental cost for Central Office space.	878,000
0 To provide funding for TARGET equipment, contracts and training that slipped from fiscal year 1979.	4,250,000
0 To provide 15 additional average employment at regional offices for increases efforts in collection of accounts receivable.	297,000
Total	5,638,000

Compensation:

A supplemental of $54,700,000 is requested for Compensation to cover a portion of the cost of the 9.9% compensation rate increase effective October 1, 1979.

Construction, Major Projects:

The $3,200,000 supplemental requested for Construction, Major Projects is for additional advance planning funds to initate an expanded multi-year medical facility construction program.

Construction, Minor Projects:

The $596,000 supplemental requested for Construction, Minor Projects will provide additional average employment of 11 to support the expanded multi-year medical facility construction program for which advance planning funds are requested under the Construction, Major Projects appropriation.

Note: For more detailed information see Volume IV.

AVERAGE EMPLOYMENT
FY 1979
Actual

	Ceiling			Non Ceiling	Total
	PTP	Other	Total		
Office of Administrator	52	1	53	...	53
Information Service	45	...	45	1	46
General Counsel	547	10	557	3	560
Board of Veterans Appeals	329	4	333	...	333
AA/Personnel	193	15	208	7	215
Office of Manpower	9	...	9	...	9
AA/Planning and Program Evaluation	69	...	69	5	74
Inspector General	329	5	334	2	336
Management Services	25	...	25	1	26
Administrative Services	182	3	185	4	189
Controller	497	15	512	8	520
AA/Human Goals	30	...	30	1	31
Staff Offices	2,307	53	2,360	32	2,392
Data Management & Telecommunications	2,002	40	2,042	35	2,077
Department of Veterans Benefits	17,250	620	17,870	206	18,076
Department of Memorial Affairs	966	164	1,130	13	1,143
General Operating Expenses	22,525	877	23,402	286	23,688
Medical care	160,323	18,988	179,311	1,777	181,088
Medical and prosthetic research	2,508	1,894	4,402	14	4,416
Medical administration and miscellaneous operating expenses	663	84	747	34	781
Canteen	2,912	604	3,516	13	3,529
Supply	661	15	676	4	680
Department of medicine and surgery	167,067	21,585	188,652	1,842	190,494
Construction	646	85	731	13	744
Veterans Administration	190,238	22,547	212,785	2,141	214,926

AVERAGE EMPLOYMENT
FY 1980
Estimate

	Ceiling			Non Ceiling	Total
	FTP	Other	Total		
Office of Administrator	53	...	53	...	53
Information Service	46	...	46	...	46
General Counsel	579	4	583	2	585
Board of Veterans Appeals	335	1	336	...	336
AA/Personnel	181	12	193	5	198
Office of Manpower	10	...	10	...	10
AA/Planning and Program Evaluation	71	...	71	...	71
Inspector General	358	...	358	...	358
Management Services	24	...	24	...	24
Administrative Services	176	...	176	1	177
Controller	508	3	511		511
AA/Human Goals	28	...	28	...	28
Staff Offices	2,369	20	2,389	8	2,397
Data Management & Telecommunications	1,881	36	1,917	20	1,937
Department of Veterans Benefits	16,565	380	16,945	100	17,045
Supplemental requested	464	...	464	...	464
Total	17,029	380	17,409	100	17,509
Department of Memorial Affairs	998	162	1,160	5	1,165
General Operating Expenses	21,813	598	22,411	133	22,544
Supplemental requested	464	...	464	...	464
Total	22,277	598	22,875	133	23,008
Medical care	166,525	16,696	183,221	1,401	184,622
Medical and prosthetic research	2,647	1,756	4,403	15	4,418
Medical administration and miscellaneous operating expenses	700	101	801	11	812
Canteen	2,962	612	3,574	30	3,604
Supply	683	10	693	3	696
Department of medicine and surgery	173,517	19,175	192,692	1,460	194,152
Construction	685	75	760	10	770
Supplemental requested	11	...	11	...	11
Total	696	75	771	10	781
Veterans Administration	196,015	19,848	215,863	1,603	217,466
Supplemental requested	475	...	475	...	475
Total	196,490	19,848	216,338	1,603	217,941

59-500 O - 80 - 55

AVERAGE EMPLOYMENT
FY 1981
Estimate

	Ceiling			Non Ceiling	Total
	PTP	Other	Total		
Existing legislation:					
Office of Administrator	53	...	53	...	53
Information Service	46	...	46	...	46
General Counsel	562	6	568	2	570
Board of Veterans Appeals	336	...	336	...	336
AA/Personnel	207	7	214	7	221
Office of Manpower	10	...	10	...	10
AA/Planning and Program Evaluation	71	...	71	...	71
Inspector General	362	...	362	...	362
Management Services	24	...	24	...	24
Administrative Services	176	...	176	1	177
Controller	507	3	510	1	511
AA/Human Goals	28	...	28	...	28
Staff Offices	2,382	16	2,398	11	2,409
Data Management & Telecommunications	1,949	36	1,985	20	2,005
Department of Veterans Benefits	16,499	380	16,879	100	16,979
Department of Memorial Affairs	1,020	162	1,182	4	1,186
General Operating Expenses	21,850	594	22,444	135	22,579
Medical care	166,285	16,986	183,271	1,401	184,672
Medical and prosthetic research	2,592	1,811	4,403	15	4,418
Medical administration and miscellaneous operating expenses	726	101	827	11	838
Canteen	2,962	612	3,574	30	3,604
Supply	683	10	693	3	696
Department of medicine and surgery	173,248	19,520	192,768	1,460	194,228
Construction	787	75	862	12	874
Total existing legislation	195,885	20,189	216,074	1,607	217,681
Proposed legislation:					
General operating expenses	- 49	...	- 49	...	- 49
Veterans Administration	195,836	20,189	216,025	1,607	217,632

PART 19. 1981 BUDGET HIGHLIGHTS

Contents

General Operating Expenses:

Summary 19-3

General Administration 19-4

Office of Data Management and Telecommunications 19-5

Department of Veterans Benefits 19-6

Department of Memorial Affairs 19-7

Benefit Programs:

Compensation 19-9

Pensions 19-11

Burial Benefits and Miscellaneous Assistance 19-13

Readjustment Benefits 19-15

Post-Vietnam Era Veterans Education Account 19-18

Education Loan Fund; Vocational Rehabilitation Revolving Fund. 19-19

Grants for Establishment, Expansion and Improvement of State Veterans Cemeteries 19-20

Housing Credit Assistance Programs 19-21

Insurance Programs 19-24

Medical Programs:

Medical Care 19-29

Medical and Prosthetic Research 19-33

Medical Administration and Miscellaneous Operating Expenses .. 19-35

Grants for Construction of State Extended Care Facilities 19-37

Grants to the Republic of the Philippines 19-39

Assistance for Health Manpower Training Institutions 19-41

Other Medical Programs 19-43

Construction Programs:

Summary 19-47

Construction, Major Projects 19-49

Construction, Minor Projects 19-53

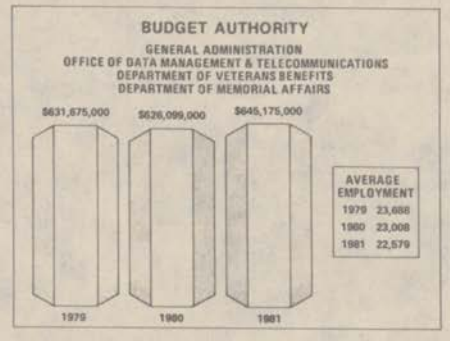
GENERAL OPERATING EXPENSES

Summary

This appropriation funds the Veterans Administration non-medical administrative support cost for the following activities: General Administration, Office of Data Management and Telecommunications, Department of Veterans Benefits, and Department of Memorial Affairs.

General Administration covers the Administrator's Office and several other top Agency Staff Offices which provide management assistance and support to all Agency programs. The Office of Data Management and Telecommunications operates the Agency's computer centers and provides assistance in ADP system development and communications planning. The Department of Veterans Benefits operates a network of 59 field offices through which all non-medical veterans benefits are processed. The Department of Memorial Affairs will operate and maintain 107 National Cemeteries and 33 other miscellaneous sites in FY 1981. During 1978 the Department of Data Management was redesignated as the Office of Data Management and Telecommunications and the National Cemetery System was elevated to departmental status and redesignated as the Department of Memorial Affairs.

Budget authority requested for 1981 increases by $19.1 million above the 1980 level.



COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Program:				
General Administration.....	$ 77,356	$ 84,679	$ 89,500	$+ 4,821
Office of Data Management and Telecommunications.....	63,678	55,561	66,860	+11,299
Dept. of Veterans Benefits.....	438,297	455,835	456,576	+ 741
Dept. of Memorial Affairs.....	28,798	31,394	33,609	+ 2,215
Total program costs.....	608,129	627,469	646,545	+19,076
Adjustment to obligations.....	+17,612	...	...	...
Total obligations.....	625,741	627,469	646,545	+19,076
Financing:				
Reimbursements.....	- 2,007	- 1,370	- 1,370	...
Unobligated balance lapsing.....	7,941	...	...	...
Budget authority.....	631,675	626,099	645,175	+19,076
Supplementals included.....	...	38,707	...	...

Budget estimates for each of the four "General Operating Expenses" activities follows:

General Administration

"General Administration" is one of four major budget activities of the "General Operating Expenses" appropriation. It consists of the Office of the Administrator and his agency-level staff offices except the Office of the Assistant Administrator for Construction, which is budgeted under the "Construction Minor Projects" appropriation.

COST BY STAFF OFFICE
($'s in thousands)

	1979	1980	1981	Change
Office of Administrator	$ 1,838	$ 1,907	$ 1,958	$+ 51
Information Services	1,427	1,586	1,619	+ 33
General Counsel	16,468	18,792	18,923	+ 131
Board of Veterans Appeals	8,811	9,972	10,158	+ 186
Personnel	6,361	6,557	8,356	+1,799
Office of Manpower Programs	279	392	400	+ 8
Planning and Program Evaluation	2,837	-2,956	3,044	+ 88
Inspector General	10,521	11,951	12,388	+ 437
Management Services	707	665	684	+ 19
Administrative Services	12,708	13,535	14,500	+ 965
Controller	14,496	15,399	16,400	+1,001
Office of Human Goals	903	967	1,070	+ 103
Total costs	77,356	84,679	89,500	+4,821
Finance Adjustments	+ 207	- 60	- 60	...
Budget Authority	$77,563	$84,619	$89,440	+4,821

AVERAGE EMPLOYMENT

	1979	1980	1981	Change
Office of Administrator	53	53	53	...
Information Services	46	46	46	...
General Counsel	560	585	570	-15
Board of Veterans Appeals	333	336	336	...
Personnel	215	198	221	+23
Office of Manpower Programs	9	10	10	...
Planning and Program Evaluation	74	71	71	...
Inspector General	336	358	362	+ 4
Management Services	26	24	24	...
Administrative Services	189	177	177	...
Controller	520	511	511	...
Office of Human Goals	31	28	28	...
Total Average Employment	2,392	2,397	2,409	+12

Budget authority required for FY 1981 increases $4,821,000 over the FY 1980 level. Average employment for FY 1981 increases 12 above the FY 1980 level.

The fiscal year 1981 budget provides for the following:

a. Increased resources for Executive Development and Training.
b. Additional employment in the Office of Personnel for implementation of Civil Service Reform regulations, administration of national level union contracts, and implementation of EEOC uniform guidelines.
c. Additional FY 1981 average employment in the Office of Inspector General reflects full-year requirements of an FY 1980 expansion in the Inspector General investigative function.

Office of Data Management & Telecommunications

The mission of the Office of Data Management and Telecommunictions is to provide a complete range of automatic data processing and telecommunications services to all Departments and Staff Offices of the Veterans Administration:

SUMMARY OF REQUIREMENTS
($'s in thousands)

	1979	1980	1981	Change
Average Employment	2,077	1,937	2,005	+ 68
Costs:				
Payroll	$41,412	$41,249	$44,139	$+ 2,890
Lease of Computer Equipment	8,056	1,433	2,028	+ 595
Contractual Services	8,380	7,189	7,055	- 134
Computer/Components: Equipment	1,771	2,350	7,000	+ 4,650
All Other	14,201	13,922	17,220	+ 3,298
Total Costs (Juris)	73,820	66,143	77,442	+11,299
Financing Adjustments	-3,452	-10,892	-10,892	...
Budget Authority	$70,368	$55,251	$66,550	$+11,299

Budget authority required for FY 1981 is $66,550,000. This funding level represents a $11,299,000 increase from the FY 1980 level and average employment reflects an increase of 68 work years. This increase is primarily due to the following:

a. Health Care Information System:
Health Care Information System (HCIS) is to be a Management Information System designed to meet the needs of individual hospitals for on line patient care and management information. ADP requirements are for $3,169,000 and 43 average employment to conduct three demonstrations at two sites.

b. Redesign of Beneficiary Identification and Records Locator (BIRLS) System:
Additional FY 1981 funding of $6,848,000 is requested to provide a long range solution to the problem of expanding BIRLS workloads at Austin DPC and to make that system's software compatible with TARGET equipment.

c. Insurance ADP Systems Upgrade:
Additional FY 1981 funding of $1,356,000 will allow for the redesign of the Insurance System to make its software compatible with TARGET hardware.

Department of Veterans Benefits

The Department of Veterans Benefits, one of three major operating elements of the Veterans Administration, is responsible for providing direct benefits and services (except medical) authorized by law to veterans, their widows and beneficiaries. These benefits include compensation for service-connected disabilities; pension for the aged, needy and unemployable veterans; vocational rehabilitation assistance, educational and training assistance; home buying assistance, life insurance coverage, estate protection services for veterans under legal disability; and information and assistance through personalized contacts.

COSTS AND EMPLOYMENT BY ACTIVITY
($'s in thousands)

	1979	1980	1981	Change
Executive Direction	$ 12,656	$ 14,046	$ 14,301	$+ 255
Veterans Services	92,430	98,088	99,855	+1,767
Compensation, Pension & Education	134,727	139,358	135,638	-3,720
Loan Guaranty	47,984	53,004	53,652	+ 648
Insurance	8,467	9,290	9,415	+ 125
Office Services	142,033	142,049	143,715	+1,666
Total Costs	438,297	455,835	456,576	+ 741
Adjustment to Obligations	+11,570	...	...	...
Total Obligations	449,867	455,835	456,576	+ 741
Reimbursements	- 1,604	- 1,000	- 1,000	...
Budget Authority	$448,263	$454,835	$455,576	$+ 741
Average Employment:				
Executive Direction	476	484	486	+ 2
Veterans Services	4,370	4,191	4,159	- 32
Compensation, Pension & Education	6,019	5,788	5,516	- 272
Loan Guaranty	2,450	2,503	2,503	...
Insurance	528	528	528	...
Office Services	4,233	4,015	3,787	- 228
Total Average Employment	18,076	17,509	16,979	- 530

Budget Authority required for DVB increases $741,000 from the 1980 level. Employment is decreasing by an average of 530. This reduction considers the reduced workloads expected in the number of education trainees and savings from installation of the CP&E Target System. The FY 1981 Budget includes the following program considerations:

a. Full operation of the CP&E TARGET System will result in additional FY 1981 average employment savings of 533. Cumulative average employment savings will total 965.
b. Declining education workloads are expected to result in reduced employment requirements for education claim processing.
c. Establishment of an improved Vocational Rehabilitation Program, consisting of 55 average employment, to assist severely disabled Vietnam Era veterans to prepare for and engage in meaningful employment.

Department of Memorial Affairs

The mission of the Department of Memorial Affairs is to provide for the interment of eligible deceased servicepersons, discharged veterans and dependents in any open national cemetery, and procurement of headstones and markers for graves of eligible active duty personnel and discharged veterans.

SUMMARY OF REQUIREMENTS
($'s in thousands)

	1979	1980	1981	Change
Average Employment	1,143	1,165	1,186	+ 21
Costs:				
Payroll	$19,388	$21,261	$21,812	$+ 551
Other Services	3,566	3,828	4,210	+ 382
Supplies & Materials	2,153	1,580	1,930	+ 350
Equipment	1,522	1,508	1,950	+ 442
Lands & Structures	617	1,307	1,510	+ 203
All Other	1,552	1,910	2,197	+ 287
Total Costs	28,798	31,394	33,609	+2,215
Financing Adjustments	-1,258	...	...	...
Budget Authority	$27,540	$31,394	$33,609	$+2,215

Budget authority required for fiscal year 1981 is $33,609,000 and provides for the following:

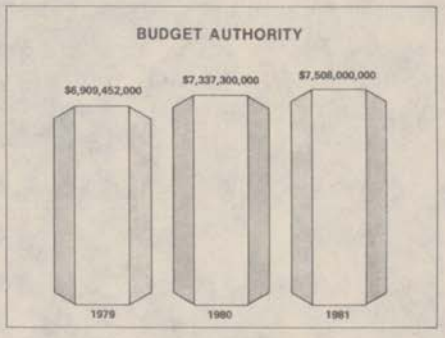
a. Maintenance and operation of 140 existing cemeterial activities including the operation of one new cemetery in Bourne Massachusets.
b. Maintenance of 1,430,000 gravesites of which 29,000 are at the recently opened cemeteries at Riverside, California and Calverton, New York and an estimated 2,000 are to be at the new Bourne, Massachusetts Cemetery.
c. Interment of 44,000 deceased veterans or other beneficiaries.
d. Processing of 260,000 headstone or marker applications.
e. Administration of the Cemeterial Grant Program for establishment, expansion, and improvement of State Veterans Cemeteries.

COMPENSATION

This appropriation provides for the payment of compensation to veterans and their dependents.

Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. The amount of compensation is based upon the disasbility or combination of disabilities, and their impact on earning capacity. Death compensation or dependency and indemnity compensation (DIC) is payable to the surviving spouses and dependents of veterans whose deaths occur while on active duty, or resulted from service-connected disabilities. This benefit is intended to compensate for the loss of family income. A clothing allowance is also provided for service-connected veterans who use a prosthetic or orthopedic device.

The Budget Authority request of $7,508.0 million for 1981 is $170.7 million more than the estimated 1980 level.



Recently enacted legislation:

Public Law 96-128, effective October 1, 1979, increased compensation benefits for disabled veterans, their dependents and DIC spouses and children by 9.9%. In addition, it increased the clothing allowance from $218 to $240 and increased the additional allowance for anatomical loss or loss of use from $56 to $62, effective September 1, 1980. The benefits provided by this legislation will total $632.1 million in 1980 and $643.0 million in 1981.

Proposed Legislation:

Legislation is being proposed to provide a 13% compensation rate increase for disabled veterans, DIC spouses, children and for clothing allowance effective October 1, 1980. The $923.1 million cost of this legislation is not reflected in the following chart.

COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Veterans Compensation....	$5,554,098	$6,115,808	$6,163,200	$+ 47,392
Survivors Compensation...	1,215,677	1,322,494	1,329,000	+ 6,506
Clothing Allowance.....	13,763	15,424	15,800	+ 376
Total Costs.....	6,783,538	7,453,726	7,508,000	+ 54,274
Adjustment to costs.....	+ 9,488	...	...	...
Obligations	6,793,026	7,453,726	7,508,000	+ 54,274
Change in unobligated balance.....	+ 116,426	- 116,426	...	+116,426
Budget Authority.....	$6,909,452	$7,337,300	$7,508,000	$+170,700

The compensation caseload is expected to rise in 1981. This increase is due to a greater number of Vietnam Era and Peacetime Service veteran cases coming on the rolls than World War I and II cases going off.

CASELOAD

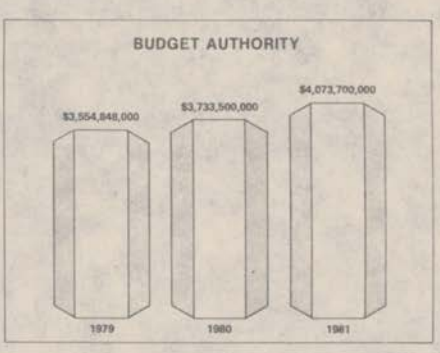
	1979	1980	1981	Change
Compensation:				
Veterans	2,261,507	2,271,808	2,284,708	+12,900
Survivors	361,178	360,133	359,613	- 520
Total.....	2,622,685	2,631,941	2,644,321	+12,380
Clothing Allowance..	63,431	65,100	66,300	+ 1,200

PENSIONS

This appropriation provides for the payment of pensions and related benefits to veterans and their dependents.

Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to nonservice connected disabilities which render them permanently and totally disabled. Veterans 65 years of age or older are excluded from the permanent and total disability requirement in detemining eligibility. Death pension is payable to needy surviving spouses and children of deceased wartime veterans. The rate payabale for both disability and death pension is determined on the basis of the annual income of the veteran or his survivors.

The Budget Authority request of $4,073.7 million for 1981 is $340.2 million more than the estimated 1980 level.



COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Veterans Pensions	$2,150,311	$2,313,189	$2,550,850	$+237,661
Survivors Pensions	1,402,098	1,420,311	1,522,850	+102,539
Total Cost	3,552,409	3,733,500	4,073,700	+340,200
Adjustment to cost	16,154	...	...	...
Obligations	3,568,563	3,733,500	4,073,700	+340,200
Change in unobligated balance	- 13,715	...	...	...
Budget Authority	$3,554,848	$3,733,500	$4,073,700	$+340,200

The estimated $340.2 million increase in pension costs primarily reflect the estimated 13% automatic cost of living increase authorized by PL 95-588. Only new accessions and those current pensioners who elect to switch to the Improved program will be eligible to receive this cost of living increase which will be identical to the Social Security increase provided on July 1, 1980.

Another provision of PL 95-588 provides for automatic annual increases in income limitations for those recipients who do not elect to receive benefits under the Improved program. This provision tends to eliminate caseload terminations or reductions in benefit payments resulting from Social Security increases. The increase in both veterans and survivor cases reflects the anticipated impact of this provision.

COST
($'s in thousands)

	1979	1980	1981	Change
Veterans:				
Improved Law	$ 259,825	$ 779,551	$1,254,500	$+474,949
Prior Law	1,840,597	1,491,738	1,261,450	-230,288
Old Law	49,889	41,900	34,900	-7,000
Total	$2,150,311	$2,313,189	$2,550,850	$+237,661
Survivors:				
Improved Law	$ 91,644	$ 316,202	$ 571,450	$+255,248
Prior Law	1,264,815	1,064,509	917,300	-147,209
Old Law	45,639	39,600	34,100	-5,500
Total	1,402,098	1,420,311	1,522,850	+102,539
Total Cost	$3,552,409	$3,733,500	$4,073,700	$+340,200

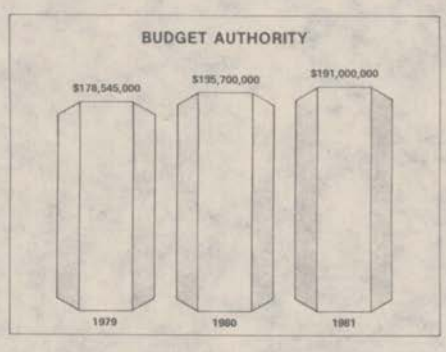
CASELOAD

	1979	1980	1981	Change
Veterans:				
Improved Law	49,602	199,000	291,000	+ 92,000
Prior Law	895,936	740,100	650,100	- 90,000
Old Law	51,483	44,900	38,900	- 6,000
Total	997,021	984,000	980,000	- 4,000
Survivors:				
Improved Law	28,240	118,000	187,000	+ 69,000
Prior Law	1,126,479	1,002,700	919,100	- 83,600
Old Law	67,217	62,300	57,900	- 4,400
Total	1,221,936	1,183,000	1,164,000	- 19,000
Total Cases	2,218,957	2,167,000	2,144,000	- 23,000

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

This appropriation provides for the payment of burial benefits and other related benefits to veterans and their dependents. The other related benefits cover the payment of benefits for such programs as: emergency officers of WW I retirement benefits; adjusted service and dependents pay; special allowance and dependents pay, invalid lifts and other devices; mortgage insurance for service disabled veterans; extra risk portion of the Veterans Group Life Insurance; and Soldiers' and Sailors' Civil relief.

The Budget Authority request of $191.0 million for 1981 is $5.3 million more than the estimated 1980 level.



COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Burial Benefits	$159,898	$167,800	$172,500	$+4,700
Miscellaneous	18,648	17,900	18,500	+ 600
Total Cost	$178,546	$185,700	$191,000	$+5,300
Offsetting Collection	+ 1	...	...	...
Budget Authority	$178,545	$185,700	$191,000	$+5,300

BURIAL COST

($'s in thousands)

	1979	1980	1981	Change
Burial Allowance	$94,218	$97,420	$100,113	$+ 2,693
Burial Plot	41,351	43,500	44,250	+ 750
Service-connected deaths	8,711	9,755	9,975	+ 220
Burial flags	4,582	5,125	5,472	+ 347
Headstones/Markers	10,661	10,750	11,440	+ 690
(Transportation Costs)	(1,625)	(1,639)	(1,744)	(+ 105)
Headstone Allowance	375	1,250	1,250	...
Total	$159,898	$167,800	$172,500	$+ 4,700

BURIAL CASELOAD

	1979	1980	1981	Change
Burial Allowance.....	313,651	320,000	325,000	+ 5,000
Burial Plot.....	283,454	290,000	295,000	+ 5,000
Service-connected deaths...	10,247	10,500	10,500	...
Burial Flags.....	296,117	300,000	305,000	+ 5,000
Headstones/Markers.....	210,707	215,000	220,000	+ 5,000
Headstone/Allowance.....	7,681	25,000	25,000	...

A continued projected increase in the death rate is affecting all areas of the burial benefits program.

MISCELLANEOUS COSTS

($'s in thousands)

	1979	1980	1981	Change
Retired Officers.....	$1,249	$1,160	$1,050	$ -110
Adjusted Service & Dep. Pay.	6	4	4	...
Special Allowance Dep.....	826	750	700	- 50
Invalid Lifts & Devices....	12,306	12,985	13,445	+460
Mortgage Insurance.....	2,600	3,000	3,300	+300
VGLI.....	1,660	...	...	...
Soldiers & Sailors Civil Relief.....	1	1	1	...
Total.....	$18,648	$17,900	$18,500	$ +600

MISCELLANEOUS CASELOAD

	1979	1980	1981	Change
Retired Officers.....	220	200	175	- 25
Adjusted Service & Dep. Pay	6	4	4	...
Special Allowance Dep.....	2,922	2,400	2,200	-200
Invalid Lifts & Devices....	49,876	51,900	52,800	+900
Mortgage Insurance.....	5,720	5,885	6,035	+ 50
VGLI.....	1,528	...	...	...
Soldiers' & Sailors Civil Relief.....	2	1	1	...

The estimated increases in the number and average cost of invalid lifts, combined with the greater amount of government contributions for Mortgage Protective Life Insurance, are the primary reasons for the $600 thousand increase in FY 1981.

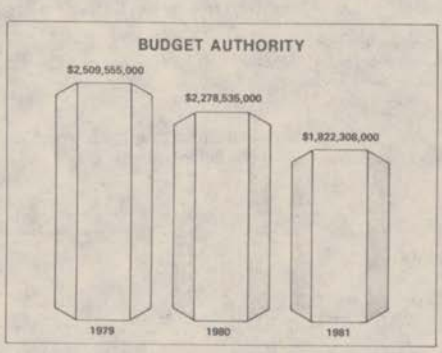
READJUSTMENT BENEFITS

This appropriation provides for the payment of readjustment and rehabilitation benefits and the funding of an Education loan program. Under this broad category, benefits are available to basically three different groups of indivudals:

- o Service-disabled veterans - Vocational rehabilitation is provided for the purpose of restoring employability lost by reason of a handicap due to service-connected disability. Service-connected veterans who meet certain criteria are also eligible for housing and autombile grants - Title 38 U.S.C., Chapters 21, 31 and 39.

- o Veterans and servicepersons - Financial assistance and services are provided to restore lost educational opportunities where careers were interrupted or impeded by reasons of military service and to provide educational assistance to certain servicepersons who entered the service after December 31, 1976 - Title 38 U.S.C., Chapters 32 and 34.

- o Dependents and survivors - Financial assistance is provided for children, spouses of veterans whose deaths or permanent total disabilities were service-connected and for spouses and children of servicepersons who are prisoners of war or missing in action, to obtain post-secondary training - Title 38 U.S.C., Chapter 35.



Two veterans education programs are being administered by the VA. The post-Korean program, Chapter 34 (38 U.S.C.) covers veterans and servicepersons who were either in the service or had signed a commentrent for service prior to January 1, 1977. The newer post-Vietnam era program, Chapter 32 (38 U.S.C.) is for those individuals who enlisted in the service after December 31, 1976. Servicepersons electing to participate in the post-Vietnam era program must make contributions to the post-Vietnam education account. These contributions will be matched on a two for one basis by the Readjustment Benefits appropriations when the individual utilizes his education benefits.

Legislation will be proposed to:

- Eliminate flight and correspondence training at an estimated reduction of 53,590 trainees for a savings of $56.3 million.

- Terminate the Predischarge Education Program (PREP) for the Post-Vietnam Era Servicepersons - a reduction of 5,600 trainees for a savings of $2.8 million.

- Extend the delimiting period for two years for Vietnam veterans in on-the-job training, and educationally disadvantaged Vietnam veterans who are in vocational technical or high school training. This will provide training to 35,600 more veterans at an additional cost of $63.2 million.

- Enhance the vocational rehabilitation programs by (1) authorizing the VA to pay grants to employers for on-the-job training programs; (2) establishing same rate of subsistence allowance for on-the-job training as institutional training; (3) authorizing the VA to pay room and board for veterans enrolled in specialized rehabilitation facilities and other proposals which are the product of the study mandated by Public Law 95-202. These and the other recommendations contained in this proposal would increase the number of trainees by 1,400 at a first year cost of $7.9 million.

- Provide a 10% education rate increase for veterans and dependent trainees at a first year cost of $180.0 million.

- Expand eligibility for specially adapted housing grants to veterans with a permanent and total service-connected disability due to the loss or loss of use of both upper extremities. This is estimated to cost $450 thousand for 15 cases.

The FY 1981 budget authority request of $1.8 billion is $456.2 million less than the FY 1980 appropriation. This reduction is primarily due to a decline in education and training caseload.

COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Education and training.....	$2,654,216	$2,188,153	$1,743,596	$-444,557
Special Assistance to disabled veterans.....	131,470	124,985	117,030	- 7,955
Total costs.....	2,785,686	2,313,138	1,860,626	-452,512
Adjustment to cost	+ 10,522	- 29,988	- 38,318	- 8,330
Obligations.....	2,796,208	2,283,150	1,822,308	-460,842
Change in unobligated balance	- 286,653	- 4,615	...	+ 4,615
Budget Authority	2,509,555	2,278,535	1,822,308	-456,227

Education and training. The number of trainees are expected to decline by 219,900 in FY 1981 from the previous year. This decline is primarily due to the expiration of entitlement for those veterans who have been discharged from the service for more than ten years. Another factor is that many veterans have used their full educational entitlement under the law or have completed their educational objective. Those persons who entered the service after December 31,1976 and who are expected to train under the Post-Vietnam Era Veterans Educational Porgram are expected to increase from the FY 1980 level of 6,100 to 15,000 in FY 1981.

EDUCATION AND TRAINING COSTS
($'s in thousands)

	1979	1980	1981	Change
Post-Korean conflict veterans..	$2,377,192	$1,926,372	$1,490,919	$- 435,453
Post-Vietnam conflict veterans.	231	3,000	7,500	+ 4,500
Servicepersons.....	72,732	62,180	56,305	- 5,875
Sons and daughters.....	176,993	170,425	164,416	- 6,009
Spouses & surviving spouses....	27,068	26,176	24,456	- 1,720
Total costs.....	$2,654,216	$2,188,153	$1,743,596	$- 444,557

EDUCATION & TRAINING CASELOAD

	1979	1980	1981	Change
Post-Korean conflict veterans..	1,174,228	951,300	736,500	- 214,800
Post-Vietnam conflict veterans.	456	6,100	15,000	+ 8,900
Servicepersons.....	104,310	88,900	80,500	- 8,400
Sons and daughters.....	85,696	82,500	79,600	- 2,900
Spouses & surviving spouses....	17,260	16,700	15,600	- 1,100
Vocational rehabilitation	29,470	27,600	26,000	- 1,600
Total trainees.....	1,411,420	1,173,100	953,200	- 219,900

Rehabilitative assistance to disabled veterans. Through the vocational rehabilitation program, a subsistence allowance and all costs incident to a vocational course are paid. Housing grants not to exceed $30,000 are made for special adapted housing to seriously disabled veterans. Certain seriously disabled veterans are eligible for payments not to exceed $3,800 for the initial purchase of an automoabile or other conveyance, plus adapative equipment, including repairs, maintenance, replacement and installation.

REHABILITATIVE COST
($'s in thousands)

	1979	1980	1981	Change
Vocational rehabilitation....	$ 96,405	$ 92,941	$ 89,696	$- 3,245
Housing grants.....	22,608	20,550	15,600	- 4,950
Autos and other conveyances..	12,457	11,494	11,734	+ 240
Total costs	$131,470	$124,985	$117,030	$- 7,955

REHABILITATIVE CASELOAD

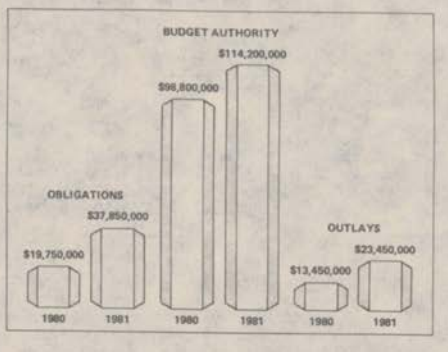
	1979	1980	1981	Change
Housing grants.....	728	685	520	-165
Autos and other conveyances..	1,337	900	800	-100

59-500 O - 80 - 56

POST–VIETNAM ERA VETERANS EDUCATION ACCOUNT

Public Law 94-502 established the Post-Vietnam Era Veterans Educational Program. Its purpose is to provide educational assistance to those persons who enter the Armed Forces after December 31, 1976. To be eligible for educational benefits under this program, the participants must make voluntary monthly contributions not greater than $75 nor less than $50 during their first enlistment period. Contributions will be matched on a 2 for 1 basis by the VA when the veteran undertakes training.

The law also established a Trust fund to be titled the "Post-Vietnam Era Education Account" to serve as the financing mechanism for this program. All contributions made by or on behalf of the participants by either VA or the Defense Department will flow through this account.



The Budget authority for this account is a permanent and indefinite authorization consisting of all serviceperson and government contributions. The authority to distribute these funds does not require annual action by the Congress.

Legislation will be proposed to terminate the Predischarge Education Program (PREP) - a reduction of 5,600 trainees for a savings of $2.8 million.

WORKLOADS AND OUTLAYS
($'s in thousands)

	1979	1980	1981	Change
Obligations ($000's):				
Disbursement Post-Vietnam veteran trainees.....	$ 313	$ 2,500	$ 7,050	$+ 4,500
Participants disenrollments....	13,652	17,200	30,800	+13,600
Total	13,965	19,750	37,850	+18,100
Workload:				
Participants	146,078	152,900	160,200	+ 7,300
Trainees.....	456	3,600	9,400	+ 5,800
Cash Income During the Year ($000's):				
Serviceperson Contributions...	$70,558	$97,100	$109,500	$+12,400
VA's contribution	230	1,700	4,700	+ 3,000
Total income (Budget Authority)	$70,788	$98,800	$114,200	$+15,400

EDUCATION LOAN FUND

The Vietnam Era Veterans Readjustment Assistance Act of 1974 (PL 93-508) established the Veterans Administration Education Loan Fund. The act provides for the funding of this program by transfers from the Readjustment Benefits appropriation and from the collection of fees, principal and interest on loans made.

WORKLOAD, AMOUNT LOANED AND REPAID

	1979	1980	1981	Change
Number of loans made	11,040	10,900	9,450	- 1,450
Total amount of loans made (in thousands)	$ 8,031	$ 8,500	$ 7,700	$- 800
Average amount of loans made	$ 727	$ 780	$ 815	$+ 35
Number of loans outstanding	63,003	69,960	74,380	+ 4,420
Average balance per loan outstanding	$ 966	$ 927	$ 898	$- 29
Repayment of loans (in thousands)	$ 1,094	$ 1,680	$ 2,270	$+ 590

The fund finances loans of up to $2,500 per academic period to eligible veterans training under Chapters 32 and 34 of Title 38, U.S.C. and to eligible dependents training under Chapter 35 of Title 38, U.S.C.

The slight decrease in the number of loans made parallels the decline in the number of beneficiaries eligible for education training. It is anticipated that this fund will not require any additional transfers of funds for the next few years.

VOCATIONAL REHABILITATION REVOLVING LOAN FUND

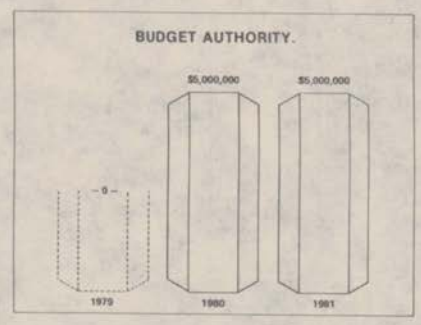
Chapter 31, section 1507 of Title 38 U.S.C. provides for a revolving fund for the making of loans, not in excess of $200, to disabled veterans who are commencing or undertaking courses of vocational rehabilitation and are without sufficient funds to meet their expenses. The program is currently operating on $597 thousand in capital. Repayments are used to make new loans. Legislation has been proposed to increase the indebtedness limit from $200 to $400. The effects of this proposal are not reflected in the chart below.

WORKLOAD, AMOUNT LOANED AND REPAID

	1979	1980	1981	Change
Number of loans made....	5,861	5,740	5,410	- 330
Total amounts of loans made (in thousands) ...	$ 986	$ 975	$ 920	$- 55
Average amount of loans made	$ 168	$ 170	$ 170	...
Number of loans outstanding	3,636	3,350	3,140	- 210
Average outstanding loan balance	$ 114	$ 115	$ 115	...
Repayment of loans (in thousands)	$ 966	$ 995	$ 935	$- 60

GRANTS FOR ESTABLISHMENT, EXPANSION AND IMPROVEMENT OF STATE VETERANS CEMETERIES

This appropriation provides for grants to aid states in establishing, expanding, or improving State Veterans Cemeteries. Public Law 95-476 authorizes $5,000,000 in funding per year for five years. Each year's funding is to be available for expenditure over a three year period.



COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981
Program Costs:			
Grants to states for establishment, expansion, or improvement of State Veterans Cemeteries	...	$5,000	$5,000
Total costs/obligations	...	$5,000	$5,000
Financing:			
Budget Authority	...	5,000	5,000

HOUSING CREDIT ASSISTANCE PROGRAMS

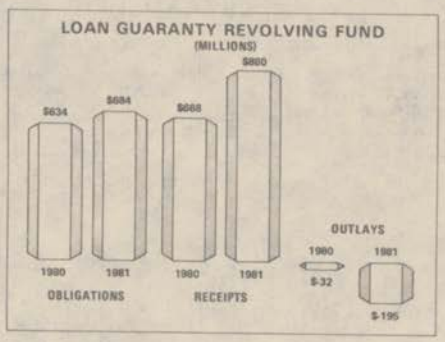
The VA provides housing credit assistance to eligible veterans, active duty servicepersons and certain widows and widowers. The credit assistance program operates by substituting the guaranty of the Federal Government for the investment protection afforded by substantial down payments and shorter terms of loans under conventional mortgage terms. The lender making GI loans for the purchase of homes or refinancing of existing mortgage loans or liens secured of record on a veteran's dwelling is guaranteed against loss up to 60 percent of the loan with a maximum guaranty of $25,000. The program also provides for the guaranty of loans for the purchase of mobile homes.

The Loan Guaranty Program originated in Title III of the Servicemen's Readjustment Act of 1944. The Act was conceived as a comprehensive GI Bill of Rights for returning World War II veterans, to help reintegrate them into the civilian population. Subsequent public laws have extended coverage to virtually all veterans with service during and after World War II.

The VA is also responsible for administering a direct loan program. The VA is authorized to make home and farmhouse loans directly in rural areas, small cities and towns where private credit for VA guaranteed loans is not generally available.

Funding for the payment of claims and property management operations relating to the guaranty of loans made with private capital, is provided through the VA Loan Guaranty revolving fund. The VA direct loan activity is financed from the VA Direct Loan revolving fund.

1981 budget estimates for the revolving funds refered to above are summarized in the succeeding paragraphs:



GUARANTEED OR INSURED LOANS

	1979	1980	1981	Change
Guaranteed and insured loans closed....	364,578	364,150	361,400	- 2,750
Direct loans sold with a guaranty.....	...	3,800	1,450	- 2,350
Total guaranteed or insured loans.....	364,578	367,950	362,850	- 5,100

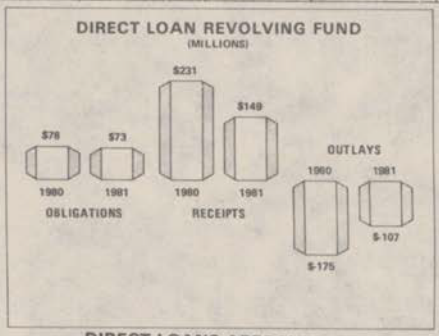
Obligations for claims paid and real property acquisitions are projected to increase by $27 million. This increase is attributed to the increased exposure incident to the high volume of loans made over the last serveral years and the expected economic conditions for the next two years. Loan sales are projected to increase by $224.2 million, while other receipts, principally property sales, are expected to decrease by $12.1 million. The net effect of these changes accounts for the projected $163.4 million decrease in outlays.

OBLIGATIONS, RECEIPTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Obligations				
Claims paid and real property acquisitions..	$ 325,530	$ 467,889	$ 494,937	$+ 27,048
All Other	127,492	166,330	188,930	+ 22,600
Total obligations.....	453,022	634,219	683,867	+ 49,648
Receipts				
Sale of loans.....	...	-408,797	-633,000	-224,203
All Other	-246,185	-259,077	-246,977	+ 12,100
Total receipts.....	-246,185	-667,874	-879,977	-212,103
Change in unobligated balances.....	-206,837	+ 33,655	+196,110	+162,455
Budget Authority	...	...	...	...

OUTLAYS
($'s in thousands)

Total obligations.....	$ 453,022	$ 634,219	$ 683,867	$+ 49,648
Total receipts	-246,185	-667,874	-879,977	-212,103
Change in obligated balance	+ 275	+ 2,030	+ 1,110	- 920
Outlays	207,112	- 31,625	-195,000	-163,375



DIRECT LOANS APPROVED

	1979	1980	1981	Change
Direct loans approved	1,410	1,850	1,850	...

The average direct loan amount is projected to increase by $1,300 from $30,500 to $31,800. However, interest expense on participation certificates is expected to decline, resulting in decreased obligations in 1981. It is also expected that sales of loans and other receipts will decline by $81.6 million. These changes result in a net increase in outlays in 1981 of $68 million.

OBLIGATIONS, RECEIPTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Obligations				
Direct loans to veterans	$ 38,094	$ 55,815	$ 58,194	$+ 2,379
All Other	19,282	22,151	14,754	- 7,397
Total obligations	57,376	77,966	72,948	- 5,018
Receipts				
Sale of loans	...	-116,000	- 46,100	+ 69,900
All Other	-109,310	-114,806	-103,115	+ 11,691
Total receipts	-109,310	-230,806	-149,215	+ 81,591
Change in unobligated balances	+ 51,934	+152,840	+ 76,267	- 76,573
Budget authority	...	...	...	...

OUTLAYS
($'s in thousands)

Total obligations.....	$ 57,376	$ 77,966	$ 72,948	$- 5,018
Total receipts	-109,310	-230,806	-149,215	+ 81,591
Change in obligated balances ..	- 13,424	- 22,160	- 30,733	- 8,573
Outlays	$- 65,358	$-175,000	$-107,000	$+ 68,000

INSURANCE PROGRAMS
Summary

Life insurance protection for the Nation's servicepersons and veterans is provided under nine separate programs. Five of these programs are totally administered by the Veterans Administration and the remaining three supervised through contractual relationships with private companies. The Servicemen's Group Life Insurance and Veterans' Group Life Insurance programs are administered by the Prudential Insurance Company of America, Newark, New Jersey and the Veterans' Mortgage Life Insurance program by the Bankers Life Insurance Company of Lincoln, Nebraska.

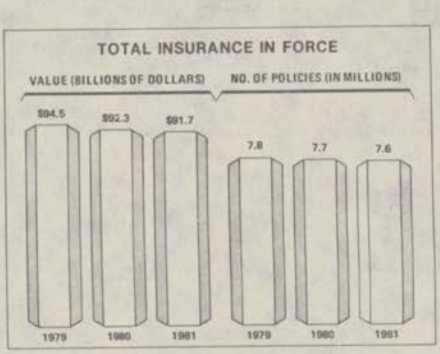
The nine VA insurance programs are financed in a variety of ways. Two of the funds mentioned above (VGLI & VMLI) are funded through the Burial Benefits and Miscellaneous Assistance Appropriation. These two are not included in the summary charts shown below. Veterans Insurance and Indemties is a direct appropriation which supports the costs of insuring disabled veterans. Of the other six, three are public enterprise funds and three are trust funds.

With the exception of the extra hazard costs, and administrative costs which are generally covered by VA's General Operating Expenses appropriation, the seven funds shown below are self-supporting through premium and interest income on investments. These seven accounts are listed below and are covered in the following pages:

Appropriation:
- Veterans Insurance and Indemnities (VI&I)

Public Enterprise funds:
- Service-Disabled Veterans Insurance (SDVI)
- Veterans Reopened Insurance (VRI)
- Servicemen's Group Life Insurance (SGLI)

Trust funds:
- National Service Life Insurance (NSLI)
- United States Government Life Insurance (USGLI)
- Veterans Special Life Insurance (VSLI)



Veterans Insurance and Indemnities (VI&I)

This appropriation provides for:

- Payments to the USGLI and NSLI trust funds on claims for death and total disability traceable to the extra hazards of service and waiver of premiums while in service.
- Payments are made to policyholders of war-risk insurance issued to veterans of World War I who are permanently and totally disabled. Payments are also made on non-participating policies issued to World War II veterans with service-connected disabilities.
- Payments to the Service-disabled veterans insurance fund to supplement the premium and other receipts of the fund in amounts necessary to pay claims on policies issued to veterans with service-connected disabilities.

COSTS AND REVENUE
($'s in thousands)

	1979	1980	1981	Change
No. of policies in force, BOY.....	4,060	3,865	3,690	- 175
Amount of insurance in force, BOY..	$22,104	$21,130	$20,173	$- 957
Program:				
Total costs (obligations).....	$5,145	$4,834	$5,272	$+ 438
Receipts and reimbursements	- 684	- 672	- 643	+ 29
Change in unobligated balances ...	+1,289	+1,238	-3,269	+4,507
Budget authority	5,750	5,400	1,360	-4,040

The requested appropriation is significantly reduced due to an increase in the projected unobligated balance at the beginning of 1981.

Service Disabled Veterans Insurance (SDVI)

The SDVI revolving fund is the only insurance program remaining open to new issues. It was designed to assure that qualifying service-disabled veterans, who were separated from service on or after April 25, 1951, could obtain life insurance at standard rates.

Since the fund insures the disabled at standard premium rates, it is not self-sustaining. Periodic transfer from the Veterans Insurance and Indemnities appropriation are required to meet current expenditures.

COSTS AND REVENUE
($'s in thousands)

	1979	1980	1981	Change
No. of policies in force, BOY	186,341	192,300	196,800	+ 4,500
Amount of insurance in force, BOY..	$1,684,684	$1,738,392	$1,779,662	$+41,270
Program:				
Death claims	$ 18,162	$ 18,121	$ 18,799	$+ 678
Other obligations	7,947	7,488	7,744	+ 256
Total costs (obligations).....	26,109	25,609	26,543	+ 934
Receipts:				
Premiums earned.....	18,783	19,517	19,974	+ 457
Payment from "Vets. Insurance & Indemnities".....	1,436	1,000	1,440	+ 440
Receipts and other revenue.....	4,875	4,930	5,100	+ 170
Total revenue & other receipts.	25,094	25,447	26,514	+ 1,067
Unobligated balance, BOY.....	3,586	3,424	3,395	- 29

Veterans Reopened Insurance (VRI)

The Veterans Reopened Insurance Revolving Fund was established to finance the reopening of National Service Life Insurance for one year for certain disabled veterans of World War II and the Korean Conflict. Cost for administration of the program is borne by the insured. Public Law 96-128 enacted November 28, 1979, provides for policyholders to participate in the distribution of annual dividends.

COSTS AND REVENUE
($'s in thousands)

	1979	1980	1981	Change
No. of policies in force, EOY	170,748	167,200	162,900	- 4,300
Amount of insurance in force, EOY.	$1,184,488	$1,159,706	$1,128,082	$- 31,624
Program:				
Death claims.....	$ 13,956	$ 16,393	$ 18,000	$+ 1,607
Dividends.....	...	14,000	16,600	+ 2,600
Other obligations.....	15,284	17,058	18,691	+ 1,633
Total costs (obligations)	29,240	47,451	53,291	+ 5,840
Receipts:				
Premiums earned.....	18,970	21,360	21,880	+ 520
Receipts and other revenue.....	38,963	38,533	39,540	+ 1,007
Total revenue and other receipts	57,933	59,893	61,420	+ 1,527
Unobligated balance, EOY	444,473	456,915	465,044	+ 8,129

Servicemen's Group Life Insurance (SGLI)

This fund provides insurance coverage to a maximum of $20,000 for military personnel, reservists, members of the National Guard, Service Academy cadets and midshipmen, and certain ROTC students. This program is supervised by the VA, but is administered by the Prudential Insurance Company of America as primary insurer. The fund provides for the payment of group life insurance premiums to private insurance companies under the Servicemen's Group Life Insurance act, and any expenses incurred by the VA in administration of the Act.

COSTS AND REVENUE
($'s in thousands)

	1979	1980	1981	Change
No. of Policies in force, EOY	3,138,431	3,100,000	3,100,000	...
Amount of insurance in force, EOY.	$62,522,983	$61,000,000	$61,000,000	$ ...
Program:				
Premium payments to insurer.....	$ 105,259	$ 103,700	$ 103,700	...
Other.....	394	400	400	...
Total costs (obligations).....	105,653	104,100	104,100	...
Receipts:				
Withholdings from service pay...	105,539	104,100	104,100	...

National Service Life Insurance (NSLI)

The NSLI turst fund was established in 1940 to serve the insurance needs of World War II service personnel. Issuance of new policies ended in 1951. It is sustained through premium collections and interest on investments. This is by far the largest government administered insurance program.

COSTS AND REVENUE
($'s in thousands)

	1979	1980	1981	Change
No. of policies in force, EOY	3,665,317	3,574,000	3,518,000	- 56,000
Amount of insurance in force, EOY.	$23,895,260	$23,291,758	$22,863,482	$-428,276
Program:				
Death Claims.....	$ 424,936	$ 432,125	$ 436,000	$+ 3,875
Dividends	424,940	494,000	499,000	+ 5,000
Other obligations.....	259,721	261,332	266,732	+ 5,400
Total costs (obligations)	1,109,597	1,187,457	1,201,732	+ 14,275
Revenue:				
Premiums earned.....	451,877	451,069	439,080	- 11,989
Interest on investments	528,559	575,746	618,800	+ 43,054
Payment from "Vets. Insurance & Indemnities"	2,107	2,313	2,313	...
Offsetting collections	296,940	264,969	256,507	- 8,462
Total revenue	1,279,483	1,294,097	1,316,700	+ 22,603
Unobligated balance, EOY	7,559,281	7,665,921	7,780,889	+114,968

United States Government Life Insurance (USGLI)

The USGLI trust fund was established in 1919 to facilitate the financing of the World War I (War Risk) insurance program and is the oldest government administered program.

COSTS AND REVENUE
($'s in thousands)

	1979	1980	1981	Change
No. of policies in force, EOY	107,751	96,900	85,350	-11,550
Amount of insurance in force, EOY.	$441,520	$397,484	$347,972	$-49,512
Program:				
Death claims	$ 46,212	$ 46,659	$ 42,000	$- 4,659
Dividends	25,074	21,500	23,383	- 1,883
Other obligations	13,109	12,180	11,104	- 1,076
Total costs (obligations)	84,395	80,339	76,487	- 3,852
Revenue:				
Premiums earned.....	3,894	4,166	3,779	- 387
Interest on investments	34,384	31,709	30,490	- 1,219
Payment from "Vets. Insurance & Indemnities	32	35	35	...
Offsetting collections	12,768	11,074	11,290	+ 216
Total revenue	51,078	46,984	45,594	- 1,390
Unobligated balance, EOY	438,233	404,878	373,985	-30,893

Veterans Special Life Insurance (VSLI)

The VSLI trust fund was made available for the payment of claims for the insurance program authorized for insurable veterans who served in the Armed Forces after April 1951 and up to January 1, 1957. The program is closed to new issues.

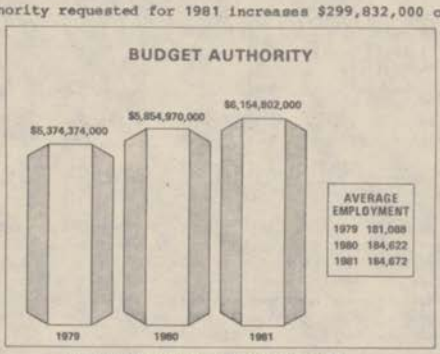
COSTS AND REVENUE
($'s in thousands)

	1979	1980	1981	Change
No. of policies in force, BOY	546,500	544,000	529,500	- 14,500
Amount of insurance in force, BOY.	$4,763,511	$4,735,520	$4,604,002	$-131,518
Program:				
Death claims.....	$ 19,865	$ 20,593	$ 22,500	+ 1,907
Dividends	23,948	26,000	28,000	+ 2,000
Other obligations.....	33,360	22,292	22,498	+ 206
Total costs (obligations)	77,173	68,885	72,998	+ 4,113
Revenue:				
Premiums earned.....	57,684	58,859	59,608	+ 749
Interest and other receipts	51,655	55,758	56,891	+ 1,133
Total revenue	109,339	114,617	116,499	+ 1,882
Unobligated balance, BOY	602,611	648,343	691,844	+ 43,501

MEDICAL CARE

The Medical Care appropriation provides for medical care and treatment of eligible beneficiaries in Veterans Administration hospital, nursing home care, domiciliary and outpatient clinic facilities; contract hospitals; State home facilities--on a grant basis; contract community nursing homes; and through the hometown outpatient program on a fee basis. Hospital and outpatient care also is provided for certain dependents and survivors of veterans under the civilian health and medical program of the Veterans Administration (CHAMPVA). Funds also provide for training of medical residents and other personnel in health-science fields to support the Agency's and the Nation's manpower demands.

The budget authority requested for 1981 increases $299,832,000 over 1980.



COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Program:				
VA facilities:				
Hospital care	$3,410,449	$3,808,314	$3,980,935	$+172,621
Nursing home care	185,965	216,442	228,927	+ 12,485
Domiciliary care	79,064	79,687	82,529	+ 2,842
Outpatient services	978,220	1,115,470	1,176,141	+ 60,671
Misc. benefits and services	105,017	111,771	120,292	+ 8,521
Education and training	277,040	300,313	313,878	+ 13,565
Subtotal, VA	5,035,755	5,631,997	5,902,702	+270,705
Non-VA facilities:				
Contract hospitals	64,812	69,931	69,754	- 177
Community nursing	98,692	115,219	128,360	+ 13,141
State domiciliaries	11,392	11,656	13,490	+ 1,834
State nursing	19,787	22,485	27,973	+ 5,488
State hospitalization	5,098	4,598	5,226	+ 628
CHAMPVA	39,218	39,084	47,297	+ 8,213
(Hospitalization)	(31,271)	(32,782)	(40,398)	(+ 7,616)
(Outpatient services)	(7,947)	(6,302)	(6,899)	(+ 597)
Subtotal, Non-VA	239,001	262,973	292,100	+ 29,127
Total program costs	5,274,756	5,894,970	6,194,802	+299,832
Adj. to obligations	133,496	...	...	...
Total obligations	5,408,252	5,894,970	6,194,802	+299,832
Financing:				
Reimbursements (-)	-38,681	-40,000	-40,000	...
Unobligated balance lapsing	4,803	...	...	...
Budget authority	5,374,374	5,854,970	6,154,802	+299,832
Supplemental included		(171,270)		

AVERAGE EMPLOYMENT

Average employment, by program is as follows:

	1979	1980	1981	Change
Hospitals:				
Medical bed sections	73,242	74,734	74,633	-101
Surgical bed sections	35,458	36,188	36,137	- 51
Psychiatric bed sections	33,516	34,139	34,092	- 47
Hospitals, subtotal	142,215	145,061	144,862	-199
Nursing care units	8,150	8,468	8,651	+183
Domiciliaries	2,916	2,684	2,639	- 45
Outpatient services	26,982	27,575	27,686	+111
Misc. benefits and services	1,140	1,140	1,140	...
Education and training1/	(9,459)	(9,043)	(9,043)	(...)
Support for non-VA facility workloads	338	338	338	...
Subtotal	181,742	185,266	185,316	+ 50
Adjustment for common services	-654	-644	-644	...
Total	181,088	184,622	184,672	+ 50

1/Allocated to other assigned activities.

The fiscal year 1981 medical care program is based on a funding increase of $299,832,000 over 1980 and $780,428,000 over the actual appropriation for 1979. Average employment is estimated to increase 50 above 1980 and 3,584 above the 1979 level. The average employment levels for both 1980 and 1981 include 2,346 employment contained in the Budget Amendment of July 19, 1979, as well as 1,800 employment added by Congressional action. The net increase of 50 and reallocation of existing employment in 1981 provides for the following:

+183 employment for VA Nursing Homes.
+111 employment for Outpatient Care, including two new Alcohol Treatment Units and five new Readjustment Counseling locations.
Other program offsets comprise the balance of the net employment increase.

The 1981 budget provides for the medical care and treatment of 1,350,384 inpatients treated, with an average daily census of 105,349, and for outpatient medical visits totaling 18,005,000.

The 1981 increase in funding will provide for:

- Workload increases in new facilities and other programs, including 5 new VA nursing home care units and 1 new outpatient clinic, partially offset by changes in demand, mode of treatment and application of accreditation/patient privacy and fire/safety standards in existing programs. This is a net increase of $12,408,000.

- An increase to provide for specialized alcoholism treatment capability at two new locations, with a net increase of $550,000.

- An increase of 140 health service trainees to a record high of 100,330, reflecting a reordering of program priorities and resultant change in the mix of trainees and expansion of specialized medical fellowship programs in fields of special importance to the Veterans Administration patient care needs. A net decrease of $908,000 is reflected for requirements of these education and training activities.

- Payroll increases for medical staff to meet the net requirements of within grades, annualization of 1980 wage board and other pay increases, stipend increases, Social Security tax increases and benefit costs under the programs of the Office of Workers' Compensation, partially offset by the impact of one less paid day in 1981. These requirements total $51,940,000.

• Increased usage of supplies, materials, drugs, medicines and other supplies, utilities and other services and private sector treatment increases. These requirements total $173,452,000.

• A capital investment net program level of $349,507,000 - consisting of $88,660,000 for equipment replacement, $158,847,000 for equipment additions, $35,000,000 for minor alteration and improvement projects and $67,000,000 for maintenance and repair. This is an increase of $62,390,000 from the 1980 level.

Workloads and Workload Indicators

Workloads and indicators of the medical care and treatment programs for the actual, current and budget years are set forth in the following tables:

INPATIENT BENEFICIARIES TREATED

An inpatient beneficiary treatment level of 1,350,384 is estimated--an increase over fiscal year 1980 of 3,444 and 8,223 over 1979.

	1979	1980	1981	Change
VA facilities:				
Hospitals:				
Medical bed sections	709,104	718,500	719,450	+ 950
Surgical bed sections	332,737	328,200	327,550	- 650
Psychiatric bed sections	188,411	188,300	188,000	- 300
Hospitals, subtotal	1,230,252	1,235,000	1,235,000	...
Nursing care units	12,283	12,420	12,700	+ 280
Domiciliaries	16,541	14,900	14,700	- 200
Subtotal, VA	1,259,076	1,262,320	1,262,400	+ 80
Non-VA facilities:				
Contract hospitals	29,268	28,271	29,800	+1,529
Community nursing	27,807	28,050	28,900	+ 850
State domiciliaries	10,536	11,355	11,505	+ 150
State nursing	9,282	10,484	11,283	+ 799
State hospitals	6,192	6,460	6,496	+ 36
Subtotal, Non-VA	83,085	84,620	87,984	+3,364
Total	1,342,161	1,346,940	1,350,384	+3,444

AVERAGE DAILY INPATIENT CENSUS

An average daily inpatient census of 105,349 is estimated--a decrease of 397 from fiscal year 1980 and 1,467 from 1979.

VA facilities:				
Hospitals:				
Medical bed sections	34,363	33,700	33,200	- 500
Surgical bed sections	13,825	13,550	13,400	- 150
Psychiatric bed sections	21,633	21,250	20,900	- 350
Hospitals, subtotal	69,821	68,500	67,500	-1,000
Nursing care units	7,760	8,063	8,237	+ 174
Domiciliaries	8,448	7,600	7,520	- 80
Subtotal, VA	86,029	84,163	83,257	- 906
Non-VA facilities:				
Contract hospitals	1,182	1,176	1,061	- 115
Community nursing	8,126	8,250	8,300	+ 50
State domiciliaries	5,296	5,459	5,531	+ 72
State nursing	5,203	5,698	6,200	+ 502
State hospitals	980	1,000	1,000	...
Subtotal, Non-VA	20,787	21,583	22,092	+ 509
Total	106,816	105,746	105,349	- 397

MEDICAL OUTPATIENT VISITS

A total of 18,005,000 outpatient medical visits is estimated--an increase of 20,000 over fiscal year 1980 and 742,592 over 1979.

	1979	1980	1981	Change
Staff	15,053,332	15,615,000	15,706,000	+91,000
Fee	2,209,076	2,370,000	2,299,000	-71,000
Total	17,262,408	17,985,000	18,005,000	+20,000

INPATIENT WORKLOAD INDICATORS, VA HOSPITALS

Alltime highs in the number of admissions to and discharges from VA hospitals and continued improvement in the hospital inpatient turnover rate and length of patient stay are estimated.

Admissions	1,162,566	1,166,500	1,167,500	+ 1,000
Discharges	1,162,355	1,166,500	1,167,500	+ 1,000
Turnover rates	138.7	141.9	144.1	+ 2.2
Length of stay-days	23.9	21.9	21.8	- 0.1

STAFFING RATIOS, VA HOSPITALS

Staffing ratios per 100 patients for VA hospitals are anticipated to increase in 1981 by 3 over the fiscal year 1980 level and by 11 over 1979.

Medical bed sections	213	222	225	+ 3
Surgical bed sections	256	267	270	+ 3
Medical and Surgical composite	226	235	238	+ 3
Psychiatric bed sections	155	161	163	+ 2
Composite, VA Hospitals	204	212	215	+ 3

CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE VETERANS ADMINISTRATION (CHAMPVA)

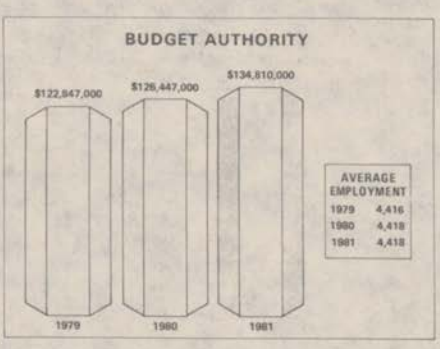
CHAMPVA dependent workloads of 453 average daily inpatient hospital census are estimated to increase 21 over 1980 and decrease 39 from 1979. Outpatient visits of 141,195 represent an increase of 6,817 over 1980 and a decrease of 37,805 below 1979.

Hospital Average Census	492	432	453	+ 21
Outpatient fee visits	179,000	134,378	141,195	+ 6,817

MEDICAL AND PROSTHETIC RESEARCH

This appropriation provides funds for the conduct of the Veterans Administration's medical research program and for a rehabilitative research program focusing on rehabilitative engineering problems in the field of prosthetics, orthotics, adaptive equipment for vehicles, sensory aids and related areas. It also provides support for Health Services Research projects at Veterans Administration medical centers for improving the effectiveness and economy of delivery of health services and improving the accessibility of services to veterans. It is a two-year appropriation in which funds unobligated at the end of the first fiscal year are available for obligation in the ensuing fiscal year.

The budget authority requested for 1981 increases $8,363,000 over 1980.



COSTS, BUDGET AUTHORITY AND EMPLOYMENT
($'s in thousands)

	1979	1980	1981	Change
Program:				
Medical Research	$118,016	$122,745	$129,943	$+7,198
Rehabilitative Research	5,304	8,344	8,984	+ 640
Health Services Research	3,005	3,153	3,083	- 70
Total Costs	126,325	134,242	142,010	+7,768
Adj. to obligations	3,649	...	...	...
Total Obligations	129,973	134,242	142,010	+7,768
Financing:				
Reimbursements	- 6,248	- 7,200	- 7,200	...
Unobligated balance available:				
Start of year	- 1,360	- 1,655	- 1,060	+ 595
Transferred in	- 1,173	...	...	...
End of year	1,655	1,060	1,060	...
Budget Authority	122,847	126,447	134,810	+8,363
Supplemental Included		(3,600)		
Average Employment:				
Medical Research	4,217	4,171	4,171	...
Rehabilitative Research	94	143	143	...
Health Services Research	105	104	104	...
Total	4,416	4,418	4,418	...

59-500 O - 80 - 57

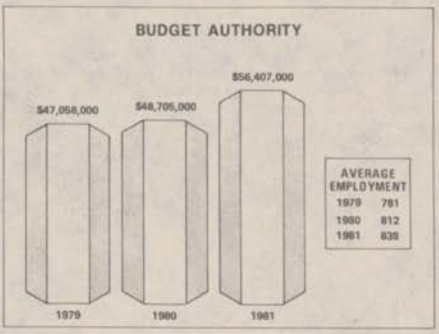
The fiscal year 1981 funding and average employment levels will permit the following:

- Maintenance of medical research activities at all VA medical centers with approved, productive programs.
- Initiation and continuation of new projects in high priority programs such as alcoholism, tissue regeneration, spinal cord injury, schizophrenia, aging, and delayed stress reaction.
- Maintenance of the career development and cooperative studies programs at FY 1980 levels.
- Replacement of equipment and improvements in research space, including animal research facilities, as required to satisfy accreditation standards.
- Maintenance of rehabilitative research activities which concentrate on developing or improving devices and techniques to assist the disabled.
- Initiate the evaluation of preventive health care programs as directed by P. L. 96-22 and of the palliative treatment (HOSPICE) program.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

This appropriation provides funds for: (1) Central Office executive direction, administration and supervision of all Veterans Administration medical programs -- including development and implementation of policies, plans and program objectives, and followup action to insure accomplishment of goals; (2) Postgraduate and Inservice Training activities in support of continuing education for employees of various medical programs -- including costs of tuition, travel, lecturer's fees and training materials and equipment; and (3) Exchange of Medical Information between the VA and other elements of the Nation's medical-scientific community.

The budget authority requested for 1981 increases $7,702,000 over 1980.



COSTS, BUDGET AUTHORITY AND EMPLOYMENT
($'s in thousands)

	1979	1980	1981	Change
Program:				
Medical administration	$31,488	$36,194	$43,407	$+7,213
Postgraduate and inservice training	11,785	10,031	10,750	+719
Exchange of medical information.	3,603	2,500	2,250	-250
Total Costs	46,877	48,725	56,407	+7,682
Adjustment to obligations	-505	...	...	...
Total obligations	46,372	48,725	56,407	+7,682
Financing:				
Reimbursements	-25	-20	...	+20
Unobligated balance lapsing	711	...	...	...
Budget authority	47,058	48,705	56,407	+7,702
Supplemental included		(1,099)		
Average employment	781	812	838	+26

The fiscal year 1981 funding and average employment levels will permit:

- An average employment increase of 16 to provide for the expanded requirements of the DM&S construction program.

- An average employment increase of 10 for the design, development and future maintenance of the automated Health Care Information System (HCIS) which will provide relief from the large volume of data which is currently processed manually. HCIS will support direct patient care efforts and further provide for a significant upgrade of administrative and medical support operations.

- The Office of Computerized Medical Systems (OCMS) to continue consultative studies and embark on Phase I of a major systems acquisition cycle, in accord with the National Academy of Sciences Study Recommendation No. 37.

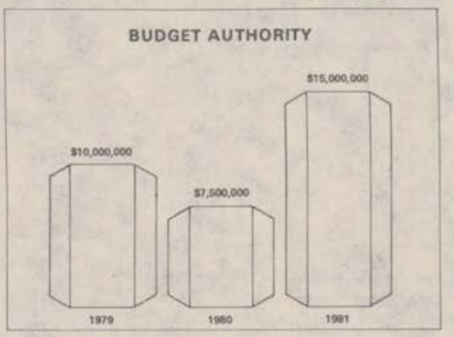
- The continued funding of the Postgraduate and Inservice Training Program (PIT) which improves the effectiveness of the VA/DM&S education process and its impact on performance and patient care.

- The continued funding of the Exchange of Medical Information program. Developmental activities to strengthen VA Medical Centers and surrounding medical communities located away from major medical centers will be pursued through utilization of new and innovative advances in biomedical communications, audiovisuals and other related means. Included under this program is grant funding support of $350,000.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

This appropriation provides funds to assist the States in the construction of State Nursing Home Care and Domiciliary facilities and the remodeling, modification or alteration of existing buildings for furnishing domiciliary, nursing home or hospital care to veterans in State homes. Funds provided by this appropriation remain available for three years.

The budget authority requested for 1981 increases by $7,500,000 over 1980.



COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Program:				
Grants to States for the construction, remodeling or renovation of State home facilities - costs	$14,191	$8,011	$ 9,100	$+1,089
Adjustment to obligations	862	-1,438	4,700	+6,138
Total obligations	15,053	6,573	13,800	+7,227
Financing:				
Unobligated balance available:				
Start of year	-5,182	-129	-1,056	-927
End of year	129	1,056	2,256	+1,200
Budget Authority	10,000	7,500	15,000	+7,500

The $15,000,000 requested under this program will provide grants to assist the States to construct State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes. The grant may not exceed 65 percent of the total cost of the project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year. Grants for State nursing facilities may not provide for more than 2 1/2 beds per thousand veteran population in any State. This program was approved on August 19, 1964 (Section 5031-5037, Title 38, U.S.C.) and authorized an appropriation of $5,000,000 per year for a period of five years beginning in 1965. Public Law 90-432, dated July 26, 1968, extended the authority from 5 years to 10 years, and Public Law 93-82, dated August 2, 1973, extended the authority from 10 years to 15 years. Public Law 95-62, dated July 5, 1977, provided for a single authorization of up to $15,000,000 with VA participation in construction of new domiciliaries as well as new nursing homes, and for sums appropriated to remain available until expended. The program has been extended to September 30, 1982 by Public Law 96-151, approved December 20, 1979. As reauthorized the program does not have a specific annual funding authorization for 1981 and 1982.

A total of $102,200,000 was appropriated for fiscal years 1966 through 1980. As of September 30, 1979, commitments for grants have been made and funds obligated for the following projects:

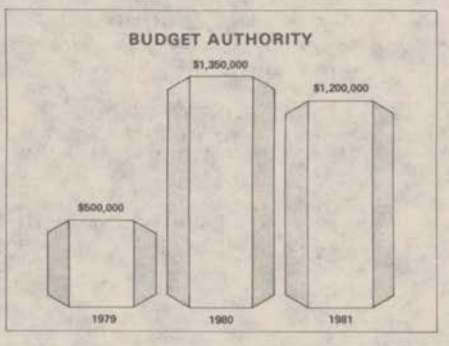
($'s in thousands)

Location	Projects With Beds	Projects W/O Beds	Number of New Beds	Total Estimated Cost ($000)	Actual VA Commitments/ Obligations ($000)
Ardmore, OK	...	1	...	$ 48	$ 31
Augusta, GA	1	...	192	1,956	978
Bennington, VT	3	2	135	5,590	2,888
Boise, ID	2	...	90	2,223	1,368
Bristol, RI	2	...	315	4,615	2,894
Buffalo, WY	...	1	...	386	251
Chelsea, MA	...	15	...	4,698	2,784
Clinton, OK	1	2	36	758	471
Columbia Falls, MT	1	...	40	449	220
Columbia, SC	1	...	115	1,982	687
Erie, PA	1	2	75	3,236	1,912
Florence, CO	1	...	120	1,331	865
Ft. Dodge, KS	1	...	88	830	415
Grand Island, NE	2	1	200	3,299	1,333
Grand Rapids, MI	1	...	537	7,689	3,702
Hollidaysburg, PA	2	...	412	5,361	3,188
Holyoke, MA	1	9	155	2,848	1,353
Homelake, CO	...	4	...	487	314
Hot Springs, SD	...	6	...	91	59
Jackson, LA	2	...	235	8,675	5,000
King, WI	2	7	400	7,264	3,337
Lafayette, IN	2	...	250	12,532	6,126
Lisbon, ND	...	2	...	1,781	1,158
Little Rock, AR	1	...	150	1,183	1,081
Marshalltown, IA	3	13	620	23,827	14,943
Menlo Park, NJ	2	2	200	5,187	2,696
Milledgeville, GA	1	1	132	5,849	2,626
Minneapolis, MN	1	4	250	6,728	4,368
Norman, OK	1	1	50	492	246
Ogden, UT	...	1	...	6,281	4,083
Orting, WA	1	10	40	4,382	2,831
Quincy, IL	1	1	200	3,486	1,767
Retsil, WA	1	7	78	5,236	3,384
Rocky Hill, CT	...	2	...	303	193
St. James, MO	1	1	60	1,569	858
Sandusky, OH	1	...	300	9,795	6,179
Scotts Bluff, NE	...	1	...	618	402
Sulfur, OK	...	1	...	107	69
Tilton, NH	2	1	100	2,516	1,485
Vineland, NJ	3	1	300	8,112	3,266
Yountville, CA	...	7	...	1,920	1,248
GRAND TOTALS	45	106	5,875	165,721	93,059

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

This appropriation provides grants-in-aid to the Republic of the Philippines for medical care and treatment of eligible Philippine Commonwealth veterans and new Philippine Scouts. Public Law 95-520 extended the program through September 30, 1981, and provides for: (1) Payment for nursing home care, with total annual payments not to exceed $250,000 from the $2 million applicable to medical care and treatment; (2) Payment of $50 thousand annually for grants for education and training of health service personnel; and (3) Payment of $50 thousand annually to assist in replacing and upgrading equipment and in rehabilitating the physical plant of the Veterans Memorial Medical Center.

The budget authority requested for 1981 decreases $150,000 from 1980.



COSTS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Program Costs:				
Medical care and treatment	$188	$1,250	$1,100	$-150
Training	38	50	50	...
Equipment and maintenance	39	103	50	-53
Total program costs	265	1,403	1,200	-203
Adjustment to obligations	3	...	...	...
Total obligations	269	1,403	1,200	-203
Financing:				
Unobligated balance available, start of year (-)	-46	-53	...	+53
Unobligated balance available, end of year (+)	53	...	...	...
Unobligated balance lapsing	224	...	...	...
Budget authority	500	1,350	1,200	-150

Comparative workload levels for the past, current and budget years are as follows:

PROGRAM INDICATORS

	1979	1980	1981	Change
Hospital:				
Average daily census	46	181	150	-31
Patients treated	230	3,225	2,679	-546
Nursing Home:				
Average daily census	...	4	4	...
Patients treated	...	8	8	...
Outpatient Visits:				
Staff	300	14,592	14,973	+381
Fee	23	1,118	1,165	+47
Total	323	15,710	16,138	+428

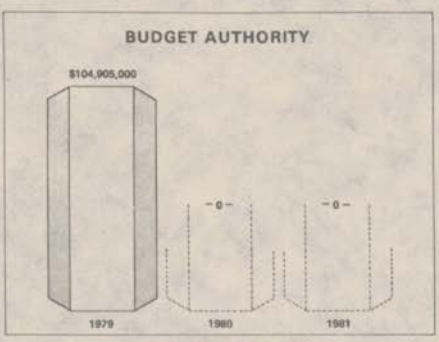
Authorization for the extension of the program through September 30, 1981 was contained in the Veterans' Administration Programs Extension Act of 1978, P.L. 95-520, which was approved on October 26, 1978.

Since the inception of this grant-in-aid program in 1950 a total of $47,085,000 in appropriated funds have been obligated through 1979, consisting of: $36,173,000 for medical care and treatment; $10,294,000 for construction and improvements of the Veterans Memorial Hospital; and $618,000 for health service personnel training.

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

This appropriation basically provides funds for making grants to eligible applicants for the purpose of health manpower education and training. Specifically, grants may be awarded to assist in the establishment of up to eight (8) new State medical schools to be located in proximity to and operated in conjunction with Veterans Administration hospitals; grants may be awarded to existing medical schools which are affiliated with the VA, to expand and improve their training capacities; and, grants may be awarded to other health manpower institutions affiliated with the VA to assist in coordination, improvement and expansion of the training of professional, technical allied health and paramedical personnel. In addition, funds may be provided to expand and make necessary improvements to VA hospitals so that they will be suitable for use in health manpower education and training in cooperation with affiliated medical schools and other institutions.

No budget authority has been requested for 1981.



OBLIGATIONS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Program:				
Grants to new medical schools	$ 24,947	$ 32,844	$ 24,965	$ -7,879
Other institutions:				
Grants to affiliated medical schools	15,747	17,056	8,704	-8,352
Grants to other training institutions	4,281	4,155	1,422	-2,733
VA expansion	2,249	1,631	41	-1,590
Other subtotal	22,277	22,842	10,167	-12,675
Total obligations	47,224	55,686	35,132	-20,554
Financing:				
Unobligated balance available:				
Start of year	43,483	101,158	45,472	-55,686
End of year	101,158	45,472	10,340	-35,132
Budget authority	104,905	...	...	...
New medical schools	(62,564)	(...)	(...)	(...)
Other	(42,341)	(...)	(...)	(...)
Unobligated Balance Available:				
Start of year	43,483	101,158	45,472	-55,686
New medical schools	(30,538)	(68,149)	(35,305)	(-32,844)
Other	(12,945)	(33,009)	(10,167)	(-22,842)
End of year	101,158	45,472	10,340	-35,132
New medical schools	(68,149)	(35,305)	(10,340)	(-24,965)
Other	(33,009)	(10,167)	...	(-10,167)

The funds appropriated in any given year remain available for the six succeeding fiscal years following the fiscal year for which they were appropriated. Initial funds for this program were appropriated at the close of fiscal year 1973. A total of $297 million has been appropriated through 1979.

To date, five new State medical schools, Wright State University in Ohio; the University of South Carolina; Texas A&M University; Marshall University in West Virginia and East Tennessee State University, have been approved and grant funds made available. There also have been grant awards to 18 established medical schools and 135 other health manpower institutions. The program has been amended by the "Veterans Health Program Extension and Improvement Act of 1979," P.L. 96-151, approved December 20, 1979, which authorizes the appropriation of $15,000,000 in FY 1980, $25,000,000 in FY 1981 and $30,000,000 in FY 1982. There is no FY 1981 budget request for this program, because funds previously appropriated remain available for obligation and will be utilized to fully meet approved commitments.

OTHER MEDICAL PROGRAMS

Canteen Service Revolving Fund

This fund, which is financed solely from current revenues, provides for the maintenance and operation of the Veterans Canteen Service at all VA hospitals and domiciliaries. The canteens provide at reasonable prices, merchandise and services necessary to the comfort and well-being of veterans in hospitals, nursing homes and domiciliaries.

Revenues for 1981 are estimated to increase $7,290,000 over 1980.

PROFIT AND LOSS STATEMENT
($'s in thousands)

	1979	1980	1981	Change
Revenue	$135,507	$145,683	$152,973	$+7,290
Cost of Goods Sold (-)	-87,237	-96,750	-102,070	-5,320
Gross Profit	48,270	48,933	50,903	+1,970
Operating Expense (-)	-45,091	-45,945	-48,445	-2,500
Net Operating Income	3,179	2,988	2,458	-530
Nonoperating Income or Loss (-)	7	-70	-5	+65
Net Income	3,186	2,918	2,453	-465
Average Employment	3,529	3,604	3,604	...

Supply Revolving Fund

The Supply Fund provides financial support for procurement of supplies, equipment and services and the warehousing of inventories. The procurement, warehousing and operating costs are recovered through reimbursements from the VA appropriations and other Government agencies receiving the goods and services.

Specifically, the fund provides for: (1) maintenance of depot and field station inventories; (2) maintenance and operation of three supply depots; (3) a publications depot, including printing services to VA installations on a centralized basis; (4) operation of a service and reclamation program operating out of the supply depots; (5) centralized periodical procurement and library cateloging; and (6) a marketing center or central buying office.

Revenues for 1981 are estimated to increase $40,028,000 over 1980.

PROFIT AND LOSS STATEMENT
($'s in thousands)

	1979	1980	1981	Change
Revenue	$387,469	$508,530	$548,558	$+40,028
Cost of Goods Sold (-)	-368,464	-486,913	-526,490	-39,577
Gross Profit	19,005	21,617	22,068	+451
Operating Expense (-)	-18,937	-21,248	-22,043	-795
Net Operating Income	68	369	25	-344
Nonoperating Loss (-)	-21	-24	-25	-1
Net Income or Loss (-)	48	345	...	-345
Average Employment	680	696	696	...

Special Therapeutic and Rehabilitation Activities Fund

This revolving fund, established by Public Law 94-581, approved October 21, 1976, provides a mechanism for the furnishing of rehabilitative services to certain veteran beneficiaries who are receiving medical care and treatment from the Veterans Administration. This is a self-sustaining fund, requiring no appropriation, since therapeutic work remuneration for patients and members in Veterans Administration medical centers will be derived from contractual arrangements with private industry or nonprofit entities.

Revenues for 1981 are estimated to increase $16,000 over 1980.

PROFIT AND LOSS STATEMENT
($'s in thousands)

	1979	1980	1981	Change
Revenue	$2,047	$2,050	$2,066	$+16
Expense	-1,823	-2,050	-2,066	-16
Net Income	224	...	...	...

Construction and Operation of Garage and Parking Facilities

This revolving fund established pursuant to the Veterans' Health Care Amendments Act of 1979, Public Law 96-22, provides a mechanism for collecting funds from employees to operate medical employee parking facilities. Funds derived from employee contributions are sufficient to meet anticipated operational expenses for FY 1981.

Revenues for FY 1981 are estimated to increase $73,000 over 1980.

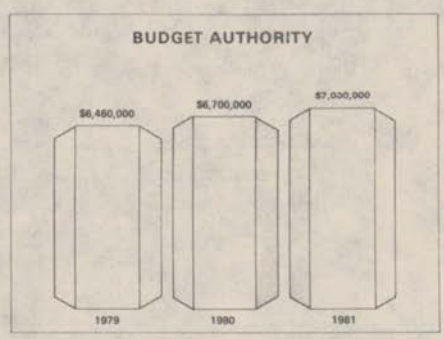
PROFIT AND LOSS STATEMENT
($'s in thousands)

	1979	1980	1981	Change
Revenue	...	$821	$894	$ +73
Expense	...	-721	-744	-23
Net Income	...	100	150	+50

General Post Fund, National Homes

This trust fund is used to promote the comfort and welfare of veterans at hospitals and homes where no general appropriation is available for the involved religious, recreational and entertainment expenses. The fund consists of gifts, bequests and proceeds of sale of property left in care of the facilities by former beneficiaries; patients' fund balances and proceeds of sale of effects of beneficiaries who die leaving no heirs or without having otherwise disposed of their estate.

The budget authority for 1981 is estimated to be $300,000 over 1980.



COSTS/OBLIGATIONS AND BUDGET AUTHORITY
($'s in thousands)

	1979	1980	1981	Change
Program:				
Costs/Obligations	$5,601	$6,000	$6,300	$+300
Budget Authority (permanent indefinite)	6,460	6,700	7,000	+300

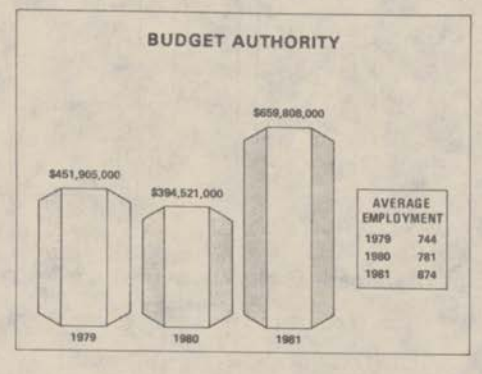
CONSTRUCTION PROGRAMS

The Veterans Administration's Construction Program is funded by two appropriations - Construction, Major Projects, and Construction, Minor Projects.

The Construction, Major Projects appropriation provides for constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is $3,000,000 or more, or where funds for a project were made available in a previous major project appropriation.

The Construction, Minor Projects appropriation provides for constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $3,000,000, and for cost of the Office of Construction.

Budget authority for FY 1981 is $265,287,000 above the FY 1980 level.



BUDGET AUTHORITY
($'s in thousands)

Activity	1979	1980	1981	Change
Replacement and modernization .	$211,241	$150,060	$187,445	+37,385
Nursing home care	44,210	...	60,469	+60,469
Domiciliaries	9,402	...	10,090	+10,090
Research and education	...	9,745	17,791	+8,046
Outpatient improvements	17,324	10,626	53,990	+43,364
Other improvements	144,632	184,425*	286,293	+101,868
National cemeteries	12,700	13,571	5,122	-8,449
Computer centers, additions and alterations	1,320	...	1,848	+1,848
Regional office, replacement or renovation	2,080	1,468	7,416	+5,948
Reprogrammings applied ...	-17,398	-510	...	+510
Subtotal, construction ...	425,511	369,385	630,464	+261,079
General administration	26,394	25,136*	29,344	+4,208
Total	451,905	394,521	659,808	+265,287

*Includes three supplementals - $3.2 million - Major; $596,000 - Minor; $800,000 - Pay raise

BUDGET AUTHORITY AND OBLIGATIONS
($'s in thousands)

	1979	1980	1981	Change
Budget Authority	$451,905	$394,521	$659,808	+265,287
Unobligated balance:				
Beginning of year	+874,275	+1,009,307	921,261	-88,046
End of year	-1,009,307	-921,261	-936,376	-15,115
Obligations	316,873	482,567	644,693	+162,126

GENERAL ADMINISTRATION

General Administration funded from the Construction, Minor Projects appropriation provides for the expenses of the Office of Construction. This office is responsible for planning, administration, design and construction supervision, the construction research and development program, and related staff activities.

AVERAGE EMPLOYMENT

General Administration	691	706	799	+93
Construction funds (Purchase and Hire)	53	75	75	...
Total Average Employment	744	781	874	+93

OBLIGATIONS
($'s in thousands)

Personal Services	$18,561	$21,002	$23,636	+2,634
Travel and Transportation of Persons	751	868	1,077	+209
Contractual Services	1,745	1,867	2,930	+1,063
Other	1,149	1,399	1,701	+302
Total	22,206	25,136	29,344	+4,208

The FY 81 average employment in the Office of Construction will increase by 93 above the FY 80 level. The current year average of 706 within the General Administration includes a supplemental of 11 above the Congressionally approved level of 695. The supplemental provides additional staff to utilize the Advance Planning funds requested in the Major Construction supplemental. These supplementals compliment the expansion in the VA construction program in FY 81 and beyond to more vigorously maintain the agency's physical assets.

The FY 80 Major Construction supplemental will add $3.2 million to the $4 million appropriated for the Advance Planning Fund. Commensurate with the addition is the FY 81 proposal of $11 million for the Advance Planning Fund. These planning resources as well as the employment increases are essential to expanded construction budgets in the future.

CONSTRUCTION, MAJOR PROJECTS

BUDGET AUTHORITY
($'s in thousands)

Location and Project	Total Estimated Cost	Amount Requested	Future Requirements
Replacement and Modernization			
Baltimore, Maryland - Replacement Hospital	$ 96,460	$ 7,670	$ ...
Chillicothe, Ohio - Modernize B-24, 31, 35 (Ph. II)	13,700	13,700	...
Denver, Colorado - Clinical Support Wing & Air Conditioning	46,500	42,000	...
Little Rock, Arkansas - Replacement Hospital (Little Rock and North Little Rock Divisions)	144,070	14,240	1,620
Minneapolis, Minnesota - Replacement Hospital	221,400	15,000	206,400
New Orleans, Louisiana - Expand Clinical Outpatient Clinic, Education & Research Space	67,650	67,650	...
San Francisco, California - Remodel Bldgs. 2, 4, 200 for New Functions	27,900	998	25,552
Seattle, Washington - Replacement Hospital	115,900	15,910	9,370
West Roxbury, Massachusetts - Modernize Bldg. 1 (Ph. II)	18,000	8,845	...
Wichita, Kansas - Modernization Addition & Alterations (Ph. I)	6,716	1,432	...
Sub-Total	758,296	187,445	242,942
Nursing Home Care			
Bronx, New York - 120-Bed Nursing Home Care	11,700	11,700	...
Coatesville, Pennsylvania - 120-Bed Nursing Home Care	8,500	8,500	...
Dallas, Texas - 120-Bed Nursing Home Care	7,850	7,850	...
Hines, Illinois - 120-Bed Nursing Home Care	8,550	7,876	...
Kerrville, Texas - 120-Bed Nursing Home Care	7,750	7,750	...
Reno, Nevada - 60-Bed Nursing Home Care	5,100	5,100	...
Washington, D. C. - 120-Bed Nursing Home Care and Clinical Facilities, Underground Parking Garage	24,600	4,893	...
Wichita, Kansas - 60-Bed Nursing Home Care and Underground Drain Culvert	6,800	6,800	...
Sub-Total	80,850	60,469	...

CONSTRUCTION, MAJOR PROJECTS, CONT'D.
($'s in thousands)

Location and Project	Total Estimated Cost	Amount Requested	Future Requirements
Domiciliaries			
Hampton, Virginia -			
200-Bed Domiciliary	10,800	10,090	...
Sub-Total	10,800	10,090	...
Research and Education			
Long Beach, California -			
Research & Education Addition	12,600	12,171	...
Sub-Total	12,600	12,171	...
Outpatient Improvements			
Altoona, Pennsylvania -			
Ambulatory Care Addition	10,400	10,400	...
Bath, New York -			
Ambulatory Care Addition B-76	4,400	4,400	...
Des Moines, Iowa -			
Ambulatory Care Addition	4,300	1,656	...
Memphis, Tennessee -			
Ambulatory Care Addition	9,250	9,250	...
Miami, Florida -			
Outpatient Addition, Renovation and Spinal Cord Injury Relocation	26,650	26,650	...
Sub-Total	55,000	52,356	...
Other Improvements:			
Advance Planning Fund			
Various Stations	11,000	11,000	...
Sub-Total	11,000	11,000	...
General Projects			
Albany, New York -			
Air, Oxygen, Vacuum System	3,500	3,291	...
Atlanta, Georgia -			
Warehouse & Engineering Building	1,650	1,540	...
Brooklyn, New York -			
Air, Oxygen, Vacuum System	3,750	2,614	...
East Orange, New Jersey -			
Improve & Correct for Building Environmental Deficiencies	31,669	14,786	...
Hines, Illinois -			
Supply Depot Expansion B-337	8,800	8,800	...
Hines, Illinois -			
New Central Incinerator	2,034	734	...
Kansas City, Missouri -			
Air, Oxygen, Vacuum System	1,850	1,716	...
Togus, Maine -			
Renovate B-207	5,100	5,100	...
Sub-Total	58,353	38,581	...

59-500 O - 80 - 58

CONSTRUCTION, MAJOR PROJECTS, CONT'D.
($'s in thousands)

Location and Project	Total Estimated Cost	Amount Requested	Future Requirements
Clinical Improvements			
Biloxi (BD), Mississippi - Clinical Addition & Outpatient	20,750	20,750	...
Buffalo, New York - Supply Processing Distribution	2,800	1,344	...
Cincinnati, Ohio - Clinical Expansion	9,800	6,753	...
Danville, Illinois - Relocate/Expand PAD	5,600	5,600	...
Fayetteville, Arkansas - Clinical Addition	4,500	4,500	...
Hampton, Virginia - Renovate & Expand Spinal Cord Injury	5,150	5,150	...
Temple, Texas - Clinical Expansion & Relocate Support Functions	27,600	27,600	...
Tucson, Arizona - Clinical Addition	20,850	20,850	...
Sub-Total	97,050	92,547	...
Elevators			
Cincinnati, Ohio - Elevators	1,720	425	...
Wilkes-Barre, Pennsylvania - Three Additional Elevators	2,550	1,194	...
Sub-Total	4,270	1,619	...
Air Conditioning			
Amarillo, Texas - Air Conditioning Patient Privacy ...	6,139	6,139	...
Sub-Total	6,139	6,139	...
Correction of Seismic Deficiencies			
Fresno, California - Correction of Seismic Deficiencies .	2,950	1,147	...
Palo Alto, California - Correction of Seismic Deficiencies .	30,150	3,015	27,135
Poplar Bluff, Missouri - Correction of Seismic Deficiencies .	10,550	10,360	...
Sub-Total	43,650	14,522	27,135
Elimination of Safety Hazards			
Northport, New York - Eliminate Fire & Safety Deficiencies	3,900	2,534	...
Palo Alto, California - Eliminate Fire & Safety Deficiencies	4,000	4,000	...
Pittsburgh (HD), Pennsylvania - Eliminate Fire & Safety Deficiencies	8,400	8,400	...
Sepulveda, California - Eliminate Fire & Safety Deficiencies	5,300	3,686	...
Sub-Total	21,600	18,620	...

CONSTRUCTION, MAJOR PROJECTS, CONT'D.
(S's in thousands)

Location and Project	Total Estimated Cost	Amount Requested	Future Requirements
Energy Conservation			
Various Stations	8,756	8,756	...
Sub-Total	8,756	8,756	...
Department of Veterans Benefits			
Togus, Maine - DVB Office Building	3,090	3,090	...
Sub-Total	3,090	3,090	...
National Cemetery Program			
Calverton, New York - Design 70 Acres Master Plan Ph. II	8,194	574	7,620
Massachusetts - Design 60 Acres Master Plan Ph. IV	4,152	291	3,861
Quantico - Design 50 Acres	15,485	1,084	14,401
Sub-Total	27,831	1,949	25,882
TOTAL - Construction Major ..	$1,199,285	$519,354	$295,959

CONSTRUCTION, MINOR PROJECTS

Construction Projects	Amount Requested
Research and Education:	$ 5,620
Outpatient Improvement:	1,634
Other Improvements:	
General Projects: Various Stations	23,958
Miscellaneous Projects $100,000 - $400,000: Various Stations	41,984
Clinical Improvements: Various Stations	8,939
Correction of Electrical Deficiencies: Various Stations	5,482
Elimination of Safety Hazards: Various Stations	7,217
Elevators: Various Stations	3,365
Air Conditioning: Various Stations	740
Energy Conservation: Various Stations	2,824
Sub-Total - Medical Programs	101,763
Office of Data Management and Telecommunications: Various Stations	1,848
National Cemetery Program: Various Stations	3,173
Regional Offices, Replacement and Renovation: Various Stations	4,326
Total - Construction Program	111,110
General Administration:	29,344
Total - Construction, Minor Request	140,454

PART 20. GAO AUDIT REPORTS

Contents

		PAGE NO.
1.	MORE EFFECTIVE ACTION IS NEEDED ON AUDITOR'S FINDINGS--MILLIONS CAN BE COLLECTED OR SAVED (FGMSD-79-3, October 25, 1978):	20-3
2.	IMPROVEMENTS NEEDED IN IMPLEMENTATION OF THE VETERANS' EDUCATIONAL ASSISTANCE PROGRAM (HRD-78-148, November 30,1978):	20-4
3.	VETERANS ADMINISTRATION'S OUTPATIENT PHARMACY PROGRAM AT SELECTED MEDICAL CENTERS (HRD-79-29, December 21, 1978):	20-4
4.	THE VETERANS ADMINISTRATION CAN REDUCE THE TIME REQUIRED TO PROCESS VETERAN'S AND SURVIVORS' INTITAL CLAIMS FOR BENEFITS (HRD-79-25, December 27, 1978):	20-5
5.	FEDERAL HOSPITALS COULD IMPROVE CERTAIN CANCER TREATMENT CAPABILITY BY SHARING (HRD-79-42, February 7, 1979):	20-6
6.	THE GOVERNMENT CAN BE MORE PRODUCTIVE IN COLLECTING ITS DEBTS BY FOLLOWING COMMERCIAL PRACTICES (FGMSD-78-59, February 23, 1979):	20-7
7.	THE VA HEALTH MANPOWER ASSISTANCE PROGRAM: GOALS, PROGRESS, AND SHORT-COMINGS (HRD-79-8, March 16, 1979):	20-8
8.	HEALTH EFFECTS OF EXPOSURE TO HERBICIDE ORANGE IN SOUTH VIETNAM SHOULD BE RESOLVED (CED-79-22, April 6, 1979):	20-10
9.	GRANT AUDITING: A MAZE OF INCONSISTENCY, GAPS AND DUPLICATION THAT NEEDS OVERHAUL (FGMSD-79-37, June 15, 1979):	20-10
10.	THE VETERANS ADMINISTRATION'S GRADUATE MEDICAL EDUCATION (RESIDENCY) PROGRAM (HRD-79-86, June 22, 1979):	20-11
11.	THE VETERANS ADMINISTRATION'S OUTREACH EFFORTS FOR INCARCERATED VETERANS (HRD-79-97, June 29, 1979):	20-12
12.	CIVIL AGENCIES CAN DO A BETTER JOB OF NEGOTIATING NONCOMPETITIVE CONTRACTS PRICED OVER $100,000 (PSAD-79-93, August 21, 1979):	20-13
13.	STRONGER PROCUREMENT CONTROLS IN THE FAR EAST WOULD MINIMIZE FRAUD AND ABUSE (PSAD-80-2, November 7, 1979):	20-14

PART 20. GAO AUDIT REPORTS

Submitted in accordance with section 236(2) of Public Law 91-510, approved October 26, 1970, the Legislative Reorganization Act of 1970.

1. MORE EFFECTIVE ACTION IS NEEDED ON AUDITORS' FINDINGS--MILLIONS CAN BE COLLECTED OR SAVED (FGMSD-79-3, October 25, 1978):

RECOMMENDATIONS:

GAO recommends to each of the agencies having audit staffs that the following system for resolving audit findings be established:

--agency auditors be required to keep accurate records of all findings until a final disposition has been made--where recovery of funds is involved this means until the funds are recovered, the debt forgiven, or the finding determined to be in error;

--program administrators be given 6 months to reach decisions on what amount, if any, is due from contractors or grantees as the result of audit findings. Written decisions signed by the program administrator be required to justify not seeking collection of any amounts shown to be due by the auditors' report. Such decisions should also be reviewed for legality and endorsed by the legal official who performs the review;

--an official independent of the program administrator and the auditor be given responsibility for deciding whether to make recoveries on findings not decided on within the 6-month time frame specified above. Any decisions not to recover should be justified by the official and reviewed for legality as previously mentioned. This official, who should be at a high level in the organization, could also handle resolution of audit findings not involving grantees or contractors that are not resolved within a 6-month period;

--such officials be required to issue quarterly reports to the agency head on the status of all findings which they are responsible for resolving, including the age and amounts of unresolved findings and results of findings they closed during the period;

--to insure aggressive recovery efforts, accounting and collection controls should be established for any amounts due the Government as a result of audit findings; and

--if the agency decides against collection for any reason, then it should take action to resolve the underlying causes which resulted in the debt. These can include providing technical assistance to help grantees improve operation of the program or changing ambiguous or conflicting regulations which impede accomplishing program objectives.

ACTION TAKEN:

All recommendations, with which the Veterans Administration (VA) concurred, are implemented. Revised regulations were issued June 21, 1979, to set forth procedures necessary to comply with the report recommendations.

VA agrees with GAO's concept in the third recommendation. However, VA has only a few instances where timeliness controls could be helpful. It is not necessary for VA to adopt a rigid process for transferring decisionmaking responsibility at the six-month point; each case will be considered individually.

BUDGET IMPLICATIONS:

Unknown at this time. Expenditures could be reduced for those contracts which were audited and on which an overpayment was identified.

2. IMPROVEMENTS NEEDED IN IMPLEMENTATION OF THE VETERANS' EDUCATIONAL ASSISTANCE PROGRAM (HRD-78-148, November 30, 1978):

RECOMMENDATIONS:

GAO recommends that the Administrator of Veterans Affairs and the Secretary of Defense take action to finalize and expedite the issuance of the joint VEAP regulations which were being developed by VA and DoD at the conclusion of our review.

ACTION TAKEN:

On December 21, 1978, the Administrator approved the proposed joint VA/DoD regulations on the post-Vietnam Era Veterans' Educational Assistance Program. The Deputy Assistant Secretary of Defense approved them on December 28, 1978, and they appeared in the January 4, 1979 Federal Register for a 60-day public response period. As a result of the many comments received, the joint VA/DoD regulations were amended and published January 2, 1980.

BUDGET IMPLICATIONS:

None.

3. VETERANS ADMINISTRATION'S OUTPATIENT PHARMACY PROGRAM AT SELECTED MEDICAL CENTERS (HRD-79-29, December 21, 1978):

RECOMMENDATIONS:

GAO recommends the Administrator direct the Chief Medical Director (CMD) to have VA pharmacies establish and maintain records or logs of

--drugs sent to patients via registered mail, return receipt requested, and to initiate followup action when these records do not show receipt by the patient, and

--all drugs held by the pharmacy pending destruction or return to the manufacturer.

GAO also recommended that the Administrator direct the CMD to clarify VA's policy on Schedule III narcotics, restate the policy for narcotic inspections, reemphasize the importance of maintaining administrative records on highly controlled substances, and encourage VA pharmacies to initiate additional controls to better control substances with a high potential for theft, loss, or abuse.

ACTION TAKEN:

All but one part of the recommendations have been implemented. The publication of the July 10, 1979 Change 1 to VA Manual M-2, Part VII, and/or the issuance of a Professional Services Letter on September 4, 1979, clarify VA's policy on (1) maintenance of records or logs on Schedule III narcotics, (2) narcotic inspections, (3) records of drugs sent to patients via registered, return receipt requested mail, (4) follow-up action when mailed drugs are not received by the patient, and (5) maintenance of records of all drugs held by the pharmacy pending destruction or return to the manufacturer. Another Professional Services Letter will be issued to encourage VA medical center officials to initiate necessary controls, in addition to those established by VA, to better control substances which they believe have a high potential for theft, loss, or abuse.

BUDGET IMPLICATIONS:

None.

1. THE VETERANS ADMINISTRATION CAN REDUCE THE TIME REQUIRED TO PROCESS VETERANS' AND SURVIVORS' INITIAL CLAIMS FOR BENEFITS (HRD-79-25, December 27, 1978):

RECOMMENDATIONS:

GAO recommends that the Administrator direct the Chief Benefits Director to issue appropriate instructions to the VA regional offices to ensure that adequate supervisory controls are exercised so that (1) needed evidence for developing claims is requested promptly, (2) piecemeal requests for information are minimized, (3) backlogged work is reassigned when appropriate, and (4) aggressive followup is made on requests for information from VA medical facilities.

GAO also recommends that the Administrator direct the Chief Medical Director to issue appropriate instructions to the VA hospitals to ensure that medical summaries on claimants are furnished promptly to minimize claims processing delays.

GAO further recommends that the Administrator direct the Chief Benefits Director to assess the tentative claims processing goals for the Target System as VA acquires experience with the system to ensure that Target's potential for speeding up the claims process is fully realized.

ACTION TAKEN:

Department of Veterans Benefits officials have long encouraged field Adjudication Divisions to apply good management principles to the claims processing exercise. These principles are specifically stressed in formal training programs and in all program evaluations.

Appropriate instructions for the timely submission of medical summaries on claimants are already in existence. As a reminder to all VA medical centers, a Chief Medical Director Information Letter was issued to reiterate the need to comply with current instuctions.

Each month since March 1979, the Department of Medicine and Surgery has actively monitored the Compensation and Pension examination program for timeliness. All facilities which are below criteria are contacted to identify sources of delays and to ensure that corrective action is taken.

Target is not fully implemented; however, the potential for speeding up the claims process has already been proven.

BUDGET IMPLICATIONS:

None. Personnel savings should result from the full activation of Target.

5. FEDERAL HOSPITALS COULD IMPROVE CERTAIN CANCER TREATMENT CAPABILITY BY SHARING (HRD-79-42, February 7, 1979):

RECOMMENDATIONS:

GAO recommends that the Secretaries of Defense and HEW and the Administrator of Veterans Affairs

--direct the Federal Health Resources Sharing Committee to include in its planned work on cancer treatment facilities (1) a comprehensive evaluation of the sharing opportunities at the 23 geographic locations highlighted in this report, and (2) develop, if possible, a single radiation therapy utilization criteria for all Federal facilities; (If a single radiation therapy utilization criteria for Federal facilities cannot be developed, GAO recommends the Administrator of Veterans Affairs, with assistance of the FHRSC, evaluate VA's existing criteria for the utilization of radiation therapy equipment to determine whether it should be brought into harmony with DoD and HEW standards.)

--share the radiation therapy capability at the locations determined by the Sharing Committee to have potential;

--defer, to the extent possible, the acquisition of new or upgraded radiation therapy equipment until the sharing potential at the 23 geographic locations is fully evaluated; and

--withdraw acquisition plans for radiation therapy equipment at locations where good quality radiation therapy can be provided through sharing with existing equipment.

ACTION TAKEN:

On November 21, 1979, a letter was sent to the 23 VA facilities with radiation therapy capability. The letter explained the guidelines for utilization of megavoltage radiation therapy, which are in accordance with Department of Health, Education, and Welfare (HEW) recommendations. The standard of 6,000 treatments per year is in agreement with the HEW recommendations which were outlined in the Federal Register dated March 28, 1978. The letter also detailed the format and requirements for the monthly utilization reports.

Actions on the other recommendations will depend on an analysis of these monthly reports. The target date for making specific recommendations regarding sharing is the end of FY 1980. Due to severe travel restrictions, only 1 of the 23 sites has been visited to date. The Department of the Army has agreed not to activate a radiation therapy service at the Eisenhower Hospital in Augusta. Additional site visits will be made as travel funds become available.

BUDGET IMPLICATIONS:

 Not yet determinable.

6. THE GOVERNMENT CAN BE MORE PRODUCTIVE IN COLLECTING ITS DEBTS BY FOLLOWING COMMERCIAL PRACTICES (FGMSD-78-59, February 23, 1979):

RECOMMENDATIONS:

GAO recommends that the Secretary of Health, Education, and Welfare and the Administrator of Veterans Affairs

--take action on their student loan and educational assistance overpayments to report to the credit bureau network loans when incurred, loans and overpayments being paid in installments, and the failure of debtors to pay amounts owed when due; and take steps to include on application forms an authorization by an individual who is applying for a benefit to allow the agency to report to credit bureaus the amount that person will receive upon approval by the Government; (Based on results of these efforts, we plan to initiate appropriate revisions to the Federal Claims Collection Standards.) and

--take action on their defaulted student loans and delinquent educational assistance overpayments to arrange, at least on a test basis, to use the debtor locator service offered by credit bureaus and other firms and to evaluate the cost benefit of these services.

GAO also recommends that the heads of departments and agencies

--review their demand letters to ensure that debtors are being clearly told (1) how much is owed, (2) when payment is expected, (3) what action will be taken if payment is not received, (4) that interest will be charged for all debts unless precluded by statute if the money due is not paid within a reasonable time, and (5) when necessary, that available evidence must be provided to support assertions that they do not owe the debt, that the amount is wrong, or that they have paid or are not able to pay; and

--assess the cost and benefit of automating their collection process, including the preparation of demand letters.

ACTION TAKEN:

The VA did not concur with the first recommendation that the Secretary of Health, Education, and Welfare and the Administrator of Veterans Affairs take action to report to the credit bureau network loans when incurred, loans and overpayments being paid in installments, and the failure of debtors to pay amounts owed when due.

At the initiative of the General Counsel, VA was granted limited authority to establish a pilot program to institute civil action against small debtors. The debtor locator service, as well as Internal Revenue Service (IRS) address information, will be used to locate debtors who owe less than $600. VA is seeking legislation to permit redisclosure of IRS address information. This proposal is pending Office of Management and Budget (OMB) clearance.

VA also has legislation pending before the Congress to permit redisclosure of address and other information in order to obtain credit information on debtors and, when appropriate, to disclose to consumer reporting agencies the existence of poor credit experience of specific veterans who have refused all efforts to settle debts owed the VA.

A recent review of VA's centralized debt collection program showed that our demand letters are assertive and presented timely in accordance with government-wide standards. The letters contain all necessary information.

The VA did not concur with the portion of the recommendation regarding assessment of interest. Pursuant to the revised Federal Claims Collection Standards (General Accounting Office - Department of Justice), the VA has reevaluated its position on the charging of interest. A VA General Counsel letter was submitted to the Comptroller General, seeking advice regarding the legal applicability of 4 C.F.R. 102.11 to the VA's direct benefit programs. The final decision regarding charging interest on delinquent education overpayment indebtedness is awaiting GAO's response to our inquiry.

The vast majority of VA's demand letters and the collection process are automated in the Centralized Accounts Receivable System. The VA continually reviews the collection process and the remaining accounts receivable will be automated when feasible.

BUDGET IMPLICATIONS:

Implementation of these recommendations will require major systems changes. To the extent that these actions will result in improvements in debt collection, added funds will be returned to the Department of the Treasury.

7. THE VA HEALTH MANPOWER ASSISTANCE PROGRAM: GOALS, PROGRESS, AND SHORTCOMINGS (HRD-79-8, March 16, 1979):

RECOMMENDATIONS:

GAO recommended the Congress not extend VA's authority to provide funds for health manpower development under Public Law 92-541. Regardless of the actions taken by the Congress, GAO recommends the Administrator of Veterans Affairs direct the Chief Medical Director to:

--insure that grant applications are not approved for funding until assurances have been received that all grant conditions and requirements have been fully satisfied;

--allocate sufficient staff and funds to the program so that it can be effectively administered and managed;

--establish a comprehensive evaluation system to (1) assess the effectiveness of grantees in achieving program objectives, (2) determine compliance with grant conditions, and (3) verify information submitted on required financial and progress reports; (Periodic onsite visits should be an integral part of the evaluation system.)

--establish definitive program objectives and criteria by which to measure each program's effectiveness and, specifically, the extent to which each affects the grantee and the affiliated VA hospital; and

--establish a reporting system encouraging grantees to keep records on the number of eligible veterans applying for, participating in, and graduating from VA-assisted training programs. This information should be included in VA's annual report to the Congress.

ACTION TAKEN:

Insofar as the Congress had not extended VA's authority to provide funds for health manpower development under Public Law 92-541, no new applications have been accepted since July 1977 and no new grants awarded since October 1977. Public Law 96-151 provided a September 30, 1979 termination date for VA's authority to enter into new agreements under Chapter 82 to assist in establishing new State medical schools, and extended through Fiscal Year 1982 the appropriation authority to provide grants to institutions training physicians and other health personnel.

Many of the originally approved and funded grants will not expire until Fiscal Year (FY) 1982; the remaining few expire in FY 1983. The 18-member Manpower Grants Service was disbanded in April 1979 and the responsibility for administering the grant programs was assigned to other appropriate units within the Office of Academic Affairs.

All grants were made on the program-period concept. Projects were approved for periods of from two to seven years, with each year's funding contingent upon adequate progress, measured against the proposal upon which the award decision was made.

The Office of Academic Affairs has issued to each grantee two detailed documents--"Standard Grant Conditions and Procedures," and "Grants Administration Handbook"--which serve as guides to the conditions under which the funds may be expended and as general operating rules covering the conduct of funded activities.

The Office of Audit has requested audits of 69 grants which account for 91 percent of the total grant funds awarded. To date, 41 audit reports on 29 grants (totalling $33,487,000) have been received.

Each funding application included a detailed plan for carrying out the general objectives of the legislation, including specific goals and objectives for measuring program accomplishments, and a line-item budget related specifically to the conduct of the proposed program.

Progress is followed by annual reports. Compliance with grant conditions is determined by these reports and additional information, such as achieving (or maintaining) academic accreditation of supported educational programs, numbers of graduates, success of the graduates in achieving practice credentials, and job placement.

The extent of the effect on the affiliated VA hospital will be measurable only in relative terms. Closer affiliation with medical and other health professions schools and the greater number of health professions graduates available for recruitment create opportunities for expanding the scope, pace and quality of patient services in VA facilities. Long range effects can and will be studied under the Department of Medicine and Surgery Affiliation Assessment Study.

The Office of Academic Affairs continues to work with all grantees on the reporting system. We now have records on veteran enrollments in all years, in all grant-supported programs. We have not, however, had consistent success in obtaining the same information on the total health manpower programs offered by the grantee institutions, particularly in major academic health centers and large community and junior colleges.

BUDGET IMPLICATIONS:

None.

8. HEALTH EFFECTS OF EXPOSURE TO HERBICIDE ORANGE IN SOUTH VIETNAM SHOULD BE RESOLVED (CED-79-22, April 6, 1979):

RECOMMENDATIONS:

GAO recommends that the Administrator of Veterans Affairs provide guidance to assure that

--in evaluating herbicide related claims, regional offices obtain all military record information pertaining to a veteran's possible exposure to herbicides in Vietnam, and

--all veterans submitting such claims to VA regional offices are encouraged to contact VA health care facilities.

ACTION TAKEN:

As of December 3, 1979, 843 claims for compensation had been received from veterans alleging current disabilities caused by exposure to Herbicide Orange in Vietnam. The VA is obtaining military record information pertaining to their possible exposure to chemical herbicides in Vietnam. The Department of Veterans Benefits (DVB) has received information from the Department of Defense (DoD) concerning herbicide chemical spraying missions and plans to use this information to verify a veteran's presence in an area in which an herbicide chemical spraying mission was conducted.

As early as October 17, 1978, all DVB field stations were reminded of the examination procedures outlined in VA Circular 10-78-219. Veterans Services Division personnel were requested to advise each veteran alleging an Herbicide Orange related disease of the hospital examination and treatment program. In addition, DVB Circular 21-79-6, issued April 25, 1979, requires VA employees who adjudicate claims to notify veterans claiming an herbicide chemical related disease of the hospital examination and treatment program available at the nearest VA Medical Center.

BUDGET IMPLICATIONS:

None; patients are being treated under the Medical Care appropriation with existing staff and resources.

9. GRANT AUDITING: A MAZE OF INCONSISTENCY, GAPS AND DUPLICATION THAT NEEDS OVERHAUL (FGMSD-79-37, June 15, 1979):

RECOMMENDATIONS:

GAO recommends that the heads of Federal Departments and Agencies administering grants

--establish procedures to insure that grantees under their cognizance have required audits that include steps necessary to satisfy Federal as well as their own needs;

--assure that their auditors make maximum use of audits arranged by non-Federal agencies and only do whatever additional audit work may be necessary to see that grant funds are spent for the intended purpose and are otherwise safeguarded; and

--assure continuous liaison with non-Federal audit staffs with common interest to minimize the amount of audit effort required and to learn of problem areas.

ACTION TAKEN:

The procedures suggested in the first recommendation were already established within the VA before this GAO report was issued. The majority of VA's manpower grants to educational institutions are audited by the Department of Health, Education and Welfare (HEW), which has audit cognizance. A few VA grants fall under the audit cognizance of the Department of the Interior and the Defense Contract Audit Agency. All of the VA State Home construction grants are audited by the VA's Inspector General, from both the financial and compliance standpoints.

As far as VA is concerned, the other recommendations refer primarily to HEW, although there was one instance in which the VA requested or conducted additional audit work to verify that grant funds were properly expended.

BUDGET IMPLICATIONS:

None.

10. THE VETERANS ADMINISTRATION'S GRADUATE MEDICAL EDUCATION (RESIDENCY) PROGRAM (HRD-79-86, June 22, 1979):

RECOMMENDATIONS:

GAO recommends that the Administrator of Veterans Affairs direct the Chief Medical Director to

--revise existing regulations to clearly define VA central office and medical center responsibilities for resident training that insure accountability and control by VA medical centers;

--consider eliminating the use of the educational detail provision for affiliated and associated residency programs;

--establish an effective monitoring and reporting system to assure that VA medical centers administer their resident training programs consistently and VA receives an equitable amount of resident services in return for salaries paid; and

--take corrective action, as needed, at those medical centers where VA regulations on residency training programs are being inconsistently applied.

ACTION TAKEN:

Revisions to MP-5 and clearer language for M-8 have been drafted and will be submitted for clearance within the Agency. Circular 10-79-278, issued November 30, 1979, replaced Circular 10-76-203. These issuances will clarify the regulations. These actions will also implement the third recommendation.

After carefully considering eliminating the use of the educational detail authority, we have decided not to eliminate it, but modify it to prevent misuse.

The October 1978 survey, conducted under Circular 10-78-246, showed VA medical centers (VAMC) had been flexibly interpreting--although not necessarily improperly--the regulations to meet program needs. When the new regulations have been issued, corrective action will be taken at any VAMC found to be in non-compliance.

BUDGET IMPLICATIONS:

None.

11. THE VETERANS ADMINISTRATION'S OUTREACH EFFORTS FOR INCARCERATED VETERANS (HRD-79-97, June 29, 1979):

RECOMMENDATIONS:

GAO recommends that the Administrator of Veterans Affairs direct VA regional offices to:

--identify the number and location of incarcerated veterans within their jurisdictions and target their efforts to reach the greatest possible number;

--provide appropriate supervision of VA representatives conducting the outreach effort; and

--identify the various non-VA groups visiting prisons to counsel on veterans' benefits, and coordinate with these groups. To assure that correct information is relayed to veterans, counselors from these groups should be briefed and their literature reviewed by VA.

GAO also recommends the Administrator of Veterans Affairs direct that:

--guidelines be revised to provide for briefing to probation and parole officers and appropriate organizations;

--copies of the VA brochure developed specifically for incarcerated veterans be mailed periodically to every Federal, State, and major local penal facility; and

--reporting on this outreach effort be improved to provide more relevant information and to permit evaluations of the effort at both the regional and national levels.

ACTION TAKEN:

The bureau of Census, Department of Commerce, is the collection agent for the Law Enforcement Assistance Administration (LEAA), Department of Justice, and is currently completing Form NPS-25, "Survey of Inmates of State Correctional Facilities-National Prisoner Statistics." There is no fixed date for receipt of the final report from LEAA but information concerning the number and location of incarcerated veterans will be provided the VA.

The VA did not concur in the recommendation that supervision be provided for VA representatives conducting the outreach effort in prisons since it would not be cost-effective to have a supervisor travel to a prison to observe a counselor perform a function he or she does continually in other environments.

However, VA explored this recommendation further to determine if onsite supervision would enhance employee effectiveness in a prison environment. As a result, supervisory evaluation of Veterans Benefits Counselor interviews with incarcerated veterans will be tested by a sample of fifteen field stations during the second or third quarters of Fiscal Year 1980 to determine the feasibility of requiring such activity.

Over a year ago VA began to identify the various non-VA groups who visit prisons to counsel on veterans' benefits. We sought assurance that correct information was being relayed to the veterans. Progress continues and VA is prepared to brief any group active in this area and also to review its literature for accuracy. VA regional offices have been urged to establish good rapport with these groups at the local level.

VA is engaged in a major information dissemination project under the auspices of the American Correctional Association. In accordance with existing guidelines, the Law Enforcement Assistance Administration, the National Institute of Correction, the Bureau of Prisons, and the American Correctional Association have been briefed. To date, 9,218 VA brochures, "Inside...Outside," have been distributed. This brochure was developed specifically for incarcerated veterans and copies have been mailed to Federal, State, and major local penal facilities.

The reporting of outreach activities will be improved by changes now being made in the Automated Management Information System.

BUDGET IMPLICATIONS:

In view of very tight budget constraints, it is unlikely that resources will be available to provide additional supervisory personnel.

12. CIVIL AGENCIES CAN DO A BETTER JOB OF NEGOTIATING NONCOMPETITIVE CONTRACTS PRICED OVER $100,000 (PSAD-79-93, August 21, 1979):

RECOMMENDATIONS:

GAO recommends the Secretaries and Administrators of the Agencies reviewed

--coordinate with the Administrator of General Services to obtain guidelines for determining completeness of cost or pricing data, and additional guidance on price negotiation concepts, procedures, and practices. In the interim, they should direct their agencies to follow guidelines currently used by the Defense Department (Armed Services Procurement Manual No. 1);

--take action to ensure that contract negotiators are properly trained in negotiating noncompetive contracts; and

--take action to ensure implementation of and compliance with effective management controls.

ACTION TAKEN:

Representatives of the VA will contact the General Services Administration during January, 1980 to obtain guidelines for determining completeness of cost or pricing data, and additional guidance on price negotiation concepts, procedures, and practices.

VA's contract negotiators are well trained in contract negotiation techniques. Forty-three persons were trained in Fiscal Year 1979.

Effective management controls exist in the VA. Noncompetitive contracts in excess of $100,000 are reviewed by the Department of Medicine and Surgery Supply Service, the General Counsel, and the Inspector General's External Audit Staff. These reviews are conducted to assure technical and legal sufficiency.

BUDGET IMPLICATIONS:

None.

13. STRONGER PROCUREMENT CONTROLS IN THE FAR EAST WOULD MINIMIZE FRAUD AND ABUSE (PSAD-80-2, November 7, 1979):

RECOMMENDATION:

In view of the better control possible through more centralized control of procurement, GAO recommends that the Administrator of Veterans Affairs transfer procurement authority from the VA Regional Office in Manila, Philippines, to the American Embassy.

ACTION TAKEN:

The VA is willing to consider this recommendation; however, there are several areas that need to be addressed before a decision can be made to transfer procurement authority from the VA to the American Embassy.

Since the VA is authorized under subchapter IV, section 631, title 38, United States Code, to assist the Republic of the Philippines in providing medical care and treatment to certain of their veterans and the new Philippine Scouts, a determination needs to be made as to what effect this statutory and program authority would have on implementing this recommendation.

Consideration should also be given to what authority, if any, should remain in the VA Manila Regional Office to meet emergency or other extraordinary situations.

Cost data needs to be developed to show whether it would, in fact, cost less to transfer the procurement function to the Embassy. Also, GAO criticized embassies, including the American Embassy in Manila, for procurement deficiencies. Before transferring functions, VA would need assurance that the deficiencies have been corrected and the transfer would result in improvement rather than merely a relocation.

VA believes that unless GAO has additional detailed information which was not incorporated in their report, a VA/State Department study should be initiated to determine (1) the appropriate extent of transferring the function, (2) the measures needed to assure substantial improvements in procurement practices, (3) the resources involved in a transfer of function, and (4) the implementing fiscal and supply procedures required. All this information is needed before it can be determined if the recommended transfer of function is the appropriate solution to procurement deficiencies at the Manila Regional Office.

BUDGET IMPLICATIONS:

Unknown at this time.

59-500 O - 80 - 59

PART 21. SPECIAL ANALYSES - AGENCYWIDE

Contents

Appropriation Structure 21-2

VA Facilities By Type 21-4

New Veterans Legislation (1st Session - 96th Congress) 21-9

Average Employment, 1972 - 1981 21-15

Budget Authority, 1972 - 1981 21-16

Budget Outlays, 1972 - 1981 21-18

Selected Workloads, 1972 - 1981 21-20

Veterans Population, 1972 - 1981 21-22

APPROPRIATION STRUCTURE

The Veterans Administration programs are funded through 15 appropriations, 10 revolving funds, an intragovernmental fund and 5 trust funds. These appropriations and funds are listed below with a brief description of the scope of the account:

Appropriations

COMPENSATION: Provides for compensation payments to service-connected disabled veterans and their survivors.

PENSIONS: Provides for pension payments to war-time veterans and their survivors.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE: Provides burial and other benefits to veterans and their survivors.

READJUSTMENT BENEFITS: Education and training, special assistance to disabled veterans.

VETERANS INSURANCE AND INDEMNITIES: Payments for Servicemen's Indemnity, National Service Life Insurance, United States Government Life Insurance, and Service-Disabled Veterans Insurance.

MEDICAL CARE: Provides for hospitalization, nursing home and domiciliary care in VA facilities, outpatient care, contract care, and grants for State home care.

MEDICAL AND PROSTHETIC RESEARCH: Medical research and rehabilitative and health services research and development activities.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES: Central Office executive direction of all medical programs, medical personnel education and training, and the exchange of medical information program.

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS: Health manpower training assistance through grants to medical schools and other affiliated health manpower training institutions and expansion of VA hospital education and training capacity.

GENERAL OPERATING EXPENSES: Staff Offices, Office of Data Management and Telecommunications, Department of Veterans Benefits and Department of Memorial Affairs.

CONSTRUCTION, MAJOR PROJECTS: For constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is $3,000,000 or more or where funds for a project were made available in a previous major project appropriation.

CONSTRUCTION, MINOR PROJECTS: For constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $3,000,000. Also included is the cost of the Office of the Assistant Administrator for Construction.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES: Grants to assist States in construction of State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home, and domiciliary facilities in State homes.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES: Grants for medical and treatment of Philippine Veterans, including nursing home care, health service personnel training, and hospital equipment, plant and facility rehabilitation.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES: Grants to aid States in establishing, expanding, or improving State veterans' cemeteries.

Revolving Funds

CONSTRUCTION AND OPERATION OF GARAGE AND PARKING FACILITIES FUND: Established by P.L. 96-72, approved September 30, 1979, to provide a mechanism for collecting funds from employees to operate medical employee parking facilities.

LOAN GUARANTY REVOLVING FUND: Established July 1, 1961 to fund the non-administrative expenses incident to the management, operation and sale of properties acquired when veteran borrowers fail to keep up their payments on VA guaranteed or insured loans. Revenue is derived principally from the sale of loans.

DIRECT LOAN REVOLVING FUND: Direct loans are made to veterans for the purchase, construction or improvement of homes in specified geographical areas where VA guaranteed mortgage loans from private lenders cannot be secured.

CANTEEN SERVICE REVOLVING FUND: Established in 1946 to fund program to furnish merchandise and services to veterans in VA hospitals, nursing homes and domiciliaries.

SERVICE-DISABLED VETERANS INSURANCE FUND: Finances claim payments on non-participating policies issued to service-disabled veterans who served in the Armed Forces after April 25, 1951. Insures medically sub-standard veterans. Claim payments exceed premium receipts each year. Funds are derived from premiums and Veterans Insurance and Indemnities appropriation.

VETERANS REOPENED INSURANCE FUND: Established in 1965 as financing mechanism for a program authorizing reopening of National Service Life Insurance for one year, for certain disabled veterans of World War II and the Korean Conflict.

EDUCATION LOAN FUND: Established December 3, 1974 to provide education loans of up to $2,500 a school year for certain post-Korean veterans and certain dependents who are without sufficient funds to meet their expenses. This fund is financed by transfers from the Readjustment Benefits appropriation and from collection of fees, principal and interest on loans.

VOCATIONAL REHABILITATION REVOLVING FUND: Loans are made up to $200 to disabled veterans eligible for vocational rehabilitation who are without sufficient funds to meet their expenses. Payments are used to make new loans.

SERVICEMEN'S GROUP LIFE INSURANCE FUND: Established in 1965 as the financing mechanism to provide Group Life Insurance to members of the uniformed forces on active duty and certain members of the Reserves. Premiums, including the cost of administration, are deducted monthly from the Servicemen's pay and remitted by each uniformed service to the VA and in turn to the primary insurer. The government contributes toward the military extra hazard cost by paying for all death claims over a certain maximum as defined by law.

SPCEIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND: Established October 21, 1976 to provide a mechanism for the furnishing of remunerative rehabilitative services to certain veterans who are receiving medical care and treatment from the Veterans Administration. The fund is self-sustaining.

Intragovernmental Funds

SUPPLY REVOLVING FUND: A self-sustaining revolving fund. Finances, on a reimbursable basis, the procurement of supplies and equipment throughout the VA and other government agencies; operation of three Supply Depots; and the VA publications program.

Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT: Consists of voluntary contributions by eligible servicepersons, VA matching contributions and Department of Defense contributions on behalf of specific servicepersons. The account serves as a depository and disbursing account for the contributory-matching education program which provides educational assistance payments to participants who entered the service on or after January 1, 1977 and are pursuing training under chapter 32 (38 U.S.C.).

GENERAL POST FUND: Consists of gifts, bequests, and proceeds of property left in the care of VA facilities by former beneficiaries, and proceeds from effects of such beneficiaries who die leaving no heirs or without having otherwise disposed of their estates. Such funds are used to promote the comfort and welfare of veterans at hospitals and homes where no general appropriation is available.

NATIONAL SERVICE LIFE INSURANCE FUND: Started in 1940 as financing mechanism for World War II insurance. Closed to new issues in 1951. Income derived from premiums, interest and transfers from Veterans Insurance and Indemnities appropriation.

UNITED STATES GOVERNMENT LIFE INSURANCE FUND: Started 1919 as financing mechanism for converted insurance issued under War Risk Insurance Act of 9/2/14, as amended. Closed to new issues April 1951. Income derived from premiums, interest on investments and transfers from Veterans Insurance and Indemnities appropriation.

VETERANS SPECIAL LIFE INSURANCE FUND: Finances the payment of claims for the insurance program authorized for insurable veterans who served after April 1951 and before January 1, 1957. Income is derived from premiums and interest on investments.

VA FACILITIES BY TYPE

(December 31, 1979)

CENTRAL OFFICE (1)
Washington, D.C.

FOREIGN OFFICES (1)
Manila, Philippines

MARKETING CENTER (1)
Hines, Ill.

INSURANCE CENTERS (2)
Philadelphia, Pa.
St. Paul, Minn.

PROSTHETIC CENTER (1)
New York, N.Y.

CANTEEN SERVICE FIELD OFFICES (5)
Atlanta, Ga.
New York, N.Y.
San Francisco, Calif.
St. Louis, Mo.
Washington, D.C.

RECORDS PROCESSING CENTER (1)
St. Louis, Mo.

SUPPLY DEPOTS (3)
Bell, Calif.
Hines, Ill.
Somerville, N.J.

DATA PROCESSING CENTERS (6)
Austin, Texas
Hines, Ill.
Los Angeles, Calif.
Philadelphia, Pa.
St. Paul, Minn.
Washington, D.C.

MEDICAL CENTERS W/DOMICILIARIES (15)

Bath, N.Y.
Bay Pines, Fla.
Biloxi, Miss.
Bonham, Texas
Dayton, Ohio
Dublin, Ga.
Hampton, Va.
Hot Springs, S. D.
Leavenworth, Kans.
Los Angeles, Calif. (Wadsworth)
Martinsburg, W. Va.
Mountain Home, Tenn.
Prescott, Ariz.
Temple, Texas
Wood, Wisc.

DOMICILIARY (1)
White City, Oregon

VA OFFICES–DVB (17)

Albany, N.Y.
Anchorage, Alaska
Cincinnati, Ohio
Columbus, Ohio
Dallas, Texas
Jacksonville, Florida
Kansas City, Mo.
Lubbock, Texas
Miami, Florida
Oklahoma City, Okla.
Portland, Maine
Rochester, N.Y.
San Antonio, Texas
Shreveport, La.
Springfield, Mass.
Syracuse, N.Y.
Wilkes-Barre, Pa.

REGIONAL OFFICES (58)

ALABAMA
Montgomery

ALASKA
Juneau

ARIZONA
Phoenix

ARKANSAS
Little Rock

CALIFORNIA
Los Angeles
San Diego
San Francisco

COLORADO
Denver

CONNECTICUT
Hartford

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
St. Petersburg

GEORGIA
Atlanta

HAWAII
Honolulu

IDAHO
Boise

ILLINOIS
Chicago

INDIANA
Indianapolis

IOWA
Des Moines

KANSAS
Wichita

KENTUCKY
Louisville

LOUISIANA
New Orleans

MAINE
Togus

MARYLAND
Baltimore

MASSACHUSETTS
Boston

MICHIGAN
Detroit

MINNESOTA
St. Paul

MISSISSIPPI
Jackson

MISSOURI
St. Louis

MONTANA
Fort Harrison

NEBRASKA
Lincoln

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
Newark

NEW MEXICO
Albuquerque

NEW YORK
Buffalo
New York

NORTH CAROLINA
Winston-Salem

NORTH DAKOTA
Fargo

OHIO
Cleveland

OKLAHOMA
Muskogee

OREGON
Portland

PENNSYLVANIA
Philadelphia
Pittsburgh

RHODE ISLAND
Providence

SOUTH CAROLINA
Columbia

SOUTH DAKOTA
Sioux Falls

TENNESSEE
Nashville

TEXAS
Houston
Waco

UTAH
Salt Lake City

VERMONT
White River Jct.

VIRGINIA
Roanoke

WASHINGTON
Seattle

WEST VIRGINIA
Huntington

REGIONAL OFFICES (58)—Continued

WISCONSIN
Milwaukee

WYOMING
Cheyenne

PHILIPPINES
Manila

PUERTO RICO
San Juan

VA MEDICAL CENTERS (172)

ALABAMA
Birmingham
Montgomery
Tuscaloosa
Tuskegee

ARIZONA
Phoenix
Prescott
Tucson

ARKANSAS
Fayetteville
Little Rock (Little Rock)
Little Rock (North Little Rock)

CALIFORNIA
Fresno
Livermore
Loma Linda
Long Beach
Los Angeles (Brentwood)
Los Angeles (Wadsworth)
Martinez
Palo Alto (Menlo Park)
Palo Alto (Palo Alto)
San Diego
San Francisco
Sepulveda

COLORADO
Denver
Fort Lyon
Grand Junction

CONNECTICUT
Newington
West Haven

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
Bay Pines
Gainesville
Lake City
Miami
Tampa

GEORGIA
Atlanta
Augusta (Forest Hills)
Augusta (Lenwood)
Dublin

IDAHO
Boise

ILLINOIS
Chicago (Lakeside)
Chicago (West Side)
Danville
Hines
Marion
North Chicago

INDIANA
Fort Wayne
Indianapolis (Cold Springs Road)
Indianapolis (Tenth Street)
Marion

IOWA
Des Moines
Iowa City
Knoxville

KANSAS
Leavenworth
Topeka
Wichita

KENTUCKY
Lexington (Cooper Drive)
Lexington (Leestown)
Louisville

LOUISIANA
Alexandria
New Orleans
Shreveport

MAINE
Togus

MARYLAND
Baltimore
Fort Howard
Perry Point

MASSACHUSETTS
Bedford
Boston
Brockton
Northampton
West Roxbury

MICHIGAN
Allen Park
Ann Arbor
Battle Creek
Iron Mountain
Saginaw

MINNESOTA
Minneapolis
St. Cloud

MISSISSIPPI
Biloxi (Biloxi)
Biloxi (Gulfport)
Jackson

MISSOURI
Columbia
Kansas City
Poplar Bluff
St. Louis (Jefferson Barracks)
St. Louis (John Cochran)

MONTANA
Fort Harrison
Miles City

NEBRASKA
Grand Island
Lincoln
Omaha

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
East Orange
Lyons

NEW MEXICO
Albuquerque

NEW YORK
Albany
Batavia
Bath
Bronx
Brooklyn
Brooklyn (St. Albans)
Buffalo
Canandaigua
Castle Point
Montrose
New York
Northport
Syracuse

NORTH CAROLINA
Asheville
Durham
Fayetteville
Salisbury

NORTH DAKOTA
Fargo

OHIO
Chillicothe
Cincinnati
Cleveland (Brecksville)
Cleveland (Wade Park)
Dayton

OKLAHOMA
Muskogee
Oklahoma City

OREGON
Portland
Roseburg

PENNSYLVANIA
Altoona
Butler
Coatesville
Erie
Lebanon
Philadelphia
Pittsburgh (Aspinwall)
Pittsburgh (Highland Drive)
Pittsburgh (Pittsburgh)
Wilkes-Barre

PUERTO RICO
San Juan

RHODE ISLAND
Providence

SOUTH CAROLINA
Charleston
Columbia

SOUTH DAKOTA
Fort Meade
Hot Springs
Sioux Falls

TENNESSEE
Memphis
Mountain Home
Murfreesboro
Nashville

TEXAS
Amarillo
Big Spring
Bonham
Dallas
Houston
Kerrville
Marlin
San Antonio
Temple
Waco

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Hampton
Richmond
Salem

WASHINGTON
American Lake, (Tacoma)
Seattle
Spokane
Vancouver
Walla Walla

WEST VIRGINIA
Beckley
Clarksburg
Huntington
Martinsburg

WISCONSIN
Madison
Tomah
Wood

WYOMING
Cheyenne
Sheridan

PUERTO RICO
San Juan

VA OUTPATIENT CLINICS (220)

ALABAMA
Birmingham
Mobile (sub-station)
Montgomery
Tuscaloosa
Tuskegee

ALASKA
Juneau

ARIZONA
Phoenix
Prescott
Tucson

ARKANSAS
Fayetteville
Little Rock (2)

CALIFORNIA
Fresno
Livermore
Loma Linda
Long Beach
Los Angeles (3)
Martinez
Oakland (sub-station)
Palo Alto (2)
Sacramento (sub-station)
San Diego (2)
San Francisco
Sepulveda

COLORADO
Denver
Fort Lyon
Grand Junction

CONNECTICUT
Newington
West Haven

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
Bay Pines
Gainesville
Jacksonville (sub-station)
Lake City
Miami
Orlando (sub-station)
Riviera Beach (sub-station)
St. Petersburg
Tampa

GEORGIA
Atlanta
Augusta (2)
Dublin

HAWAII
Honolulu

IDAHO
Boise

ILLINOIS
Chicago (2)
Danville
Hines
Marion
North Chicago

INDIANA
Evansville (sub-station)
Fort Wayne
Indianapolis (2)
Marion

IOWA
Des Moines
Iowa City
Knoxville

KANSAS
Leavenworth
Topeka
Wichita

KENTUCKY
Lexington (2)
Louisville

LOUISIANA
Alexandria
New Orleans
Shreveport

MAINE
Togus

MARYLAND
Baltimore (2)
Fort Howard
Perry Point

MASSACHUSETTS
Bedford
Boston (2)
Brockton
Lowell (sub-station)
New Bedford (sub-station)
Northampton
Springfield (sub-station)
West Roxbury
Worchester (sub-station)

MICHIGAN
Allen Park
Ann Arbor
Battle Creek
Grand Rapids (sub-station)
Iron Mountain
Saginaw

MINNESOTA
Minneapolis
St. Cloud
St. Paul

MISSISSIPPI
Biloxi (2)
Jackson

MISSOURI
Columbia
Kansas City
Poplar Bluff
St. Louis (2)

MONTANA
Fort Harrison
Miles City

NEBRASKA
Grand Island
Lincoln
Omaha

NEVADA
Las Vegas (sub-station)
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
East Orange
Lyons
Newark

NEW MEXICO
Albuquerque

NEW YORK
Albany
Batavia
Bath
Bronx
Brooklyn (3)
Buffalo
Canandaigua
Castle Point
Montrose
New York (2)
Northport
Rochester (sub-station)
Syracuse

NORTH CAROLINA
Asheville
Durham
Fayetteville
Salisbury
Winston-Salem

NORTH DAKOTA
Fargo

OHIO
Chillicothe
Cincinnati
Cleveland (2)
Columbus (2) (1-sub-station)
Dayton

OKLAHOMA
Muskogee
Oklahoma City

OREGON
Portland (2)
Roseburg
White City

PENNSYLVANIA
Altoona
Butler
Coatesville
Erie
Harrisburg (sub-station)
Lebanon
Philadelphia (2)
Pittsburgh (4)
Wilkes-Barre

RHODE ISLAND
Providence

SOUTH CAROLINA
Charleston
Columbia
Greenville (sub-station)

SOUTH DAKOTA
Fort Meade
Hot Springs
Sioux Falls

TENNESSEE
Chattanooga (sub-station)
Knoxville (sub-station)
Memphis
Mountain Home
Murfreesboro
Nashville

TEXAS
Amarillo
Beaumont
Big Spring
Bonham
Corpus Christi (sub-station)
Dallas
El Paso
Houston
Kerrville
Lubbock
Marlin
McAllen (sub-station)
San Antonio (2)
Temple
Waco (2)

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Hampton
Richmond
Salem

WASHINGTON
American Lake (Tacoma)
Seattle (2)
Spokane
Vancouver
Walla Walla

WEST VIRGINIA
Beckley
Clarksburg
Huntington
Martinsburg
Wheeling (sub-station)

WISCONSIN
Madison
Tomah
Wood

WYOMING
Cheyenne
Sheridan

PHILIPPINES
Manila

PUERTO RICO
Mayaguez (sub-station)
Ponce (sub-station)
San Juan

US VETERANS ASSISTANCE CENTERS(72)

ALABAMA
Montgomery

ALASKA
Anchorage

ARIZONA
Phoenix

ARKANSAS
Little Rock

CALIFORNIA
Compton
Los Angeles (2)
San Diego
San Francisco

COLORADO
Denver

CONNECTICUT
Hartford

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
Jacksonville
Miami
St. Petersburg

GEORGIA
Atlanta

HAWAII
Honolulu

IDAHO
Boise

ILLINOIS
Chicago

INDIANA
Indianapolis

IOWA
Des Moines

KANSAS
Wichita

KENTUCKY
Louisville

LOUISIANA
New Orleans

MAINE
Togus

MARYLAND
Baltimore

MASSACHUSETTS
Boston

MICHIGAN
Detroit

MINNESOTA
St. Paul

MISSISSIPPI
Jackson

MISSOURI
Kansas City
St. Louis

MONTANA
Fort Harrison

NEBRASKA
Lincoln

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
Newark

NEW MEXICO
Albuquerque

NEW YORK
Albany
Buffalo
New York
Rochester
Syracuse

NORTH CAROLINA
Winston-Salem

NORTH DAKOTA
Fargo

OHIO
Cincinnati
Cleveland
Columbus

OKLAHOMA
Muskogee
Oklahoma City

OREGON
Portland

PENNSYLVANIA
Philadelphia
Pittsburgh
Wilkes-Barre

RHODE ISLAND
Providence

SOUTH CAROLINA
Columbia

SOUTH DAKOTA
Sioux Falls

TENNESSEE
Nashville

TEXAS
Dallas
Houston
Lubbock
San Antonio
Waco

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Roanoke

WASHINGTON
Seattle

WEST VIRGINIA
Huntington

WISCONSIN
Milwaukee

WYOMING
Cheyenne

PUERTO RICO
San Juan

NURSING BED CARE UNITS (91)

ALABAMA
Tuscaloosa
Tuskegee

ARIZONA
Phoenix
Tucson

ARKANSAS
Little Rock
(North Little Rock)

CALIFORNIA
Loma Linda
Long Beach
Palo Alto (Menlo Park)
San Diego
Sepulveda

COLORADO
Fort Lyon
Grand Junction

CONNECTICUT
West Haven

FLORIDA
Bay Pines
Lake City
Miami

GEORGIA
Augusta (Lenwood)
Dublin

ILLINOIS
Danville
North Chicago

INDIANA
Fort Wayne
Indianapolis
(Cold Spr. Rd.)
Marion

IOWA
Knoxville

KANSAS
Leavenworth
Topeka

KENTUCKY
Lexington
(Leestown)
Ft. Thomas

LOUISIANA
Alexandria

MAINE
Togus

MARYLAND
Fort Howard
Perry Point

MASSACHUSETTS
Bedford
Brockton
Northampton

MICHIGAN
Allen Park
Battle Creek
Iron Mountain

MINNESOTA
St. Cloud

MISSISSIPPI
Biloxi (Biloxi)
Jackson

MISSOURI
Columbia
Poplar Bluff
St. Louis
(Jefferson Barracks)

MONTANA
Miles City

NEBRASKA
Grand Island

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
East Orange
Lyons

NEW MEXICO
Albuquerque

NEW YORK
Albany
Bath
Brooklyn
(St. Albans)
Buffalo
Canandaigua
Castle Point
Montrose
Syracuse

NORTH CAROLINA
Asheville
Fayetteville
Salisbury

NORTH DAKOTA
Fargo

OHIO
Chillicothe
Cleveland
(Brecksville)
Dayton

OREGON
Roseburg

PENNSYLVANIA
Altoona
Butler
Coatesville
Erie
Lebanon
Pittsburgh
(Aspinwall)

SOUTH CAROLINA
Columbia

SOUTH DAKOTA
Sioux Falls

TENNESSEE
Mountain Home
Murfreesboro

TEXAS
Big Spring
Bonham
Houston
Kerrville
Waco

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Hampton
Salem

WASHINGTON
American Lake (Tacoma)

WEST VIRGINIA
Beckley

WISCONSIN
Tomah
Wood

WYOMING
Cheyenne

NATIONAL CEMETERY AREA OFFICES (3)

CALIFORNIA
San Francisco

GEORGIA
Atlanta

PENNSYLVANIA
Philadelphia

VA NATIONAL CEMETERIES (107)

ALABAMA
Mobile

ALASKA
Sitka

ARIZONA
Prescott

ARKANSAS
Fayetteville
Fort Smith
Little Rock

CALIFORNIA
Los Angeles
Riverside
San Bruno
San Diego
San Francisco

COLORADO
Denver
Fort Lyon

FLORIDA
Bay Pines
Pensacola
St. Augustine

GEORGIA
Marietta

HAWAII
Honolulu

ILLINOIS
Alton
Danville
Mound City
Quincy
Rock Island
Springfield

INDIANA
Indianapolis
Marion
New Albany

IOWA
Keokuk

KANSAS
Fort Leavenworth
Fort Scott
Leavenworth

KENTUCKY
Danville
Lebanon
Lexington
Louisville (2)
Nancy
Nicholasville
Perryville

LOUISIANA
Baton Rouge
Pineville
Zachary

MAINE
Togus

MARYLAND
Annapolis
Baltimore (2)

MASSACHUSETTS
Bourne

MINNESOTA
St. Paul

MISSISSIPPI
Biloxi
Corinth
Natchez

MISSOURI
Jefferson City
St. Louis
Springfield

NEBRASKA
Maxwell

NEW JERSEY
Beverly
Salem

NEW MEXICO
Fort Bayard
Santa Fe

NEW YORK
Bath
Brooklyn
Calverton
Elmira
Farmingdale, L.I.

NORTH CAROLINA
New Bern
Raleigh
Salisbury
Wilmington

OHIO
Dayton

OKLAHOMA
Fort Gibson

OREGON
Portland
Roseburg
White City

PENNSYLVANIA
Annville
Philadelphia

PUERTO RICO
Bayamon

SOUTH CAROLINA
Beaufort
Florence

SOUTH DAKOTA
Fort Meade
Hot Springs
Sturgis

TENNESSEE
Chattanooga
Knoxville
Madison
Memphis
Mountain Home

TEXAS
Fort Bliss
Houston
Kerrville
San Antonio (2)

VIRGINIA
Alexandria
Culpeper
Danville
Hampton (2)
Hopewell
Leesburg
Mechanicsville
Richmond (3)
Sandston
Staunton
Winchester

WEST VIRGINIA
Grafton

WISCONSIN
Wood

New Veterans Legislation
1st Session - 96th Congress

Pub. L. No. 96-22 (S. 7) Veterans Health Care Amendments of 1979

TITLE I Health Services Programs

This title includes an amendment to 38 U.S.C. §612(i) which modifies the statutory hierarchy of outpatient priorities to include medical examinations for the purpose of establishing eligibility for disability compensation or service-connected health-care services within the third priority for outpatient care.

This title also amends section 612(b) to authorize unlimited outpatient dental services and treatment to POW's (held for 6 months or more) and to 100% service-connected disabled veterans. Section 102 of this law further amends 38 U.S.C. §612(b) to limit VA expenditures for outpatient fee-basis dental care to the amount expended in FY 78. If and when VA dental care expenditures exceed the FY 78 level, the Administrator is required to notify and provide justification to the House and Senate Veterans Affairs Committees. This measure also amends section 610(c) to authorize nonservice-connected dental care for veterans hospitalized by the VA only (1) to the extent that VA dental facilities are not being used to furnish outpatient dental care, (2) the dental problem is associated with or aggravating a disability for which the veteran is receiving hospital care, or (3) a compelling medical reason or dental emergency requires that such care be furnished.

Section 103 of Pub. L. No. 96-22 adds a new section 612A to title 38 U.S.C. to authorize readjustment counseling and related mental health services to Vietnam-era veterans based on a determination by a physician or a psychologist that such service is necessary to facilitate the veterans readjustment.

This section authorizes the VA to furnish readjustment counseling (including a general mental and psychological assessment) to any veteran who served on active duty at any time during the Vietnam-era and who requests such counseling within two years after discharge or release or within two years after October 1, 1979, whichever is later. If, on the basis of the general assessment, a physician or psychologist determined that mental health services were necessary to help the veteran successfully readjust to civilian life, the services can be furnished on an outpatient basis for up to twelve months. If essential to the veteran's readjustment, counseling and related mental health services can also be provided to members of the veteran's immediate family or certain designated persons. This measure authorizes the Administrator to furnish readjustment counseling and related mental health services on a contract basis when VA facilities cannot provide economical care because of geographical inaccessibility or are not capable of furnishing the care or services required. Contracting under this new authority will require approval of the quality and effectiveness of a facility's program under criteria prescribed by regulations.

The provision also requires the Administrator to assist ineligible applicants to obtain non-VA mental health care and, when pertinent, advice regarding an application for review of an individual's discharge or release from service. The measure provides the Chief Medical Director authority to train appropriate personnel to implement the program and to use volunteers, veteran-students, and paraprofessionals during application and screening.

Section 104 of this law adds a new section 620A to title 38 to authorize a 5-year pilot alcohol and drug dependence treatment program. Under this program, the Administrator is authorized to contract for alcohol and drug treatment for veterans in halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities to the extent or in such amount as provided in future appropriation Acts. Existing law authorizes the VA to contract for post-hospital halfway house care only for veterans with service-connected disabilities. This law authorizes the VA to contract for community-based care whether or not the veteran's disability was service-connected. Another provision of this section underscores the Administrator's role, together with the Department of Labor and Office of Personnel Management, in maximizing employment opportunities for rehabilitated veterans treated under the new section 620A. Section 104 makes provision for the transfer to a VA facility of any member of the military with an alcohol dependency or a drug abuse disability within the last 30 days of a tour of duty. Provision is also made for referral services for ineligible applicants.

Section 105 provides for a five-year preventive health care services pilot program. It authorizes preventive health care services for any veteran with a service-connected disability rated at 50 percent or more and for veterans receiving care and treatment involving a service-connected disability. Preventive health care services are expansively defined in this section, and the Administrator is further authorized to furnish such services as he deems feasible and appropriate. This new authority overcomes the present statutory provision limiting VA health care providers to the treatment of already existing disease or disability. Other provisions authorize controls and follow-up studies, includ-

Pub. L. No. 96-22 (S. 7) Veterans Health Care Amendments of 1979 (Cont'd)

ing research, to determine the medical advantages and cost-effectiveness of furnishing preventive health care; direct the Administrator to emphasize the use of interdisciplinary health care teams composed of various professional and paraprofessional personnel; and set a first year limit of $10 million, $12 million in FY 81, $13 million in FY 82, $14 million in FY 83, and $15 million in FY 84.

Section 106 adds a new section 634 to 38 USC to provide hospital and nursing home care and medical services within the U.S. for Philippine Army veterans or new Philippine Scouts for treatment of service-connected disabilities.

TITLE II Contract - Care Programs

Section 201 expands the scope of fee basis authority to include the provision of medical services for the treatment of a veteran in receipt of regular aid and attendance or housebound benefits (or who but for the receipt of retired pay would receive such benefits) where the Administrator has determined that the veteran's medical condition precludes appropriate treatment in a VA facility or other available Government facilities. The requisite medical determination will be based upon the findings of a reasonably current VA examination, or "in areas where no such physician is available" by a physician under a contract or fee arrangement. Authority was previously contained in the law under which fee basis care could be provided to this class of veterans, but was inadvertently eliminated as a "technical" amendment by the enactment of Public Law 94-581. This section also clarifies the law to specifically authorize the furnishing of diagnostic services through private facilities where necessary in order for the VA either to determine a veteran's eligibility for treatment of a nonservice-connected disability at an independent VA outpatient clinic on the grounds that the treatment would obviate the need for hospital admission, or to determine the appropriate course of treatment in such cases. The provision also requires the VA periodically, to review individual contract or fee basis arrangements under section 601(4)(C) to determine the need for continuing the contractual arrangement.

Section 202 amends 38 U.S.C. §611 to authorize emergency VA medical services to the extent provided in appropriation acts on a reimbursable basis at national conventions of veterans organizations. Emergency care at those sessions will be available without charge to veterans otherwise eligible for VA medical services.

TITLE III Construction, Alteration, Lease and Acquisition of Medical Facilities

A major feature of this section gives the House and Senate Committees on Veterans' Affairs a greatly expanded role in planning and approving the funding for major VA medical facilities. The law states that no appropriation shall be made for construction, alteration, or acquisition of any medical facility costing more than $2 million or for leasing at an annual rental exceeding $500,000 without the two committees having adopted a resolution approving the project. To obtain the Committees' approval for a proposed project the Administrator must submit to the Committees a "prospectus" for the facility, which includes a detailed description of the project, and cost estimates. If funds were not appropriated for a facility within one year after approval, either Committee will be able to rescind approval, by resolution, before an appropriation is made. Once approval is obtained, the Administrator will be permitted to increase by up to 10%, over the amount specified in approval resolutions construction, acquisition or leasing costs; greater increases will be subject to committee approval.

The VA is also required to submit two annual reports to the Committees, a June 30 report--containing a five-year plan for construction, replacement, and alteration of the most needed new or replacement medical facilities, a priority listing of the ten or more hospitals most needed, and general plans for each medical facility--and a January status report of all approved but uncompleted facilities. Section 301 also requires that the committees be notified in advance of any proposed reprogramming of funds. In addition, the measure establishes and authorizes appropriations for a revolving fund for garage and parking construction projects involving expenditures of $2 million or less at VA medical facilities.

TITLE IV Benefits Payable to Persons Residing Outside the U.S.

Title IV amends 38 U.S.C. §101 to redefine the word "child" to impose stricter statutory guidelines with respect to the recognition of adopted children. Section 101(4) of title 38 requires that an adopted child, for purposes of VA benefit payments, be under age 18 at the time of adoption, be receiving one-half or more of such child's annual support from the veteran, be residing with the veteran except in certain specified circumstances, and not be residing with the child's natural parent unless that parent is the veteran's spouse. For a person to be considered the child of a deceased veteran, such an adoptive parent must have received a dependent's allowance or similar benefit for the child at any time during the year of the veteran's death, or the above requirements must have been met for at least one year prior to the veteran's death.

Pub. L. 96-22 (S. 7) Veterans Health Care Amendments of 1979 (Cont'd)

TITLE V Miscellaneous Provisions

Section 501 of this law amends section 4108 of title 38 to authorize senior medical investigators and other IM&S officers and employees who are nationally recognized principal investigators in medical research to accept travel and subsistence expenses from non-Federal agencies, organizations, and individuals in connection with their attendance at meetings, the performance of advisory services, or the acceptance of significant awards concerned with VA functions or activities. Payments in cash or in kind, as approved, can be retained to cover the incurred costs of travel or deposited to the credit of the appropriation from which the cost of travel is paid.

Other provisions of this section (1) provide for Presidential nomination and Senate confirmation of the Deputy Administrator of Veterans Affairs; (2) amend 38 U.S.C. § 230 to repeal the outdated authority for the nonexisting VA regional office in Europe; (3) amend 38 U.S.C. §235 relating to benefits to VA employees who are U.S. citizens stationed at overseas offices; and (4) update 38 U.S.C. §4107 to reflect the October 7, 1978 Federal pay raise in the salary schedules of the Department of Medicine and Surgery.

Pub. L. No. 96-22 requires the Administrator to make the following studies or reports:

a) Section 101 - report to the House and Senate Veterans' Affairs Committees not later than March 31, 1983, on recommendations and findings with respect to the operation through September 30, 1982, of a pilot program to provide treatment and rehabilitation of veterans' alcohol or drug dependence or abuse disabilities on community-based facilities.

b) Section 105 - to include in the VA's annual report a comprehensive report including recommendations on the administration of the preventive health care pilot program;

c) Section 201 - an annual report beginning February 1, 1980, on implementation of the provision for contract care outside the 48 contiguous states and D.C. and on the average cost and duration of treatment for all veterans provided contract treatment under chapter 17 of title 38;

d) Section 301 - report due September 1, 1979, and annually thereafter on June 30, including (1) a 5-year plan for those facilities most in need of construction, replacement, or alteration; (2) a priority listing of 10 or more hospitals most in need of construction or replacement; and (3) general plans for each such medical facility;

e) Section 301 - an annual report beginning January 31, 1981, describing the status of each facility approved under the new section 38 U.S.C. §5004(a), but uncompleted;

f) Section 402 - study of benefits payable under 38 U.S.C. to persons residing outside the 50 states and D.C. in conjunction with the study required by Pub. L. 95-488. Report due to Congress February 1, 1980; and

g) Section 505 - report to the Veterans' Affairs Committees by October 1, 1979, on the needs of veterans who are totally blind from service-connected causes, for home modification costing more than the $2500 maximum provided in 38 U.S.C. § 612(a), and on the reasons why veterans have not applied for such benefits under that provision.

Pub. L. No. 96-128 (H.R. 2282) Veterans' & Survivors' Benefits Adjustment Act of 1979

Title I Veterans' Disability Compensation Benefits

This title amends chapter 11 of title 38 to provide a 9.9 percent increase in the monthly rates of service-connected disability compensation and in the annual clothing allowance.

The law also provides certain severely disabled veterans eligibility for the aid and attendance allowance authorized under section 314(r) of 38 USC.

Pub. L. No. 96-128 (H.R. 2282) Veterans' & Survivors' Benefits Adjustment Act of 1979 (Cont'd)

Title II Survivors' DIC Benefits

Title II provides a 9.9% cost-of-living increase in the dependency and indemnity compensation rates authorized under chapter 13 of title 38 for surviving spouses and children. These benefits are provided for surviving spouses and children of veterans whose deaths are service-connected. The increase also applies to those surviving spouses and children receiving benefits under section 410(b) of 38 USC for certain totally service-connected disabled veterans whose deaths were not service-connected.

Title III Modification of Certain Veterans' Life Insurance Program Provisions

Title III includes provisions initiated by the VA dealing with Government Life Insurance Programs.

Basically, this title will:

(1) Permit unrestricted assignment by beneficiaries of insurance proceeds of policies administered by the VA in cases with contesting claimants;

(2) Authorize payment of dividends on policies of Veterans Reopened Insurance, issued pursuant to 38 U.S.C. § 725;

(3) Permit payment of interest at flexible rates on proceeds paid on National Service Life Insurance and United States Government Life Insurance policies in certain settlement options;

(4) Payment of dividends on World War II veterans reopened insurance policies; and

(5) Higher monthly payments to payees of matured World War II National Service Life Insurance and World War I U.S. Government Life Insurance.

Title IV Exemption of VA Home Loans From State Anti-Usury Provisions

This title amends chapter 37 of title 38 to exempt VA-guaranteed and VA-insured home loans from State anti-usury laws and constitutional provisions. Whenever an FHA-Insured loan is exempted from a State anti-usury provision by a provision of the National Housing Act, or any other Federal Law, VA loans will also be exempted.

Title V Miscellaneous Provisions

Section 501 corrects minor technical errors in sections 611, 612A, 620A, 663, and 5005 of title 38 resulting from the recent enactment of Pub. L. No. 96-22, the Veterans Health Care Amendments of 1979.

Section 502 requires the National Institute of Occupational Safety and Health (NIOSH) to coordinate Federal assistance in locating individuals who may have been exposed to occupational hazards during military service. To accomplish this, the law authorizes the NIOSH to request from the Internal Revenue Service current mailing addresses of persons the VA certifies may have been exposed to health hazards while serving in the Armed Forces. The purpose of this requirement is to enable those individuals to be contacted in order to determine the status of their health, advise them that they may need medical care or treatment, and inform them of benefits to which they may be entitled because of exposure to such occupational hazards.

Pub. L. No. 96-151 (H.R. 3892)(S.1039) Veterans Health Programs Extension and Improvement Act of 1979

TITLE I: Extension and Improvement of Certain Expiring Veterans Administration Health Programs

This title revises and extends the authorization of appropriations for the program of matching-fund construction grants for State veterans' home facilities and for the exchange of medical information (EMI) program. It also increases per diem rates by 15% for State veterans' home care. Pertinent provisions of Title I include: (1) extension of the

TITLE I: Extension and Improvement of Certain Expiring Veterans Administration Health Programs (Cont'd)

authorization for annual appropriations at the present level of $15 million for the program of matching grants to the States for construction, remodeling, or renovation of State veterans' homes, hospital, nursing home and domiciliary facilities through fiscal years 1980, and such sums as may be necessary for FYs 1981 and 1982; (2) authorization for the Administrator of Veterans' Affairs to enter into agreements at the current $4 million level under the EMI program through FY 1982 with public or nonprofit private institutions, organizations, corporations, or entities in order to participate in cooperative health-care personnel education programs within the geographical areas of VA health-care facilities where no major academic health centers are located; (3) provision for the increase of per diem payments to State veterans' homes from $5.50 to $6.35 for domiciliary care, from $10.50 to $12.10 for nursing care, and from $11.50 to $13.25 for hospital care; (4) extension, through FY 1982, of the authorizations of appropriations for the Administrator to provide grants to physicians and other health personnel training institutions at levels of $15 million for FY 1980; $25 million for FY 1981; and $30 million for FY 1982; and (5) termination of the Administrator's authority to enter into agreements to assist in the establishment of new State medical schools, as of September 30, 1979.

TITLE II: Modification of Veterans Health Care and Related Benefits

This title amends title 38 to revise, clarify, limit and expand various health-care benefits for veterans, and assures that savings provided under certain revisions of health-care benefits are used to maintain adequate staffing within DM&S. Pertinent provisions in Title II will:

1. Allow the Administrator to promulgate regulations for evaluating the ability of certain individuals to defray the cost of travel (previously an individual's ability was based on an annual declaration and certification), exempting from any such determination, in addition to the current exceptions with respect to veterans receiving VA benefits for, or in connection with, service-connected disability, those persons meeting the applicable income standards for VA pensions eligibility under 38 U.S.C. § 521.

2. Require, prior to the furnishing of fee-basis dental care to a veteran at a cost of more than $500 in any 12-month period, a determination by the Administrator, based on the results of an examination by a VA dentist, that the furnishing of such treatment at such cost is reasonably necessary.

3. Clarify that veterans who, as a result of nonservice-connected disability, are in need of regular aid and attendance or are housebound are eligible for home health services, up to a maximum of $600.

4. Provide that the surviving spouse of a person whose death during active-duty service was the result of service-connected causes would be eligible for benefits under the civilian health and medical program of the Veterans' Administration (CHAMPVA) if such surviving spouse had remarried and the subsequent marriage had been terminated (by death, divorce, or annulment).

5. Provide that a CHAMPVA-eligible child between the ages of 18 and 23 who is pursuing full-time study at an approved educational institution and who suffers a mental or physical disability that prevents the child from continuing his or her studies would remain eligible for benefits (a) until 6 months after the mental or physical condition is no longer so disabling, (b) until 2 years after the date of onset of the disability, or (c) until the student's 23rd birthday, whichever comes first.

6. Authorize outpatient medical care for veterans of World War I and the Mexican border period on the same basis as such care is currently available under 38 U.S.C. § 612(g) for veterans who are housebound or in need of regular aid and attendance.

TITLE III: Veterans Administration Medical Personnel Amendments and Miscellaneous Provisions

This title revises certain requirements pertaining to DM&S personnel and expands the Administrator's authority to enter into sharing agreements. In particular, the provisions of this title will: (1) specify that psychologists are among those health professionals who may be appointed to Civil Service positions in DM&S and establish qualification standards for such appointments; (2) add a U.S. citizenship requirement for appointment of podiatrists and optometrists in DM&S; (3) shorten the probationary period

TITLE III: Veterans Administration Medical Personnel Amendments and Miscellaneous Provisions (Cont'd)

for DM&S personnel from three years to two years; (4) extend the Administrator's authority to enter into sharing agreements to include agreements between VA facilities and blood banks, organ banks and similar institutions; and (5) require that membership of the Special Medical Advisory Group (SMAG) include a disabled veteran and that a report on SMAG's activities be submitted to the Congress and the Administrator on a annual basis.

Section 307 of the law mandates that the VA conduct an epidemiological study of persons who, while serving in the military during the Vietnam conflict, were exposed to any of the class of chemicals known as "dioxins", produced during the manufacture of the various phenoxy herbicides (including "Agent Orange") to determine if they have suffered any long-term, adverse health effects from such exposure.

AVERAGE EMPLOYMENT
FY 1972 - FY 1981

ACCOUNT	ACTUAL								ESTIMATE	
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
General operating expenses:										
General administration	1,614	1,962	1,942	1,981	2,032	2,101	2,271	2,392	2,397	2,409
Office of data management and telecommunications	1,641	1,572	1,583	1,695	1,829	1,860	2,027	2,077	1,937	2,005
Department of veterans benefits	17,265	17,478	17,154	19,716	20,154	19,545	18,745	18,076	17,509	16,930
Department of memorial affairs	...	...	759	1,043	1,114	1,124	1,137	1,143	1,165	1,186
Total general operating expenses	20,520	21,012	21,438	24,435	25,129	24,630	24,180	23,688	23,008	22,530
Medical programs:										
Medical care	144,488	152,267	156,966	163,813	171,701	176,142	184,258	181,088	184,622	184,672
Medical and prosthetic research	3,546	3,807	3,873	4,232	4,262	4,333	4,367	4,416	4,418	4,418
Medical administration and miscellaneous operating expenses	656	772	713	748	770	788	777	781	812	838
Canteen service revolving fund	2,940	2,975	3,060	3,169	3,334	3,429	3,495	3,529	3,604	3,604
Supply fund	607	606	635	660	668	674	671	680	696	696
Consolidated working fund	34	49	46	53	64	61	53	...	...	...
Total medical programs	152,271	160,476	165,293	172,675	180,799	185,427	193,621	190,494	194,152	194,228
Construction programs:										
Construction of hospital and domiciliary facilities	492	23	...	...	...	...	...	...	...	...
Construction, minor projects	...	442	476	542	625	654	716	744	781	874
Total construction programs	492	465	476	542	625	654	716	744	781	874
Total Veterans Administration	173,283	181,953	187,207	197,652	206,553	210,711	218,517	214,926	217,941	217,632

Note: Includes proposed legislation in FY 1981 as follows: Department of veterans benefits ..... -49

BUDGET AUTHORITY
FY 1972 - FY 1981
(Thousands of Dollars)

Appropriation/Fund Account	Actual								Estimate	
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Federal funds:										
General operating expenses	291,113	319,513	349,809	432,028	483,300	525,633	581,850	631,675	626,099	645,175
Benefit programs:										
Compensation and pensions	6,248,000	6,433,000	6,743,800	7,539,400	8,249,200	8,982,500	9,636,400	...	...	...
Compensation	...	...	...	...	...	...	...	6,909,452	7,337,300	7,508,000
Pensions	...	...	...	...	...	...	...	3,554,848	3,733,500	4,073,700
Burial benefits and miscellaneous assistance	...	...	...	...	...	...	...	178,545	185,700	191,000
Readjustment benefits	1,888,700	2,707,400	3,353,000	4,476,229	6,014,475	3,983,900	2,617,778	2,509,555	2,278,535	1,822,308
Veterans insurance and indemnities	6,500	4,400	...	8,750	6,600	7,000	3,712	5,750	5,400	1,360
Grants for the construction of State veterans cemeteries	...	...	...	...	...	...	...	...	5,000	5,000
Payment of participation sales insuffiencies	1,291	499	261	...	...	...	...	...	...	...
Loan guaranty revolving fund	4,638	4,501	4,139	1,828	...	...	...	...	...	...
Education loan fund	...	...	...	74,509	...	...	17,200	...	...	...
Vocational rehabilitation revolving fund	...	...	...	97	100	...	...	...	...	...
Total benefit programs	8,149,129	9,149,800	10,101,200	12,100,813	14,270,375	12,973,400	12,275,090	13,158,150	13,545,435	13,601,368
Medical programs:										
Medical care	2,299,326	2,606,080	2,859,076	3,317,520	3,854,456	4,373,807	4,924,649	5,374,374	5,854,970	6,154,802
Medical and prosthetic research	69,907	77,988	76,142	91,377	97,309	104,533	111,053	122,847	126,447	134,810
Medical administration and miscellaneous operating expenses	22,531	28,737	33,950	37,508	38,528	39,941	43,316	47,058	48,705	56,407
Grants for construction of State extended care facilities	8,000	6,000	...	9,700	10,000	10,000	15,000	10,000	7,500	15,000
Grants to the Republic of the Philippines	2,100	2,000	2,000	2,050	2,100	2,100	1,700	500	1,350	1,200
Assistance for health manpower training institutions	...	20,000	25,000	10,000	30,000	45,045	53,411	104,905	...	...
Supply fund	...	...	...	...	29,001	...	20,000	...	...	...
Total medical programs	2,401,864	2,740,805	2,996,168	3,468,155	4,061,394	4,575,426	5,169,129	5,659,684	6,038,972	6,362,219
Construction programs:										
Construction of hospital and domiciliary facilities	93,622	...	...	...	...	...	...	...	...	...
Construction, major projects	...	125,993	68,343	251,127	297,464	405,681	393,689	365,560	320,492	519,354
Construction, minor projects	...	55,000	42,218	51,894	106,426	92,791	95,234	86,345	74,029	140,454
Total construction programs	93,622	180,993	110,561	303,021	403,890	498,472	488,923	451,905	394,521	659,808
Total appropriations (adjusted)	10,935,727	12,391,111	13,557,738	16,304,017	19,218,959	18,572,931	18,514,992	19,901,414	20,605,027	21,268,570

BUDGET AUTHORITY
FY 1972 - FY 1981
(Thousands of Dollars)

Table Continued

Appropriation/Fund Account	Actual								Estimate	
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Federal funds (Continued):										
Proposed legislation:										
Compensation and pensions	...	...	...	...	...	...	...	...	...	923,100
Readjustment benefits	...	...	...	...	...	...	...	...	...	192,520
Medical care	...	...	...	...	...	...	...	...	...	- 31,913
General operating expenses	...	...	...	...	...	...	...	...	...	- 845
Vocational rehabilitation revolving fund	...	...	...	...	...	...	...	...	...	350
Proprietary receipts from the public	...	...	...	...	...	...	...	...	-45,240	- 321,316
Total proposed legislation	...	...	...	...	...	...	...	...	-45,240	761,896
Contract authority (permanent, indefinite):										
Supply fund	30,865	2,475	10,576	20,000	...	...	...	...	...	...
Deduct: Proprietary receipts from the public	-2,159	-1,996	-2,081	-2,145	-1,549	-679	-3,138	- 3,821	- 2,715	- 2,715
Total federal funds	10,964,434	12,391,591	13,566,233	16,321,872	19,217,410	18,572,252	18,511,854	19,897,593	20,557,072	22,027,751
Trust funds:										
Post-Vietnam era veterans education account	...	...	...	...	...	3,321	31,736	70,788	98,800	114,200
General post fund	3,394	3,700	3,854	4,001	4,808	5,497	6,305	6,460	6,700	7,000
National service life insurance	772,790	798,035	808,432	835,070	851,629	912,821	939,727	982,543	1,029,128	1,060,193
U.S. Government life insurance	40,293	39,066	38,444	37,678	37,687	37,402	36,153	38,310	35,910	34,304
Total trust funds (gross)	816,477	840,801	850,730	876,751	894,123	959,041	1,013,920	1,098,101	1,170,538	1,215,697
Deduct: Proprietary receipts from the public	-486,744	-494,660	-475,337	-471,778	-458,042	-486,982	-512,960	- 526,328	- 552,335	- 552,359
Total trust funds (net)	329,734	346,141	375,393	404,973	436,081	472,059	500,960	571,773	618,203	663,338
Deduct: Intragovernmental transactions	-2,484	-2,428	-2,183	-2,101	-2,140	-2,148	-2,472	- 2,369	- 4,048	- 7,048
Total Veterans Administration	11,291,684	12,735,303	13,939,443	16,724,744	19,651,351	19,042,164	19,010,342	20,466,997	21,171,227	22,684,041

BUDGET OUTLAYS
FY 1972 - FY 1981

(Thousands of Dollars)

	Actual								Estimate	
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Federal funds:										
General operating expenses	283,851	314,496	336,976	444,566	475,699	510,265	558,082	603,295	638,101	643,576
Benefit programs:										
Compensation and pensions	6,143,544	6,544,234	6,633,219	7,580,708	8,178,323	8,999,596	9,572,817	...	...	...
Compensation	...	...	...	...	...	...	...	6,743,320	7,410,800	7,471,000
Pensions	...	...	...	...	...	...	...	3,521,725	3,712,500	4,031,600
Burial benefits and miscellaneous assistance	...	...	...	...	...	...	...	176,881	184,600	190,000
Readjustment benefits	1,917,509	2,751,481	3,248,899	4,591,079	5,526,562	3,700,004	3,361,716	2,810,812	2,305,550	1,837,308
Veterans insurance and indemnities	14,040	10,248	3,468	9,055	6,146	7,922	3,459	4,421	4,150	4,500
Grants for the construction of State cemeteries	...	...	...	...	...	...	...	...	2,000	5,000
Loan guaranty revolving fund	-54,057	-148,783	64,602	71,555	-21,794	660	80,236	207,112	- 31,625	-195,000
Direct loan revolving fund	-245,838	-241,122	-99,388	-41,447	-43,027	-138,723	-38,990	-65,358	-175,000	-107,000
Service-disabled veterans insurance fund	-4,807	-1,560	5,150	-1,161	999	-1,509	2,119	893	...	...
Soldiers' and sailors' civil relief	6	-1	2	...	...	...	...	...	...	...
Veterans reopened insurance fund	-31,399	-32,652	-31,748	-32,387	-34,372	-27,227	-28,624	-27,900	-19,709	-11,551
Education loan fund	...	...	...	1,402	4,950	13,320	34,593	6,367	5,600	3,800
Vocational rehabilitation revolving fund	4	152	37	86	-90	64	-1	23	-20	-15
Servicemen's group life insurance fund	-11,363	11,363	-2,623	2,624	...	...	-464	464	...	...
Total benefit programs	7,727,638	8,893,361	9,821,619	12,181,513	13,617,697	12,554,107	12,986,861	13,378,760	13,398,846	13,229,642
Medical programs:										
Medical care	2,228,900	2,512,316	2,789,001	3,405,059	3,694,959	4,290,617	4,809,318	5,159,544	5,926,085	6,101,087
Medical and prosthetic research	66,463	74,054	77,696	93,196	93,559	104,460	111,747	117,270	126,309	134,810
Medical administration and miscellaneous operating expenses	20,973	24,885	29,847	36,187	35,655	38,668	41,645	42,621	48,689	56,448
Grants for construction of State extended care facilites	1,831	2,580	3,653	3,441	9,313	7,828	6,900	14,303	10,056	10,163
Grants to the Republic of the Philippines	1,999	1,766	1,999	1,975	1,796	2,045	1,770	187	1,350	1,200
Assistance for health manpower training institutions	...	...	...	5,937	22,680	31,109	39,533	40,672	49,502	49,529
Canteen service revolving fund	-1,367	-1,672	-3,441	-304	-48	1,114	-2,788	-3,250	-1,018	-143
Rental, maintenance and repair of quarters	-4	17	-8	...	...	...	...	...	...	...
Special therapeutic and rehabilitation activities fund	...	...	...	...	...	-76	-161	-164	-253	-255
Supply fund	-1,146	-1,403	-7,585	-17,929	74,521	7,820	43	-7,596	9,000	...
Consolidated working fund	-144	3	-134	-573	-738	297	-250	3	...	...
Total medical programs	2,317,504	2,612,546	2,891,028	3,526,989	3,931,697	4,483,882	5,007,758	5,363,580	6,169,720	6,352,839

BUDGET OUTLAYS
FY 1972 - FY 1981
(Thousands of Dollars)

Table Continued

Appropriation/Fund Account	Actual								Estimate	
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Federal funds (Continued):										
Construction programs:										
Construction of hospital and domiciliary facilities	105,106	71,121	34,927	12,728	5,832	...	...	...	...	...
Construction, major projects	...	14,014	41,170	67,913	138,705	168,402	161,930	150,232	151,079	263,021
Construction, minor projects	...	10,674	27,621	38,251	43,101	65,438	81,332	86,265	112,870	107,696
Construction, Corregidor-Bataan Memorial	...	38	...	...	...	...	...	...	...	...
Total construction programs	105,106	95,846	103,718	118,893	187,638	238,841	243,262	236,497	263,949	370,717
Total appropriations and funds	10,434,100	11,916,248	13,153,342	16,271,961	18,212,731	17,782,094	18,795,962	19,582,143	20,470,616	20,596,774
Proposed legislation:										
Compensation	...	...	...	...	...	...	...	...	...	846,200
Readjustment benefits	...	...	...	...	...	...	...	...	...	192,520
Medical care	...	...	...	...	...	...	...	...	...	-31,913
General operating expenses	...	...	...	...	...	...	...	...	...	-845
Vocational rehabilitation revolving fund	...	...	...	...	...	...	...	...	...	274
Proprietary receipts from the public	...	...	...	...	...	...	...	...	-45,240	-321,316
Total proposed legislation	...	...	...	...	...	...	...	...	-45,240	684,920
Deduct: Proprietary receipts from the public	-2,159	-1,996	-2,081	-2,145	-1,549	-679	-3,138	-3,821	-2,715	-2,715
Total federal funds	10,431,941	11,914,252	13,151,261	16,269,816	18,211,182	17,781,415	18,792,824	19,578,322	20,422,661	21,278,979
Trust funds:										
Post-Vietnam era veterans education account	...	...	...	...	...	...	10	13,815	13,450	23,450
General post fund	2,576	3,153	3,611	3,873	4,519	4,375	5,032	5,547	6,000	6,300
National service life insurance	720,074	518,896	622,883	730,760	633,013	697,602	667,762	785,393	803,000	931,000
U.S. Government life insurance	81,213	66,253	77,727	85,695	71,297	71,105	66,973	70,841	68,700	63,600
Veterans special life insurance	-36,108	-37,313	-41,090	-41,257	-44,994	-46,016	-55,015	-38,049	-46,000	-47,000
Total trust funds (gross)	767,755	550,988	663,132	779,071	663,835	727,067	684,761	837,547	845,150	977,350
Deduct: Proprietary receipts from the public	-486,744	-494,660	-475,337	-471,778	-458,042	-486,982	-512,960	-526,328	-552,335	-552,359
Total trust funds (net)	281,011	56,329	187,795	307,293	205,793	240,085	171,800	311,219	292,815	424,991
Deduct: Intragovernmental transactions	-2,484	-2,428	-2,183	-2,101	-2,140	-2,148	-2,472	-2,369	-4,048	-7,048
Total Veterans Administration	10,710,469	11,968,152	13,336,873	16,575,008	18,414,835	18,019,353	18,962,152	19,887,172	20,711,428	21,696,922

SELECTED WORKLOADS — (Existing Legislation)
FY 1972 - FY 1981

	ACTUAL								ESTIMATE	
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Benefit programs:										
Compensation and pensions:										
Average number of cases (000's)	4,854	4,912	4,889	4,853	4,859	4,894	4,906	4,842	4,799	4,789
Compensation - Veterans	2,166	2,192	2,207	2,214	2,225	2,241	2,254	2,262	2,272	2,285
Compensation - Survivors	374	375	372	370	368	366	363	361	360	360
Pensions - Veterans	1,079	1,072	1,043	1,018	1,006	1,017	1,021	997	984	980
Pensions - Survivors	1,234	1,272	1,266	1,251	1,260	1,270	1,268	1,222	1,183	1,164
Burial benefits:										
Number of burial allowances	300,460	308,793	296,884	334,832	312,487	313,223	320,839	313,651	320,000	325,000
Number of burial flags	256,102	258,368	264,441	270,011	291,564	279,645	286,152	296,117	300,000	305,000
Number of burial plot allowances	...	...	169,873	285,941	284,074	285,549	293,939	283,454	290,000	295,000
Headstone/Marker orders placed	...	...	222,360	243,032	229,334	230,520	218,655	...	...	...
Number of interments	...	...	31,367	37,776	38,632	37,013	36,744	...	...	...
Readjustment benefits:										
Number of trainees (000's)	1,960	2,223	2,462	2,804	2,951	2,079	1,661	1,411	1,174	954
Post-Korean conflict veterans	1,864	2,126	2,359	2,692	2,822	1,938	1,522	1,279	1,040	817
Sons and daughters	55	58	63	71	81	88	88	86	83	80
Wives and widows	10	11	13	16	19	19	19	17	17	16
Vocational rehabilitation	32	30	27	25	29	33	31	29	28	26
Post-Vietnam trainees	...	...	...	...	...	...	...	...	6	15
Educational loans granted	...	...	...	2,740	9,207	14,282	28,932	...	...	...
Loan guaranty revolving fund:										
Number of guaranteed or insured loans closed	359,010	365,132	311,260	290,195	327,133	383,163	380,472	364,578	367,950	362,850
Post-Korean conflict veterans and all other	290,157	299,001	269,114	250,578	273,461	339,711	346,365	334,736	335,050	334,300
Korean conflict veterans	19,891	18,323	12,374	12,228	14,109	14,807	13,947	12,075	12,100	11,100
World War II veterans	34,111	35,500	27,839	27,389	39,563	23,183	20,160	17,767	17,000	16,000
Direct loans sold with a guarantee	14,851	12,308	1,933	...	...	5,462	...	...	3,800	1,450
Direct loan revolving fund:										
Number of direct loans closed	3,245	2,930	2,608	2,665	2,782	2,686	1,830	1,419	1,830	1,830
Insurance programs (000's)										
Insurance policies in force	8,983	8,749	8,565	8,367	8,186	8,127	7,985	7,819	7,678	7,596
Veterans	5,365	5,280	5,196	5,103	5,007	4,886	4,792	4,681	4,578	4,496
Servicemen	3,618	3,469	3,369	3,264	3,179	3,241	3,193	3,138	3,100	3,100

SELECTED WORKLOADS — (Existing Legislation)
FY 1972 - FY 1981

	ACTUAL								ESTIMATE	
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Medical programs:										
Inpatient workloads:										
Hospital care (VA and Non VA):										
Admissions	795,156	932,481	991,473	1,069,757	1,136,285	1,170,563	1,193,246	1,195,098	1,198,872	1,201,411
A.D.P.C.	83,822	84,556	83,534	82,253	80,519	77,671	75,390	71,983	70,676	69,561
Patients treated	878,718	1,014,894	1,072,125	1,149,444	1,214,981	1,249,011	1,266,651	1,265,712	1,269,731	1,271,296
Nursing home care (VA and Non VA):										
Admissions	18,038	19,326	21,471	19,823	24,730	27,468	27,823	28,540	29,151	30,528
A.D.P.C.	12,765	14,328	15,308	17,101	17,883	19,279	20,422	21,089	22,011	22,737
Patients treated	29,593	32,789	36,251	40,113	42,192	45,307	47,741	49,372	50,954	52,883
Domiciliary care (VA and Non VA):										
Admissions A.D.P.C.	17,094	17,459	15,558	14,478	14,134	12,998	12,382	12,278	13,196	13,154
A.D.P.C.	17,324	16,286	15,584	15,030	14,652	14,214	13,957	13,744	13,059	13,051
Members treated	35,878	34,793	32,374	30,550	29,952	28,455	27,772	27,077	26,255	26,205
Outpatient workloads:										
Medical visits (000's)	9,527	10,858	12,268	14,630	16,410	16,956	17,416	17,262	17,985	18,005
Staff	7,930	9,165	10,458	12,596	14,221	14,675	15,070	15,053	15,615	15,706
Fee	1,597	1,693	1,809	2,034	2,187	2,281	2,347	2,209	2,370	2,299
Dental:										
Staff										
Examinations	142,919	114,199	79,674	85,802	93,230	107,987	127,278	128,195	131,000	131,000
Treatments	125,260	82,916	79,498	83,670	94,097	100,305	127,167	134,769	135,000	135,000
Fee cases authorized	...	...	156,467	130,891	121,956	107,265	89,440	67,749	58,800	56,648
CHAMPVA:										
Hospital average census	...	...	15	295	464	440	480	492	432	453
Outpatient fee visits	...	...	4,034	89,115	178,414	160,586	182,000	179,000	134,378	141,195

VETERAN POPULATION
End of Fiscal Period
(in thousands)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Spanish-American War	3	2	1	1	1	---	---	---	---	---
World War I	1,291	1,184	1,075	963	857	748	657	594	515	448
World War II	14,122	13,955	13,759	13,586	13,385	13,104	12,902	12,674	12,402	12,166
Korean Conflict - Total	5,908	5,936	5,958	5,973	5,954	5,919	5,897	5,856	5,814	5,763
No WW II Service 1/	4,649	4,675	4,703	4,723	4,716	4,701	4,683	4,679	4,648	4,617
WW II Service 1/	1,259	1,261	1,255	1,250	1,238	1,218	1,204	1,187	1,166	1,146
Between Korean Conflict and Vietnam Era	3,113	3,106	3,099	3,092	3,085	3,075	3,068	3,059	3,048	3,038
Vietnam Era - Total	5,976	6,557	7,088	7,597	8,027	8,474	8,734	8,910	8,932	8,958
No Korean Conflict Service	5,626	6,151	6,628	7,094	7,510	7,944	8,195	8,363	8,389	8,430
Korean Conflict Service 2/	350	405	460	503	517	530	539	547	543	538
Post-Vietnam Era	...	...	...	...	43	272	459	703	1,100	1,455
TOTAL VETERANS	28,804	29,073	29,255	29,459	29,507	29,844	29,984	30,072	30,103	30,114

1/ Included in WW II Total. 2/ Included in Korean Conflict Total. *Less than 0.5 (thousand).

VOLUME IV FY 1981 CONGRESSIONAL BUDGET
Supplemental Proposals, FY 1980

Contents

PART 22. SUMMARY OF SUPPLEMENTAL REQUIREMENTS 22-1

PART 23. COMPENSATION 23-1

PART 24. GENERAL OPERATING EXPENSES 24-1

PART 25. CONSTRUCTION, MAJOR PROJECTS 25-1

PART 26. CONSTRUCTION, MINOR PROJECTS 26-1

PART 27. PAY RAISE REQUIREMENTS 27-1

PART 22. SUMMARY OF SUPPLEMENTAL REQUIREMENTS

Fiscal Year 1980 Supplemental Appropriation Proposals

PROGRAM SUPPLEMENTALS - SECTION I

Compensation	$ 54,700,000
General Operating Expenses	13,128,000
Construction, Major Projects	3,200,000
Construction, Minor Projects	596,000
Total - Section I	71,624,000

PAY RAISE SUPPLEMENTALS - SECTION II

Medical Care	171,270,000
Medical and Prosthetic Research	3,600,000
Medical Administration and Miscellaneous Operating Expenses	1,099,000
General Operating Expenses	25,579,000
Construction, Minor Projects	800,000
Total - Section II	202,348,000
Total Supplemental Proposals	$273,972,000

59-500 O 80 - 60

VETERANS ADMINISTRATION

Fiscal Year 1980 Supplemental Appropriation Proposals

	Appropriated	Program Supplemental	Pay Raise Supplemental	Revised Total
Compensation and Pensions	11,201,800,000	...	...	11,201,800,000
Compensation	...	54,700,000	...	54,700,000
Pensions	...	...	...	...
Burial Benefits and Miscellaneous Activities	...	...	...	...
Readjustment Benefits	2,278,535,000	...	...	2,278,535,000
Veterans Insurance and Indemnities	5,400,000	...	...	5,400,000
Medical Care	5,683,700,000	...	171,270,000	5,854,970,000
Medical and Prosthetic Research	122,847,000	...	3,600,000	126,447,000
Medical Administration and Miscellaneous Operating Expenses	47,606,000	...	1,099,000	48,705,000
General Operating Expenses	587,392,000	13,128,000	25,579,000	626,099,000
Construction, Major Projects	317,292,000	3,200,000	...	320,492,000
Construction, Minor Projects	72,633,000	596,000	800,000	74,029,000
Grants for Construction of State Extended Care Facilities	7,500,000	...	...	7,500,000
Grants to the Republic of the Philippines	1,350,000	...	...	1,350,000
Grants for the Construction of State Veterans Cemeteries	5,000,000	...	...	5,000,000
Total, Veterans Administration	20,331,055,000	71,624,000	202,348,000	20,605,027,000

PART 23. COMPENSATION

For the payment of compensation benefits to or on behalf of veterans as authorized by law (38 U.S.C. section 107, chapters 11, 13, and 51-61), and 51-61). 54,700,000,to remain available until expended.

Caseload

	Presently Available	Revised Estimate	Difference
Compensation			
Veterans	2,257,308	2,271,808	+14,500
Survivors	359,230	360,133	903
Clothing Allowance	(65,100)	(65,100)	...
Total	2,616,538	2,631,941	+15,403

Explanation of Changes

The increasing trend in Peacetime Service accesions, and an increased estimate in World War II veteran cases is primarily responsible for the revised estimate in compensation cases.

Supplemental Requirements
($'s in thousand)

	Presently Available	Revised Estimate	Difference
Compensation			
Veterans	$6,070,145	$6,115,808	$+45,663
Survivors	1,313,457	1,322,494	+9,037
Clothing Allowance	15,424	15,424	...
Total Cost/Oblig	7,399,026	7,453,726	+54,700
Unobligated balance avaible, start of year	-116,426	-116,426	...
Budget Authority	7,282,600	7,337,300	+54,700

Cost of PL 96-128

Compensation	
Veterans	$+527,800
Survivors	+102,900
Clothing Allowance	+1,400
Total	+632,100

Summary of Supplemental Request

Supplemental funding in the amount of $54,700,000 is requested to cover the increased compensation payments authorized by PL 96-128.

Public Law 96-128 (Veterans' Disability Compensation and Survivors' Benefits Amendments of 1979), effective October 1, 1979 increased compensation benefits to disabled veterans, their dependents and DIC spouses and children by 9.9%. The cost of this legislation will total $632.1 million in fiscal year 1980 which will

be funded by: $116.4 million unobligated balance brought forward from fiscal year 1979, $461.0 million reprogrammed primarily from the Pension Program and the $54.7 million supplemental request.

NOTE: In FY 1981 we are proposing that the Compensation and Pension Appropriation be split into three appropriation i.e., Compensation, Pensions and Burial Benefits and Miscellaneous Assistance. These Supplemental funds are being requested under the Compensation Appropriation to be consistent with the FY 1981 Budget Presentation.

PART 24. GENERAL OPERATING EXPENSES

Appropriation Language

For an additional amount for "General Operating Expenses" for FY 1980, $7,490,000.

For an additional amount for "General Operating Expenses" for FY 1980, of $5,638,000.

Introduction

This section contains justification data for supplemental funding of non-medical administrative support costs for the Department of Veterans Benefits, Office of Data Management and Telecommunications, and the Office of Administrative Services. These costs are funded through the General Operating Expenses appropriation.

An urgent supplemental request of $7,490,000 for the Department of Veterans Benefits was transmitted to Congress on December 3, 1979. The additional funding is required to support staffing necessitated by the delayed implementation of a nationwide claims - processing computer system (CP&E Target System).

In addition to the urgent supplemental, $5,638,000 is requested for the General Operating Expenses appropriation in FY 1980. The additional funding is required: to permit the Department of Veterans Benefits to participate with General Counsel in the accounts receivable collection test; provide the Office of Data Management and Telecommunications with Target development funding necessitated by the slippage of the project; and for General Administration to support GSA space rental costs not included in the FY 1980 Budget.

The justification for the urgent supplmental request of $7,490,000 is presented first, followed by details for the remaining supplemental request of $5,638,000.

Appropriation Highlights
($'s in thousands)

	Fiscal Year 1980		
	Presently Available	Revised Estimate	Proposed Supplemental (urgent)
General Administration:			
Average employment	2,397	2,397	...
Total costs	$ 83,588	$ 83,588	...
Department of Memorial Affairs:			
Average employment	1 165	1,165	...
Total costs	31,394	31,394	...
Data Management & Telecommunications:			
Average employment	1,937	1,937	...
Total costs	51,311	51,311	...
Department of Veterans Benefits:			
Average employment	17,045	17,494	449
Total costs	448,048	455,538	$7,490
Grand Total:			
Average employment	22,544	22,993	449
Total costs/obligations	614,341	621,831	7,490
Reimbursements	- 1,370	- 1,370	...
Budget authority	612,971	620,461	7,490
GS pay supplemental	(24,754)	(24,754)	(...)
Wage Board pay supplemental	(825)	(825)	(...)

Changes from Original 1980 Budget Estimate

	Avg. Empl.	B.A.
FY 1980 Congressional Budget	22,553	$592,790
Congressional Action	+ 1	- 5,398
Employment Reestimate	- 10	...
GS pay raise (net)	...	+24,754
Wage Board pay raise	...	+ 825
Supplemental request (urgent)	+ 449	+ 7,490
Revised Estimate	22,993	$620,461

DEPARTMENT OF VETERANS BENEFITS

Introduction

The Department of Veterans Benefits is one of three departments of the Veterans Administration. This Department administers the non-medical veteran benefits and services for the Agency.

Program Description

The Department administers a broad range of benefits to a growing, highly diversified veteran population and other eligible beneficiaries through 59 major field stations. These field stations are distributed nationwide (at least one in each state) and most provide the full range of veterans benefits.

These benefits include compensation for service-connected disabilities; pension for the aged, needy and unemployable veterans; vocational rehabilitation assistance; education and training assistance; home buying assistance; estate protection services for veterans under legal disability; and information and assistance through personal or telephone contacts or correspondence.

Current budget authority for the Department of Veterans Benefits for FY 1980 is $447,048,000. An increase of 449 in average employment and $7,490,000 in budget authority is requested. The increase in average employment represents a restoration of a portion of the planned employment savings resulting from Target implementation.

Estimates of employment savings were developed based on an implementation schedule in which both Phase I and II would be installed and operational by the end of FY 1979. The budgets for FY 1979 and FY 1980 reflected employment savings of 139 and 742, respectively, in line with these estimates.

Phase I was not fully installed in all stations by the end of FY 1979. This is due to software problems which the vendor is now in the process of resolving. Phase II installation cannot be started until it has been determined these problems have been cleared.

Less than 10% of the employment savings planned for FY 1979 have actually been achieved due primarily to the delays in the implementation schedule. Based on where we are now, as opposed to where we should be, it is virtually certain we will be unable to attain the savings anticipated through FY 1980 in the cost/benefit study, done in early 1978. Since most of the savings planned through FY 1980 were based on Phase II being fully implemented and operational in FY 1979 the most we can visualize at this time is a cumulative savings of 432 manyears rather than the planned figure of 881. This means that we are approximately 9 months to a year behind the original schedule and the time frame for anticipated employment savings is no longer valid. Furthermore, we are committed to personnel reductions through normal attrition, which will require a period of time to accomplish.

Summary of Budget Estimates

	1980		
	Presently Available	Revised Estimate	Proposed Supplemental
Costs:			
Personal Services	$333,950,000	$341,440,000	$7,490,000
Employee Travel	2,868,000	2,868,000	...
All Other Travel	2,725,000	2,725,000	...
Transportation of Things	1,500,000	1,500,000	...
Rents, Communications and Utilities	63,783,000	63,783,000	...
Printing and Reproduction	5,000,000	5,000,000	...
Other Services	36,145,000	36,145,000	...
Supplies	4,600,000	4,600,000	...
Equipment	1,000,000	1,000,000	...
Total Costs/Obligations	451,571,000	459,061,000	7,490,000
Common Service Adjustment	-3,523,000	-3,523,000	...
Net Costs/Obligations	448,048,000	455,538,000	7,490,000
Reimbursements	-1,000,000	-1,000,000	...
Budget Authority	447,048,000	454,538,000	7,490,000
Costs by Activity:			
Executive Direction	$15,305,000	$15,305,000	$...
Veterans Assistance	96,197,000	98,088,000	1,891,000
Compensation, Pension & Education	136,049,000	139,358,000	3,309,000
Loan Guaranty	53,004,000	53,004,000	...
Insurance	9,290,000	9,290,000	...
Office Services	141,726,000	144,016,000	2,290,000
Total	$451,571,000	$459,061,000	$7,490,000

VETERANS ASSISTANCE

Introduction

The Veterans Assistance Program operates through a wide network of veterans assistance field locations whose personnel assist veterans, their dependents and survivors on veterans benefits matters. It includes extensive outreach activities to assure that information and assistance are provided for the educationally disadvantaged and the disabled.

Program Description

The Veterans Assistance Program provides for veterans, their dependents and survivors, information, advice and assistance concerning the availability and procurement of benefits under laws administered by the VA and other agencies. This includes providing education and vocational counseling, rehabilitation assistance, on-campus assistance to veteran students and overseeing payment of VA benefits to those payees who are under legal disabilities.

Summary of Budget Request

An additional $1,891,000 is requested to cover the cost of an increase of 95 in average employment which is a restoration of planned Target savings. Restoration is required due to slippage in the implementation schedule.

Summary of Budget Estimate

	1980		
	Currently Available	Revised Estimate	Proposed Supplemental
Average Employment	4,096	4,191	95
Costs			
Personal Services	$87,969,000	$89,860,000	$1,891,000
Other Costs	8,228,000	8,228,000	...
Total Costs	96,197,000	98,088,000	1,891,000

COMPENSATION, PENSION AND EDUCATION

Introduction

This program is comprised of two primary functions; the adjudication of claims for compensation or pension and the administration of the veteran's education and rehabilitation program.

Summary of Budget Request

An additional $3,309,000 is requested to cover the cost of an increase of 178 average employment. This represents a restoration of planned employment savings resulting from Target implementation. Restoration required due to slippage in the implementation schedule.

Summary of Budget Estimates

	1980		
	Currently Available	Revised Estimate	Proposed Supplemental
Average Employment	5,610	5,788	178
Costs:			
Personal Services	$112,972,000	$116,281,000	$3,309,000
Other Costs	23,077,000	23,077,000	...
Total Cost	$136,049,000	$139,358,000	$3,309,000

OFFICES SERVICES

Introduction

Each large organization requires an operating system to keep its books and to handle its mail. In the Department of Veterans Benefits, these activities are accomplished by two separate programs which are included in the Office Services Division. These activities are conducted in the Regional Offices through two basic elements -- Administrative and Finance.

Program Description

Administrative - Receipt and disbursement of mail; identification of claimants; preliminary development of benefit applications; operation of remote control dictating systems; maintenance of publications and forms management programs for the Department.

Finance - Payment of all expenses incurred at the station level; control and collection of accounts receivable; maintenance of accounting records pertaining to portfolio loans and responsibility for all fiscal records including the preparation and submission of monthly and quarterly reports.

Program Activity

The requested increased employment of 176 is divided between the two divisions as indicated below:

Administrative	137
Finance	39

Summary of Budget Request

An additional $2,290,000 is requested to provide for an increase of 176 in average employment. Due to slippage in the Target implementation schedule, the requested increase is required to offset unrealized employment savings.

Summary of Budget Estimate

	1980		
	Currently Available	Revised Estimate	Proposed Supplemental
Average Employment	3,824	4,000	176
Costs			
Personal Services	$58,082,000	$60,372,000	$2,290,000
Other Costs	83,644,000	83,644,000	...
Total costs	$141,726,000	$144,016,000	$2,290,000

Appropriation Language

For an additional amount for "General Operating Expenses" for FY 1980, $5,638,000.

Introduction

$5,638,000 is requested for the General Operating Expenses appropriation in FY 1980. The additional funding is required to permit the Department of Veterans Benefits to participate with General Counsel in the accounts receivable collection test, provide the Office of Data Management and Telecommunication with Target development funding necessitated by the slippage of the project, and for General Administration to support GSA space rental costs not included in the FY 1980 Budget.

Appropriation Highlights
($'s in thousands)

	Fiscal Year 1980		
	Presently Available 1/	Revised Estimate	Proposed Supplemental
General Administration:			
Average employment	2,397	2,397	...
Total costs	$ 83,588	$ 84,679	$1,091
Department of Memorial Affairs:			
Average employment	1,165	1,165	...
Total costs	31,394	31,394	...
Data Management & Telecommunications:			
Average employment	1,937	1,937	...
Total costs	51,311	55,561	4,250
Department of Veterans Benefits:			
Average employment	17,494	17,509	15
Total costs	455,538	455,835	297
Grand Total:			
Average employment	22,993	23,008	15
Total costs/obligations	621,831	627,469	5,638
Reimbursements	- 1,370	- 1,370	...
Budget Authority	620,461	626,099	5,638
GS pay supplemental	(24,754)	(24,754)	(...)
Wage Board pay supplemental	(825)	(825)	(...)

1/ Presently available includes DVB's urgent supplemental request of $7,490,000 and 449 staff years.

Changes from Original 1980 Budget Estimate
($'s in thousands)

	Avg. Empl.	B.A.
FY 1980 Congressional Budget	22,553	$592,790
Congressional Action	+ 1	- 5,398
Employment Reestimate	- 10	...
GS pay raise (net)	...	+24,754
Wage Board pay raise	...	+ 825
Supplemental request (urgent)	+ 449	+ 7,490
Supplemental request	+ 15	+ 5,638
Revised Estimate	23,008	$626,099

OFFICE OF ADMINISTRATIVE SERVICES

Introduction

The Assistant Administrator for Administrative Services is responsible to the Assistant Deputy Administrator for Administration and Logistics for the provision of general administrative services support for Central Office and certain operating services on a VA-wide basis. These activities are accomplished by four services, one of which is funded under the Supply Fund.

Program Description

Administrative Services functions and services are varied and complex. Our objective is to assist those responsible for directing and carrying out substantive programs in their mission of "service to veterans and their dependents." Administrative Services has staff as well as operational responsibility for the printing, reproduction and distribution program as well as the audio-visuals program. The remaining functions are operational such as management of real property, supplies, equipment, furniture and furnishings; receipt, distribution and dispatch of mail; communications services, employee travel and records management. Our goal is to render the best possible service at the least possible cost and we are constantly striving to improve our service in order to meet this goal.

Current budget authority for Administrative Services is $12,384,000. An additional $1,091,000 is requested to provide funds for the following:

a. Increased GSA rental cost on three buildings occupied by VA Central Office. The original FY 1980 request was inadequate to provide for GSA fair appraisal rate increases. The FY 1980 budget requested $5,545,400 for GSA space changes. The actual billing is $6,423,600 - an increase of $878,000.

b. New space to provide for expansion of VACO elements effective July 1, 1980 ($113,000).

c. Renovations of existing space and relocation of organizational elements ($100,000).

Summary of Budget Estimates

	Presently Available	1980 Revised Estimate	Proposed Supplemental
Personal Services.....	$ 3,269,300	$ 3,269,300	$ ...
Rents, Comm. & Utilities...	7,294,100	8,285,100	+ 991,000
Other Services.....	348,500	448,500	+ 100,000
Other Non-Personal Costs...	1,532,100	1,532,100	...
Total Cost/Obligation.....	$12,444,000	$13,535,000	$1,091,000
Reimbursements.....	- 60,000	- 60,000	...
Budget Authority.....	$12,384,000	$13,475,000	$1,091,000

OFFICE OF DATA MANAGEMENT AND TELECOMMUNICATIONS

Introduction

The Office of Data Management and Telecommunications, one of the larger Staff Offices in the Veterans Administration, is under the direction of the Assistant Administrator for Data Management and Telecommunications who also serves as the principal advisor to the Administrator on ADP and telecommunications policies and procedures.

Program Description

The mission of the Office of Data Management and Telecommunications is to provide a complete range of Automatic Data Processing (ADP) and telecommunications services to all Departments and Staff Offices of the Veterans Administration.

Summary of Budget Request

When the FY 1980 budget was submitted, it was anticipated that Target Phase I and Phase II would be installed and operational by the end of FY 1979. Therefore, no funds were included in the 1980 budget for Phase II development work.

Installation of Phase II has begun, but because of project slippage additional supplemental funding is now required in 1980.

Travel which was delayed because of the slippage will be required for the successful completion of Phase II implementation. Contractual services which are required to assist in Phase II implementation must be continued into FY80. Additional equipment is necessary because of additional legislation, namely Chapter 32 Education Claims and Improved Pension legislation. This new legislation requires additional data storage. Equipment maintenance funds are required for equipment augmentation at the RDPCs and TCS.

Summary of Budget Estimates

	1980 Presently Available	1980 Revised Estimate	1980 Proposed Supplemental
COSTS:			
Personal Services	$41,249,000	$41,249,000	...
Employee Travel	564,000	764,000	200,000
Transportation of Things	944,000	944,000	...
Rents, Communications & Utilities	9,488,000	9,488,000	...
Printing & Reproduction	1,700,000	1,700,000	...
Other Services	5,489,000	7,189,000	1,700,000
Supplies & Materials	2,184,000	2,184,000	...
Equipment	275,000	2,625,000	2,350,000
TOTAL COSTS	61,893,000	66,143,000	4,250,000
Common Svc. Adjustment	-10,582,000	-10,582,000	...
NET COSTS	51,311,000	55,561,000	4,250,000
Reimbursements	-310,000	-310,000	...
Budget Authority	51,001,000	55,251,000	4,250,000

DEPARTMENT OF VETERANS BENEFITS

Introduction

The Department of Veterans Benefits is one of three departments of the Veterans Administration. This Department administers the non-medical veteran benefits and services for the Agency.

Program Description

The Department effectively administers this broad range of benefits to a growing veteran population through 59 major field stations. These stations are distributed nationwide and most provide the full range of veterans benefits.

These benefits include compensation for service-connected disabilities; pension for the aged, needy and unemployable veterans; vocational rehabilitation assistance; educational and training assistance; home buying assistance; estate protection services for veterans under legal disability; and information and assistance through personal or telephone contacts or correspondence.

Current budget authority for the Department of Veterans Benefits for FY 1980 is $454,358,000. An increase of 15 in average employment and $297,000 in budget authority is requested to effect a debt collection test which will be the basis for pursuing collection of debts to the Veterans Administration.

Summary of Budget Estimates

	1980		
	Presently Available	Revised Estimate	Proposed Supplemental
Costs:			
Personal Services	$341,440,000	$341,737,000	$297,000
Travel and Transportation of Persons	5,593,000	5,593,000	...
Transportation of Things	1,500,000	1,500,000	...
Rents, Communications and Utilities	63,783,000	63,783,000	...
Printing and Reproduction	5,000,000	5,000,000	...
Other Services	36,145,000	36,145,000	...
Supplies	4,600,000	4,600,000	...
Equipment	1,000,000	1,000,000	...
Total Costs/Obligations	459,061,000	459,358,000	297,000
Common Service Adjustment	-3,523,000	-3,523,000	...
Net Costs/Obligations	455,538,000	455,835,000	297,000
Reimbursements	-1,000,000	-1,000,000	...
Budget Authority	454,538,000	454,835,000	297,000
Costs by Activity:			
Executive Direction	$15,305,000	$15,305,000	$...
Veterans Assistance	98,088,000	98,088,000	...
Compensation, Pension & Education	139,358,000	139,358,000	...
Loan Guaranty	53,004,000	53,004,000	...
Insurance	9,290,000	9,290,000	...
Office Services	144,016,000	144,313,000	297,000
Total	$459,061,000	$459,358,000	$297,000

OFFICES SERVICES

Introduction

Each large organization requires an operating system to keep its books, handle its mail, and administer its personnel program. In the Department of Veterans Benefits, these activities are accomplished by three separate programs which comprise the Office Services functions. These activities are conducted in the Regional Offices through three basic elements -- Administrative, Finance, and Personnel.

Summary of Budget Request

An increase of 15 in average employment and $297,000 in budget authority is requested to effect a debt collection test. This action is in response to increased criticism of the Agency's overall debt collection policy and, specifically, the policy on termination of accounts with an unpaid balance under $600. The test, coordinated with General Counsel, will be held at 10 regional field offices for at least one year to determine the feasibility of such debt collection activity at regional offices. The results of this test will impact on future debt collection initiatives.

Summary of Budget Estimate

	1980		
	Currently Available	Revised Estimate	Proposed Supplemental
Average Employment	4,000	4,015	15
Costs			
Personal Services	$60,372,000	$60,669,000	$297,000
Travel and Transportation of Persons	1,996,000	1,996,000	...
Transportation of Things	1,500,000	1,500,000	...
Rents, Communications and Utilities	63,783,000	63,783,000	...
Printing and Reproduction	5,000,000	5,000,000	...
Other services	5,765,000	5,765,000	...
Supplies	4,600,000	4,600,000	...
Equipment	1,000,000	1,000,000	...
Total Cost/Obligations	144,016,000	144,313,000	297,000
Common Service Adjustment	-2,264,000	-2,264,000	...
Net Costs/Obligations	141,752,000	142,049,000	297,000

59-500 O 80 - 61

PART 25. CONSTRUCTION, MAJOR PROJECTS

Appropriation Language

For an additional amount for "Construction, major projects", $3,200,000, to remain available until expended for the advance planning of projects funded through the Advance Planning Fund.

36-0110-1-1-703	1980 Presently Available	1980 Revised Estimate	1980 Proposed Supplemental
Program by activities:			
1. Replacement and Modernization..	66,165	66,165	...
2. Nursing Home Care.....	11,202	11,202	...
3. Domiciliaries.....	2,605	2,605	...
4. Research and Education.....	1,455	1,455	...
5. Outpatient Improvements.....	12,231	12,231	...
6. Other Improvements.....	60,729	60,994	265
7. National Cemeteries.....	2,501	2,501	...
8. Computer Centers, Additions & Alterations.....	56	56	...
9. Regional or Renovation of Regional Offices.....	...	...	...
Total Program Costs Funded.....	156,944	157,209	265
Change in selected resources (undelivered orders).....	232,205	232,215	10
Total Obligations.....	389,149	389,424	275
Financing:			
Unobligated balance available, Start of Year.....	-914,962	-914,962	...
Unobligated balance available, end of year.....	843,105	846,030	2,925
Budget Authority (appropriation)	317,292	320,492	3,200
Relation of Obligations to Outlays:			
Obligations incurred, net.....	389,149	389,424	275
Obligated balance, start of year...	242,277	242,277	...
Obligated balance, end of year.....	-480,597	-480,622	-25
Outlays.....	150,829	151,079	250

OBJECT CLASSIFICATION (in thousands of dollars)

36-0110-1-1-703	1980 Presently Available	1980 Revised Estimate	1980 Proposed Supplemental
Personnel compensation:			
Positions other than permanent.....	640	640	...
Personnel benefits.....	20	20	...
Transportation of things.....	8	8	...
Rent, communication, utilities and other rent.....	36	36	...
Other services.....	23,900	24,165	265
Supplies and material.....	162	162	...
Equipment.....	100	100	...
Lands and structures.....	132,078	132,078	...
Total costs, funded.....	156,944	157,209	265
Change in selected resources.....	232,205	232,215	10
Total Obligations.....	389,149	389,424	275

MAJOR SUPPLEMENTAL

JUSTIFICATION

A fiscal year 1980 supplemental appropriation of $3,200,000 is requested to fund development of projects through preliminary plans within the Advance Planning Fund. Major projects with cost estimates based on preliminary plans are requested in subsequent budgets for design (working drawings) and construction.

The FY 80 budget as appropriated provides $4,000,000 for the Advance Planning Fund. The additional $3,200,000 will develop through preliminary plans approximately 35 projects with a magnitude cost range of $170 - $220 million. This enhanced construction activity is consistent with the expansion initiated by the FY 81 proposed budget of $660 million, a 67% increase above FY 80. Future budget requests will be ever larger, and this supplemental is required to prepare projects for inclusion in future budgets.

The individual projects tentatively identified will be merged, adjusted, or cancelled when the initial studies and reviews are made. With these studies and the preliminary plans, project scopes and costs identified in our budget requests will be well defined.

PART 26. CONSTRUCTION, MINOR PROJECTS

Appropriation Language

For an additional amount for "Construction, minor projects", $596,000, for the expenses of the Office of Construction to accomplish the advance planning of projects funded through the Advance Planning Fund, to remain available until expended (and an increase of $596,000 in the limitation on the Office of Construction).

36-0111-1-1-703	1980 Presently Available	1980 Revised Estimate	1980 Proposed Supplemental
Program by activities:			
1. Nursing Home Care	367	367	...
2. Research and Education	3,149	3,149	...
3. Outpatient Improvements	1,403	1,403	...
4. Other Improvements	81,252	81,252	...
5. National Cemeteries	3,958	3,958	...
6. Computer Centers, Additions and Alterations	1,488	1,488	...
7. Replacement or Renovation of Regional Offices	90	90	...
8. General Administration	24,540	25,136	596
Total Program Costs, Funded	116,247	116,843	596
Change in selected resources (undelivered orders)	-23,700	-23,700	...
Total Obligations	92,547	93,143	596
Financing:			
Unobligated balance available, start of year	-94,345	-94,345	...
Unobligated balance available, end of year	75,231	75,231	...
Budget Authority	72,633	73,229	596
Budget Authority:			
Appropriation	72,633	73,229	596
Supplemental for civilian pay raise	800	800	...
Relation of obligations to outlays:			
Obligations incurred, net	92,547	93,143	596
Obligated balance, start of year	90,773	90,773	...
Obligated balance, end of year	-71,046	-71,046	...
Outlays	111,504	112,100	596
Outlays from civilian pay raise	770	770	...

OBJECT CLASSIFICATION (in thousands of dollars)

36-0111-1-1-703	1980 Presently Available	1980 Revised Estimate	1980 Proposed Supplemental
Personnel compensation:			
Permanent positions	18,315	18,588	273
Positions other than permanent	1,280	1,280	...
Other personnel compensation	264	264	...
Total personnel compensation			
Personnel benefits:			
Civilian	1,984	2,036	52
Benefits for former personnel	...	...	...
Travel and transportation of persons	733	868	135
Transportation of things	84	100	16
Rent, communications, and utilities	450	475	25
Printing and reproduction	276	276	-0-
Other services	14,455	14,480	25
Supplies and materials	640	650	10
Equipment	275	335	60
Land and structures	77,491	77,491	...
Total costs	116,247	116,843	596
Change in selected resources	-23,700	-23,700	...
Total Obligations	92,547	93,143	596

MINOR SUPPLEMENTAL

JUSTIFICATION

A fiscal year 1980 supplemental appropriation of $596,000 is requested to provide the manpower and administrative resources required to develop the projects through preliminary plans that will be funded in the Major Construction supplemental of $3,200,000. The request is for an additional 50 positions with an FY 80 average of 11. This personnel will undertake the studies at the medical centers, prepare preliminary plans, and review the contracted design work for the projects identified in Major supplemental and future Advance Planning Funds. As indicated by the FY 81 Advance Planning Fund request of $11 million, a $3.8 million increase above the FY 80 proposed level, these positions will have to be added if the construction activity is to approach the billion dollar per year level proposed in our Five Year Medical Facility Construction Plan.

The increase of 11 will raise the total General Administration average employment to 706. The original FY 80 request was for 704 for General Administration which was reduced by 9 to 695 in the appropriation.

PART 27. PAY RAISE REQUIREMENTS

SECTION II - INCREASED PAY COSTS FOR THE FISCAL YEAR 1980

(as contained in the FY 1981 Budget Appendix)

APPROPRIATION LANGUAGE

For additional amounts for appropriation for the fiscal year 1980 for increased pay costs authorized or pursuant to law, as follows:

VETERANS ADMINISTRATION

"Medical care", $171,270,000.

"Medical administration and miscellaneous operating expenses", $1,099,000.

"Medical and prosthetic research", $3,600,000.

"General operating expenses", $25,579,000.

"Construction, minor projects", $800,000, (and an increase of $1,310,000 in the limitation on the Office of Construction).

The supplemental appropriations requested in Section II are needed to finance the increased 1980 costs related to civilian pay raises for Federal personnel, effective October 7, 1979 under Executive Order 12165, issued under authority of 5 U.S.C., Chapter 53 and pursuant to Public Law 94-82.

FY 1980 ESTIMATED COSTS

	Total Civilian Pay Raise Supplemental Proposal
Medical Care	$171,270,000
Medical and Prosthetic Research	3,600,000
Medical Administration and Miscellaneous Operating Expenses	1,099,000
General Operating Expenses	25,579,000
Construction, Minor Projects	800,000
Total Section II	$202,348,000

The following pay costs have been absorbed within available amounts:

Medical Care	$ 42,817,000
Medical and Prosthetic Research	2,402,000
Medical Administration and Miscellaneous Operating Expenses	738,000
General Operating Expenses	2,804,000
Construction, Minor Projects	510,000
Supply Revolving Fund	787,000
Canteen Service Revolving Fund	677,000
Total Absorbed	$ 50,735,000

WITNESSES

	Page
Aaronian, Dr. A. J	2
Acklen, T. H	1
Baganz, Dr. H. M	2
Brand, A. W., Jr	1
Burge, H. D	1
Carlin, M. D	1
Clark, C. E	1
Cleland, Max	1
Cook, C. C	2
Corrado, V. L	1
Cox, J. J	2
Cralle, M. S., Jr	1
Curtis, Dr. D. L	2
Dollarhide, C. L	2
Falco, R. P	2
Fitzgerald, Dr. T. J	2
Glass, A. W	2
Goldman, Dr. R	2
Haber, Dr. P. A. L	2
Hayes, Dr. M. T	2
Hoffman, C. R	1
Hood, F. R	1
Jackson, H. M	2
Jacoby, Dr. W. J., Jr	2
Klainer, Dr. L. M	2
Kraut, A. S	2
Leffler, J. J	1
Martin, W. R	1
McMichael, G. H., III	1
Meade, C. E., Jr	1
Melidosian, S. W	2
Miller, V. P	1
Mulqueen, H. J	1
Neumann, G. E	1
Noll, C. T	1
Pabst, D. A	2
Peckarsky, J. C	2
Phillips, M. L	2
Quandt, M. R	2
Reynolds, A. L	1
Salmond, W. A	1
Shuman, S. L	1

Page

Starbuck, D. L 2
Sweet, R. S 1
Thompson, D. B 2
Walthall, B. R 1
Wilson, R. H 1
Vaughn, R. D 1

INDEX

A

Page

Administrator's opening statement 5–7
Affirmative action 142, 143
Agency summary justification 840–972
Anniversary—VA's 50th birthday 4, 5
Assistance for health manpower training institutions 4

B

Benefit entitlement 145

C

Compensation and pensions 137–139, 324–344
Construction:
- Advance planning fund 160–164, 172
- Allen Park 184
- Appropriation language change 160
- Baltimore parking garage 169
- Baton Rouge outpatient clinic 180
- Brooklyn 180
- Budget 28, 29, 186
- Camden 185, 186
- Cincinnati clinic 181
- East Orange 180
- Fire and safety 184
- Five-year plan 168, 178
- General administration 167, 192
- Hampton domiciliary 177
- Hines incinerator 181
- Justification, general administration 824–833
- Justification, major 576–697
- Justification, minor 698–823
- Little Rock hospital 169
- Long Beach research and education 177
- Miami outpatient addition 179
- Minneapolis hospital 170–174
- New Orleans VAMC 26
- Nursing home construction 176
- Priority list 29–31
- Reprogramings 165–167, 191
- Seattle hospital 174

Construction—Continued Page
Seismic functional deficiency list 177, 179
Togus Regional Office 184
Vic Miller 157–159
West Roxbury 175
Wichita 176
Wilkes-Barre 183

F

Federal budget programs 141

G

General operating expenses:
Administrative service 107
Administrators office 95
Consumer affairs activities 104
Controller 108
Data management and telecommunications:
Birls 119, 121
Health care information system 46–59, 119
Insurance remittance system 117
Medical ADP 44–59, 119
Productivity 118
Target 107, 121–127, 130, 286, 291
Grants for construction of State extended care facilities 153–155, 537–540
Grants for construction of State veterans cemeteries (see Department of Memorial Affairs under General Operating Expenses)
Grants for the Republic of the Philippines 156, 541–546
Department of Memorial Affairs:
Congressional cemetery 144
Fort Custer Cemetery 116, 117
Justification 258
Opening statement 109
Regional cemetery plan 110
Staffing 112
State cemetery grants 110, 111, 141
Supplies 116
Workloads 112–115
Department of Veterans Benefits:
Education overpayments 96–101
Executive direction 130
Fee basis counseling 135
Loan guaranty 99, 136
Insurance 136, 409–446
Justification 292, 320
Loan defaults 136, 140
Opening statement 128
Outreach statement 132
Predischarge education program (PREP) 39
Presidents award for Dorothy Starbuck 129
Radiation exposure claims 133–135
Target 121–127, 130

Department of Veterans Benefits—Continued Page
Vet reps 131
Vocational rehabilitation 132
Executive development 101, 102
Ceneral Counsel 39, 95
Inspector General 105
Justification 193–320
Manpower 103
Personnel 100
Planning and program evaluation 104
Record's management 106
Senior Executive Service 102, 103
Staffing 39, 94, 95, 101, 103, 104, 106, 112
Total 94
Unobligated balance 94

L

Legislative proposals 7, 8, 33

M

Medical administration and miscellaneous operating expenses:
Budget request 150
Computerized medical systems 152
Consultant studies 153
Contract services 151
Employment 150, 152
Justification 516, 536
Regional medical education centers 153
Medical care:
Affiliation assessment model 85
Agent Orange 188
Alcoholism treatment centers 75–77
Automated data processing 44–59
Bed reduction 26, 27, 40
Beneficiary travel costs 89
Biographical sketches:
Dr. Custis CMD 3
Dr. Jacoby DCMD 3
Cat scanner 62, 63
Changes in budget estimates 90–93
Contracting out of medical services 18–24, 92, 93
Crime—Palo Alto VAMC 65–67
Domiciliary care 38, 39
End-of-year funds 45
Duplicate medical payments 60
Facility staffing 12–17
Fort Lyon VAMC accreditation 32
Health care information 46–59
Implementation of Public Law 96–22 ..... 9, 74
Increased funds for 1981 25
Ineffective drug usage 37, 38
Intermediate care 43

Medical care—Continued Page
Justification 454–497
Land and structures 94
Lapsing funds 71
Length of stay 87
Low occupancy rates 27
Manhattan VAMC 33–36
Medical mission changes 42, 43
Motor pool costs 42
Multi-level care 72
Nursing home units 85–87
Nursing shortages 87
New outpatient clinics 69–71
Opening statement 40–41
Optometrists 67–69
Organization of D. M. & S 42
Payroll costs 85
Per diem costs 88, 89, 156
Personnel tracking system 72
Radiation exposure 133–135
Physician assistants 63, 64
Preventive health care 9, 11
Psychological readjustment counseling program 74
Real property rental 75
Specialized medical services 77, 84
Staffing 9, 11, 12–17, 44, 71–73, 87
Supply procurement 64, 65, 93
Surgical opinions policy 36
Medical and prosthetics research:
Activity name change 147
Budget request 147, 149
Communications utilities and rent 148
Contractual services 148
Employment 147, 150
Health service research:
Justification 498–515

W

Women in business 187

○