



**Veterans Benefits
Administration**

Annual Benefits Report

Fiscal Year 2002

Department of Veterans Affairs

August 2003

THE UNDER SECRETARY OF VETERANS AFFAIRS FOR BENEFITS

WASHINGTON, D.C 20420

Dear Reader:

We are pleased to present the *Veterans Benefits Administration Annual Benefits Report for Fiscal Year 2002*. This report transforms the essential data of VBA's core activities into the information that will assist you in more fully comprehending our mission of serving the Nation's veterans, as well as the efforts of our dedicated employees to improve our delivery of those services.

This is the fifth edition of the *Annual Benefits Report*. Our publication of this report reinforces VBA's continued commitment to our stakeholders and business partners to provide comprehensive data regarding the activities of our five benefit programs. We have enhanced the publication content in this edition with tables and graphs that are more descriptive. Additional emphasis is given to pertinent summary information concerning VA beneficiaries, and five-year trends are provided using information from our previous annual reports. We also changed the format to individual chapters based upon each of our business lines to highlight the unique characteristics of each of our programs.

We anticipate the *Annual Benefits Report* will provide a dynamic informational management reference tool for those in the business of serving America's veterans. We encourage meaningful and positive feedback and suggestions to assist us in improving the quality and content of the report.

This year's cover for the *Annual Benefits Report* honors those who made the total sacrifice in defense of their country, as symbolized by the Vietnam Veterans Memorial Wall located in Washington, DC.



Daniel L. Cooper

Veterans Benefits Annual Benefits Report FY 2002

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Chapter 1 INTRODUCTION

VETERANS BENEFITS ADMINISTRATION – OUR MISSION

VBA's Mission Statement

The mission of the Veterans Benefits Administration (VBA), in partnership with the Veterans Health Administration and the National Cemetery Administration, is to provide benefits and services to veterans and their families in a responsive, timely and compassionate manner in recognition of their service to the Nation.

VETERANS BENEFITS ADMINISTRATION – OUR VISION

VBA's Vision Statement

Our vision is that the veterans whom we serve will feel that our nation has kept its commitment to them; employees will feel that they are both recognized for their contribution and are part of something larger than themselves; and taxpayers will feel that we've met the responsibilities they've entrusted to us. Courage, honesty, trust, respect, open communication, and accountability will be reflected in our day-to-day behavior.

VETERANS BENEFITS ADMINISTRATION – OUR CORE VALUES

VBA's CORE VALUES

Veterans have earned our respect and are our reason for being, our common purpose. All our efforts are directed toward meeting their needs.

We are committed to communicating to our veterans and employees in a timely, thorough, accurate, understandable and respectful manner.

We listen to the concerns and views of veterans and our employees to bring about improvement in benefits and services, and the climate in which they are provided.

We value understandable business processes that consistently produce positive results.

We foster an environment that promotes personal and corporate initiative risk-taking and teamwork.

We are open to change and flexible in our attitudes.

Respect, integrity, trust and fairness are hallmarks of all our interactions.

We value a culture where everyone is involved, accountable, respected and appreciated.

We will perform at the highest level of competence, always, and take pride in accomplishment. We are a “can do” organization.

PURPOSE OF VBA'S ANNUAL BENEFITS REPORT

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

Even before President Lincoln spoke of this national obligation at his Second Inaugural, colonial and revolutionary America had sought ways to recompense veterans - the Continental Congress enacted the first national pension law on August 26, 1776. Veterans' benefits and services have since emerged and grown, not only to ensure a viable military - the objective the Continental Congress sought - but also in response to the principle President Lincoln expressed - “To care for...”

The Veterans Benefits Administration (VBA), along with the Veterans Health Administration and the National Cemetery Administration, carries on the legacy and has the distinct honor of administering benefits to our Nation's veterans. In addition, VBA does so at an astonishing rate - over \$28 billion in benefits and services delivered during Fiscal Year 2002.

These \$28 billion in benefits and services are varied and have a far-reaching impact, not only on the veteran community, but also on the whole of American society. These programs touch millions of lives in fundamental ways.

Compensation. Compensates veterans for the loss of earning capacity resulting from disability incurred in or aggravated by military service. The program also indemnifies survivors in the event that the veteran dies of service-related causes.

Pension. The pension program provides a minimum level of economic security to non-service disabled wartime veterans, as well as survivors of wartime veterans. This program supports those individuals facing severe financial hardship.

Education. The education program assists eligible veterans, service members, reservists, and survivors and dependents in achieving their educational or vocational goals. The program conveys opportunities to acquire knowledge and skills for the civilian job market.

Housing. The loan guaranty program helps bring the dream of homeownership within reach.

Vocational Rehabilitation and Employment. Leads to suitable employment or independence in daily living when employment is not an option.

Life Insurance. Affords the opportunity to provide for survivors by building an estate.

A more complete description of each program is provided in the following chapters of this report.

To paraphrase numerous veterans' comments taken from VBA Customer Surveys, “It was an honor to serve my country and I am grateful to now receive some service in return.”

The intent of this *Annual Benefits Report (ABR)* is to clearly delineate the particulars of these benefits' programs. The report will identify the current level of program participation by eligible persons and profile the veteran/beneficiary consumers.

The purpose here is not to analyze work processes associated with day-to-day administration of the programs, nor to report on performance. It is meant to present a clear, complete, data-driven picture of the extent to which veterans and their dependents use these benefits; to provide insights into the nature of the benefits' programs; and to portray the economic impact of VBA programs on veterans, their families, the Federal government, and the nation.

DATA PRESENTATION AND ANALYSIS

As stated from last year's edition, we have once again sought to improve this publication. We have deliberately reduced the volume of data presented that provide minimal value for the reader while still providing the core types of data that the reader will find useful.

This year's edition has also undergone a re-organization in the presentation and layout of the data. For ease of reference, we have presented this year's data in individual chapters organized by business line and programs. This should enable the reader to reference program information in an easier and more efficient manner. We have also added charts and graphs depicting both current data as well as data from the previous four years of ABR publications to show relevant trends and historical data for comparisons. As part of the process, we will continue to evolve our data management capabilities to improve the presentation and identification of historical trends.

VBA recognizes that the interpretation of data is more an art than a science. Accordingly, we understand that the stakeholders and readership of the ABR may interpret differently much of the data and information we provide. To improve the understanding of presented information, VBA will continue to share with its readers the source, methodology and interpretation of selected data in this and future ABR editions.

FUTURE ABR CONSIDERATIONS

Providing meaningful information regarding the activity of VBA benefit programs is important. The data contained herein must be capable of providing the reader with the ability to draw conclusions about program activity and expectations. VBA will continue to enhance the methods of data validation to ensure greater consistency in all publications.

The phrase "the data is what the data is" best describes compiled data without analysis. Through data analysis, data modeling and other methods of critical evaluation, VBA will ascertain the most meaningful data to present in the ABR. We will expand data and information about those areas and elements of program activity where it is important for the reader to understand meaning beyond a single line item. Lastly, we will continue to expand the presentation of data to include trending, analysis and descriptive information regarding the trends as they emerge.

VBA is committed to its mission of serving the needs of our Nations' veterans and their dependents. With a focus on continuous improvement, we will ensure that the present and future Annual Benefits

Reports will assist VBA in meeting this commitment.

VBA's BENEFITS PROGRAMS – OVERVIEW

Veterans' benefits represent an integral part of American history. Knowledge of benefits' history is important for all those who are interested in a comprehensive understanding of what VBA does and why. VA Pamphlet 80-97-2, *VA History in Brief*, September 1997, provides such a history. This pamphlet is available on the VA Home Page: <http://www.va.gov/pubaff/histbrf.pdf>

In September 2002, the estimated veteran population was over 25 million.¹ Of this number, nearly three of every four veterans served during a war or an official period of hostility. About a quarter of the nation's population, approximately 70 million people are potentially eligible for VA benefits and services because they are veterans, family members or survivors of veterans.

A complete discourse on VBA's performance in administering these programs is contained in the Department's *FY 2002 Performance and Accountability Report*, dated January 2003. Program goals and objectives are detailed in VA's annual performance plans. The FY 2003 and FY 2004 plans can be found on the Department's web page: http://www.va.gov/about_va.

¹ Veteran Population Projections through September 30, 2002, VA Office of Policy and Planning



Chapter 2

COMPENSATION AND PENSION

COMPENSATION & PENSION (C&P) BENEFIT PROGRAM – OVERVIEW

COMPENSATION BASED UPON SERVICE-CONNECTED DISABILITY OR DEATH

Disability Compensation is a monetary benefit paid to veterans with service-connected disabilities. “Service-connected” means that the disability was the result of a disease or injury incurred or aggravated during active military service. To be eligible for disability compensation, the veteran must have been discharged under conditions other than dishonorable and the disability must not have resulted from the veteran’s willful misconduct.

Disability compensation is graduated according to the degree of the veteran’s disability on a scale from 0 percent disabling to 100 percent disabling, in increments of 10 percent. Benefits in addition to the 100 percent disability rate are payable to veterans with extremely severe disabilities such as the anatomical loss or loss of use of a hand or foot, blindness, or deafness.

Dependency and Indemnity Compensation (DIC) is a monetary death benefit for survivors of certain deceased veterans or service members. DIC is potentially payable to surviving spouses, children, and/or dependent parents of the following:

- Service members who die during military service of causes that are not due to the person’s willful misconduct;
- Veterans who die of a service-connected disease or injury;
- Veterans who die from a nonservice-connected disability but who were continuously rated 100 percent disabled for service-connected disabilities for at least 10 years immediately preceding death (or at least five years from the date of discharge to the date of death)¹ and
- Veterans who are former POWs who die after September 30, 1999, and were continuously rated 100 percent for service-connected disabilities for a period of not less than one year immediately preceding death².

¹ 38 U.S.C. 1318

² Section 501 of P.L. 106-117 enacted on November 30, 1999

PENSION BASED UPON NONSERVICE CONNECTED DISABILITY OR DEATH AND FINANCIAL NEED

VA pension programs provide a minimum level of economic security to nonservice disabled wartime veterans, as well as survivors of wartime veterans. These programs are means tested and serve veterans and survivors who are experiencing financial hardship. In other words, it is the total family income from sources other than VA that determines the amount of the pension benefit payable to the beneficiary. Law establishes income limits and benefit rates for these programs.

Wartime veterans who are age 65 or older, or permanently and totally disabled as the result of a nonservice-connected disability may be eligible for disability pension, subject to income limitations. Additional amounts may be paid to a veteran who has dependents, who is so disabled as to require the aid and attendance of another person, or who is housebound. Benefits are also paid under two protected, or "grand fathered," predecessor pension programs, whose rates and limits are fixed at the amounts in effect when the programs were replaced.

Surviving spouses and dependent children of wartime veterans are potentially eligible for death pension benefits, subject to income limitations. As with disability pension, death pension is paid under the current pension program as well as under the two "grand fathered" predecessor programs.

COMPENSATION AND PENSION BUSINESS – FISCAL YEAR 2002

SUMMARY OF BENEFICIARIES ENTERING COMPENSATION AND PENSION PROGRAM ROLLS DURING FISCAL YEAR 2002

The following table summarizes information about the number of people who began receiving compensation and pension benefits during Fiscal Year 2002 and the monetary value of the benefits. Total annual amount and average annual amounts reflected in the tables refer to Fiscal Year 2002 only.

Summary of Beneficiaries Who Began Receiving Compensation and Pension Benefits During Fiscal Year 2002

Benefit Programs	Number of People	Percent of Total	Total Annual Amounts Paid in FY 2002	Average Annual Amounts Paid in FY 2002
Compensation–Disability	147,686	60.1%	\$918,051,000	\$6,216
Compensation–Death ¹	18,706	7.6%	\$208,946,777	\$11,170
Pension–Disability	55,156	22.5%	\$410,877,848	\$7,449
Pension–Death ²	24,098	9.8%	\$94,586,145	\$3,925
Total of All Programs	245,646	100.0%	\$1,632,461,770	\$6,646

¹ This category represents the Dependency and Indemnity Compensation Program.

² Includes only Surviving Spouses.

DATA FOR COMPENSATION AND PENSION PROGRAMS

The following section provides specific information about each of the compensation and pension benefit programs. This section describes the veterans, dependents, and survivors who began receiving benefits during Fiscal Year 2002. This includes beneficiaries whose awards were previously stopped, but who reestablished eligibility during the year. For comparison, some data for beneficiaries who began receiving benefits during Fiscal Years 1998 through 2001 are also provided.

Several factors explain the notable increase in veterans initially receiving compensation in Fiscal Year 2002. At the end of Fiscal Year 2001, a substantial number of claims were undergoing review and even complete re-adjudication because of the Veterans Claims Assistance Act (Public Law 106-475). Also effective in late Fiscal Year 2001, a new regulation granted presumptive service-connection for type 2 diabetes mellitus, based upon herbicide exposure (Title 38, U.S. Code of Federal Regulations 3.309(e)). This increasingly prevalent disease also has many disabling complications for which veterans may receive additional compensation. Additionally, Fiscal Year 2002 saw aggressive claims production nationwide.

For technical reasons, certain information cannot be accurately extracted from the RBA 2000 corporate database this year. This precluded the ability to generate such data as: the number of disabilities claimed per application, the number of claims of compensation granted according to the period or length of military service, the ratio of benefits granted to those denied, and the total number of benefits granted according to percentage of evaluation. We expect to begin to fully utilize the capabilities of the RBA 2000 database during the next fiscal year.

1. Compensation Based Upon Service-Connected Disability

Disability compensation is payment for disabilities that the VA determines to have occurred during or aggravated by a veteran's military service (except when the disability resulted from willful misconduct of the veteran). Only veterans (not dependents, survivors, or others) are eligible to receive VA disability compensation. Disabilities are evaluated according to the VA Schedule for Rating Disabilities in Title 38, U.S. Code of Federal Regulations, Part 4. The extent of disability is expressed as a percentage from 0 percent (for conditions that exist but are not disabling to a compensable degree) to 100 percent, in increments of 10 percent.

The Rating Schedule is based on a "whole person" concept. This means that each disability is evaluated for its disabling effect on the whole person. The range of disabling effects of a specific disability on a person rarely includes every 10 percent increment from zero percent to 100 percent. For example, the Rating Schedule provides four possible evaluations for the disabling effect of a disfiguring scar of the head, face, or neck: 0, 10, 30, or 50 percent, according to the extent of the disfigurement. Active pulmonary tuberculosis, on the other hand, is always rated 100 percent disabling.

(a) Total Number of Veterans Who Began Receiving Disability Compensation During Fiscal Year 2002

The following table shows data on veterans who began receiving disability compensation during Fiscal Year 2002, total annual expenditures for those veterans, and the average annual amount paid to these veterans.

Number of Veterans Who Began Receiving Compensation During Fiscal Year 2002

Total Number	Total Annual Amounts	Average Annual Amounts
147,686	\$918,051,000	\$6,216

Source: Benefits Delivery Network–COIN CP-127

(b) Service-Connected Disabilities by Combined Degree of Disability for Veterans Who Began Receiving Compensation During Fiscal Year 2002

Combined degree of disability is expressed as a percentage and represents the overall disabling effect on a veteran of all his or her service-connected disabilities. The combined degree of disability determines the amount of the compensation payments. The following table shows information about veterans who began receiving compensation during Fiscal Year 2002 by the combined percentage of disability. The table also shows the total annual amount and average annual amount of compensation paid to these veterans.

The combined percent is not calculated by summing all the individual degrees of disability. Instead, a rating formula is applied to calculate the overall disabling effect of the veteran's service-connected disabilities. Under certain circumstances, multiple zero percent disabilities can have a combined percentage of 10 percent (38 CFR 3.324). These are called "compensable zeros" and are shown in the 0% row on the table.

Service-Connected Disabilities by Combined Degree for Veterans Who Began Receiving Compensation During Fiscal Year 2002

Combined Degree	Number	Total Annual Amounts	Average Annual Amounts
0%	529	\$450,264	\$851
10%	39,336	\$48,874,193	\$1,242
20%	37,822	\$90,713,798	\$2,398
30%	20,454	\$83,768,948	\$4,095
40%	15,476	\$91,242,163	\$5,896
50%	9,863	\$81,813,585	\$8,295
60%	7,726	\$109,217,517	\$14,136
70%	5,582	\$111,597,354	\$19,992
80%	2,688	\$60,433,874	\$22,483
90%	1,199	\$29,469,645	\$24,579
100%	7,011	\$210,469,659	\$30,020
TOTAL	147,686	\$918,051,000	\$6,216
Number Combined Percent 0% thru 30%			98,141
Percent of all			66.5%

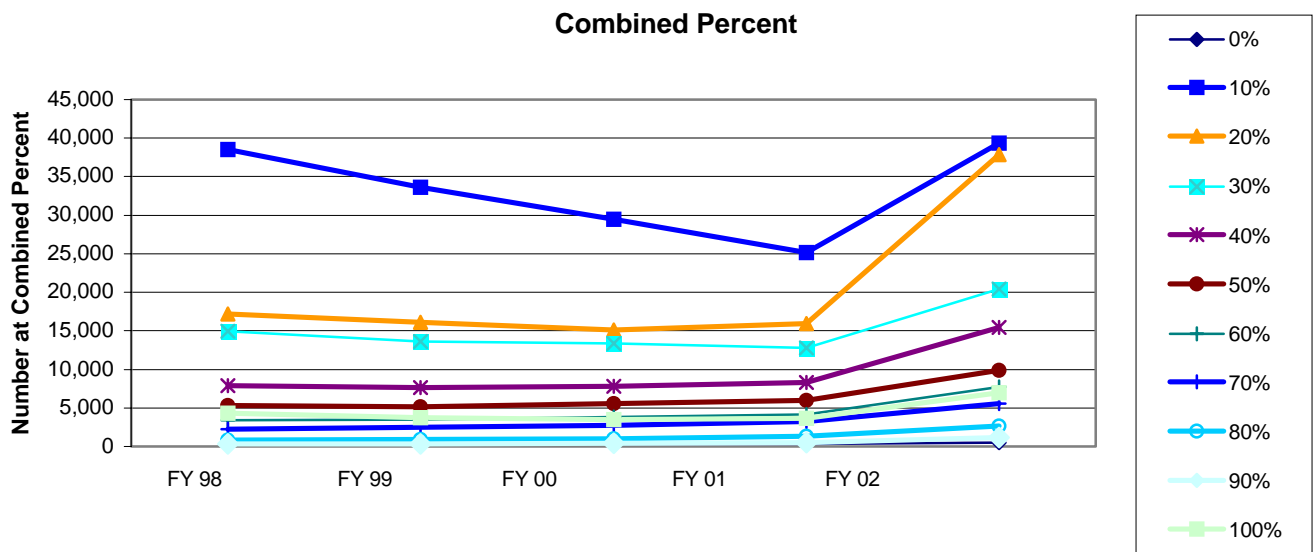
Source: Benefits Delivery Network–COIN CP-127

The total annual amounts of service-connected compensation for each combined degree is calculated by multiplying the average benefit amount (derived from COIN CP-127) by 12 months, times the number of veterans who began receiving compensation during Fiscal Year 2002.

For comparison, the following table and chart provide this information for the five-year period 1998 through 2002.

**Service-Connected Disabilities by Combined Degree
for Veterans Who Began Receiving Compensation
During Fiscal Years 1998-2002**

Combined Degree	1998	1999	2000	2001	2002
0%	432	338	360	327	529
10%	38,517	33,589	29,441	25,161	39,336
20%	17,163	16,082	15,114	15,972	37,822
30%	14,968	13,628	13,332	12,785	20,454
40%	7,905	7,672	7,837	8,294	15,476
50%	5,285	5,154	5,590	5,976	9,863
60%	3,377	3,491	3,848	4,159	7,726
70%	2,255	2,501	2,741	3,230	5,582
80%	814	874	992	1,303	2,688
90%	291	340	383	529	1,199
100%	4,311	3,715	3,521	3,690	7,011
TOTAL	95,318	87,384	83,159	81,426	147,686



(c) Individual Service-Connected Disabilities by Body System

The following table shows all individual disabilities, qualified by body system, for veterans awarded compensation during Fiscal Year 2002. The table includes zero percent disabilities only for those veterans who are in receipt of compensation benefits. The body systems are shown in descending order of the number of disabilities found service-connected within each system.

**Ranking of Individual Service-Connected Disabilities
by Body System for Veterans Who Began Receiving Compensation
During Fiscal Year 2002**

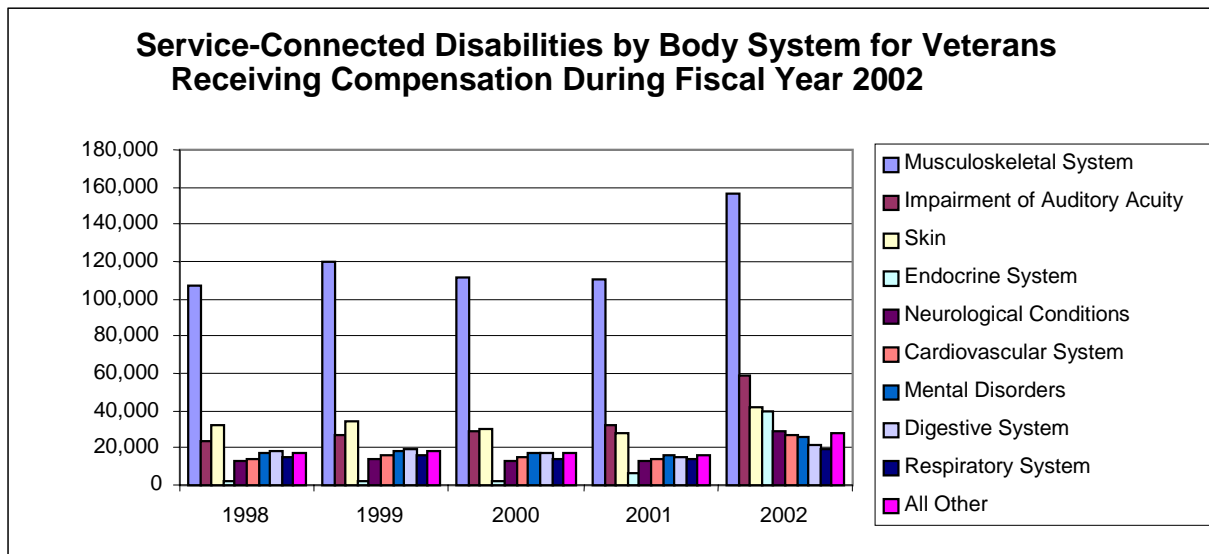
Body System	Total Number	Percent of Total	Body System	Total Number	Percent of Total
Musculoskeletal System	156,339	35.0%	Respiratory System	19,304	4.3%
Impairment of Auditory Acuity	59,241	13.3%	Genitourinary System	13,392	3.0%
Skin	41,453	9.3%	Eye	5,320	1.2%
Endocrine System	39,852	8.9%	Infectious Diseases, Immune Disorders, Nutritional Deficiencies	3,300	0.7%
Neurological Conditions	28,794	6.4%	Gynecological Conditions	2,795	0.6%
Cardiovascular System	26,643	6.0%	Dental and Oral Conditions	2,087	0.5%
Mental Disorders	25,402	5.7%	Hemic & Lymphatic Systems	1,262	0.3%
Digestive System	21,501	4.8%	Grand Total–All Conditions	446,685	100.0%

Source: COIN CP-145

The following table and chart provide information about individual service-connected disabilities qualified by body system for veterans compensated during fiscal years 1998–2002.

Service-Connected Disabilities by Body System for Veterans Who Began Receiving Compensation During Fiscal Years 1998-2002

Body System	1998	1999	2000	2001	2002
Musculoskeletal System	107,400	119,485	111,663	110,520	156,339
Impairment of Auditory Acuity	23,370	27,321	28,654	31,995	59,241
Skin	32,013	34,236	30,334	28,047	41,453
Endocrine System	2,350	2,501	2,485	5,918	39,852
Neurological Conditions	13,124	13,567	13,261	12,927	28,794
Cardiovascular System	13,638	15,588	14,594	14,253	26,643
Mental Disorders	17,043	17,680	16,613	16,065	25,402
Digestive System	17,873	18,823	16,807	15,109	21,501
Respiratory System	14,855	15,842	14,423	14,190	19,304
Genitourinary System	6,411	6,716	6,502	6,270	13,392
Eye	3,129	3,314	3,043	2,998	5,320
Infectious Diseases, Immune Disorders, Nutritional Deficiencies	2,486	2,524	2,280	2,081	3,300
Gynecological Conditions	2,958	3,154	2,678	2,285	2,795
Dental and Oral Conditions	1,365	1,533	1,518	1,310	2,087
Hemic & Lymphatic Systems	985	1,032	1,025	923	1,262
Grand Total–All Conditions	259,000	283,316	265,880	264,891	446,685



2. Compensation Based Upon Service-Connected Death

DIC is payable to survivors of veterans who die of service-related causes. The data in this section provide information about surviving spouses, children, and parents who began receiving DIC during Fiscal Year 2002. For comparison, some information is also provided for those who began receiving benefits during Fiscal Years 1998 through 2001.

(a) Beneficiaries Who Began Receiving DIC During Fiscal Year 2002

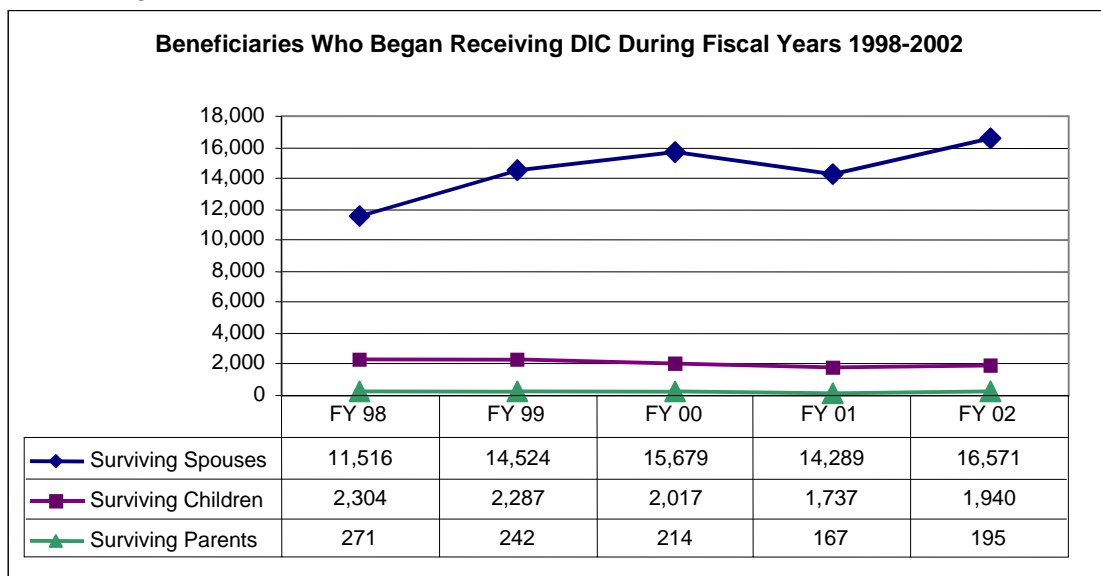
The next table shows the number of surviving spouses, children (those not included as dependents in a surviving spouse’s award), and dependent parents initially receiving DIC benefits during Fiscal Year 2002. The table also identifies the total annual amount and the average annual amount of DIC benefits paid to these survivors.

Total Beneficiaries Who Began Receiving DIC During Fiscal Year 2002

Type of Benefit	Number	Percent of Total	Total Annual Amounts	Average Annual Amounts
Surviving Spouses	16,571	88.6%	\$200,901,413	\$12,124
Surviving Children	1,940	10.4%	\$7,580,566	\$3,908
Surviving Parents	195	1.0%	\$464,798	\$2,384
TOTAL	18,706	100.0%	\$208,946,777	\$11,170

Source: Benefits Delivery Network–COIN CP-127

For comparison, the following chart provides information about survivors who were initially awarded DIC benefits during Fiscal Years 1998–2002.



(b) Demographic Characteristics of Beneficiaries Who Began Receiving DIC During Fiscal Year 2002

The following tables present information about the age of surviving spouses and children who began receiving DIC benefits during Fiscal Year 2002:

(1) By Age of Surviving Spouse

**Surviving Spouses Who Began Receiving DIC
by Age During Fiscal Year 2002**

Age	Number	Percent of All Ages	Annual Payments
Under Age 25	63	0.4%	\$740,109
25–35	309	1.9%	\$3,622,455
36–45	794	4.8%	\$9,416,845
46–55	2,678	16.2%	\$31,943,959
56–65	3,462	20.9%	\$41,821,814
66–75	4,494	27.1%	\$54,985,937
Over 75	4,771	28.8%	\$58,370,294
All Ages	16,571	100.0%	\$200,901,413

Source: Benefits Delivery Network–COIN CP 127

(2) By Age of Children

The following table shows the distribution of DIC children who are not in the custody of a surviving spouse in two age categories: those under age 18 and those over age 18. Children over age 18 are shown according to their beneficiary status: those eligible to receive DIC because of school attendance and those eligible because they are helpless.

Children Who Began Receiving DIC by Age During Fiscal Year 2002

	Under Age 18 ¹	Age 18 and Over in School	Age 18 and Over and Helpless	Total All Categories
Number	614	1137	189	1,940
Percent	31.6%	58.6%	9.7%	100.0%
Annual Payments	\$3,192,800	\$3,232,673	\$1,155,092	\$7,580,566

Source: Benefits Delivery Network–COIN CP 127

¹Includes 309 consolidated awards that account for more than one child

3. Pension Based Upon Nonservice-Connected Disability

(a) Veterans Who Began Receiving Disability Pension During Fiscal Year 2002

The number of veterans added to the disability pension rolls during Fiscal Year 2002 is shown in the next table. The table also shows the total annual amount and the average annual amount of disability pension payments.

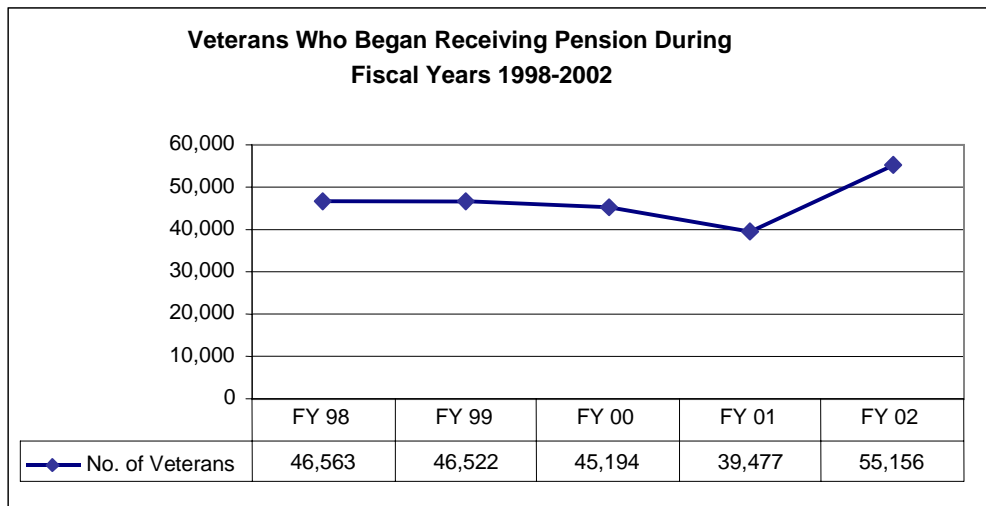
The table groups the two older pension programs Protected Pension or Old Law Pension and Section 306 Pension into one category called "Other Pension Programs." No original claims can be granted under the two protected, or "grand fathered," pension programs. However, former beneficiaries under these programs can have their benefits restored if they meet certain income and eligibility criteria.

Veterans Who Began Receiving Disability Pension by Program During Fiscal Year 2002

Type of Pension	Number of Veterans	Percent of Total	Total Annual Amounts	Average Annual Amounts
PL 95-588–New Law Pension	55,111	99.9%	\$410,806,212	\$7,454
Other Pension Programs	45	0.1%	\$71,636	\$1,592
TOTAL	55,156	100.0%	\$410,877,848	\$7,449

Source: Benefits Delivery Network–COIN CP 103

For comparison, the following chart provides information about veterans who were added to the disability pension rolls during Fiscal Years 1998–2002.



(b) Age of Veterans Who Began Receiving Disability Pension During Fiscal Year 2002

The age distribution among veterans who began receiving disability pension in Fiscal Year 2002 is shown in the table below. The total annual amount of disability pension payments for each age group is shown in the last column of the table.

**Veterans Who Began Receiving Disability Pension
by Age During Fiscal Year 2002**

Age	Other Pension ¹		New Law Pension		All Pension Programs		Annual Payments
	Number	Percent of All Ages	Number	Percent of All Ages	Total For Age Group	Percent of All Ages	
Under Age 25	0	0.0%	33	0.1%	33	0.1%	\$245,987
25–35	0	0.0%	423	0.8%	423	0.8%	\$3,153,110
36–45	0	0.0%	798	1.4%	798	1.4%	\$5,948,420
46–55	2	4.4%	16,615	30.1%	16,617	30.1%	\$123,854,052
56–65	1	2.2%	8,131	14.8%	8,132	14.7%	\$60,611,367
66–75	10	22.2%	10,980	19.9%	10,990	19.9%	\$81,862,596
Over 75	32	71.1%	18,131	32.9%	18,163	32.9%	\$135,202,316
TOTAL	45	100.0%	55,111	100.0%	55,156	100.0%	\$410,877,848

Source: Benefits Delivery Network–COIN CP 103

¹The “Other Pension” category groups the two older pension programs (Protected ‘Old Law’ Pension and Section 306 Pension) into one.

4. Pension Based Upon Nonservice-Connected Death

(a) Beneficiaries Who Began Receiving Death Pension During Fiscal Year 2002

The number of surviving spouses added to the death pension rolls during Fiscal Year 2002 is shown in the next table. The table also shows the total annual amount and the average annual amount of death pension payments.

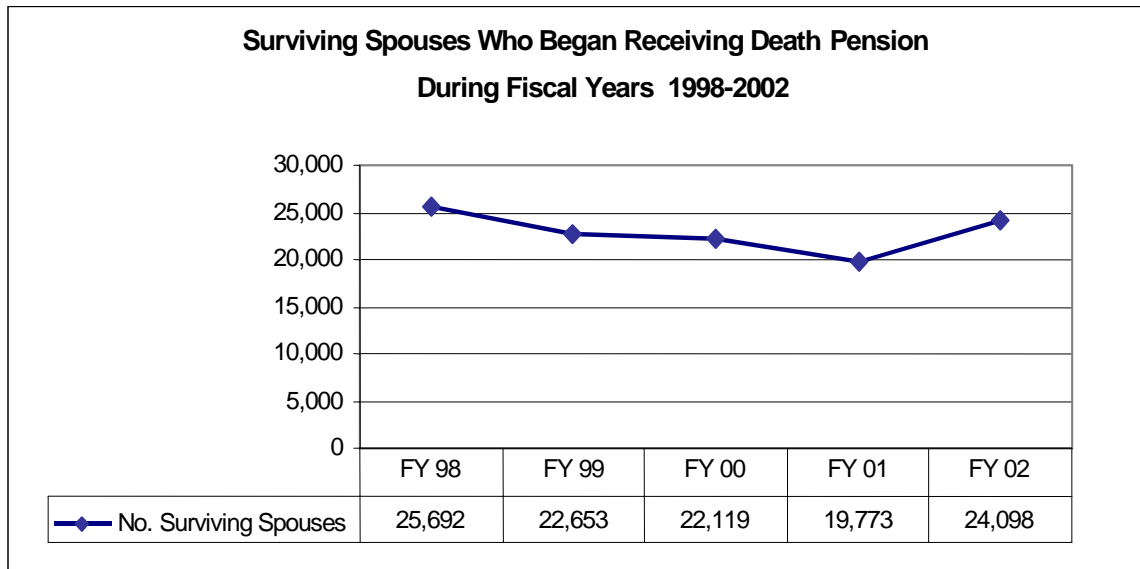
The table groups the two older pension programs into one category called “Other Pensions.” Original claims can no longer be granted under the two older pension programs. However, survivors whose awards were previously stopped can be reinstated if they meet certain income and entitlement criteria.

**Surviving Spouses Who Began Receiving Death Pension
by Program During Fiscal Year 2002**

Type of Pension	Number of Surviving Spouses	Percent of Total	Total Annual Amounts	Average Annual Amounts
PL 95-588–New Law Pension	24,077	99.9%	\$94,556,157	\$3,927
Other Pension Programs	21	0.1%	\$29,988	\$1,428
TOTAL	24,098	100.0%	\$94,586,145	\$3,925

Source: Benefits Delivery Network–COIN CP 103

For comparison, information about the number of surviving spouses added to the death pension rolls during Fiscal Years 1998–2002 is shown in the following chart.



(b) Age Distribution of Surviving Spouses Who Began Receiving Death Pension During Fiscal Year 2002

The following table shows the distribution among surviving spouses who began receiving death pension in Fiscal Year 2002 by age groups.

Surviving Spouses Who Began Receiving Death Pension by Age During Fiscal Year 2002

Age	Other Pension ¹		New Law Pension		All Pension Programs		Annual Payments
	Number	Percent of All Ages	Number	Percent of All Ages	Total For Age Group	Percent of All Ages	
Under Age 25	0	0.0%	43	0.2%	43	0.2%	\$168,871
25–35	0	0.0%	61	0.3%	61	0.3%	\$239,562
36–45	0	0.0%	585	2.4%	585	2.4%	\$2,297,435
46–55	0	0.0%	2,615	10.9%	2,615	10.9%	\$10,269,733
56–65	0	0.0%	2,969	12.3%	2,969	12.3%	\$11,659,976
66–75	2	9.5%	5,116	21.2%	5,118	21.2%	\$20,094,616
Over 75	19	90.5%	12,688	52.7%	12,707	52.7%	\$49,855,953
TOTAL	21	100.0%	24,077	100.0%	24,098	100.0%	\$94,586,145

Source: Benefits Delivery Network—COIN CP 103

¹The "Other Pension" category groups the two older pension programs Protected Pension or Old Law and Section 306 Pension into one.

COMPENSATION AND PENSION BUSINESS – BEGINNING FISCAL YEAR 2003

SUMMARY OF ACTIVE COMPENSATION AND PENSION ACCOUNTS AT THE BEGINNING OF FISCAL YEAR 2003

The following table summarizes the number of active beneficiaries in compensation and pension benefit programs at the beginning of Fiscal Year 2003 and the monetary value of their benefits.

Summary of Beneficiaries Receiving Compensation and Pension Benefits at the Beginning of Fiscal Year 2003

Benefit Programs	Number of People	Percent of Total	Total Annual Amounts	Average Annual Amounts
Compensation–Disability	2,398,287	72.9%	\$17,589,232,812	\$7,334
Compensation–Death	315,731	9.6%	\$3,688,272,387	\$11,682
Pension–Disability	346,579	10.5%	\$2,274,957,852	\$6,564
Pension–Death	230,267	7.0%	\$649,484,556	\$2,821
TOTAL	3,290,864	100.0%	\$24,201,947,607	\$7,354

"Compensation–Death" includes the DIC and Death Compensation programs.

DATA FOR COMPENSATION AND PENSION PROGRAMS

This section is organized by benefit program and provides information about people receiving compensation and pension benefits at the beginning of Fiscal Year 2003. The tables in this section describe the *entire population* of compensation and pension program beneficiaries at the beginning of Fiscal Year 2003.

1. Compensation Based Upon Service-Connected Disability

(a) Total Veterans Receiving Service-Connected Disability Compensation

The following table shows the total number of veterans, by period of service, receiving disability compensation at the beginning of Fiscal Year 2003. Also shown are projected total annual and average annual payments to these veterans if all continue on the benefit rolls, receiving the same compensation throughout the fiscal year.

**Total Veterans Receiving Service-Connected Disability Benefits
Beginning of Fiscal Year 2003**

Period of Service	Number of Veterans	Percent of Total	Total Annual Amounts	Average Annual Amounts
Mexican Border	5	0.0%	\$55,800	\$11,160
World War I	18	0.0%	\$152,892	\$8,494
World War II	440,454	18.4%	\$2,998,105,572	\$6,807
Korean War	164,728	6.9%	\$1,291,594,152	\$7,841
Vietnam War	798,549	33.3%	\$7,498,890,840	\$9,391
Gulf War Era	419,120	17.5%	\$2,190,650,028	\$5,227
Peacetime Periods	575,413	24.0%	\$3,609,783,528	\$6,273
TOTAL	2,398,287	100.0%	\$17,589,232,812	\$7,334

Source: Benefits Delivery Network–RCS 20-0221

(b) Total Number of Veterans Receiving Disability Compensation Shown by Combined Degree of Disability

The combined degree of disability is expressed as a percentage (from zero to 100 in increments of 10) and represents the overall disabling effect on a veteran of all his or her service-connected disabilities. Disability compensation monetary amounts are set by Congress and correspond to the combined degree of disability. The following table shows the number of veterans receiving compensation, sorted by combined percentage of disability. It also shows the projected total annual and average annual payments to these veterans for Fiscal Year 2003.

The “percent of combined disability” is *not* calculated by summing all the individual degrees of disability. Instead, a rating formula is applied to calculate the overall disabling effect of the veteran’s service-connected conditions.

**Total Service-Connected Benefits
by Combined Percent of Disability
Beginning of Fiscal Year 2003**

Combined Degree	Number	Total Annual Amounts	Average Annual Amounts
0%	16,364	\$13,930,188	\$851
10%	805,229	\$1,000,494,972	\$1,242
20%	387,681	\$929,836,308	\$2,398
30%	313,207	\$1,282,765,284	\$4,096
40%	214,613	\$1,265,300,304	\$5,896
50%	128,508	\$1,065,979,872	\$8,295
60%	138,378	\$1,956,165,828	\$14,136
70%	107,097	\$2,141,126,664	\$19,992
80%	67,583	\$1,519,464,636	\$22,483
90%	32,897	\$808,560,840	\$24,579
100%	186,730	\$5,605,607,916	\$30,020
TOTAL	2,398,287	\$17,589,232,812	\$7,334

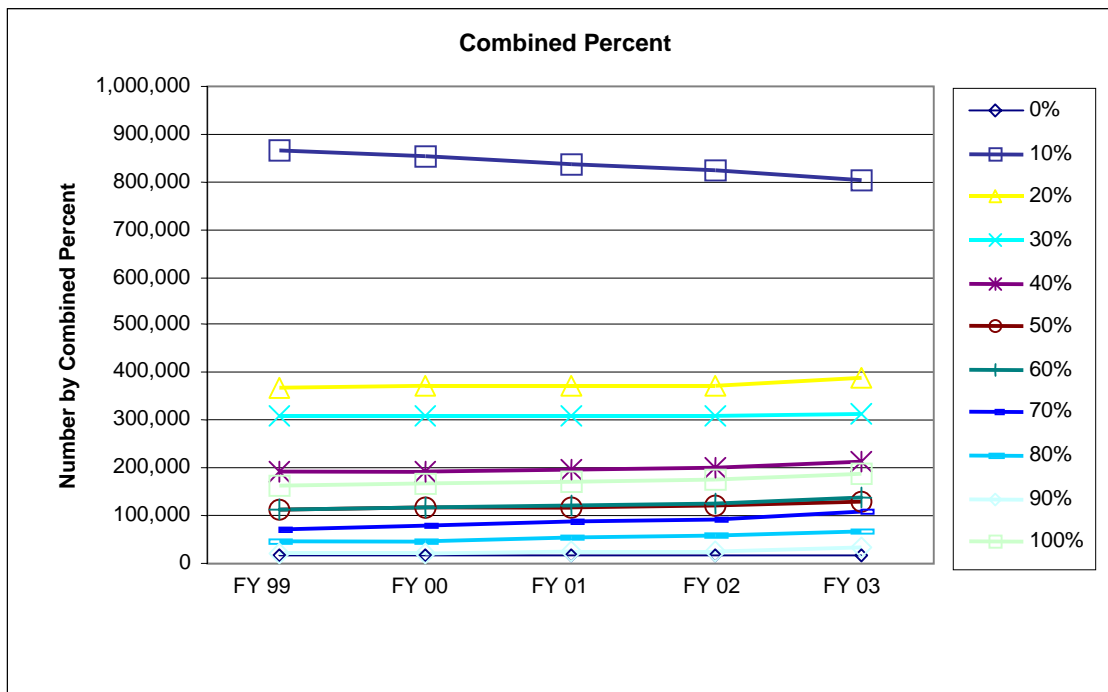
Number of beneficiaries by combined percentage of disability 0% thru 30% is 1,522,481.
This group as a percentage of the whole is 63.5%

Source: Benefits Delivery Network-RCS 20-0223

For comparison, the following table and chart provide combined percent information for veterans receiving compensation at the beginning of fiscal years 1999–2003.

Total Service-Connected Disabilities by Combined Percent at Beginning of Fiscal Years 1999-2003

Combined Degree	1999	2000	2001	2002	2003
0%	18,505	17,961	17,469	16,906	16,364
10%	866,330	853,544	838,886	822,788	805,229
20%	369,600	370,441	370,852	372,113	387,681
30%	309,713	309,391	308,893	308,156	313,207
40%	190,573	194,151	197,126	200,954	214,613
50%	113,355	116,053	118,638	121,316	128,508
60%	113,384	118,144	122,622	126,788	138,378
70%	70,117	77,934	86,497	93,913	107,097
80%	44,018	48,083	52,422	56,945	67,583
90%	20,093	22,269	24,474	26,908	32,897
100%	161,361	166,482	170,307	174,316	186,730
TOTAL	2,277,049	2,294,453	2,308,186	2,321,103	2,398,287



(c) Total Number of Individual Service-Connected Disabilities

As noted previously, a veteran may have more than one disability. In such cases, each disability is evaluated according to its disabling effect, without regard to other disabling conditions present. A rating formula is then applied to assess the overall disabling effect (combined degree) of all the veteran's service-connected conditions. In contrast to the previous table, which organized information according to the *number* of service-connected veterans and their *combined* evaluations, the following table organizes information according to the number of service-connected disabilities and their separate evaluations. The table includes the total number of veterans receiving compensation and the average number of service-connected disabilities per veteran. A "zero percent" service-connected disability rating means that a disability exists and is related to the veteran's service but is not so disabling that it entitles the veteran to compensation payments.

Data for the following tables are taken from compensation payment records. Consequently, the disabilities of service-connected veterans who do not receive compensation (because their combined disability ratings are zero percent) are *not* represented in the table. Zero percent disabilities shown in the table are veterans who receive compensation.

**Total Individual Service-Connected Disabilities by Percent
for Veterans Receiving Compensation
Beginning of Fiscal Year 2003**

Evaluation	Number of Disabilities	Percent of All
0%	2,150,575	33.9%
10%	2,423,986	38.2%
20%	608,919	9.6%
30%	493,028	7.8%
40%	172,024	2.7%
50%	123,870	2.0%
60%	116,457	1.8%
70%	63,716	1.0%
80%	8,716	0.1%
90%	2,837	0.0%
100%	183,667	2.9%
TOTAL	6,347,795	100.0%
Total Veterans		2,398,287
Average number of disabilities per veteran		2.65
Number of Disabilities 0% thru 30%:		5,676,508
Percent of all Disabilities:		89.4%

Source: Benefits Delivery Network–RCS 20-0227 and COIN CP 127

(d) Individual Service-Connected Disabilities by Body System

The following table shows all service-connected disabilities for veterans receiving compensation at the beginning of Fiscal Year 2003, sorted by body system and listed in descending order of frequency.

**Ranking of Individual Service-Connected Disabilities by Body System
Veterans Receiving Compensation Beginning of Fiscal Year 2003**

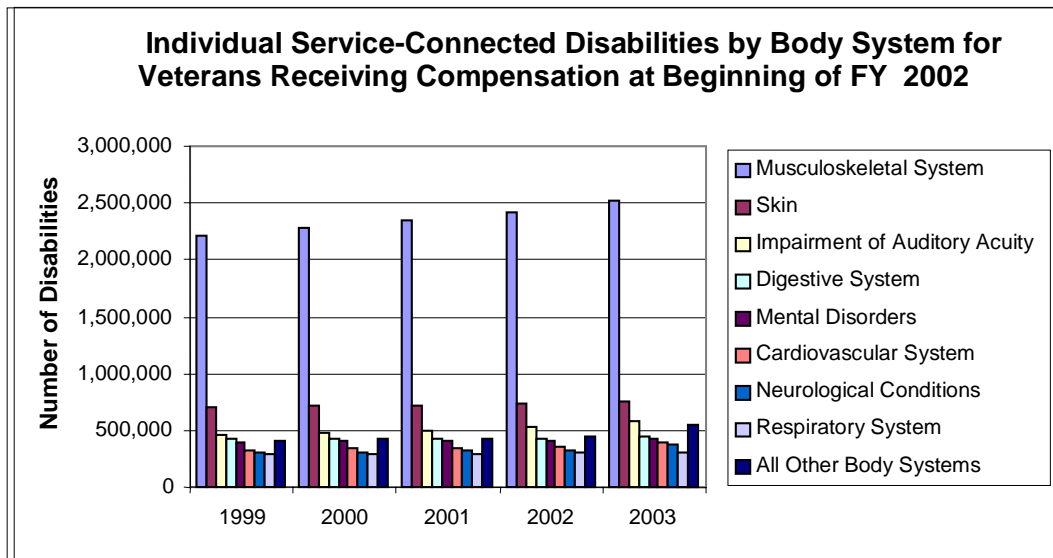
Body System	Total Number of Disabilities	Percent of Total	Body System	Total Number of Disabilities	Percent of Total
Musculoskeletal System	2,524,243	39.8%	Genitourinary System	161,387	2.5%
Skin	750,407	11.8%	Endocrine System	134,905	2.1%
Impairment of Auditory Acuity	587,524	9.3%	Eye	108,407	1.7%
Digestive System	440,931	6.9%	Infectious Diseases, Immune Disorders, Nutritional Disorder	46,586	0.7%
Mental Disorders	433,618	6.8%	Gynecological Conditions	39,325	0.6%
Cardiovascular System	385,924	6.1%	Dental and Oral Conditions	28,924	0.5%
Neurological Conditions	369,377	5.8%	Hemic and Lymphatic Systems	22,216	0.3%
Respiratory System	314,021	4.9%	Grand Total–All Conditions	6,347,795	100.0%

Source: Benefits Delivery Network–RCS 20-0227

For comparison, the following table and chart provide disability information, sorted by body system, for veterans receiving compensation at the beginning of Fiscal Years 1999-2003.

Individual Service-Connected Disabilities by Body System for Veterans Receiving Compensation Beginning of Fiscal Years 1999-2003

Body System	1999	2000	2001	2002	2003
Musculoskeletal System	2,204,797	2,280,843	2,346,864	2,412,412	2,524,243
Skin	697,081	711,700	722,474	731,378	750,407
Impairment of Auditory Acuity	463,306	483,532	505,298	530,931	587,524
Digestive System	424,188	429,546	432,920	434,606	440,931
Mental Disorders	395,329	403,175	409,071	414,679	433,618
Cardiovascular System	326,947	339,195	348,645	357,259	385,924
Neurological Conditions	302,864	313,252	322,904	331,653	369,377
Respiratory System	286,199	293,179	298,789	303,890	314,021
Genitourinary System	132,164	136,852	141,583	145,938	161,387
Endocrine System	56,416	57,576	58,719	68,040	134,905
Eye	103,007	103,704	104,050	104,472	108,407
Infectious Diseases, Immune Disorders, Nutritional Deficiencies	49,754	49,042	47,980	46,714	46,586
Gynecological Conditions	28,939	32,004	34,547	36,667	39,325
Dental and Oral Conditions	24,715	25,798	26,798	27,572	28,924
Hemic & Lymphatic Systems	20,354	20,792	21,153	21,471	22,216
Grand Total—All Conditions	5,516,060	5,680,190	5,821,795	5,967,682	6,347,795



**Total Individual Service-Connected Disabilities by Percent and Body System for Veterans
Receiving Compensation Beginning of Fiscal Year 2003**

Body System	0%		10%		20%	
	Number of Disabilities	Percent of System	Number of Disabilities	Percent of System	Number of Disabilities	Percent of System
Musculoskeletal System (Codes 5000-5399)	646,858	25.6%	1,182,285	46.8%	368,007	14.6%
Eye (Codes 6000-6099)	33,838	31.2%	30,383	28.0%	5,645	5.2%
Impairment of Auditory Acuity (Codes 6100-6299)	287,344	48.9%	247,640	42.1%	18,127	3.1%
Infectious Diseases, Immune Disorders, Nutritional Deficiencies (Codes 6300-6399)	37,399	80.3%	3,417	7.3%	671	1.4%
Respiratory System (Codes 6501-6899)	145,928	46.5%	96,182	30.6%	8,324	2.7%
Cardiovascular System (Codes 7000-7199)	58,328	15.1%	186,460	48.3%	33,897	8.8%
Digestive System (Codes 7200-7399)	252,497	57.3%	117,990	26.8%	29,209	6.6%
Genitourinary System (Codes 7500-7599)	80,337	49.8%	32,219	20.0%	12,644	7.8%
Gynecological Conditions (Codes 7610-7699)	14,084	35.8%	6,301	16.0%	132	0.3%
Hemic & Lymphatic Systems (Codes 7700-7799)	6,280	28.3%	1,662	7.5%	1,185	5.3%
Skin (Codes 7800-7899)	491,906	65.6%	223,238	29.7%	4,618	0.6%
Endocrine System (Codes 7900-7999)	6,346	4.7%	33,120	24.6%	75,632	56.1%
Neurological Conditions (Codes 8000-8999)	55,075	14.9%	157,319	42.6%	48,490	13.1%
Mental Disorders (Codes 9200-9599)	17,574	4.1%	97,460	22.5%	295	0.1%
Dental and Oral Conditions (Codes 9900-9999)	16,781	58.0%	8,310	28.7%	2,043	7.1%
Grand Total—All Conditions (Codes 5000-9999)	2,150,575	33.9%	2,423,986	38.2%	608,919	9.6%

Source: Benefits Delivery Network—RCS 20-0227

**Total Individual Service-Connected Disabilities by Percent and Body System for Veterans
Receiving Compensation Beginning of Fiscal Year 2003**

Body System	30%		40%		50%	
	Number of Disabilities	Percent of System	Number of Disabilities	Percent of System	Number of Disabilities	Percent of System
Musculoskeletal System (Codes 5000-5399)	139,725	5.5%	96,612	3.8%	19,199	0.8%
Eye (Codes 6000-6099)	23,556	21.7%	7,189	6.6%	1,474	1.4%
Impairment of Auditory Acuity (Codes 6100-6299)	10,579	1.8%	9,421	1.6%	3,683	0.6%
Infectious Diseases, Immune Disorders, Nutritional Deficiencies (Codes 6300-6399)	1,843	4.0%	291	0.6%	73	0.2%
Respiratory System (Codes 6501-6899)	37,295	11.9%	2,043	0.7%	5,104	1.6%
Cardiovascular System (Codes 7000-7199)	60,440	15.7%	7,246	1.9%	2,186	0.6%
Digestive System (Codes 7200-7399)	19,116	4.3%	8,374	1.9%	870	0.2%
Genitourinary System (Codes 7500-7599)	13,065	8.1%	4,751	2.9%	36	0.0%
Gynecological Conditions (Codes 7610-7699)	9,452	24.0%	377	1.0%	8,729	22.2%
Hemic & Lymphatic Systems (Codes 7700-7799)	9,782	44.0%	205	0.9%	25	0.1%
Skin (Codes 7800-7899)	23,706	3.2%	2,057	0.3%	4,264	0.6%
Endocrine System (Codes 7900-7999)	2,119	1.6%	10,785	8.0%	84	0.1%
Neurological Conditions (Codes 8000-8999)	45,489	12.3%	22,176	6.0%	11,131	3.0%
Mental Disorders (Codes 9200-9599)	95,643	22.1%	163	0.0%	66,839	15.4%
Dental and Oral Conditions (Codes 9900-9999)	1,218	4.2%	334	1.2%	173	0.6%
Grand Total--All Conditions (Codes 5000-9999)	493,028	7.8%	172,024	2.7%	123,870	2.0%

Source: Benefits Delivery Network--RCS 20-0227

**Total Individual Service-Connected Disabilities by Percent and Body System for Veterans
Receiving Compensation Beginning of Fiscal Year 2003**

Body System	60%		70%		80%	
	Number of Disabilities	Percent of System	Number of Disabilities	Percent of System	Number of Disabilities	Percent of System
Musculoskeletal System (Codes 5000-5399)	47,731	1.9%	4,478	0.2%	1,910	0.1%
Eye (Codes 6000-6099)	994	0.9%	1,169	1.1%	142	0.1%
Impairment of Auditory Acuity (Codes 6100-6299)	3,159	0.5%	1,346	0.2%	1,807	0.3%
Infectious Diseases, Immune Disorders, Nutritional Deficiencies (Codes 6300-6399)	1,623	3.5%	18	0.0%	80	0.2%
Respiratory System (Codes 6501-6899)	10,319	3.3%	224	0.1%	369	0.1%
Cardiovascular System (Codes 7000-7199)	23,787	6.2%	321	0.1%	130	0.0%
Digestive System (Codes 7200-7399)	5,526	1.3%	115	0.0%	98	0.0%
Genitourinary System (Codes 7500-7599)	8,368	5.2%	9	0.0%	572	0.4%
Gynecological Conditions (Codes 7610-7699)	81	0.2%	4	0.0%	20	0.1%
Hemic & Lymphatic Systems (Codes 7700-7799)	516	2.3%	141	0.6%	6	0.0%
Skin (Codes 7800-7899)	110	0.0%	40	0.0%	306	0.0%
Endocrine System (Codes 7900-7999)	4,304	3.2%	32	0.0%	27	0.0%
Neurological Conditions (Codes 8000-8999)	9,781	2.6%	3,295	0.9%	3,187	0.9%
Mental Disorders (Codes 9200-9599)	147	0.0%	52,521	12.1%	59	0.0%
Dental and Oral Conditions (Codes 9900-9999)	11	0.0%	3	0.0%	3	0.0%
Grand Total--All Conditions (Codes 5000-9999)	116,457	1.8%	63,716	1.0%	8,716	0.1%

Source: Benefits Delivery Network--RCS 20-0227

**Total Individual Service-Connected Disabilities by Percent and Body System for Veterans
Receiving Compensation Beginning of Fiscal Year 2003**

Body System	90%		100%		GRAND TOTAL	
	Number of Disabilities	Percent of System	Number of Disabilities	Percent of System	Number of Disabilities	Percent of System
Musculoskeletal System (Codes 5000-5399)	1,131	0.0%	16,307	0.6%	2,524,243	100.0%
Eye (Codes 6000-6099)	490	0.5%	3,527	3.3%	108,407	100.0%
Impairment of Auditory Acuity (Codes 6100-6299)	594	0.1%	3,824	0.7%	587,524	100.0%
Infectious Diseases, Immune Disorders, Nutritional Deficiencies (Codes 6300-6399)	2	0.0%	1,169	2.5%	46,586	100.0%
Respiratory System (Codes 6501-6899)	3	0.0%	8,230	2.6%	314,021	100.0%
Cardiovascular System (Codes 7000-7199)	15	0.0%	13,114	3.4%	385,924	100.0%
Digestive System (Codes 7200-7399)	0	0.0%	7,136	1.6%	440,931	100.0%
Genitourinary System (Codes 7500-7599)	0	0.0%	9,386	5.8%	161,387	100.0%
Gynecological Conditions (Codes 7610-7699)	0	0.0%	145	0.4%	39,325	100.0%
Hemic & Lymphatic Systems (Codes 7700-7799)	0	0.0%	2,414	10.9%	22,216	100.0%
Skin (Codes 7800-7899)	6	0.0%	156	0.0%	750,407	100.0%
Endocrine System (Codes 7900-7999)	16	0.0%	2,440	1.8%	134,905	100.0%
Neurological Conditions (Codes 8000-8999)	577	0.2%	12,857	3.5%	369,377	100.0%
Mental Disorders (Codes 9200-9599)	3	0.0%	102,914	23.7%	433,618	100.0%
Dental and Oral Conditions (Codes 9900-9999)	0	0.0%	48	0.2%	28,924	100.0%
Grand Total--All Conditions (Codes 5000-9999)	2,837	0.0%	183,667	2.9%	6,347,795	100.0%

Source: Benefits Delivery Network--RCS 20-0227

(e) Most Prevalent Service-Connected Disabilities

This section identifies the most common service-connected disabilities at the beginning of Fiscal Year 2002.

(1) By Body Systems

The following three-page table identifies the three most prevalent individual disabilities (by diagnostic code) for each of the body systems, in descending order of frequency.

The "Percent of System Total" column indicates the proportion of service-connected disabilities *within* each body system that have been assigned the diagnostic code shown at the left of each row. The "Percent of Grand Total" column indicates the proportion of the 6,347,795 service-connected disabilities.

**Most Prevalent Service-Connected Disabilities within Body Systems
for Veterans Receiving Compensation
Beginning of Fiscal Year 2002**

Code	Body System and Disability	Total Number	Percent of System Total	Percent of Grand Total
Musculoskeletal System		2,524,243	100.0%	39.8%
5299	Skeletal conditions	262,900	10.4%	4.1%
5257	Knee, other impairment of	229,745	9.1%	3.6%
5010	Arthritis, due to trauma	219,656	8.7%	3.5%
Skin		750,407	100.0%	11.8%
7805	Scars, other	287,136	38.3%	4.5%
7800	Scars, disfiguring, head, face, neck	94,198	12.6%	1.5%
7899	Skin condition	85,759	11.4%	1.4%
Auditory		587,524	100.0%	9.3%
6260	Tinnitus	196,541	33.5%	3.1%
6100	Auditory, acuity impairment, 0%	195,646	33.3%	3.1%
6297	Hearing Loss	63,452	10.8%	1.0%

Code	Body System and Disability	Total Number	Percent of System Total	Percent of Grand Total
Digestive System		440,931	100.0%	6.9%
7336	Hemorrhoids, external or internal	124,203	28.2%	2.0%
7305	Ulcer, duodenal	58,588	13.3%	0.9%
7338	Hernia, inguinal	49,530	11.2%	0.8%
Mental Disorders		433,618	100.0%	6.8%
9411	Post-traumatic stress disorder	165,939	38.3%	2.6%
9400	Generalized anxiety disorder	76,147	17.6%	1.2%
9203	Schizophrenia, paranoid type	34,002	7.8%	0.5%
Cardiovascular System		385,924	100.0%	6.1%
7101	Hypertensive vascular disease	157,789	40.9%	2.5%
7122	Cold injury residuals	55,081	14.3%	0.9%
7120	Varicose veins	41,861	10.8%	0.7%
Neurological Conditions and Convulsive Disorders		369,377	100.0%	5.8%
8100	Migraine	52,339	14.2%	0.8%
8515	Median nerve, paralysis of	30,167	8.2%	0.5%
8520	Sciatic nerve, paralysis of	27,142	7.3%	0.4%
Respiratory System		314,021	100.0%	4.9%
6602	Asthma, bronchial	47,729	15.2%	0.8%
6513	Sinusitis maxillary, chronic	33,935	10.8%	0.5%
6502	Septum, nasal, deviation of	25,223	8.0%	0.4%
Genitourinary System		161,387	100.0%	2.5%
7599	Genitourinary system condition	31,514	19.5%	0.5%
7527	Prostate gland injuries, infections, postoperative	26,292	16.3%	0.4%
7528	Malignant neoplasm	18,842	11.7%	0.3%
Eye		108,407	100.0%	1.7%
6099	Eye condition	12,580	11.6%	0.2%
6018	Eye, Conjunctivitis other, chronic	8,783	8.1%	0.1%
6070	Blindness, light perception only one eye, other	7,183	6.6%	0.1%

Code	Body System and Disability	Total Number	Percent of System Total	Percent of Grand Total
Endocrine System		134,905	100.0%	2.1%
7913	Diabetes mellitus	111,932	83.0%	1.8%
7903	Hypothyroidism	10,654	7.9%	0.2%
7900	Hyperthyroidism	4,712	3.5%	0.1%
Infectious Diseases, Immune Disorders, Nutritional Deficiencies		46,586	100.0%	0.7%
6304	Malaria	32,869	70.6%	0.5%
6399	Infectious disease, immune disorder, nutritional	3,203	6.9%	0.1%
6351	HIV-Related illness	2,633	5.7%	0.0%
Gynecological Conditions		39,325	100.0%	0.6%
7617	Uterus and ovaries, removal of, complete	7,843	19.9%	0.1%
7618	Uterus, removal of, including corpus	7,724	19.6%	0.1%
7699	Gynecological condition or disorder of the breast	6,179	15.7%	0.1%
Dental and Oral Conditions		28,924	100.0%	0.5%
9905	Temporomandibular articulation, limited motion	9,427	32.6%	0.1%
9999	Dental and oral conditions	8,065	27.9%	0.1%
9904	Mandible, malunion of	6,652	23.0%	0.1%
Hemic & Lymphatic Systems		22,216	100.0%	0.3%
7706	Splenectomy	7,179	32.3%	0.1%
7799	Hemic & lymphatic system condition	4,025	18.1%	0.1%
7715	Non-Hodgkin's lymphoma	2,935	13.2%	0.0%
Grand Total--All Body Systems		6,347,795	100.0%	100.0%

Source: Benefits Delivery Network--RCS 20-0227

(2) By the 10 Most Prevalent Disabilities

The following table identifies the 10 most prevalent service-connected disabilities (by diagnostic code) for veterans receiving compensation at the beginning of Fiscal Year 2003.

The “Percent within System” column indicates the *proportion* of service-connected disabilities within each body system that have been assigned the diagnostic code shown in the left column. The “Percent of Total” column shows the *proportion* of all 6,347,795 service-connected disabilities. The “Cumulative Percent” column shows the *sum* of the “Percent of Total” box in each row for the associated diagnostic code and all preceding diagnostic codes. For example, the eight most prevalent service-connected diagnostic codes account for 27.4 percent of all the disabilities.

Most Prevalent Disabilities for Veterans Receiving Compensation Beginning of Fiscal Year 2003

Diagnostic Code	Disability	Total	Percent Within System FY 2003	Percent of Total FY 2003	Cumulative Percent FY 2003
7805	Scars, other	287,136	38.3%	4.5%	4.5%
5299	Skeletal conditions	262,900	10.4%	4.1%	8.7%
5257	Knee, other impairment of	229,745	9.1%	3.6%	12.3%
5010	Arthritis, due to trauma	219,656	8.7%	3.5%	15.7%
6260	Tinnitus	196,541	33.5%	3.1%	18.8%
6100	Auditory, acuity impairment	195,646	33.3%	3.1%	21.9%
5295	Lumbosacral strain	181,551	7.2%	2.9%	24.8%
9411	Post-traumatic stress disorder	165,939	38.3%	2.6%	27.4%
7101	Hypertensive vascular disease	157,789	40.9%	2.5%	29.9%
5293	Intervertebral disc syndrome	150,454	6.0%	2.4%	32.3%
Total Disabilities at the Beginning of FY 2003		6,347,795	N/A	100.0%	N/A

Source: Benefits Delivery Network–RCS 20-0227

(3) By Period of Service

The following five tables in this section show the 10 service-connected disabilities most prevalent (by diagnostic code) for veterans of World War II, the Korean War, the Vietnam War, the Gulf War Era, and the various Peacetime periods.

WORLD WAR II**Most Prevalent WORLD WAR II Disabilities at Beginning of Fiscal Year 2003**

Diagnostic Code	Disability	Number of Disabilities	Percent of Total
9400	Generalized anxiety disorder	44,077	5.3%
7805	Scars, other	38,728	4.7%
7122	Cold injury residuals	33,423	4.0%
5010	Arthritis, due to trauma	28,393	3.4%
9411	Post-traumatic stress disorder	20,685	2.5%
5276	Flatfoot, acquired	20,060	2.4%
6100	Auditory, acuity impairment	19,003	2.3%
6260	Tinnitus	18,226	2.2%
7804	Scars, superficial, tender & painful—objective demonstration	18,192	2.2%
7800	Scars, disfiguring, head, face, neck	14,604	1.8%
Total Number of Disabilities		831,112	
Average Number of Disabilities per Veteran		1.89	
Total Number of Disability Codes		882	
Total World War II Veterans with Compensation		440,454	
Percent of All Veterans with Compensation		18.4%	
Total World War II Veteran Population¹		4,761,782	
Percent of Total Veteran Population		18.6%	

Sources: Benefits Delivery Network—RCS 20-0227 and RCS 20-0221.

VA Office of Policy & Planning for Veteran Population as of September 30, 2002.

¹The sum includes veterans who served in multiple periods.

KOREAN WAR

Most Prevalent KOREAN WAR Disabilities at Beginning of Fiscal Year 2003

Diagnostic Code	Disability	Number of Disabilities	Percent of Total
7805	Scars, other	17,246	5.0%
7122	Cold injury residuals	13,190	3.9%
6100	Auditory, acuity impairment	10,265	3.0%
6260	Tinnitus	10,136	3.0%
5010	Arthritis, due to trauma	9,523	2.8%
7305	Ulcer, duodenal	7,957	2.3%
9411	Post-traumatic stress disorder	7,682	2.2%
7804	Superficial Scars	6,962	2.0%
9400	Generalized anxiety disorder	6,438	1.9%
5299	Condition of the skeletal system	6,205	1.8%
Total Number of Disabilities		341,716	
Average Number of Disabilities per Veteran		2.07	
Total Number of Disability Codes		846	
Total Korean War Veterans with Compensation		164,728	
Percent of All Veterans with Compensation		6.9%	
Total Korean War Veteran Population¹		3,733,179	
Percent of Total Veteran Population		14.6%	

Sources: Benefits Delivery Network–RCS 20-0227 and RCS 20-0221
VA Office of Policy & Planning for Veteran Population as of September 30, 2002

¹The sum includes veterans who served in multiple periods.

VIETNAM WAR

Most Prevalent VIETNAM WAR Disabilities at Beginning of Fiscal Year 2003

Diagnostic Code	Disability	Number of Disabilities	Percent of Total
7805	Scars, other	126,291	5.6%
9411	Post-traumatic stress disorder	121,873	5.4%
7913	Diabetes mellitus	88,259	3.9%
5299	Skeletal conditions	79,887	3.6%
6100	Auditory, acuity impairment	76,644	3.4%
6260	Tinnitus	68,969	3.1%
5257	Knee, other impairment of	65,761	2.9%
7101	Hypertensive vascular disease	60,632	2.7%
5010	Arthritis, due to trauma	58,589	2.6%
5295	Lumbosacral strain	52,754	2.3%
Total Number of Disabilities		2,249,964	
Average Number of Disabilities per Veteran		2.82	
Total Number of Disability Codes		887	
Total Vietnam War Veterans with Compensation		798,549	
Percent of All Veterans with Compensation		33.3%	
Total Vietnam War Veteran Population¹		8,292,502	
Percent of Total Veteran Population		32.4%	

Sources: Benefits Delivery Network–RCS 20-0227 and RCS 20-0221
VA Office of Policy & Planning for Veteran Population as of September 30, 2002

¹The sum includes veterans who served in multiple periods.

GULF WAR ERA

Most Prevalent GULF WAR Era Disabilities at Beginning of Fiscal Year 2003

Diagnostic Code	Disability	Number of Disabilities	Percent of Total
5299	Skeletal conditions	90,506	6.4%
5257	Knee, other impairment of	68,081	4.8%
5010	Arthritis, due to trauma	64,549	4.5%
5295	Lumbosacral strain	61,731	4.3%
6260	Tinnitus	56,716	4.0%
7805	Scars, other	47,816	3.4%
5293	Intervertebral disc syndrome	45,279	3.2%
7101	Hypertensive vascular disease	43,113	3.0%
6100	Auditory, acuity impairment	41,597	2.9%
5271	Ankle, limited motion of	32,163	2.3%
Total Number of Disabilities		1,423,114	
Average Number of Disabilities per Veteran		3.40	
Total Number of Disability Codes		857	
Total Gulf War Era Veterans with Compensation		419,120	
Percent of All Veterans with Compensation		17.5%	
Total Gulf War Era Veteran Population¹		3,573,355	
Percent of Total Veteran Population		13.9%	

Sources: Benefits Delivery Network–RCS 20-0227 and RCS 20-0221
VA Office of Policy & Planning for Veteran Population as of September 30, 2002

¹The sum includes veterans who served in multiple periods.

PEACETIME PERIODS

Most Prevalent PEACETIME PERIODS Disabilities at Beginning of Fiscal Year 2003

Diagnostic Code	Disability	Number of Disabilities	Percent of Total
5257	Knee, other impairment of	80,138	5.4%
5299	Skeletal conditions	77,759	5.2%
5010	Arthritis, due to trauma	58,448	3.9%
7805	Scars, other	56,689	3.8%
5295	Lumbosacral strain	54,338	3.6%
7101	Hypertensive vascular disease	49,749	3.3%
6100	Auditory, acuity impairment, 0%	48,101	3.2%
5293	Intervertebral disc syndrome	43,949	2.9%
6260	Tinnitus	42,479	2.8%
7336	Hemorrhoids, external or internal	35,534	2.4%
Total Number of Disabilities		1,491,357	
Average Number of Disabilities per Veteran		2.59	
Total Number of Disability Codes		892	
Total Peacetime Periods Veterans with Compensation		575,413	
Percent of All Veterans with Compensation		24.0%	
Total Peacetime Periods Veteran Population		6,461,197	
Percent of Total Veteran Population		25.2%	

Sources: Benefits Delivery Network–RCS 20-0227 and RCS 20-0221
VA Office of Policy & Planning for Veteran Population as of September 30, 2002

2. Compensation Based Upon Service-Connected Death

(a) Total Number of Beneficiaries Receiving DIC/Death Compensation Benefits at the Beginning of Fiscal Year 2003

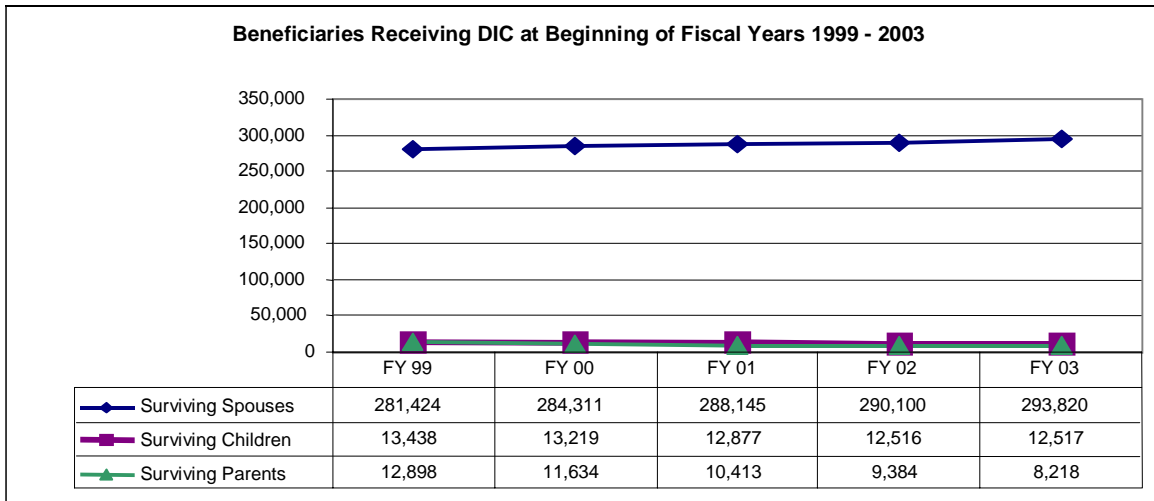
This table shows the number of beneficiaries receiving DIC or Death Compensation benefits at the beginning of Fiscal Year 2003, the total projected annual payment to beneficiaries, and the projected average annual payment to each beneficiary.

Total Beneficiaries Receiving Service-Connected Death Benefits Beginning of Fiscal Year 2003

Type of Benefit	Number	Percent of Total	Total Annual Amounts	Average Annual Amounts
DIC–Surviving Spouses	293,820	93.1%	\$3,597,619,633	\$12,244
DIC–Surviving Children	12,517	4.0%	\$69,446,392	\$5,548
DIC–Surviving Parents	8,218	2.6%	\$20,078,218	\$2,443
SUBTOTAL	314,555	99.6%	\$3,687,144,243	\$11,722
Death Compensation	1,176	0.4%	\$1,128,144	\$959
GRAND TOTAL	315,731	100.0%	\$3,688,272,387	\$11,682

Source: Benefits Delivery Network–COIN CP-127 and RCS 20-0221

For comparison, the following chart shows the number of beneficiaries receiving DIC at the beginning of Fiscal Years 1999-2003.



(b) Demographic Characteristics of All DIC and Death Compensation Beneficiaries

This section provides demographic characteristics of beneficiaries receiving DIC or Death Compensation benefits at the beginning of Fiscal Year 2003.

(1) By the Veteran's Period of Service

The following table shows total beneficiaries receiving DIC or Death Compensation sorted by the veteran's period of service. Also shown are projected total annual payments and average annual payments, by period of service and program.

**Total Beneficiaries Receiving Service-Connected Death Benefits by Period of Service
Beginning of Fiscal Year 2003**

Period of Service	Number of Beneficiaries¹	Percent of Beneficiaries	Total Annual Amounts²	Average Annual Amounts
Spanish American War	11	0.0%	\$128,939	\$11,722
Death Compensation	0	0.0%	\$0	\$0
DIC	11	0.0%	\$128,939	\$11,722
Mexican Border Period	2	0.0%	\$23,443	\$11,722
Death Compensation	0	0.0%	\$0	\$0
DIC	2	0.0%	\$23,443	\$11,722
World War I	1,957	0.6%	\$22,939,449	\$11,722
Death Compensation	0	0.0%	\$0	\$0
DIC	1,957	0.6%	\$22,939,449	\$11,722
World War II	114,040	36.1%	\$1,331,775,200	\$11,678
Death Compensation	462	39.3%	\$443,199	\$959
DIC	113,578	36.1%	\$1,331,332,001	\$11,722
Korean War	37,247	11.8%	\$429,840,911	\$11,540
Death Compensation	628	53.4%	\$602,444	\$959
DIC	36,619	11.6%	\$429,238,466	\$11,722
Vietnam War	114,356	36.2%	\$1,340,429,991	\$11,722
Death Compensation	2	0.2%	\$1,919	\$959
DIC	114,354	36.4%	\$1,340,428,072	\$11,722
Gulf War Era	9,274	2.9%	\$108,707,434	\$11,722
Death Compensation	0	0.0%	\$0	\$0
DIC	9,274	2.9%	\$108,707,434	\$11,722
Peacetime	38,845	12.3%	\$454,427,019	\$11,698
Death Compensation	84	7.1%	\$80,582	\$959
DIC	38,761	12.3%	\$454,346,437	\$11,722
All Periods	315,731	100.0%	\$3,688,272,387	\$11,682
Death Compensation	1,176	100.0%	\$1,128,144	\$959
DIC	314,555	100.0%	\$3,687,144,243	\$11,722

Source: Benefits Delivery Network–RCS 20-0221 and COIN CP-127

¹ The number of DIC beneficiaries for each period of service is calculated by multiplying the total number of beneficiaries from the COIN CP-127 by the percentage of DIC cases for each period of service (derived from RCS 20-0221).

² The total annual amounts of DIC for each period of service are calculated by multiplying the percentage of beneficiaries for each period of service (Derived from RCS 20-0221) by the total annual amounts from COIN CP-127.

(2) By Relationship to the Veteran

This table shows the distribution of DIC beneficiaries based upon relationship to the veteran – surviving spouse, child, or dependent parent.

Total Beneficiaries Receiving DIC by Relationship Beginning of Fiscal Year 2003

	Surviving Spouse	Child	Parent	Total Beneficiaries
Number	293,820	12,517	8,218	314,555
Percent	93.4%	4.0%	2.6%	100.0%

Source: Benefits Delivery Network–COIN CP-127

(3) By Age of the Surviving Spouse

The age distribution of surviving spouses in receipt of DIC and the projected total annual payments, by age group, is presented in the following table.

Surviving Spouses Receiving DIC by Age Beginning of Fiscal Year 2003

Age	Number	Percent of All Ages	Annual Payments
Under Age 25	210	0.1%	\$2,492,637
25–35	2,390	0.8%	\$27,824,868
36–45	8,683	3.0%	\$101,458,985
46–55	27,006	9.2%	\$320,833,671
56–65	44,696	15.2%	\$542,854,062
66–75	74,191	25.3%	\$915,884,626
Over 75	136,644	46.5%	\$1,686,270,782
TOTAL	293,820	100.0%	\$3,597,619,633

Source: Benefits Delivery Network–COIN CP-127

(4) By Age of the Children

The following table shows the distribution of DIC children in two age categories: under age 18 and over age 18. Children over age 18 are shown according to their beneficiary status: those eligible to receive DIC because of school attendance and those eligible because they are helpless.

Children Receiving DIC by Age Beginning of Fiscal Year 2003

	Under Age 18¹	Age 18 and Over in School	Age 18 and Over and Helpless	Total All Categories
Number	4,451	979	7,087	12,517
Percent	35.6%	7.8%	56.6%	100.0%
Annual Payments	\$23,350,029	\$2,783,454	\$43,312,909	\$69,446,392

Source: Benefits Delivery Network—COIN CP-127

¹Includes 2,393 consolidated awards that account for more than one child.

3. Pension Based upon Nonservice-Connected Disability**(a) Total Number of Veterans Receiving Disability Pension**

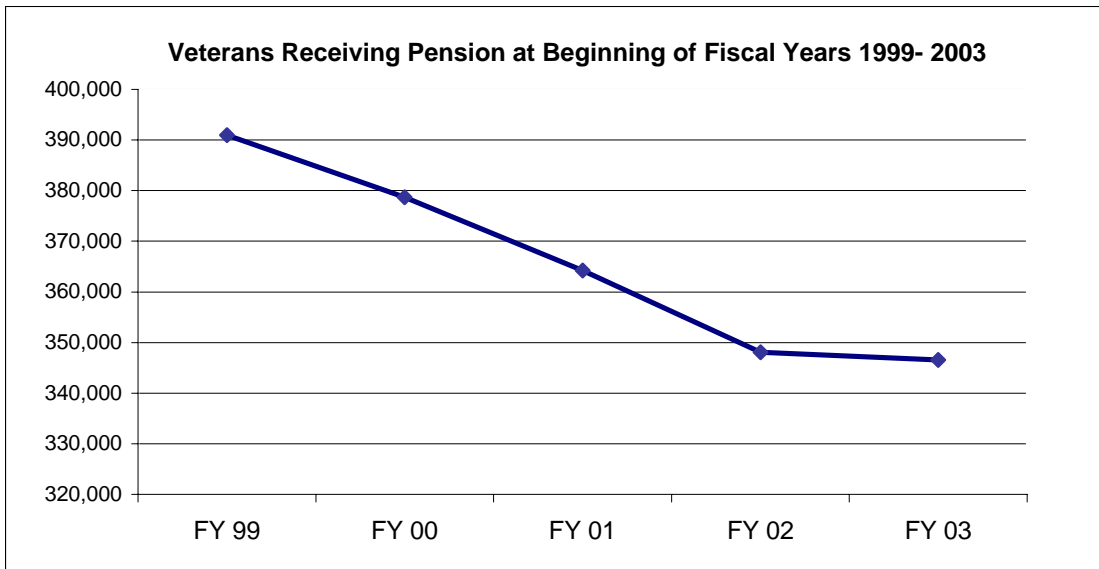
The number of veterans receiving disability pension at the beginning of Fiscal Year 2003 is shown in the following table. Also shown are projected total annual amounts and average annual amounts of disability pension payments for the three disability pension programs.

Total Veterans Receiving Disability Pension by Program Beginning of Fiscal Year 2003

Type of Pension	Number of Veterans	Percent of Total	Total Annual Amounts	Average Annual Amounts
Protected (Old Law) Pension	231	0.1%	\$268,008	\$1,160
Section 306 Pension	16,856	4.9%	\$27,699,876	\$1,643
PL 95-588–New Law Pension	329,492	95.1%	\$2,246,989,968	\$6,820
TOTAL	346,579	100.0%	\$2,274,957,852	\$6,564

Source: Benefits Delivery Network–RCS 20-0221

The following chart provides information about the number of veterans receiving disability pension at the beginning of Fiscal Years 1999 - 2003.



(b) Demographic Characteristics of Veterans Receiving Disability Pension at the Beginning of Fiscal Year 2003

(1) By Age

The number and projected total annual amount of disability pension payments for each age group are shown in the next table.

Total Veterans Receiving Disability Pension by Program Beginning Fiscal Year 2003

Age	Other Pension		New Law Pension		All Pension Programs		Annual Payments
	Number	Percent of All Ages	Number	Percent of All Ages	Total For Age Group	Percent of All Ages	
Under Age 20	0	0.0%	0	0.0%	0	0.0%	\$0
20–29	0	0.0%	181	0.1%	181	0.1%	\$1,550,604
30–39	0	0.0%	1,521	0.5%	1,521	0.4%	\$13,052,832
40–49	62	0.4%	21,844	6.6%	21,906	6.3%	\$193,432,056
50–59	763	4.5%	87,616	26.6%	88,379	25.5%	\$770,807,808
60–69	1,238	7.2%	38,889	11.8%	40,127	11.6%	\$257,473,428
70–79	7,311	42.8%	107,543	32.6%	114,854	33.1%	\$593,512,692
80–89	6,274	36.7%	66,249	20.1%	72,523	20.9%	\$405,616,824
90 and Over	1,438	8.4%	5,639	1.7%	7,077	2.0%	\$39,469,140
Age Unknown	1	0.0%	10	0.0%	11	0.0%	\$42,468
All Ages	17,087	100.0%	329,492	100.0%	346,579	100.0%	\$2,274,957,852
Average Age of Veterans: 68							

Source: Benefits Delivery Network–RCS 20-0236

The "Other Pension" category groups the two older pension programs Protected Pension or Old Law and Section 306 Pension into one category.

(2) By Period of Service

The next table provides a distribution by period of service for those veterans receiving disability pension at the beginning of Fiscal Year 2003. The total projected annual amount of disability pension payments for each period of service is shown in the last column of the table.

Disability Pension by Period of Service Beginning Fiscal Year 2003

Period of Service	Other Pension		New Law Pension		All Pension Programs		Annual Payments
	Number	Percent of All Periods	Number	Percent of All Periods	Total for Period	Percent of All Periods	
World War I	7	0.0%	33	0.0%	40	0.0%	\$384,828
World War II	12,268	71.8%	130,623	39.6%	142,891	41.2%	\$769,926,084
Korean War	3,823	22.4%	74,335	22.6%	78,158	22.6%	\$415,811,268
Vietnam War	989	5.8%	122,173	37.1%	123,162	35.5%	\$1,068,639,132
Gulf War Era	0	0.0%	2,328	0.7%	2,328	0.7%	\$20,196,540
All Periods	17,087	100.0%	329,492	100.0%	346,579	100.0%	\$2,274,957,852

Source: Benefits Delivery Network–RCS 20-0221
 The "Other Pension" category groups the two older pension programs Protected Pension or Old Law and Section 306 Pension into one category.

4. Pension Based upon Nonservice-Connected Death

(a) Total Number of Beneficiaries Receiving Death Pension at the Beginning of Fiscal Year 2003

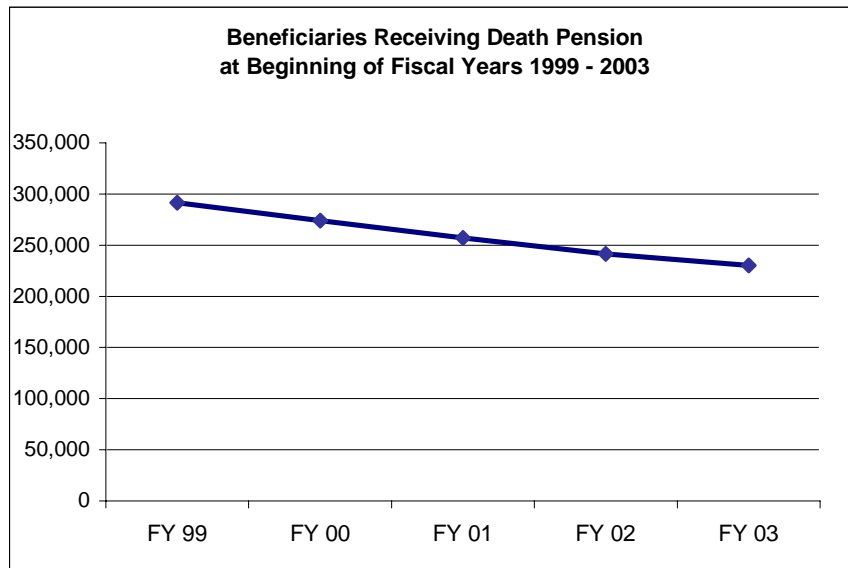
The number of beneficiaries receiving death pension at the beginning of Fiscal Year 2003, as well as projected total annual amounts and average annual amounts of payment for all three VA death pension programs is provided in the following table. Beneficiaries include surviving spouses, children and parents.

Total Beneficiaries Receiving Death Pension by Program Beginning Fiscal Year 2003

Type of Pension	Number of Beneficiaries	Percent of Total	Total Annual Amounts	Average Annual Amounts
Protected Pension (Old Law)	838	0.4%	\$592,296	\$707
Section 306 Pension	60,580	26.3%	\$64,330,716	\$1,062
PL 95-588 (New Law Pension)	168,849	73.3%	\$584,561,544	\$3,462
TOTAL	230,267	100.0%	\$649,484,556	\$2,821

Source: Benefits Delivery Network–RCS 20-0221

The following chart shows the number of beneficiaries receiving death pension at the beginning of Fiscal Years 1999 – 2003.



(b) Demographic Characteristics of Beneficiaries Receiving Death Pension at the Beginning of Fiscal Year 2003

(1) By Age of Surviving Spouses

The following table shows the distribution by age among surviving spouses. The projected total annual amount of death pension payments for each age group is shown in the last column of the table.

Total Surviving Spouses Receiving Death Pension by Age Beginning of Fiscal Year 2003

Age	Other Pension		New Law Pension		All Pension Programs		Annual Payments
	Number	Percent of All Ages	Number	Percent of All Ages	Total For Age Group	Percent of All Ages	
Under Age 25	0	0.0%	185	0.1%	185	0.1%	\$653,035
25–35	0	0.0%	306	0.2%	306	0.1%	\$1,080,156
36–45	31	0.1%	2,804	1.7%	2,835	1.3%	\$9,931,305
46–55	403	0.8%	15,271	9.3%	15,674	7.3%	\$54,362,150
56–65	1,226	2.5%	25,796	15.8%	27,022	12.7%	\$92,451,027
66–75	6,692	13.4%	40,445	24.7%	47,137	22.1%	\$150,368,866
Over 75	41,602	83.2%	78,772	48.2%	120,374	56.4%	\$325,071,309
Age Unknown	21	0.0%	0	0.0%	21	0.0%	\$22,957
All Ages	49,975	100.0%	163,579	100.0%	213,554	100.0%	\$633,940,805

Source: Benefits Delivery Network–COIN CP 103

The “Other Pension” category groups the two older pension programs Protected Pension or Old Law and Section 306 Pension into one.

(2) By the Veteran’s Period of Service

The number of surviving spouses, children and dependent parents receiving death pensions, sorted by the veteran’s period of service, is shown in the table below. The table also includes projected annual payments.

Nonservice-Connected Death Pension by Period of Service Beginning of Fiscal Year 2003

Period of Service	Other Pension		New Law Pension		All Pension Programs		Annual Payments
	Number	Percent of All Periods	Number	Percent of All Periods	Total for Period	Percent of All Periods	
Wars of 1800s	339	0.6%	270	0.2%	609	0.3%	\$1,530,504
World War I	10,376	16.9%	10,761	6.4%	21,137	9.2%	\$46,859,820
World War II	46,344	75.5%	114,957	68.1%	161,301	70.0%	\$398,947,176
Korean War	3,717	6.1%	25,318	15.0%	29,035	12.6%	\$102,420,504
Vietnam War	642	1.0%	17,369	10.3%	18,011	7.8%	\$98,731,884
Gulf War Era	0	0.0%	174	0.1%	174	0.1%	\$994,668
All Periods	61,418	100%	168,849	100.0%	230,267	100.0%	\$649,484,556

Source: Benefits Delivery Network–RCS 20-0221

The “Other Pension” category groups the two older pension programs Protected Pension or Old Law and Section 306 Pension into one category.

“Wars of the 1800s” include the Civil War, Indian Wars, Mexican Border Era, and Spanish-American War.

THE FUTURE – FORECASTING COMPENSATION PROGRAM LIABILITIES

FORECASTING PROGRAM LIABILITIES

This section projects financial obligations of the government to veterans and survivors beyond the current fiscal year. The data presented in this section is drawn from a 2002 study that projected compensation payments to veterans and survivors for the years 2003 through 2072.

1. Future Compensation Benefits

The total estimated future compensation payments of \$2,826 billion (\$2.8 trillion) represent the sum of the cash flows needed from FY 2003 to FY 2072 to pay benefits.

Estimate of Compensation Program Future Benefit Payments as of September 30, 2002

Benefits	Estimated Future Benefits Payments
Benefits to Veterans	\$2,371 Billion
Benefits to Survivors	\$455 Billion
TOTAL	\$2,826 Billion

The estimated liability for the compensation program is based on the present value of expected future compensation benefit payments for:

- All veterans currently receiving benefits under these programs;
- All survivors currently receiving benefits under these programs;
- All future survivors of those veterans currently receiving benefit payments;
- All existing veterans not currently receiving benefit payments but who are expected to receive them in the future;
- All future survivors of existing veterans not currently receiving benefit payments but who are expected to receive them in the future; and,
- A provision for those currently in active military service who will become veterans in the future (and their survivors).

These estimates reflect only current benefits and types of disability. They do not include additional compensation that may arise in the future because of new regulatory or statutory disabilities.

2. Estimated Future Benefit Payments by Fiscal Year

The table on the following page shows the expected total annual compensation benefit payments for veterans and survivors through Fiscal Year 2072 (70 years).

- The highest annual compensation outlay for payments to service-connected disabled veterans is \$47.4 billion and is expected to occur in 2034.
- The highest annual compensation outlay for payments to survivors of veterans whose deaths are related to service is \$7.5 billion and is expected to occur in 2055.
- The highest annual compensation outlay for combined payments is \$54.2 billion and is expected to occur in 2035.

The model used to project the future benefit payments is based on estimates of:

- The number of beneficiaries expected to receive compensation during a fiscal year;
- Whether these beneficiaries will receive payments for a full fiscal year or part of a fiscal year;
- The amount of benefits they will receive, including retroactive payments;
- The number of awards stopped during a fiscal year; and
- Cost of living adjustments that will apply to future benefit payments.

Estimated Future Benefit Payments by Fiscal Year

Fiscal Year	Compensation Veterans	Compensation Survivors	Compensation Veterans & Survivors
2003	\$20,230,108,391	\$4,211,719,306	\$24,441,827,697
2004	\$21,695,594,800	\$4,339,861,243	\$26,035,456,042
2005	\$22,926,658,929	\$4,448,640,051	\$27,375,298,980
2006	\$23,976,063,423	\$4,541,136,666	\$28,517,200,089
2007	\$24,940,899,508	\$4,630,089,628	\$29,570,989,136
2008	\$25,863,526,313	\$4,713,538,075	\$30,577,064,389
2009	\$26,978,285,556	\$4,835,092,858	\$31,813,378,413
2010	\$28,058,325,508	\$4,951,293,582	\$33,009,619,090
2015	\$33,286,453,223	\$5,421,371,072	\$38,707,824,295
2020	\$38,432,266,631	\$5,778,910,749	\$44,211,177,380
2025	\$43,174,350,566	\$6,087,652,215	\$49,262,002,781
2030	\$46,521,896,401	\$6,423,405,985	\$52,945,302,386
2034	\$47,448,912,374	\$6,726,917,149	\$54,175,829,523
2035	\$47,411,467,813	\$6,806,318,583	\$54,217,786,396
2040	\$45,855,123,884	\$7,165,172,990	\$53,020,296,875
2045	\$42,692,649,283	\$7,399,162,725	\$50,091,812,008
2050	\$37,899,746,062	\$7,424,248,156	\$45,323,994,218
2055	\$31,994,957,549	\$7,469,576,252	\$39,464,533,801
2060	\$25,443,577,017	\$7,421,032,818	\$32,864,609,835
2065	\$18,676,772,012	\$7,261,320,063	\$25,938,092,074
2070	\$12,427,963,213	\$6,980,661,624	\$19,408,624,836
2071	\$11,321,801,566	\$6,909,198,381	\$18,230,999,947
2072	\$10,276,045,781	\$6,832,558,394	\$17,108,604,175
TOTAL	\$2,370,974,485,895	\$454,982,411,246	\$2,825,956,897,141

Source: Compensation and Pension Programs—Liability for Future Benefits as of September 30, 2002
PricewaterhouseCoopers LLP

COMPENSATION AND PENSION

VETERAN DATA TABLES

Estimated Veteran Population by Residence at the Beginning of FY 2003 (In Ascending Order for US)	
Residence	Number of Veterans
District of Columbia	40,617
Wyoming	57,236
North Dakota	59,058
Vermont	60,405
Alaska	68,050
South Dakota	77,609
Delaware	82,188
Rhode Island	96,342
Hawaii	116,309
Montana	106,060
Idaho	136,792
Utah	159,321
New Hampshire	133,232
Maine	148,137
Nebraska	167,500
New Mexico	187,006
West Virginia	195,180
Nevada	241,248
Mississippi	245,472
Kansas	257,452
Iowa	281,265
Connecticut	288,645
Arkansas	276,651
Oregon	376,064
Kentucky	370,930
Oklahoma	365,456
Louisiana	379,358
South Carolina	414,690
Alabama	435,831
Colorado	437,515
Minnesota	446,864
Wisconsin	494,962
Maryland	495,177
Massachusetts	524,009
Tennessee	549,713
Arizona	563,842
Indiana	565,549
Missouri	570,987
New Jersey	628,493
Washington	649,046
Georgia	752,684
Virginia	763,522
North Carolina	779,393
Michigan	865,321
Illinois	945,487
Ohio	1,086,352
Pennsylvania	1,209,970
New York	1,253,731
Texas	1,701,118
Florida	1,846,327
California	2,392,193
United States Total	25,346,364
Puerto Rico	143,730
Territory & Foreign Countries	128,180
All Veterans	25,618,274

Source: Veteran Population Projections through September 30, 2002, Office of Policy and Planning, Department of Veterans Affairs (U.S. Total and All Veterans are rounded.)

**Disability Compensation Recipients by Residence at the Beginning of FY 2003
(In Ascending Order for U.S.)**

Residence	Number Compensation Recipients
District of Columbia	4,454
Vermont	5,090
Wyoming	5,432
North Dakota	6,037
Delaware	7,111
South Dakota	8,714
Rhode Island	9,855
Alaska	10,508
Montana	11,398
Hawaii	12,540
Utah	13,508
Idaho	13,688
New Hampshire	13,962
Maine	17,806
Nebraska	17,893
Iowa	18,549
West Virginia	19,844
Connecticut	20,297
Kansas	22,223
Nevada	22,494
New Mexico	22,797
Mississippi	24,864
Arkansas	30,306
Oregon	33,554
Louisiana	35,098
Kentucky	35,967
Minnesota	37,120
Wisconsin	40,024
Indiana	40,126
South Carolina	43,090
Missouri	43,938
Maryland	44,296
Oklahoma	44,720
Colorado	45,301
New Jersey	49,384
Alabama	51,521
Tennessee	52,143
Arizona	52,877
Illinois	56,837
Massachusetts	56,900
Michigan	60,569
Washington	75,950
Georgia	81,167
Ohio	81,554
North Carolina	84,505
Virginia	85,229
Pennsylvania	89,706
New York	104,361
Texas	192,705
Florida	196,697
California	205,103
United States Total	2,359,812
Philippines	5,428
Puerto Rico	18,902
Territory & Foreign Countries	14,145
Total Compensation Recipients	2,398,287

Source: Benefits Delivery Network–RCS 20-0237

**Projected Disability Compensation Costs by Residence Based on Monthly Value at the Beginning of FY 2003 and Projected through the Fiscal Year
(In Ascending Order for U.S.)**

Residence	Monthly Value Beginning FY 2003	Projected Annual Value FY 2003
District of Columbia	\$2,669,358	\$32,032,296
Wyoming	\$3,208,499	\$38,501,988
Vermont	\$3,521,449	\$42,257,388
North Dakota	\$3,526,251	\$42,315,012
Delaware	\$3,889,146	\$46,669,752
South Dakota	\$5,628,118	\$67,537,416
Rhode Island	\$6,284,391	\$75,412,692
Alaska	\$6,704,744	\$80,456,928
Montana	\$7,651,783	\$91,821,396
Hawaii	\$7,810,421	\$93,725,052
Utah	\$7,854,391	\$94,252,692
New Hampshire	\$8,505,911	\$102,070,932
Idaho	\$8,708,694	\$104,504,328
Iowa	\$10,704,702	\$128,456,424
Connecticut	\$10,909,577	\$130,914,924
Nebraska	\$12,218,970	\$146,627,640
Kansas	\$12,642,728	\$151,712,736
Nevada	\$13,096,231	\$157,154,772
Maine	\$15,177,721	\$182,132,652
West Virginia	\$15,512,418	\$186,149,016
Mississippi	\$17,255,973	\$207,071,676
New Mexico	\$18,490,325	\$221,883,900
Indiana	\$21,834,573	\$262,014,876
Minnesota	\$22,602,349	\$271,228,188
Louisiana	\$23,133,168	\$277,598,016
Kentucky	\$23,648,041	\$283,776,492
Wisconsin	\$23,880,201	\$286,562,412
Oregon	\$23,883,340	\$286,600,080
Arkansas	\$24,197,892	\$290,374,704
Maryland	\$24,259,486	\$291,113,832
Colorado	\$25,903,532	\$310,842,384
New Jersey	\$26,405,388	\$316,864,656
South Carolina	\$26,498,309	\$317,979,708
Missouri	\$26,913,201	\$322,958,412
Illinois	\$29,782,752	\$357,393,024
Alabama	\$29,930,914	\$359,170,968
Michigan	\$31,828,527	\$381,942,324
Tennessee	\$32,857,568	\$394,290,816
Massachusetts	\$33,230,177	\$398,762,124
Arizona	\$34,042,174	\$408,506,088
Oklahoma	\$35,375,460	\$424,505,520
Ohio	\$42,906,816	\$514,881,792
Georgia	\$45,624,438	\$547,493,256
Virginia	\$46,321,133	\$555,853,596
Washington	\$48,525,262	\$582,303,144
Pennsylvania	\$51,635,357	\$619,624,284
North Carolina	\$54,391,913	\$652,702,956
New York	\$58,776,209	\$705,314,508
California	\$120,307,236	\$1,443,686,832
Florida	\$122,143,572	\$1,465,722,864
Texas	\$123,616,410	\$1,483,396,920
United States Total	\$1,436,427,199	\$17,237,126,388
Puerto Rico	\$17,684,680	\$212,216,160
Philippines	\$3,893,173	\$46,718,076
Other	\$7,764,349	\$93,172,188
Total Compensation	\$1,465,769,401	\$17,589,232,812

Source: Benefits Delivery Network-RCS 20-0237

**Projected Average Disability Compensation Benefits per
Veteran Beneficiary by Residence for FY 2003
(In Ascending Order for U.S.)**

Residence	Average Annual Amount Per Veteran
Illinois	\$6,288
Michigan	\$6,306
Ohio	\$6,313
New Jersey	\$6,416
Connecticut	\$6,450
Virginia	\$6,522
Indiana	\$6,530
Delaware	\$6,563
Maryland	\$6,572
Georgia	\$6,745
New York	\$6,758
Kansas	\$6,827
Colorado	\$6,862
Pennsylvania	\$6,907
Iowa	\$6,925
Alabama	\$6,971
Utah	\$6,978
Nevada	\$6,987
Massachusetts	\$7,008
North Dakota	\$7,009
California	\$7,039
Wyoming	\$7,088
Wisconsin	\$7,160
District of Columbia	\$7,192
Minnesota	\$7,307
New Hampshire	\$7,311
Missouri	\$7,350
South Carolina	\$7,379
Florida	\$7,452
Hawaii	\$7,474
Tennessee	\$7,562
Idaho	\$7,635
Rhode Island	\$7,652
Alaska	\$7,657
Washington	\$7,667
Texas	\$7,698
North Carolina	\$7,724
Arizona	\$7,726
South Dakota	\$7,750
Kentucky	\$7,890
Louisiana	\$7,909
Montana	\$8,056
Nebraska	\$8,195
Vermont	\$8,302
Mississippi	\$8,328
Oregon	\$8,541
West Virginia	\$9,381
Oklahoma	\$9,493
Arkansas	\$9,581
New Mexico	\$9,733
Maine	\$10,229
United States Average	\$7,304
Puerto Rico	\$11,227
Philippines	\$8,607
Other	\$6,587
Average of All	\$7,334

Source: Benefits Delivery Network–RCS 20-0237

**Disability Compensation Recipients by Residence Based on Age at the Beginning of FY 2003
(In Alphabetical Order for U.S.)**

Residence	Under 20	20-29	30-39	40-49	50-59	60-69	70-79	80-84	85+	Total
Alabama	5	1,307	4,466	9,568	15,902	7,822	7,865	3,436	1,150	51,521
Alaska	1	354	1,377	2,966	3,656	1,193	697	211	53	10,508
Arizona	4	1,815	4,872	8,436	14,263	7,806	9,584	4,480	1,617	52,877
Arkansas	5	832	2,845	4,827	8,864	4,486	5,002	2,550	895	30,306
California	8	8,219	18,531	31,893	57,499	27,265	36,178	18,212	7,298	205,103
Colorado	2	1,756	5,348	8,985	13,138	6,265	6,061	2,729	1,017	45,301
Connecticut	0	541	1,560	2,363	5,315	2,152	4,373	2,811	1,182	20,297
Delaware	0	194	646	1,406	2,052	923	1,209	491	190	7,111
District of Columbia	0	102	374	761	1,288	565	774	359	231	4,454
Florida	9	5,165	15,020	32,113	49,077	28,692	38,779	19,875	7,967	196,697
Georgia	5	2,765	9,884	19,102	23,659	10,680	9,617	4,118	1,337	81,167
Hawaii	1	351	1,019	2,220	3,791	1,723	2,221	876	338	12,540
Idaho	2	542	1,500	2,185	3,957	1,921	2,172	1,062	347	13,688
Illinois	6	2,550	6,270	8,205	16,256	5,596	10,144	5,649	2,161	56,837
Indiana	3	1,249	4,555	6,518	12,031	4,214	6,891	3,538	1,127	40,126
Iowa	2	522	1,904	2,582	5,369	1,843	3,473	2,022	832	18,549
Kansas	1	655	2,150	3,878	6,573	2,724	3,635	1,891	716	22,223
Kentucky	1	1,251	3,830	6,125	10,005	4,569	6,132	3,113	941	35,967
Louisiana	1	1,400	3,929	5,011	10,195	4,925	5,988	2,763	886	35,098
Maine	1	568	1,673	2,960	5,612	2,359	2,867	1,297	469	17,806
Maryland	2	1,461	4,996	9,018	12,561	5,603	6,393	3,081	1,181	44,296
Massachusetts	0	1,027	3,168	5,587	13,577	7,083	15,006	7,924	3,528	56,900
Michigan	7	1,661	5,919	7,863	18,395	6,243	11,780	6,617	2,084	60,569
Minnesota	6	1,060	3,660	4,873	10,871	3,898	7,005	4,013	1,734	37,120
Mississippi	2	628	2,152	4,060	6,909	3,793	4,550	2,104	666	24,864
Missouri	1	1,253	4,103	7,227	13,147	5,261	7,693	3,834	1,419	43,938
Montana	2	461	1,138	1,888	3,608	1,543	1,661	779	318	11,398
Nebraska	1	723	1,823	2,976	4,807	2,343	3,203	1,468	549	17,893
Nevada	2	699	2,061	3,897	6,504	3,532	3,813	1,515	471	22,494
New Hampshire	0	372	1,249	2,179	4,110	2,071	2,569	1,019	393	13,962
New Jersey	3	923	2,892	5,234	12,949	5,608	12,061	6,858	2,856	49,384
New Mexico	0	589	1,659	3,591	7,241	3,478	3,764	1,782	693	22,797
New York	5	2,694	6,984	11,504	29,955	11,207	22,889	13,004	6,119	104,361
North Carolina	5	3,120	9,887	17,701	24,413	11,569	11,649	4,720	1,441	84,505
North Dakota	1	173	621	964	1,911	683	882	553	249	6,037
Ohio	3	2,383	8,310	12,205	23,452	8,464	15,482	8,328	2,927	81,554
Oklahoma	2	1,408	3,948	7,051	14,108	6,615	7,229	3,317	1,042	44,720
Oregon	3	1,375	3,733	5,093	10,617	3,876	5,167	2,739	951	33,554
Pennsylvania	3	2,145	6,522	10,792	24,626	9,995	20,110	11,370	4,143	89,706
Rhode Island	0	233	661	1,130	2,644	1,101	2,213	1,301	572	9,855
South Carolina	1	1,447	4,407	8,623	12,763	6,541	6,139	2,411	758	43,090
South Dakota	0	279	899	1,516	2,764	1,112	1,276	615	253	8,714
Tennessee	2	1,795	6,073	9,646	15,346	6,974	7,698	3,511	1,098	52,143
Texas	12	7,647	19,896	33,658	55,705	28,684	29,156	13,165	4,782	192,705
Utah	1	488	1,260	2,228	3,891	1,654	2,391	1,216	379	13,508
Vermont	0	118	401	779	1,637	641	906	440	168	5,090
Virginia	3	2,569	8,445	18,600	25,625	12,540	11,214	4,601	1,632	85,229
Washington	5	2,845	8,948	15,366	23,200	10,114	9,602	4,315	1,555	75,950
West Virginia	2	571	1,923	2,292	6,594	2,754	3,563	1,617	528	19,844
Wisconsin	5	1,523	4,444	6,033	11,724	4,373	7,027	3,630	1,265	40,024
Wyoming	0	181	552	960	1,805	683	805	330	116	5,432
U.S. Total	136	75,989	224,487	386,638	675,961	307,759	408,558	203,660	76,624	2,359,812
Philippines	1	10	50	229	557	333	1,123	1,925	1,200	5,428
Puerto Rico	3	325	1,232	3,389	6,032	2,663	3,835	1,078	345	18,902
All Other	0	443	1,871	3,545	4,254	1,923	1,434	458	217	14,145
Total Recipients	140	76,767	227,640	393,801	686,804	312,678	414,950	207,121	78,386	2,398,287

Source: Benefits Delivery Network-RCS 20-0238

**Disability Pension Recipients by Residence at the Beginning of FY 2003
(In Ascending Order for U.S.)**

Residence	Number of Pension Recipients
Alaska	298
Wyoming	549
Delaware	606
Vermont	631
Hawaii	752
North Dakota	1,031
New Hampshire	1,085
Rhode Island	1,091
Utah	1,161
District of Columbia	1,220
Idaho	1,455
Montana	1,750
South Dakota	1,850
Connecticut	2,020
Nebraska	2,456
Nevada	2,777
Maine	3,069
New Mexico	3,204
Kansas	3,224
Colorado	3,294
Iowa	3,554
New Jersey	3,651
Maryland	4,050
Massachusetts	4,715
West Virginia	5,027
Indiana	5,049
Arizona	5,099
Minnesota	5,119
Washington	5,129
Oregon	5,595
Wisconsin	5,599
Arkansas	6,614
Mississippi	7,088
Virginia	7,200
South Carolina	7,481
Kentucky	7,640
Missouri	8,349
Michigan	8,740
Oklahoma	8,936
Alabama	10,100
Tennessee	10,326
Louisiana	10,764
Illinois	10,943
Georgia	11,150
North Carolina	11,399
Ohio	13,719
Pennsylvania	14,879
New York	16,566
Florida	21,353
California	24,126
Texas	26,489
United States Total	329,972
Philippines	952
Puerto Rico	14,710
Territory & Foreign Countries	945
Total Pension Recipients	346,579

Source: Benefits Delivery Network–RCS 20-0237

**Projected Disability Pension Costs by Residence Based on Monthly Value at the
Beginning of FY 2003 and Projected through the Fiscal Year
(In Ascending Order for U.S.)**

Residence	Monthly Value Beginning FY 2003	Projected Annual Value FY 2002
Alaska	\$172,914	\$2,074,968
Wyoming	\$270,290	\$3,243,480
Delaware	\$286,354	\$3,436,248
Vermont	\$314,836	\$3,778,032
Hawaii	\$433,247	\$5,198,964
North Dakota	\$547,372	\$6,568,464
New Hampshire	\$593,167	\$7,118,004
Rhode Island	\$597,545	\$7,170,540
Utah	\$604,282	\$7,251,384
District of Columbia	\$664,094	\$7,969,128
Connecticut	\$766,186	\$9,194,232
Idaho	\$824,780	\$9,897,360
Montana	\$947,382	\$11,368,584
South Dakota	\$1,038,515	\$12,462,180
Nevada	\$1,466,764	\$17,601,168
Nebraska	\$1,573,745	\$18,884,940
Maine	\$1,658,022	\$19,896,264
New Mexico	\$1,761,776	\$21,141,312
Kansas	\$1,805,400	\$21,664,800
Colorado	\$1,851,968	\$22,223,616
New Jersey	\$1,907,041	\$22,884,492
Iowa	\$2,084,969	\$25,019,628
Maryland	\$2,161,434	\$25,937,208
Massachusetts	\$2,280,216	\$27,362,592
Minnesota	\$2,630,486	\$31,565,832
Indiana	\$2,635,128	\$31,621,536
Arizona	\$2,697,747	\$32,372,964
Washington	\$2,874,975	\$34,499,700
West Virginia	\$2,920,696	\$35,048,352
Wisconsin	\$3,202,972	\$38,435,664
Arkansas	\$3,332,629	\$39,991,548
Virginia	\$3,486,210	\$41,834,520
Oregon	\$3,519,364	\$42,232,368
Mississippi	\$3,613,162	\$43,357,944
South Carolina	\$4,036,539	\$48,438,468
Kentucky	\$4,062,818	\$48,753,816
Missouri	\$4,678,323	\$56,139,876
Michigan	\$5,282,074	\$63,384,888
North Carolina	\$5,330,358	\$63,964,296
Tennessee	\$5,333,823	\$64,005,876
Louisiana	\$5,936,089	\$71,233,068
Georgia	\$5,940,945	\$71,291,340
Illinois	\$6,025,680	\$72,308,160
Alabama	\$6,228,023	\$74,736,276
Oklahoma	\$6,271,684	\$75,260,208
Ohio	\$7,833,576	\$94,002,912
New York	\$8,270,558	\$99,246,696
Pennsylvania	\$8,513,912	\$102,166,944
Florida	\$12,013,689	\$144,164,268
California	\$12,768,104	\$153,217,248
Texas	\$14,623,114	\$175,477,368
United States Total	\$180,674,977	\$2,168,099,724
Puerto Rico	\$7,314,345	\$87,772,140
Philippines	\$976,696	\$11,720,352
Territory & Foreign	\$613,803	\$7,365,636
Total Pension	\$189,579,821	\$2,274,957,852

Source: Benefits Delivery Network–RCS 20-0237

**Projected Average Disability Pension Benefits per Veteran Beneficiary by Residence for FY 2003
(In Ascending Order for U.S.)**

Residence	Average Annual Amount Per Veteran
Connecticut	\$4,552
North Carolina	\$5,611
Delaware	\$5,670
Massachusetts	\$5,803
Virginia	\$5,810
Wyoming	\$5,908
Vermont	\$5,987
New York	\$5,991
Arkansas	\$6,046
Mississippi	\$6,117
Minnesota	\$6,166
Tennessee	\$6,199
Utah	\$6,246
Indiana	\$6,263
New Jersey	\$6,268
Nevada	\$6,338
Arizona	\$6,349
California	\$6,351
North Dakota	\$6,371
Kentucky	\$6,381
Georgia	\$6,394
Maryland	\$6,404
South Carolina	\$6,475
Maine	\$6,483
Montana	\$6,496
District of Columbia	\$6,532
New Hampshire	\$6,560
Rhode Island	\$6,572
New Mexico	\$6,598
Illinois	\$6,608
Louisiana	\$6,618
Texas	\$6,625
Kansas	\$6,720
Missouri	\$6,724
Washington	\$6,726
South Dakota	\$6,736
Colorado	\$6,747
Florida	\$6,751
Idaho	\$6,802
Ohio	\$6,852
Wisconsin	\$6,865
Pennsylvania	\$6,867
Hawaii	\$6,914
Alaska	\$6,963
West Virginia	\$6,972
Iowa	\$7,040
Michigan	\$7,252
Alabama	\$7,400
Oregon	\$7,548
Nebraska	\$7,689
Oklahoma	\$8,422
United States Average	\$6,571
Puerto Rico	\$5,967
Philippines	\$12,311
Other	\$7,794
Average of All	\$6,564

Source: Benefits Delivery Network-RCS 20-0237

**Pension Recipients by Residence Based on Age at the Beginning of FY 2003
(In Alphabetical Order for U.S.)**

Residence	Under 20	20-29	30-39	40-49	50-59	60-69	70-79	80-84	85+	Total
Alabama	0	7	39	476	1,616	984	3,756	2,272	950	10,100
Alaska	0	0	1	44	157	43	37	12	4	298
Arizona	0	1	27	406	1,532	676	1,535	619	303	5,099
Arkansas	0	3	34	414	1,557	683	2,066	1,227	630	6,614
California	1	21	118	1,921	7,228	2,962	7,049	3,218	1,608	24,126
Colorado	0	0	18	276	917	371	965	510	237	3,294
Connecticut	1	0	5	107	474	202	627	369	235	2,020
Delaware	0	0	3	39	174	64	202	88	36	606
District of Columbia	0	0	4	94	335	162	439	139	47	1,220
Florida	5	18	88	1407	5926	2669	6667	3071	1502	21,353
Georgia	1	3	60	664	2,704	1,280	3,641	1,968	829	11,150
Hawaii	0	0	3	79	283	105	176	73	33	752
Idaho	1	0	3	87	346	181	466	271	100	1,455
Illinois	0	7	49	694	3,216	1,335	3,576	1,435	631	10,943
Indiana	1	1	19	333	1,417	639	1,706	641	292	5,049
Iowa	1	1	11	190	814	378	1,219	605	335	3,554
Kansas	0	1	21	231	841	351	1,039	494	246	3,224
Kentucky	0	4	21	372	1,702	914	2,807	1,267	553	7,640
Louisiana	1	7	64	677	2,552	1,066	3,617	1,929	851	10,764
Maine	0	3	12	223	954	345	926	424	182	3,069
Maryland	0	1	24	303	1,104	480	1,411	493	234	4,050
Massachusetts	0	3	29	327	1,251	601	1,578	602	324	4,715
Michigan	0	2	58	691	2,988	1,043	2,459	1,056	443	8,740
Minnesota	1	0	19	247	1,020	489	1,708	1,020	615	5,119
Mississippi	0	6	20	289	1,202	602	2,622	1,676	671	7,088
Missouri	0	1	21	553	2,129	881	2,788	1,333	643	8,349
Montana	0	1	11	125	491	198	533	248	143	1,750
Nebraska	0	2	14	159	558	262	837	411	213	2,456
Nevada	0	1	14	212	895	408	836	287	124	2,777
New Hampshire	0	0	3	58	271	141	343	162	107	1,085
New Jersey	1	0	16	204	828	425	1,348	564	265	3,651
New Mexico	0	0	14	220	941	325	980	499	225	3,204
New York	1	3	81	1,154	4,428	1,933	5,565	2,169	1,232	16,566
North Carolina	0	5	44	607	2,289	1,046	4,111	2,408	889	11,399
North Dakota	0	0	2	37	225	102	378	187	100	1,031
Ohio	0	6	75	1,181	4,711	1,751	3,937	1,462	596	13,719
Oklahoma	0	7	42	540	2,508	1,120	2,798	1,328	593	8,936
Oregon	0	5	34	463	1,772	694	1,533	733	361	5,595
Pennsylvania	1	3	75	923	4,095	1,775	4,867	2,087	1,053	14,879
Rhode Island	0	0	1	66	321	138	343	142	80	1,091
South Carolina	0	1	25	358	1,710	802	2,645	1,433	507	7,481
South Dakota	1	1	7	90	375	213	701	298	164	1,850
Tennessee	0	4	30	546	2,297	1,156	3,574	1,867	852	10,326
Texas	1	20	125	1,748	6,978	2,852	8,533	4,226	2,006	26,489
Utah	0	1	6	93	306	145	364	156	90	1,161
Vermont	1	1	1	35	159	66	242	81	45	631
Virginia	0	3	30	452	1,628	798	2,592	1,209	488	7,200
Washington	1	4	34	435	1,556	660	1,458	655	326	5,129
West Virginia	0	3	32	354	1,522	628	1,598	593	297	5,027
Wisconsin	0	3	22	394	1,427	631	1,740	869	513	5,599
Wyoming	0	1	3	46	153	95	161	65	25	549
US Total	20	165	1,512	21,644	86,883	37,870	107,099	50,951	23,828	329,972
Philippines	0	0	1	7	125	142	151	288	238	952
Puerto Rico	2	0	6	232	1,226	2,013	7,229	2,860	1,142	14,710
All Others	0	0	2	23	145	102	375	191	107	945
Total Recipients	22	165	1,521	21,906	88,379	40,127	114,854	54,290	25,315	346,579

Source: Benefits Delivery Network--RCS 20-0238

**Compensation Recipients with Power of Attorney
By Residence¹
(In Alphabetical Order)**

Residence	Number of Recipients
Alabama	32,605
Alaska	7,354
Arizona	30,531
Arkansas	19,753
California	127,955
Colorado	26,707
Connecticut	9,153
Delaware	3,824
District of Columbia	2,194
Florida	124,662
Georgia	44,381
Hawaii	5,233
Idaho	9,657
Illinois	30,143
Indiana	21,858
Iowa	11,551
Kansas	14,849
Kentucky	21,250
Louisiana	24,383
Maine	11,801
Maryland	18,837
Massachusetts	28,119
Michigan	36,648
Minnesota	26,147
Mississippi	14,703
Missouri	27,040
Montana	8,322
Nebraska	12,541
Nevada	11,789
New Hampshire	7,647
New Jersey	23,176
New Mexico	14,484
New York	54,152
North Carolina	57,470
North Dakota	4,678
Ohio	44,845
Oklahoma	28,514
Oregon	24,130
Pennsylvania	43,787
Rhode Island	4,974
South Carolina	26,619
South Dakota	6,379
Tennessee	32,658
Texas	122,553
Utah	7,110
Vermont	3,115
Virginia	49,454
Washington	54,714
West Virginia	13,774
Wisconsin	28,388
Wyoming	3,135
United States Total	1,419,746

¹Information as of EOM December 2002.

Source: Compensation & Pension Master Record

**Disability Pension Recipients with Power of Attorney
By Residence¹
(In Alphabetical Order)**

Residence	Number of Recipients
Alabama	9,123
Alaska	190
Arizona	3,647
Arkansas	5,530
California	19,308
Colorado	2,817
Connecticut	1,388
Delaware	395
District of Columbia	497
Florida	18,536
Georgia	9,505
Hawaii	311
Idaho	1,218
Illinois	6,793
Indiana	3,195
Iowa	2,713
Kansas	2,921
Kentucky	5,715
Louisiana	9,348
Maine	2,401
Maryland	2,083
Massachusetts	2,882
Michigan	6,927
Minnesota	4,746
Mississippi	5,467
Missouri	6,816
Montana	1,485
Nebraska	2,228
Nevada	1,655
New Hampshire	665
New Jersey	2,304
New Mexico	2,583
New York	9,728
North Carolina	10,734
North Dakota	946
Ohio	10,468
Oklahoma	7,240
Oregon	4,642
Pennsylvania	7,597
Rhode Island	517
South Carolina	6,470
South Dakota	1,595
Tennessee	8,826
Texas	22,128
Utah	600
Vermont	378
Virginia	6,001
Washington	4,214
West Virginia	4,140
Wisconsin	4,807
Wyoming	350
United States Total	256,773

¹Information as of EOM December 2002.

Source: Compensation & Pension Master Record



Chapter 3 EDUCATION

EDUCATION PROGRAMS – OVERVIEW

VBA Education programs provide veterans, reservists, and certain family members of veterans with educational resources to supplement opportunities missed because of military service. These programs are also meant to help the armed forces both recruit and retain members. For members of the armed forces, VA educational benefits assist in the readjustment to civilian life. On a broader scale, educational benefits are meant to enhance the Nation's competitiveness through the development of a higher educated and more productive workforce.

There are four active education programs:

MONTGOMERY GI BILL – ACTIVE DUTY (MGIB)

MGIB is a contributory program. The service member's pay is automatically reduced by \$100 per month for the first 12 months of active duty unless the service member declines to participate at the time of enlistment. Requirements and features of MGIB are as follows:

- Served on active duty after June 30, 1985;
- Must fulfill one's basic service obligation;
- Must have completed the requirements of a secondary school diploma, or its equivalent, before applying for benefits;
- Must receive an honorable discharge;
- Maximum entitlement is 36 months;
- Additional "kicker"¹ may be available, as determined by Department of Defense (DoD); and
- Generally, must use benefits within 10 years following discharge.

¹ A "kicker" is an additional monetary contribution paid by the military under certain circumstances.

MONTGOMERY GI-BILL – SELECTED RESERVE (MGIB SR)

MGIB-SR is the first GI Bill to provide educational assistance to members of the Selected Reserve (including National Guard members). DoD funds this program and is responsible for determining eligibility to MGIB-SR. VBA administers the program.

Requirements and features of MGIB-SR are as follows:

- Must agree to a six-year Selected Reserve obligation after July 1, 1985;
- Must have completed the requirements of a secondary school diploma, or its equivalent, before applying for benefits;
- Must remain a member in good standing of the Selected Reserve;
- Maximum entitlement is 36 months; and,
- Generally, must use benefits within 14 years of date eligibility began.

DEPENDENTS EDUCATIONAL ASSISTANCE PROGRAM (DEA)

DEA is the only VA educational assistance program designed for students who have never served in the Armed Forces. Features and requirements of DEA are as follows:

- Eligibility is based on the veteran's service-connected death, total service-connected disability, or MIA/POW/hostage status;
- Maximum entitlement is 45 months;
- Children generally have eight years in which to use benefits;
- With some exceptions, children must be between ages 18 and 26;
- Spouses have 10 years in which to use benefits; and,
- A spouse's remarriage bars further benefits¹ while a child's marriage does not.

¹ Public Law 106-117, signed on November 30, 1999, restores entitlement if a surviving spouse's remarriage has been terminated by death or divorce.

POST-VIETNAM ERA VETERANS EDUCATION ASSISTANCE PROGRAM (VEAP)

VEAP was the first GI Bill program that required a contribution by the service member. Requirements and features of VEAP are as follows:

- First entered on active duty after December 31, 1976, and before July 1, 1985;
- Contributed to VEAP while on active duty and before April 1, 1987;
- Maximum contribution of \$2700 by the service member;
- Government matches contribution \$2 for \$1;
- Maximum entitlement is 36 months;
- Benefit must be used within 10 years of discharge from the service;
- Unused contributions may be refunded;
- Additional "kickers" or contributions from the Department of Defense (DoD) under certain circumstances; and,
- Current full-time VEAP rate is \$300 per month plus any DoD "kicker" adjustment.

NEW EDUCATION BENEFICIARIES DURING FISCAL YEAR 2002

The following table shows the number of veterans, service members, reservists, and dependents that began receiving their education benefits for the first time during Fiscal Year 2002.

**Beneficiaries Who Began Receiving Education Benefits
During Fiscal Year 2002**

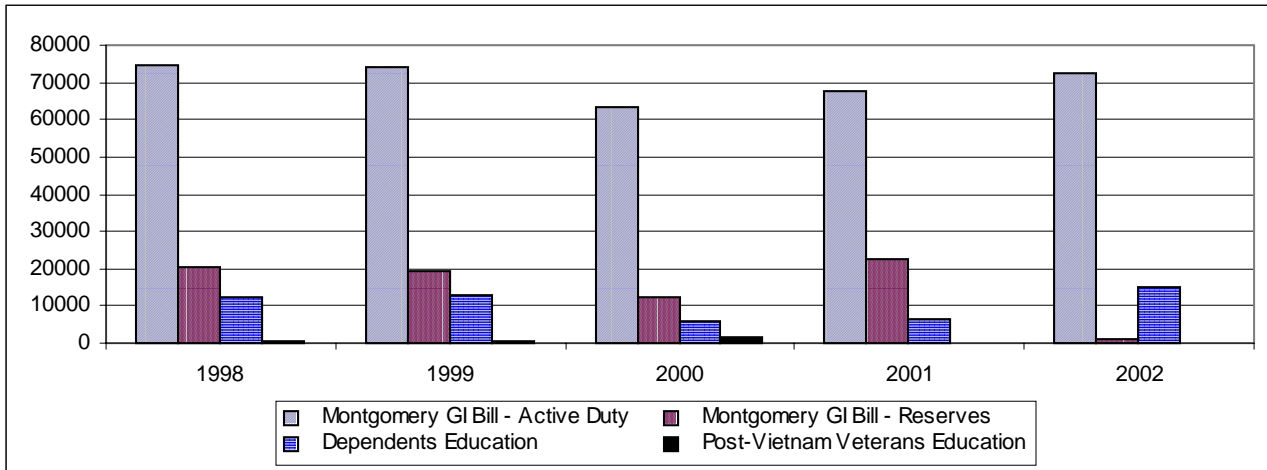
Program	Number of Beneficiaries	Percent of Total
Montgomery GI Bill - Active Duty ¹	72,566	81.8%
Montgomery GI Bill - Reserves ²	1,023	1.1%
Dependents Education	14,964	16.9%
Post-Vietnam Veterans Education	174	0.2%
TOTAL	88,727	100.0%

Source: Education Service SAS Reports

¹ Based on Active Duty Service

² Based on service in the Selected Reserve

The following chart shows the number of beneficiaries who first began receiving benefits during the period beginning with Fiscal Year 1998 through Fiscal Year 2002 for each education program.



Source: Education Service SAS Reports

CHARACTERISTICS OF THE TRAINING BEING PURSUED BY BENEFICIARIES

1. By Type of Training

The following chart shows the distribution, by program, of the types of training of the beneficiaries who began using their education benefit for the first time during Fiscal Year 2002.

Beneficiaries Who Began Receiving Education Benefits by Type of Training and Program During Fiscal Year 2002

Education Program	College, Non-Degree	Graduate	Under-Graduate	Vocational/ Technical	Program Totals	Percent of All Programs
Montgomery GI Bill - Active Duty ¹	2,920	3,154	60,097	6,395	72,566	81.8%
Montgomery GI Bill – Reserves ²	63	76	737	147	1,023	1.1%
Dependents Education	464	393	13,041	1,066	14,964	16.9%
Post-Vietnam Veterans Education	18	30	35	91	174	0.2%
Type Training Totals	3,465	3,653	73,910	7,699	88,727	100.0%
Percent of Program Totals	3.9%	4.1%	83.3%	8.7%	100%	N/A

Source: Education Service SAS Reports

¹ Based on Active Duty Service

² Based on service in the Selected Reserve

2. By Training Time

The following chart shows the distribution, by program, of the training times of the beneficiaries who began using their education benefit for the first time during Fiscal Year 2002.

Beneficiaries Who Began Receiving Education Benefits by Training Time and Program During Fiscal Year 2002

Education Program	Less Than One-Half Time	Half Time	Three Quarter Time	Full Time	Program Totals	Percent of All Programs
Montgomery GI Bill – Active Duty ¹	4,528	10,971	8,737	48,330	72,566	81.8%
Montgomery GI Bill – Reserves ²	56	118	109	740	1,023	1.1%
Dependents Education	693	1,627	1,785	10,859	14,964	16.9%
Post-Vietnam Veterans Education	28	115	8	23	174	0.2%
Training Time Totals	5,305	12,831	10,639	59,952	88,727	100%
Percent of Program Totals	6%	14%	12%	68%	N/A	N/A

Source: Education Service SAS Reports

¹ Based on Active Duty Service

² Based on service in the Selected Reserve

TOTAL EDUCATION BENEFICIARIES DURING FISCAL YEAR 2002

The total number of veterans, service members, reservists, and dependants receiving education benefits during Fiscal Year 2002 and the total payments in each benefit program are shown in the following table.

Beneficiaries Who Received Education Benefits and Total Payments During Fiscal Year 2002

Program	Number of Beneficiaries	Percent of Total	Total Payments (\$000)
Montgomery GI Bill - Active Duty ¹	323,165	69.6%	\$1,290,979
Montgomery GI Bill - Reserves ²	85,766	18.5%	\$158,828
Dependents Education	53,888	11.6%	\$298,966
Post-Vietnam Veterans Education ³	1,340	0.3%	\$2,400
TOTAL	464,159	100.0%	\$1,751,173

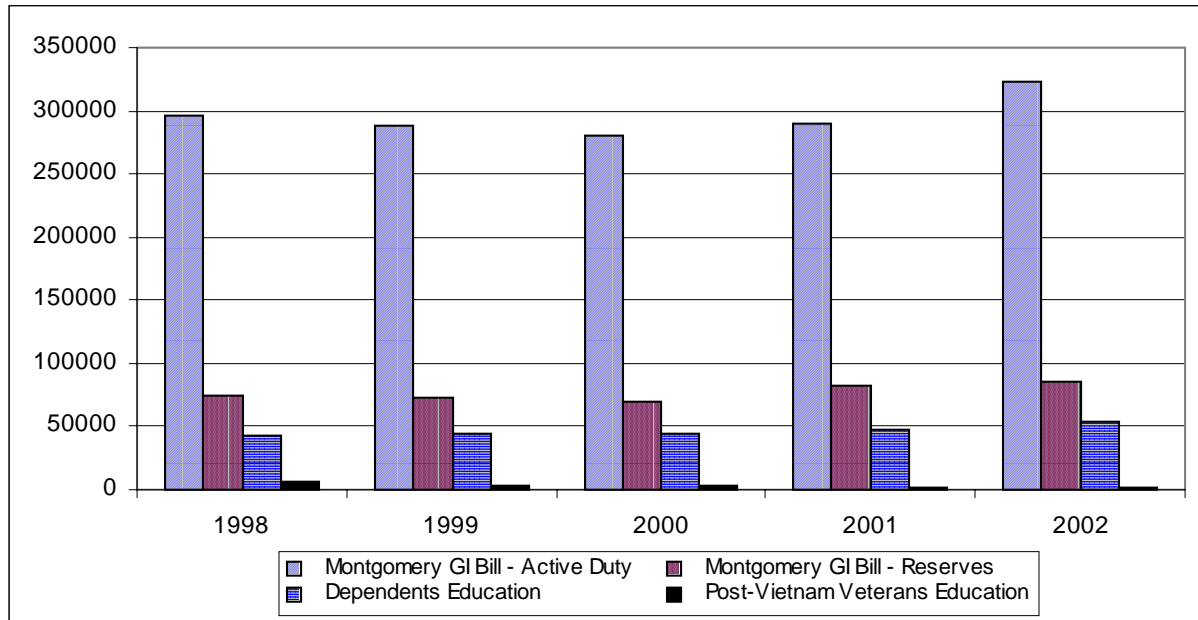
Source: Education Service SAS Reports and Veterans Benefits Administration Hines Finance Center

¹ Based on Active Duty Service

² Based on service in the Selected Reserve

³ Total VEAP Expenditures for FY2002 were \$8,659,000, which included 10,700 disenrollments totaling \$6,432,000.

The following chart shows the total number of beneficiaries who received benefits during the period beginning with Fiscal Year 1998 through Fiscal Year 2002 for each education program.



Source: Education Service SAS and Benefits Delivery System Reports

BENEFICIARIES LEAVING EDUCATION PROGRAMS DURING FISCAL YEAR 2002

Educational assistance ends for one of two reasons: entitlement is exhausted or the delimiting date (i.e., the deadline for using the benefit) is reached.

Entitlement Exhausted: Veterans, service members and reservists are generally entitled to 36 months of educational assistance (entitlement). Dependents are entitled to 45 months of educational assistance. Once 36 or 45 months of educational assistance are used, payment of the benefit ends.

Delimiting Date: Dependents have a defined amount of time to use educational assistance. Veterans and service members, generally, have 10 years from the date of their last discharge from active military service. Reservists have either 14 years (for those that were eligible on or after October 1, 1992) from the date their eligibility began or until the day following separation from the Selected Reserve, whichever is earlier. In the Dependents Education Assistance program, children usually have until age 26; and spouses, or surviving spouses, generally, have 10 years from their date of eligibility.

**Beneficiaries whose Benefits Terminated
During Fiscal Year 2002**

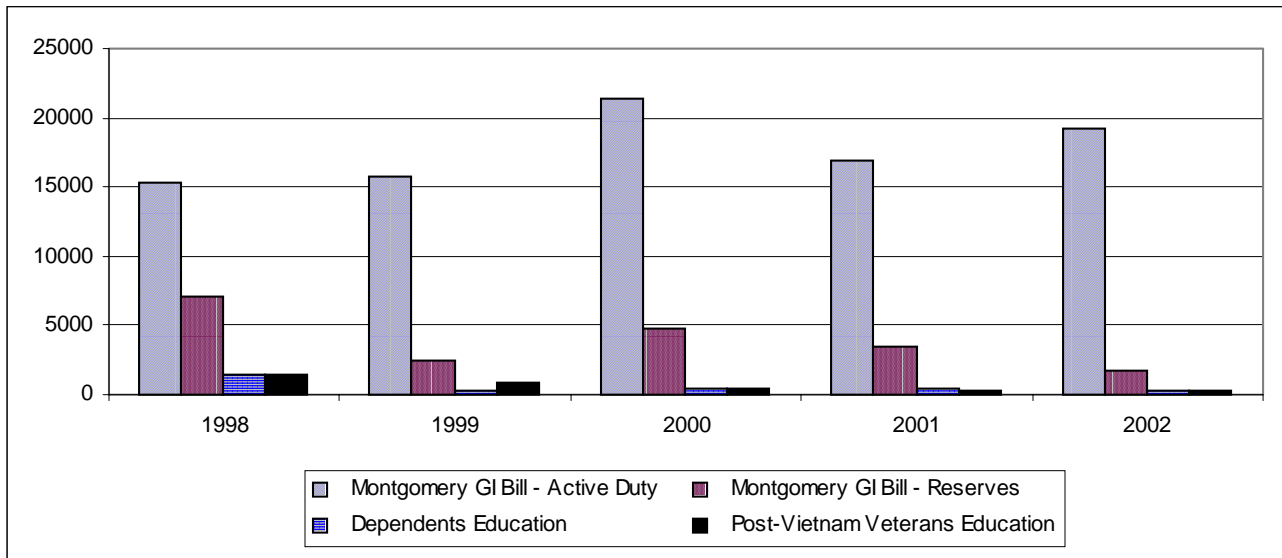
Program	Entitlement Exhausted	Delimiting Date	Total Terminations	Percent of Total Terminations
Montgomery GI Bill – Active Duty ¹	13,633	5,615	19,248	89.4%
Montgomery GI Bill – Reserves ²	1,426	366	1,792	8.3%
Dependents Education	182	66	248	1.2%
Post-Vietnam Veterans Education	145	109	254	1.2%
TOTAL	15,386	6,156	21,542	100%
Percent of total terminations	71.4%	28.6%	100%	N/A

Source: Education Service SAS Reports

¹ Based on Active Duty Service

² Based on service in the Selected Reserve

The following chart shows the number of beneficiaries whose benefits terminated during the period beginning with Fiscal Year 1998 through Fiscal Year 2002 for each education program.



Source: Education Service SAS Reports

Geographic Distribution of Benefits Number Trained During Fiscal Year 2002

LOCATION/BENEFIT	MGIB-AD	MGIB-SR	DEA	VEAP	TOTAL
ALABAMA	4,525	2,004	1,512	23	8,064
ALASKA	965	161	117	4	1,247
ARIZONA	11,744	1,260	1,370	30	14,404
ARKANSAS	2,144	1,446	1,032	8	4,630
CALIFORNIA	31,030	4,652	4,700	136	40,518
COLORADO	7,107	720	966	29	8,822
CONNECTICUTT	1,476	1,026	244	11	2,757
DELAWARE	610	321	136	3	1,070
DIST. OF COLUMBIA	716	115	136	7	974
FLORIDA	21,390	3,358	3,568	78	28,394
GEORGIA	11,987	1,996	1,906	36	15,925
HAWAII	1,788	869	290	10	2,957
IDAHO	1,453	618	290	6	2,367
ILLINOIS	10,718	3,944	1,040	52	15,754
INDIANA	4,102	1,959	826	23	6,910
IOWA	2,112	1,682	362	12	4,168
KANSAS	2,927	1,075	537	12	4,551
KENTUCKY	3,377	1,391	952	16	5,736
LOUISIANA	4,055	3,043	1,054	12	8,164
MAINE	933	329	579	6	1,847
MARYLAND	7,365	1,279	766	35	9,445
MASSACHUSETTS	2,738	1,550	885	29	5,202
MICHIGAN	6,949	1,631	1,094	46	9,720
MINNESOTA	3,111	2,321	864	29	6,325
MISSISSIPPI	2,088	1,864	653	8	4,613
MISSOURI	5,327	2,030	1,002	35	8,394
MONTANA	946	418	217	5	1,586
NEBRASKA	2,277	985	537	10	3,809
NEVADA	2,441	314	327	6	3,088
NEW HAMPSHIRE	792	219	267	6	1,284
NEW JERSEY	2,786	1,342	628	21	4,777
NEW MEXICO	2,761	518	851	12	4,142
NEW YORK	7,474	3,385	1,872	61	12,792
NORTH CAROLINA	9,960	1,807	2,161	32	13,960
NORTH DAKOTA	722	915	183	5	1,825
OHIO	8,910	3,787	1,317	50	14,064
OKLAHOMA	4,898	2,153	1,641	16	8,708
OREGON	3,349	964	781	19	5,113
PENNSYLVANIA	6,738	3,652	1,544	50	11,984
RHODE ISLAND	596	319	234	6	1,155
SOUTH CAROLINA	4,508	1,530	1,193	18	7,249
SOUTH DAKOTA	720	882	198	4	1,804
TENNESSEE	5,248	1,363	1,138	21	7,770
TEXAS	26,121	4,133	4,389	78	34,721
UTAH	1,814	1,411	487	8	3,720
VERMONT	253	156	98	2	509
VIRGINIA	13,540	2,096	1,748	45	17,429
WASHINGTON	8,192	1,393	1,682	35	11,302
WEST VIRGINIA	1,238	1,067	529	5	2,839
WISCONSIN	3,217	2,456	792	23	6,488
WYOMING	627	243	105	3	978
PUERTO RICO	702	1,608	1,758	10	4,078
PHILIPPINES	381	1	163	0	545
FOREIGN	1,345	149	167	4	1,665
OTHER/UNKNOWN*	47,872	3,856	0	88	51,816
NATIONAL TOTALS	323,165	85,766	53,888	1,340	464,159

Source: Education Service SAS and Benefits Delivery System Reports

Chapter 4 INSURANCE

LIFE INSURANCE PROGRAM – OVERVIEW

Government life insurance programs were created to provide life insurance at a “standard” premium rate to members of the armed forces who are exposed to the extra hazards of military service, including deadly hazards of war. Few commercial insurance companies offer insurance that includes coverage against death while in the armed forces. Those that do offer coverage charge a high premium rate because of the additional risk. Members leaving the armed forces are eligible to maintain their VA insurance following discharge.

In general, a new life insurance program was created for each wartime period starting with World War I. The various Insurance programs can be conveniently grouped into the following three categories: Matured Insurance Programs, Disabled Veterans Insurance Programs, and Uniformed Services and Post-Vietnam Veterans Insurance Programs.

MATURED INSURANCE PROGRAMS

These programs were established to provide the same or better life insurance benefits than were available to private citizens. These government life insurance programs are closed to the issuance of new coverage but continue to have active policies.

The “Years” column of the table indicates the time period when VBA was authorized to issue coverage under the program.

Matured Insurance Programs

Program	Years	Maximum Coverage
United States Government Life Insurance (USGLI)	1919-1940	\$10,000
National Service Life Insurance (NSLI)	1940-1951	\$10,000 ¹
Veterans' Special Life Insurance (VSLI)	1951-1956	\$10,000 ¹
Veterans' Reopened Insurance (VRI)	1965-1966	\$10,000 ¹

¹Since 1972, dividends can be used to increase coverage by purchasing paid-up additions to the basic insurance.

DISABLED VETERANS INSURANCE PROGRAMS

These programs were established to provide veterans who have lost their ability to purchase commercial insurance at standard (healthy) rates because of their service-connected disabilities. These government life insurance programs continue to issue coverage.

The “Year” column indicates that date policies were first issued under each program.

Disabled Veterans Insurance Programs

Program	Year	Maximum Coverage
Service-Disabled Veterans Insurance (SDVI)	1951	\$10,000 ¹
Veterans' Mortgage Life Insurance (VMLI)	1971	\$90,000

¹ An additional \$20,000 of supplemental coverage is available to totally disabled veterans

UNIFORMED SERVICES AND POST-VIETNAM VETERANS INSURANCE PROGRAMS

These programs were established to provide active duty and reserve members of the uniformed services insurance coverage that is commonly provided by large-scale civilian employers.

A new government life insurance program began on November 1, 2001. It is Family Servicemembers' Group Life Insurance (FSGLI). FSGLI provides service members who have Servicemembers' Group Life Insurance (SGLI) coverage the opportunity to have life insurance coverage on their spouses and dependant children.

The “Year” column indicates that date policies were first issued under each program.

Uniformed Services and Post-Vietnam Veterans Insurance Programs

Program	Year	Maximum Coverage
Servicemembers' Group Life Insurance (SGLI)	1965	\$250,000
Family – Servicemembers' Group Life Insurance (FSGLI) - Spouse Coverage	2001	\$100,000
Family – Servicemembers' Group Life Insurance (FSGLI) - Child Coverage	2001	\$10,000
Veterans' Group Life Insurance (VGLI)	1974	\$250,000

RANKING AMONG COMMERCIAL LIFE INSURANCE COMPANIES

The following table compares VA life insurance programs with commercial life insurance companies. The comparison is based on the total face value of active life insurance in effect. Rankings based upon 2002 data are shown below.

Face Value - Throughout this chapter, the term “face value” means that amount of money that would be paid upon the death of the policyholder. For some policies, the face value can exceed the basic amount of the policy (which is usually \$10,000) because of the option of using dividends to purchase “paid up additions” to the policy.

2002 Rankings by Total Life Insurance In-Force

Rank	Company	Total Insurance
1	Metropolitan Life & Affiliated	\$2,739,511,000,000
2	Prudential of America Group	\$1,387,375,000,000
3	Swiss Reinsurance Group	\$1,225,213,000,000
4	ING Group	\$1,073,384,000,000
5	Aegon USA Inc	\$916,913,000,000
6	American International Group	\$778,747,000,000
7	VA Life Insurance Programs	\$760,609,000,000
8	Hartford Life Inc	\$711,913,000,000
9	Lincoln National Corp	\$705,607,000,000
10	GE Financial Assurance Group	\$694,324,000,000

Source: Best's Review, September 2002

LIFE INSURANCE – GOVERNMENT LIFE INSURANCE PROGRAMS IN WHICH NEW COVERAGE IS ISSUED

1. Coverage Established During Fiscal Year 2002

The table that follows identifies the number of new policies issued during Fiscal Year 2002, the total face value of the policies, and the average face value of the policies. In the case of SGLI and FSGLI, the military services maintain the records on insured service members. The actual number of service members who enrolled in SGLI in Fiscal Year 2002 is not known. The information shown for SGLI is an estimate based upon current enrollment rates and the number of people who entered active military service during Fiscal Year 2002. The exact number of children covered by FSGLI is also an estimate.

New Insurance Coverage Issued During Fiscal Year 2002

Insurance	Number of People Insured	Total Coverage Amount	Average Face Value	Maximum Face Value
VMLI ¹	190	\$15,960,000	\$84,000	\$90,000
SDVI ²	7,279	\$80,593,000	\$11,072	\$10,000 ³
VGLI ⁴	22,045	\$3,787,550,000	\$171,810	\$250,000
SGLI ⁵	341,946	\$81,790,080,507	\$239,190	\$250,000
FSGLI ⁶ – Child	2,100,000	\$21,000,000,000	\$10,000	\$10,000
FSGLI ⁷ – Spouse	1,013,000	\$99,578,000,000	\$98,300	\$100,000
TOTAL	3,484,460	\$206,252,183,507	\$59,192	N/A

¹Source: VMLI Database – VMLI Quarterly Report

²Source: Insurance Master Record Database – 510 Monthly Reports

³Source: Additional Coverage, up to \$20,000, is available for totally disabled policyholders. New supplemental SDVI policies (1,304) were issued

⁴Source: Veterans and Reservists Group Insurance System, OSGLI Monthly Report. VGLI data is for the policy year ending June 30, 2002

⁵Estimate based upon accessions to Active Duty and Reserve forces in FY02. Data on accessions from Defense Manpower Data Center

⁶Estimate based upon policies in force, end of FY02, first year FSGLI was available

⁷Source: DEERS and Military Pay Records

The table that follows displays information about new insurance coverage and provides the data for the prior four years for purposes of comparison. The significant increase in Fiscal Year 2002 is due to the beginning of the FSGLI program.

New Insurance Coverage Issued - Comparative Information for Five Fiscal Years

	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998
Number of People Insured	3,484,460	394,572	285,765	268,353	331,312
Total Coverage Amounts	\$206,252,183,507	\$91,604,081,998	\$50,426,291,177	\$47,155,855,903	\$59,531,024,898
Average Face Value	\$59,192	\$232,160	\$176,461	\$175,723	\$179,683

2. Policies that Lapsed in 2002

Policies lapse primarily because the policyholder did not pay the premiums. The following table provides data about policies that lapsed during Fiscal Year 2002.

Policy Lapses During Fiscal Year 2002

Policy Lapses	Number ¹	Face Value ¹	Average Face Value
NSLI	11,445	\$81,312,035	\$7,105
VSLI	750	\$5,852,000	\$7,803
VRI	241	\$1,293,500	\$5,367
SDVI	1,428	\$13,829,500	\$9,685
TOTAL	13,864	\$102,287,035	\$7,378

¹Sources: Insurance Master Record Database - 510 Monthly Report

LIFE INSURANCE – PAYMENTS

1. Lump Sum Payments Made To Policyholders During Fiscal Year 2002

Loans and cash surrenders are paid to the veteran upon application. Dividend and matured endowment payments are made on some government life insurance policies. These are payments made from active policies to the veteran policyholder. The following tables show data concerning the payments made during Fiscal Year 2002.

Matured Endowment – The face amount of insurance less any indebtedness that is paid to the insured based on the plan of insurance. The proceeds may be paid as a lump sum or the insured may request installment payments.

Cash Surrenders – A policyholder, upon request, receives the cash value that has accrued in his/her policy, and in return surrenders all right, title, and interest to his/her basic and/or paid-up additional insurance coverage amounts.

Dividends – Payments to policyholders in participating life insurance programs. It is an allocation of program surplus funds representing the return of premiums not needed to pay claims and expenses and a distribution of earnings from investment. Dividends are issued annually on the policy anniversary date.

Loans – Amounts borrowed against the cash value of a permanent plan life insurance policy.

Insurance Payments Made During Fiscal Year 2002

Matured Endowment	Number ¹	Amount ²	Average Payment
USGLI	28	\$114,851	\$4,102
NSLI	611	\$5,468,946	\$8,951
VSLI	243	\$3,750,173	\$15,433
VRI	1	\$41,906	\$41,906
SDVI	240	\$2,117,201	\$8,822
TOTAL	1,123	\$11,493,077	\$10,234

Cash Surrender	Number ¹	Amount ²	Average Payment
USGLI	100	\$396,439	\$3,964
NSLI	6,776	\$47,091,721	\$6,950
VSLI	814	\$6,440,332	\$7,912
VRI	373	\$2,163,244	\$5,800
SDVI	713	\$6,220,088	\$8,724
TOTAL	8,776	\$62,311,824	\$7,100

¹Source: Insurance Master Record Database – Report 510 monthly

²Source: Insurance General Ledger Accounting System – CFO FY02 Life Insurance Statements (Incurred Basis)

Insurance Payments Made During Fiscal Year 2002 (Continued)

Dividends	Number ³	Amount ⁴	Average Payment
USGLI	14,683	\$2,835,280	\$193
NSLI	1,606,590	\$509,498,060	\$317
VSLI	233,335	\$93,023,137	\$399
VRI	72,581	\$19,089,711	\$263
TOTAL	1,927,189	\$624,446,188	\$324

Loans	Number ^{5,6}	Amount ⁷	Average Payment
USGLI	55	\$130,982	\$2,381
NSLI	12,652	\$53,800,460	\$4,252
VSLI	3,464	\$10,710,939	\$3,092
VRI	966	\$2,628,248	\$2,721
SDVI	8,824	\$8,336,289	\$945
TOTAL	25,961	\$75,606,918	\$2,912

³Source: Insurance Master Record Database – Insurance Statistical Report – 700

⁴Source: Insurance General Ledger Accounting System – FY02 Statement of Cash Flows

⁵Source: Program numbers from an estimate based on a sample of loans from SQC in FY02 and a percent of the total.

⁶Source: Program totals from Insurance Master Record Database, COIN 84 and Philadelphia MTC Records Report 155.

⁷Source: Insurance General Ledger Accounting System – Statement of Financial Condition Report.

The table that follows also displays information about dividend payments and provides the data for the prior four years for purposes of comparison.

Insurance Dividends Payments - Comparative Information for Five Fiscal Years

	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998
Number	1,927,189	2,052,062	2,136,512	2,254,469	2,372,303
Total Amounts	\$624,446,188	\$667,957,535	\$717,236,383	\$761,006,313	\$825,364,169
Average Payments	\$324	\$326	\$336	\$338	\$348

2. Lump Sum Payments Made To Beneficiaries During Fiscal Year 2002

Death claims are paid to the beneficiary upon the death of the insured person. In the case of FSGLI, the death claim is paid to the service member. All other death claims are paid to the veteran's or the service member's designated beneficiary. The following table provides a distribution of the lump sum death claims payments by insurance programs.

Insurance Payments During Fiscal Year 2002

Death Claims	Number ¹	Amount ²	Average Payment
USGLI	1,339	\$4,873,110	\$3,639
NSLI	90,387	\$867,309,922	\$9,596
VSLI	5,246	\$55,650,783	\$10,608
VRI	4,666	\$36,130,742	\$7,743
SDVI	4,479	\$42,080,860	\$9,395
VMLI	136	\$8,767,212	\$64,465
SGLI ³	1,801	\$431,387,317	\$239,527
FSGLI ³ - Child	538	\$5,380,000	\$10,000
FSGLI ³ - Spouse	400	\$39,290,000	\$98,225
VGLI ³	1,327	\$123,843,690	\$93,326
TOTAL	110,319	\$1,614,713,636	\$14,637

¹Source: Insurance Master Record Database – 510 Monthly Reports. VMLI Database – VMLI Quarterly Report Veterans and Reservist Group Insurance System – OSGLI Monthly Report

²Source: Insurance General Ledger Accounting System – CFO FY02 Life Insurance Statements (Incurred Basis) VMLI Database – VMLI Quarterly Report. Veterans and Reservist Group Insurance System – OSGLI Monthly Report

³ SGLI and VGLI data are for the policy year ending June 30, 2002

The table that follows also displays information about death claims paid and provides the data for the prior four years for purposes of comparison.

Number of Death Claims Paid - Comparative Information for Five Fiscal Years

	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998
Number of Claims Paid	110,319	109,867	109,003	108,138	108,613
Total Amounts Paid	\$1,614,713,636	\$1,463,188,372	\$1,398,174,179	\$1,358,061,052	\$1,371,171,825
Average Amounts Paid	\$14,637	\$13,318	\$12,827	\$12,559	\$12,624

3. Monthly Payments to Policyholders as of Beginning of Fiscal Year 2003

Although most veterans choose to receive payments in a single “lump sum,” a monthly payment option is available to them for cash surrenders and matured endowments. In the two disability benefit provisions of policies – Total and Permanent Disability Provision and Total Disability Income Provision – no lump sum option exists; payments are made monthly. The following table provides data on monthly payments to veterans.

Insurance Monthly Award Payments - Beginning of Fiscal Year 2003

Payment Type	Number of Awards	Annual Payments	Average Payment
Total Disability Income Provision			
USGLI	63	\$39,264	\$623
NSLI	15,304	\$17,836,620	\$1,164
VSLI	2,978	\$4,094,460	\$1,375
VRI	807	\$610,224	\$756
TOTAL	19,152	\$22,580,568	\$1,179

Payment Type	Number of Awards	Annual Payments	Average Payment
Matured Endowments			
USGLI	0	\$0	\$0
NSLI	1,025	\$1,148,832	\$1,121
VSLI	715	\$1,068,936	\$1,495
VRI	56	\$56,328	\$1,006
SDVI	10	\$5,280	\$528
TOTAL	1,806	\$2,279,376	\$1,262

Insurance Monthly Award Payments - Beginning of Fiscal Year 2003

Payment Type	Number of Awards	Annual Payments	Average Payment
Cash Surrenders			
USGLI	1	\$120	\$120
NSLI	60	\$53,040	\$884
VSLI	0	\$0	\$0
VRI	3	\$1,488	\$496
SDVI	0	\$0	\$0
TOTAL	64	\$54,648	\$854
Total and Permanent Disability			
USGLI	95	\$24,984	\$263
TOTAL	95	\$24,984	\$263

Source: Insurance Master Record Database - AVS 2012

4. Monthly Payments to Beneficiaries as of Beginning of Fiscal Year 2003

Although most beneficiaries receive payment in a single "lump sum," a monthly payment option is available in some programs for death claim payments. The following table provides data on monthly payments to beneficiaries.

Insurance Monthly Death Award Payments - Beginning of Fiscal Year 2003

Payment Type	Number of Awards	Annual Payments	Average Payment
USGLI	2,819	\$820,524	\$291
NSLI	46,159	\$28,567,464	\$619
VSLI	744	\$541,020	\$727
VRI	296	\$180,564	\$610
SDVI	300	\$128,172	\$427
TOTAL	50,318	\$30,237,744	\$601

Source: Insurance Master Record Database - AVS 2012

LIFE INSURANCE – BUSINESS BEGINNING FISCAL YEAR 2003

1. Total Number of Policyholders and the Face Value of Their Coverage

The table below shows the total number of veterans, service members and service members' spouses and children insured under each program, the total face value of their policies, and the average face value of a policy in each program.

Total Insurance Policies In-Force Beginning of Fiscal Year 2003

Insurance	Number of Policies	Total Face Value	Average Face Value	Maximum Face Value
USGLI ¹	13,217	\$42,337,021	\$3,203	\$10,000
NSLI ¹	1,502,463	\$15,549,512,545	\$10,349	\$10,000
VSLI ¹	227,341	\$2,604,434,648	\$11,456	\$10,000
VR1 ¹	67,531	\$587,261,306	\$8,696	\$10,000
SDVI ¹	148,913	\$1,413,725,652	\$9,494	\$10,000 ²
VMLI ³	3,060	\$185,677,096	\$60,679	\$90,000
SGLI ⁴	2,406,500	\$569,126,800,000	\$236,496	\$250,000
FSGLI ⁴ – Child	2,100,000	\$21,000,000,000	\$10,000	\$10,000
FSGLI ⁴ – Spouse	1,013,000	\$99,578,000,000	\$98,300	\$100,000
VGLI ⁴	390,881	\$38,562,985,000	\$98,657	\$250,000
TOTAL	7,872,906	\$748,650,733,268	\$95,092	N/A

¹ Source: Insurance Master Record Database – Insurance Statistical Report 700

² Additional \$20,000 available for totally disabled policyholders

³ Source: VMLI Database – VMLI Quarterly Report

⁴ Source: Veterans And Reservists Group Insurance System – OSGLI Monthly Report

The following table also displays information about policies “in-force” and provides the data for the prior four years for purposes of comparison. The significant increase in policies “in-force” at the beginning of Fiscal Year 2003 is due to the beginning of the FSGLI insurance program. The decrease in average face value between 2002 and 2003 is due to the smaller face value of the new policies issued under FSGLI – Child.

Insurance Policies In-Force – Comparative Information for Five Fiscal Years

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Number of Policies	7,872,906	4,867,612	4,926,919	4,986,600	5,182,589
Total Face Value	\$748,650,733,268	\$641,068,691,952	\$486,581,986,561	\$484,616,832,433	\$504,098,312,858
Average Face Value	\$95,092	\$131,701	\$98,760	\$97,184	\$97,268

2. Demographic Characteristics of Policyholders

(a) By Age

The following table shows the age distribution of persons insured in VA Insurance programs and the percent of total each age group represents for that insurance plan.

Note: Because certain programs were active only during past wartime periods, their age distributions parallel the aging of all other veterans of those periods. The programs in which policies can still be obtained (SDVI, VMLI, SGLI, and VGLI) have policyholders across a wide distribution of ages. This table includes only spouses in the FSGLI data.

Age Distribution for Insurance Programs % of Total by Policy Type

Policy Type	< 20	20-29	30-39	40-49	50-59	60-69	70-79	80-89	89 >	Total	Average Age
USGLI¹	N/A	N/A	N/A	N/A	N/A	N/A	39	12,378	800	13,217	85.2
% of Total	0%	0%	0%	0%	0%	0%	0%	94%	6%	100%	N/A
NSLI¹	N/A	N/A	N/A	N/A	N/A	13,696	882,130	577,336	29,301	1,502,463	77.9
% of Total	0%	0%	0%	0%	0%	1%	59%	38%	2%	100%	N/A
VSLI¹	N/A	N/A	N/A	N/A	N/A	73,910	151,069	2,272	90	227,341	70.6
% of Total	0%	0%	0%	0%	0%	33%	66%	1%	0%	100%	N/A
VRI¹	N/A	N/A	N/A	N/A	N/A	1,814	34,531	30,369	817	67,531	78.6
% of Total	0%	0%	0%	0%	0%	3%	51%	45%	1%	100%	N/A
SDVI¹	N/A	827	5,352	21,118	65,122	34,080	19,835	2,501	78	148,913	56.7
% of Total	0%	1%	4%	14%	44%	23%	13%	2%	0%	100%	N/A
VMLI²	N/A	19	288	658	1,448	621	26	N/A	N/A	3,060	51.6
% of Total	0%	1%	9%	22%	47%	20%	1%	0%	0%	100%	N/A
SGLI⁴	183,491	1,039,682	673,125	298,912	76,679	1,111	N/A	N/A	N/A	2,273,000	30.1
% of Total	8%	46%	30%	13%	3%	0%	0%	0%	0%	100%	N/A
FSGLI	19,603	346,809	407,113	191,486	40,661	2,434	227	N/A	N/A	1,008,333	33.3
% of Total	2%	34%	40%	19%	4%	0%	0%	0%	0%	100%	N/A
VGLI³	389	48,551	128,136	91,082	92,185	26,210	1,698	19	N/A	388,270	42.4
% of Total	0%	13%	33%	23%	24%	7%	0%	0%	0%	100%	N/A
TOTALS	183,880	1,089,079	806,901	411,770	235,434	151,442	1,089,328	624,875	31,086	4,623,795	N/A
% by Ag Group	4%	24%	17%	9%	5%	3%	24%	14%	1%	100%	N/A

¹Source: Insurance Master Record Database – AVS 2010

²Source: VMLI Database

³Source: Veterans And Reservists Group Insurance System

⁴ Includes both Active Duty and Ready Reservists

All data as of September 30, 2002 with the exception of SGLI and VGLI which are as of June 30, 2002

(b) By Component and Branch of Service for SGLI & FSGLI Coverage

The following two tables show SGLI and FSGLI policyholders, sorted by component and branch of service.

Note: The top of the following tables shows the active duty components for the branches. The bottom of the table shows the reserve components for the branches. For the branches that have a National Guard, the Guard members are included in the reserve component numbers. The FSGLI data reflects spousal coverage only.

SGLI Coverage By Branch and Component of Service

Branch	Total Number	Number With SGLI	Percent With SGLI	Percent of Total With SGLI
Army Active	495,200	487,238	98.4%	21.2%
Navy Active	415,162	404,122	97.3%	17.6%
Air Force Active	368,023	357,688	97.2%	15.6%
Marine Corps Active	187,619	185,550	98.9%	8.1%
Coast Guard Active	35,266	35,266	100%	1.5%
NOAA	204	204	100%	0%
Public Health Service	5,664	5,664	100%	0.2%
TOTAL	1,507,138	1,475,732	97.9%	64.3%
Army Reserve/Guard	572,435	542,588	94.8%	23.6%
Navy Reserve	70,780	60,232	85.1%	2.6%
Air Force Reserve/Guard	191,559	180,469	94.2%	7.9%
Marine Corps Reserve	28,479	28,342	99.5%	1.2%
Coast Guard Reserve	8,393	8,393	100%	0.4%
TOTAL	871,646	820,024	94.1%	35.7%
GRAND TOTAL	2,378,784	2,295,756	96.5%	100%

Source: Payroll databases of each branch of service – September 2002 SGLI Monthly Premium Payment Reports

FSGLI Coverage by Branch and Component of Service

Branch	Total Number	Number With FSGLI	Percent With FSGLI	Percent of Total With FSGLI
Army Active	495,200	224,796	45.4%	22.2%
Navy Active	415,162	166,735	40.2%	16.5%
Air Force Active	368,023	165,448	45.0%	16.3%
Marine Corps Active	187,619	63,268	33.7%	6.2%
Coast Guard Active	35,266	14,537	41.2%	1.4%
NOAA	204	84	41.2%	0.0%
Public Health Service	5,664	2,335	41.2%	0.2%
TOTAL	1,507,138	637,203	42.3%	62.9%
Army Reserve/Guard	572,435	213,923	37.4%	21.1%
Navy Reserve	70,780	46,461	65.6%	4.6%
Air Force Reserve/Guard	191,559	102,327	53.4%	10.1%
Marine Corps Reserve	28,479	9,266	32.5%	0.9%
Coast Guard Reserve	8,393	3,821	45.5%	0.4%
TOTAL	871,646	375,798	43.1%	37.1%
GRAND TOTAL	2,378,784	1,013,001	42.6%	100%

Source: Defense Enrollment Eligibility Reporting System (DEERS) and Payroll databases.

(c) By Amount of SGLI and FSGLI Coverage

SGLI coverage of up to \$250,000 is available in increments of \$10,000. Minimum allowable coverage is \$10,000. FSGLI allows for coverage of up to \$100,000 for spouses. The following two tables show the number of SGLI and FSGLI members covered. The total percentage by coverage level for both categories of duty status is shown. For ease of presentation, the maximum coverage level is shown by itself, while all the lesser coverage levels are shown in a combined number.

SGLI Coverage By Coverage Level Active And Reserve Duty

SGLI Coverage	Coverage Level \$10,000 - \$240,000	Coverage Level \$250,000
SGLI – Active		
Number with Coverage	88,773	1,386,959
Percent with Coverage	6.02%	93.98%
SGLI – Reserve		
Number with Coverage	106,405	713,619
Percent with Coverage	12.98%	87.02%

Source: Payroll databases of each branch of service – September 2002 SGLI Monthly Premium Reports

FSGLI Coverage By Coverage Level Active And Reserve Duty

FSGLI Coverage	Coverage Level \$10,000 - \$90,000	Coverage Level \$100,000
Active		
Number with Coverage	7,912	703,832
Percent with Coverage	1.11%	98.89%
Reserve		
Number with Coverage	16,182	280,407
Percent with Coverage	5.46%	94.54%

Source: DEERS and Payroll databases

Life Insurance – Geographic Distribution of Data

State/Territory	Life Insurance Payments ¹ Fiscal Year 2002	Total Face Value of Insurance ² 09/30/2002	Total Number of Policies ² 09/30/2002
Alabama	\$25,741,781	\$275,253,375	25,943
Alaska	\$2,549,670	\$27,263,276	2,317
Arizona	\$42,171,859	\$450,937,971	43,572
Arkansas	\$16,294,450	\$174,234,341	17,136
California	\$200,132,446	\$2,139,989,097	199,403
Colorado	\$30,291,988	\$323,908,122	30,745
Connecticut	\$30,804,006	\$329,383,064	32,366
Delaware	\$5,830,549	\$62,345,267	6,521
District of Columbia	\$3,618,274	\$38,689,713	3,570
Florida	\$174,772,686	\$1,868,820,623	180,220
Georgia	\$42,365,404	\$453,007,520	43,346
Hawaii	\$16,033,406	\$171,443,041	13,595
Idaho	\$8,113,855	\$86,760,353	8,514
Illinois	\$80,079,647	\$856,280,811	78,303
Indiana	\$28,644,342	\$306,290,065	29,369
Iowa	\$23,341,001	\$249,582,163	22,372
Kansas	\$18,853,667	\$201,599,709	19,068
Kentucky	\$18,542,291	\$198,270,200	19,251
Louisiana	\$22,603,590	\$241,697,122	22,590
Maine	\$9,750,963	\$104,265,729	10,695
Maryland	\$40,802,961	\$436,300,524	39,765
Massachusetts	\$52,065,633	\$556,730,751	59,338
Michigan	\$52,026,355	\$556,310,757	56,696
Minnesota	\$38,513,725	\$411,822,042	42,752
Mississippi	\$13,685,224	\$146,334,240	13,843
Missouri	\$36,548,329	\$390,806,324	38,066
Montana	\$7,621,380	\$81,494,387	7,660
Nebraska	\$13,799,443	\$147,555,568	13,885
Nevada	\$13,141,945	\$140,525,036	13,898
New Hampshire	\$9,902,547	\$105,886,596	10,660
New Jersey	\$66,653,277	\$712,714,457	69,484
New Mexico	\$13,428,021	\$143,584,013	13,532
New York	\$126,930,833	\$1,357,254,176	130,997
North Carolina	\$46,259,632	\$494,647,974	45,675
North Dakota	\$4,912,090	\$52,524,308	5,152
Ohio	\$71,544,546	\$765,016,124	76,063
Oklahoma	\$21,013,845	\$224,698,192	21,878
Oregon	\$23,941,701	\$256,005,361	24,945
Pennsylvania	\$99,472,362	\$1,063,644,483	109,344
Rhode Island	\$8,001,951	\$85,563,780	9,279
South Carolina	\$25,741,929	\$275,254,954	26,355
South Dakota	\$6,012,416	\$64,289,948	6,248
Tennessee	\$28,194,043	\$301,475,080	28,372
Texas	\$107,433,613	\$1,148,773,056	108,417
Utah	\$11,802,095	\$126,198,205	12,493
Vermont	\$4,374,464	\$46,775,555	4,494
Virginia	\$55,785,950	\$596,511,597	53,740

Life Insurance – Geographic Distribution of Data

State/Territory	Life Insurance Payments ¹ Fiscal Year 2002	Total Face Value of Insurance ² 09/30/2002	Total Number of Policies ² 09/30/2002
Washington	\$41,877,813	\$447,793,781	43,419
West Virginia	\$10,261,822	\$109,728,271	10,767
Wisconsin	\$40,344,863	\$431,402,150	42,658
Wyoming	\$3,638,634	\$38,907,416	3,506
Puerto Rico	\$4,137,204	\$44,238,562	4,881
Virgin Islands	\$385,925	\$4,126,640	392
Canada	\$1,275,041	\$13,633,845	1,181
Philippines	\$420,112	\$4,492,202	494
Other Foreign	\$3,732,054	\$39,906,351	3,300
TOTAL	\$1,906,219,653	\$20,382,948,268	1,962,525

¹ Source: Insurance General Ledger Accounting System - FY02 Statement of Cash Flows

² Source: Insurance Master Record Database - Insurance Actuarial Subsystem - Report-AVS 2007

Chapter 5 LOAN GUARANTY

LOAN GUARANTY PROGRAM – OVERVIEW

The Loan Guaranty Program provides housing credit assistance to veterans and service persons with the objective of enabling entry into the home-buying market. Assistance is provided through the Government's partial guaranty of loans made by private lenders in lieu of the substantial down payment and other investment safeguards required in conventional mortgage transactions.

The Department of Veterans Affairs home loan programs serve a diverse clientele. The common denominator of this clientele is service in the Armed Forces of the United States. Since inception, the objective of these programs has been to assist eligible veterans to become homeowners.

Veterans are assisted by making it possible for them to compete in the market place for credit with persons who were not obliged to forego the pursuit of gainful occupations because of service in the Armed Forces. The VA programs are intended to benefit men and women because of their service to the country, and they are not designed to serve as instruments of attaining general economic or social objectives.

Throughout the years, the number of loans guaranteed by VA has fluctuated. Factors such as interest rates and general economic conditions have an impact on the number of veterans obtaining VA guaranteed home loans.

VA HOME LOANS GUARANTEED OVER THE PAST FIVE YEARS

The following table shows the number of VA home loans guaranteed over the past five fiscal years, the total loan amount, the average loan amount, the total guaranty amount and the average guaranty amount of a VA loan.

VA HOME LOANS GUARANTEED OVER THE PAST FIVE YEARS

Fiscal Year	Number of Loans	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
2002	317,251	\$40,129,134,594	\$126,490	\$11,667,454,970	\$36,777
2001	250,009	\$31,254,954,728	\$125,015	\$9,153,835,594	\$36,614
2000	199,160	\$23,372,158,574	\$117,354	\$7,071,308,639	\$35,506
1999	485,610	\$54,087,681,042	\$111,381	\$16,659,538,752	\$34,306
1998	343,954	\$37,906,133,978	\$110,207	\$11,756,696,506	\$34,181

VA HOME LOANS MAY BE USED:

- To purchase a home;
- To purchase a residential unit in certain condominium projects;
- To build a home;
- To refinance an existing home loan; or,
- To improve a home by installing solar heating or other energy conservation measures.

There is no maximum loan amount for a VA loan. Lenders generally set a maximum based on rules of the secondary mortgage market. The maximum VA guaranty is currently \$60,000 and lenders are usually willing to make a “no down-payment” loan of up to 4 times the guaranty, or \$240,000. Veterans pay a funding fee ranging from 1.25 percent to 3 percent of the loan amount (0.5 percent for interest rate reduction loans). The funding fee can be included in the loan. Veterans receiving VA compensation are exempt from paying the fee. Since the program began in 1944, VA has guaranteed more than 16.9 million loans totaling over \$748 billion.

Severely disabled veterans, mostly those who are wheelchair bound, may obtain grants under the specially adapted housing program. This program helps eligible veterans by using these grants to buy, build or modify homes specifically adapted for their use. These distinctive housing needs may include:

- Wide doorways to accommodate wheelchairs;
- Ramps instead of steps, and/or,
- Oversized specially equipped bathrooms

Additionally, special housing adaptation grants are also available for disabled veterans who are either totally blind or have anatomical loss or loss of use of both hands.

Loan Guaranty administers the Native American Veteran Direct VA Loan Program. This program helps

our Native American veterans by developing positive working relationships with Native Americans living on trust lands and tribes, and relevant government entities. Loan Guaranty provides program information and materials to all interested parties. By the end of Fiscal Year 2002 VA had entered into a Memorandum of Understanding (MOU) with 60 participating Native American tribes. During Fiscal Year 2002, VA field offices closed 62 loans under this program. Since this program's inception, VA has made 315 loans to Native American veterans.

The summary of eligibility criteria on the following table shows a veteran/serviceperson must have been discharged or released from active duty under other than dishonorable conditions or met certain other time in service criteria. If the veteran/serviceperson served less than the minimum required period, he or she could be eligible if discharged because of a service-connected disability.

SUMMARY OF HOME LOAN GUARANTY ENTITLEMENTS AND OTHER ELIGIBILITY CRITERIA

Period of Service or Entitlement	Service Dates	Length of Service or Other Criteria
World War II	9/16/40 - 7/25/47	90 days
Post-World War II	7/26/47 - 6/26/50	181 continuous days
Korean War	6/27/50 - 1/31/55	90 days
Post-Korean War	2/1/55 - 8/4/64	181 continuous days
Vietnam Era	8/5/64 - 5/7/75	90 days
Post-Vietnam Era	5/8/75 - 9/7/80	181 continuous days
Enlisted	9/8/80 - 8/1/90	2 years
Officers	10/17/81 - 8/1/90	2 years
Gulf War Era	8/2/90 – present	2 years; or period called to active duty, (not less than 90 days)
Restored Entitlement		Possible under certain situations
Service Personnel		On active duty, after having served continuously for at least 181 days (90 days for Gulf War Era duty) unless discharged or separated from a previous qualifying period of active duty service
Reservists ¹		6 years
Unmarried Surviving Spouse		Of an eligible veteran who died as a result of service or service-connected conditions
Spouse of POW/MIA		Active duty member who is missing in action (MIA) or who is a prisoner of war (POW)

¹ Entitlement expires on 9/30/09.

FISCAL YEAR 2002 HOME LOAN GUARANTIES

1. Total Loans Guaranteed

The following table shows the number of home loans guaranteed during Fiscal Year 2002, the total loan amount, and the average amount of a VA loan.

Note: The guaranteed amount is less than the entire loan amount. Therefore, the table also shows the total amount of the guaranties and the average amount of a guaranty.

Loans Guaranteed During Fiscal Year 2002

Total Number of Loans	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
317,251	\$40,129,134,594	\$126,490	\$11,667,454,970	\$36,777

(a) Types of Loans Guaranteed

Fiscal Year 2002 Loans Based on Purchase Loans versus Refinance Loans

Type of Loan	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
Purchase Loans	176,898	55.7%	\$23,547,392,943	\$133,113	\$6,725,102,407	\$38,017
Interest Rate Reduction Refinance	131,889	41.6%	\$15,578,015,495	\$118,115	\$4,660,045,057	\$35,333
Other Refinance	8,464	2.7%	\$1,003,726,156	\$118,588	\$282,307,506	\$33,354
TOTAL	317,251	100.0%	\$40,129,134,594	\$126,490	\$11,667,454,970	\$36,777

Source: LGY SAS File

2. Characteristics of Home Loan Guaranties

(a) By Down-payment Option

The objective of the VA home loan guaranty program is to enable veterans (and other eligible people¹) to enter the home-buying market. The “no down-payment” feature is intended to help veterans acquire suitable homes. VA does not require a down payment if the purchase price or cost is not more than the reasonable value of the property as determined by VA; however, the lender may require one. If the purchase price or cost is more than the reasonable value, the difference must be paid in cash from the veteran’s own resources. The following table shows the distribution of loans guaranteed in Fiscal Year 2002, sorted by whether or not the borrower made a down payment.

Purchase Loans Guaranteed During Fiscal Year 2002 by Down-payment Status

Status	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
No Down-payment	160,541	90.75%	\$21,051,416,087	\$131,127	6,054,944,590	\$37,716
Down-payment	16,357	9.25%	\$2,496,159,675	\$152,605	\$670,157,817	\$40,971
TOTAL	176,898	100.0%	\$23,547,392,943	\$133,113	\$6,725,102,407	\$38,017

Source: LGY SAS File

(b) By Buyer Status

The distribution of new loan guaranties by buyer status is shown in the following table. A first time homebuyer is an eligible person who used the loan guaranty to enter the home-buying market and purchase a home for the first time.

¹ Service personnel, reservists, surviving spouses, and spouses of POW/MIA service members are also eligible under certain circumstances.

Purchase Loans Guaranteed During Fiscal Year 2002 Based on Buyer Status

Buyer Status	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
First Time Home Owner	89,575	50.6%	\$11,384,162,087	\$127,091	\$3,337,164,766	\$37,256
Previous Home Owner	87,323	49.4%	\$12,163,230,856	\$139,290	\$3,387,937,641	\$38,798
TOTAL	176,898	100.0%	\$23,547,392,943	\$133,113	\$6,725,102,407	\$38,017

Source: LGY SAS File

3. Specially Adapted Housing Programs and Direct Loans

The following table shows activity of programs designed to provide housing assistance grants to seriously disabled veterans and direct loans to Native American veterans on trust lands.

Fiscal Year 2002 Specially Adapted Housing Programs and Direct Loans

Programs	Number of Grants/Loans	Amount of Grants/Loans	Average Grant/Loan Amount
Specially Adapted Housing Grants	475	\$23,365,284	\$47,010
Special Housing Adaptation Grants	56	\$459,372	\$8,200
TOTAL	531	\$23,824,656	\$44,868
Direct Loans to Native Americans on trust lands.	62	\$5,619,905	\$90,643
GRAND TOTAL	593	\$29,444,561	\$49,653

Source: FY 2002 Budget, Loan Guaranty Construction and Valuation

4. Demographic Characteristics of Recipients of Home Loan Guaranties

(a) By Periods of Service and Entitlement Criteria

The following table contains data regarding loans guaranteed during Fiscal Year 2002 by veteran's period of service and by other entitlement criteria. Brief definitions of the entitlement criteria are found earlier in this chapter. The table is subdivided into two parts: entitlements for veterans and other eligibility categories.

Loans Guaranteed During Fiscal Year 2002 by Entitlement

Entitlement	Number of Loans	Percent of Grand Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
World War II	1,136	0.4%	\$108,847,522	\$95,816	\$35,593,787	\$31,333
Post-World War II	166	0.1%	\$17,172,890	\$103,451	\$5,460,291	\$32,893
Korean War	1,406	0.4%	\$139,713,742	\$99,370	\$45,327,134	\$32,238
Post-Korean War	3,618	1.1%	\$374,237,221	\$103,438	\$118,957,786	\$32,879
Vietnam Era	24,850	7.8%	\$2,743,103,707	\$110,386	\$845,606,520	\$34,028
Post-Vietnam Era	39,185	12.4%	\$4,711,950,957	\$120,249	\$1,406,538,295	\$35,895
Gulf War Era	72,077	22.7%	\$9,218,454,666	\$127,897	\$2,683,399,841	\$37,230
Restored Entitlement	115,636	36.4%	\$15,109,519,406	\$130,664	\$4,298,843,737	\$37,176
TOTAL	258,074	81.3%	\$32,423,000,111	\$125,635	\$9,439,727,391	\$36,578
Service Personnel	49,228	15.5%	\$6,451,799,893	\$131,060	\$1,860,872,895	\$37,801
Reservists	9,179	2.9%	\$1,173,283,194	\$127,823	\$341,154,182	\$37,167
Unmarried Surviving Spouse	760	0.2%	\$79,858,753	\$105,077	\$25,353,342	\$33,360
Spouse of POW	10	0.0%	\$1,192,643	\$119,264	\$347,160	\$34,716
TOTAL	59,117	18.7%	\$7,706,134,483	\$130,222	\$2,227,727,579	\$37,645
GRAND TOTAL	317,251	100.0%	\$40,129,134,594	\$126,490	\$11,667,454,970	\$36,777

Source: LGY SAS File

(b) By Income

The following table shows the distribution of purchase loans guaranteed during Fiscal Year 2002 by the annual income of the eligible borrower and spouse, if included.

Purchase Loans Guaranteed During Fiscal Year 2002 by Annual Income

Income	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount	Median Assets
Less than \$25,000	6,223	3.5%	\$478,828,572	\$76,822	\$178,970,946	\$28,713	\$2,431
\$25,000 to \$34,999	21,744	12.3%	\$2,053,836,860	\$94,455	\$711,468,767	\$32,720	\$3,036
\$35,000 to \$44,999	34,684	19.6%	\$3,919,835,440	\$113,016	\$1,222,495,419	\$35,247	\$3,908
\$45,000 to \$54,999	34,397	19.4%	\$4,473,044,264	\$130,042	\$1,285,632,187	\$37,376	\$4,767
\$55,000 to \$64,999	28,520	16.1%	\$4,097,507,723	\$143,671	\$1,120,383,930	\$39,284	\$5,581
\$65,000 to \$74,999	20,605	11.6%	\$3,201,213,621	\$155,361	\$845,750,804	\$41,046	\$6,400
\$75,000 and over	30,708	17.4%	\$5,322,580,288	\$173,329	\$1,360,220,302	\$44,295	\$9,019
TOTAL	176,891	100.0%	\$23,546,846,768	\$133,115	\$6,724,922,355	\$38,017	\$5,066
Average Income: \$56,186		Median Income \$52,332			Median Loan \$129,950		

Source: LGY SAS File

(c) By Age

The distribution of new loan guaranties by age of the borrower is shown in the following table.

Home Loans Guaranteed During Fiscal Year 2002 by Age

Age	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
18 – 25	10,968	3.5%	\$1,192,501,291	\$108,726	\$380,648,962	\$34,705
26 – 35	101,921	32.1%	\$13,214,458,334	\$129,654	\$3,820,521,877	\$37,485
36 – 45	100,724	31.7%	\$13,393,348,793	\$132,971	\$3,807,178,631	\$37,798
46 – 55	63,701	20.1%	\$7,845,603,005	\$123,163	\$2,294,998,582	\$36,028
56 – 65	27,555	8.7%	\$3,212,763,783	\$116,595	\$960,936,091	\$34,873
Over 65	12,382	3.9%	\$1,270,459,388	\$102,605	\$403,170,827	\$32,561
TOTAL	317,251	100.0%	\$40,129,134,594	\$126,490	\$11,667,454,970	\$36,777

Average overall age: 42

Source: LGY SAS File

(d) By Race/Ethnicity

Providing race or ethnicity information on the application for a VA guaranteed loan is voluntary. About 83 percent of borrowers provided race or ethnicity information during Fiscal Year 2002. The race demographics and distribution of new loan guaranties presented in the following table show the distribution among the 83 percent who provided that information.

Home Loans Guaranteed During Fiscal Year 2002 by Race

Race/Ethnicity	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
White	204,316	77.5%	\$25,645,393,904	\$125,518	\$7,487,462,530	\$36,646
Black	37,378	14.2%	\$4,706,351,770	\$125,912	\$1,371,344,589	\$36,689
Hispanic	16,569	6.3%	\$2,061,761,262	\$124,435	\$604,617,187	\$36,491
Native American	1,626	0.6%	\$199,800,399	\$122,878	\$58,720,173	\$36,113
Asian	3,660	1.4%	\$529,779,476	\$144,748	\$144,942,018	\$39,602
TOTAL	263,549	100.0%	\$33,143,086,811	\$125,757	\$9,667,086,895	\$36,680

Source: LGY SAS File

ACTIVE HOME LOAN GUARANTIES – AS OF OCTOBER 1, 2003

This section of the chapter provides information about the entire population of program beneficiaries at the beginning of Fiscal Year 2003.

1. Total Active Guaranteed Loans

The following table shows the total number of active VA home loan guaranties at the beginning of Fiscal Year 2003. The table also includes the total amount and average amount of the loans, as well as the total amount and average amount of the VA guaranties on those loans.

**Active Loans Based on Purchase Loans versus Refinance Loans
Beginning of Fiscal Year 2003**

Type of Loan	Number of Loans	Percent of Total	Total Loan Amount	Avg. Loan Amount	Total Guaranty Amount	Avg. Guaranty Amount	Avg. Interest
Purchase Loans	2,021,183	69.9%	\$163,666,007,822	\$80,975	\$55,506,283,587	\$27,462	8.11%
Interest Rate Reduction Refinance	773,270	26.7%	\$77,786,181,108	\$100,594	\$24,591,220,484	\$31,802	7.20%
Refinance - Other Reasons	97,805	3.4%	\$7,929,948,333	\$81,079	\$2,662,180,671	\$26,810	8.26%
TOTAL	2,892,258	100.0%	\$249,381,137,263	\$86,224	\$82,719,960,870	\$28,600	7.87%

Source: LGY SAS file

Differs slightly from 2,893,744 on Page 5-17, as a few older records did not capture loan type.

2. Characteristics of Active Home Loan Guaranties

(a) By Down-payment Option

The objective of the VA home loan guaranty program is to enable veterans (and other eligible people) to enter the home-buying market. The “no down-payment” feature is intended to help veterans afford to buy suitable homes. VA does not require a down payment if the purchase price or cost is not more than the reasonable value of the property as determined by VA, but the lender may require one. If the purchase price or cost is more than the reasonable value, the difference must be paid in cash from the veteran’s own resources.

The following table shows the distribution of active loan guaranties, sorted by whether or not the borrower made a down payment.

**Active Purchase Loans By Down-payment Status
Beginning of Fiscal Year 2003**

Status	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
No Down-payment	1,325,373	85.6%	\$127,657,247,979	\$96,318	\$42,069,432,581	\$31,742
Down-payment	239,540	14.4%	\$22,563,813,244	\$95,583	\$6,718,507,605	\$30,147
TOTAL	1,548,230	100.0%	\$148,958,644,274	\$96,212	\$48,787,940,186	\$31,512

Source: LGY SAS file. Purchase price used to determine down payment not available prior for FY '79.

(b) By Buyer Status

The distribution of active loan guaranties by buyer status is shown in the following table. A first time homebuyer is an eligible person who used the loan guaranty to enter the home-buying market and purchase a home for the first time.

**Active Purchase Loans Based on Buyer Status
Beginning of Fiscal Year 2003¹**

Buyer Status	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
First Time Home Buyer ¹	601,440	54.0%	\$62,850,060,762	\$104,499	\$20,301,631,987	\$33,755
Previous Home Buyer	512,433	46.0%	\$59,320,070,017	\$115,762	\$17,894,712,338	\$34,921
TOTAL	1,113,873	100.0%	\$122,170,130,779	\$109,680	\$38,196,344,325	\$34,291

Source: LGY SAS file

¹ First time homebuyer information not available before FY 1993.

3. Demographic Characteristics of All People with Active Guaranteed Loans

(a) By Entitlement and Other Entitlement Criteria

The following table shows the distribution of active home loan guaranties at the beginning of Fiscal Year 2003, sorted by the veteran's period of service and other entitlement criteria.

Note: Brief definitions of the entitlement criteria may be found earlier in this chapter. The following table is divided into two parts:

- Veteran entitlement, and
- Other entitlement categories.

**Active Home Loans By Period of Service (or Entitlement)
Beginning of Fiscal Year 2003**

Entitlement	Number of Loans	Percent of Grand Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
World War II	72,568	2.5%	\$3,387,078,729	\$46,675	\$1,365,3309,803	\$18,815
Post-World War II	2,855	0.1%	\$208,940,113	\$73,184	\$75,108,884	\$26,308
Korean War	55,677	1.9%	\$3,070,467,894	\$55,148	\$1,161,247,931	\$20,857
Post-Korean War	162,965	5.6%	\$9,050,818,989	\$55,538	\$3,401,812,506	\$20,874
Vietnam Era	791,616	27.4%	\$49,030,604,662	\$61,937	\$18,189,389,724	\$22,978
Post-Vietnam Era	476,370	16.5%	\$45,825,928,329	\$96,198	\$15,114,542,481	\$31,729
Gulf War Era	285,543	9.9%	\$31,629,433,714	\$110,769	\$9,881,540,532	\$34,606
Restored Entitlement	555,801	19.2%	\$61,766,592,134	\$111,131	\$18,604,013,864	\$33,472
TOTAL	2,403,395	83.1%	\$203,969,864,564	\$84,867	\$67,792,986,725	\$28,207

**Active Home Loans By Period of Service (or Entitlement)
Beginning of Fiscal Year 2003**

Entitlement	Number of Loans	Percent of Grand Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
Service Personnel ¹	432,692	15.0%	\$39,458,985,393	\$91,194	\$13,038,395,715	\$30,133
Reservists	48,315	1.7%	\$5,381,933,670	\$111,393	\$1,677,453,220	\$34,719
Unmarried Surviving Spouse	7,619	0.3%	\$563,706,680	\$73,987	\$204,616,593	\$26,856
Spouse of POW	138	0.0%	\$11,380,313	\$82,466	\$3,739,475	\$27,098
TOTAL	488,764	16.9%	\$45,416,006,056	\$92,920	\$14,924,205,003	\$30,535
Grand Total	2,892,159¹	100.0%	\$249,385,870,620	\$86,228	\$82,717,191,728	\$28,600

Source: LGY SAS file

¹ Differs slightly from 2,893,744 on Page 5-17, as a few older records did not capture entitlement type.

(b) By Age

The distribution of all active loan guaranties by age group of the eligible person is shown in the following table.

Active Home Loans Based on Age Beginning of Fiscal Year 2003

Age	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
18 – 25	19,457	0.7%	\$1,952,088,517	\$100,328	\$646,542,632	\$33,229
26 – 35	380,606	13.2%	\$42,012,875,507	\$110,384	\$13,154,215,806	\$34,561
36 – 45	706,832	24.4%	\$75,209,562,905	\$106,404	\$23,728,893,162	\$33,571
46 – 55	872,045	30.1%	\$71,266,234,949	\$81,723	\$24,172,464,574	\$27,719
56 – 65	564,743	19.5%	\$38,806,797,936	\$68,716	\$13,535,997,748	\$23,968
Over 65	349,950	12.1%	\$20,175,819,692	\$57,653	\$7,499,530,476	\$21,430
TOTAL	2,893,633¹	100.0%	\$249,423,379,506	\$86,197	\$82,737,644,398	\$28,593
Average overall age: 50						

Source: LGY SAS file

¹ Includes direct loans sold and later guaranteed.

Differs slightly from 2,893,744 on Page 5-17, as a few older records did not capture birth year.

(c) By Race

Providing race information on the application for a VA guaranteed loan is voluntary. The race demographics and distribution of loan guaranties presented in the following table show the distribution of all active loan guaranties by race among the 83 percent who provided that information as of the beginning Fiscal Year 2003.

Active Loans by Race Beginning of Fiscal Year 2003

Race	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
White	1,928,603	78.7%	\$161,738,858,539	\$83,863	\$54,175,521,238	\$28,091
Black	343,367	14.0%	\$28,714,091,198	\$83,625	\$9,696,459,711	\$28,239
Hispanic	133,256	5.4%	\$11,284,035,702	\$84,679	\$3,780,163,226	\$28,368
Native American	13,967	0.6%	\$1,291,643,561	\$92,478	\$420,868,579	\$30,133
Asian	30,400	1.2%	\$3,421,570,724	\$112,552	\$1,011,720,946	\$33,280
TOTAL	2,449,593¹	100.0%	\$206,450,199,724	\$84,279	\$69,084,733,700	\$27,628

Source: LGY SAS file

¹Excludes 442,665 unknown racial records

(d) By Gender**Active Loans by Gender Beginning of Fiscal Year 2003**

Gender	Number of Loans	Percent of Total	Total Loan Amount	Average Loan Amount	Total Guaranty Amount	Average Guaranty Amount
Male	2,751,815	95.4%	\$235,041,521,993	\$85,413	\$78,143,103,145	\$28,397
Female	133,759	4.6%	\$13,909,483,632	\$103,989	\$4,419,801,967	\$33,043
TOTAL	2,885,574¹	100.0%	\$248,951,005,625	\$86,274	\$82,562,905,112	\$28,612

Source: LGY SAS File

¹Excludes 6,585 loans that did not contain gender information in the record.

Home Loans Guaranteed during Fiscal Year 2002 by State and Territory

State/Territory	Number	Loan Amount
ALABAMA	5,549	\$598,849,346
ALASKA	2,430	\$389,393,476
ARIZONA	12,547	\$1,630,342,845
ARKANSAS	3,311	\$312,041,570
CALIFORNIA	20,329	\$3,165,860,325
COLORADO	10,038	\$1,589,488,530
CONNECTICUT	1,324	\$187,417,158
DELAWARE	1,306	\$183,710,850
DISTRICT OF COLUMBIA	159	\$21,646,330
FLORIDA	26,135	\$3,072,905,020
GEORGIA	14,416	\$1,786,721,454
HAWAII	777	\$130,598,785
IDAHO	2,196	\$255,637,178
ILLINOIS	7,695	\$946,796,414
INDIANA	5,904	\$667,361,103
IOWA	1,766	\$188,490,250
KANSAS	3,055	\$333,112,172
KENTUCKY	3,707	\$408,580,709
LOUISIANA	3,567	\$385,942,989
MAINE	1,232	\$140,446,320
MARYLAND	12,021	\$1,845,088,050
MASSACHUSETTS	1,915	\$283,409,182
MICHIGAN	5,599	\$667,126,854
MINNESOTA	4,035	\$548,948,571
MISSISSIPPI	2,716	\$293,779,746
MISSOURI	6,058	\$670,839,127
MONTANA	974	\$106,447,978
NEBRASKA	2,600	\$310,972,421
NEVADA	6,899	\$1,001,357,848
NEW HAMPSHIRE	1,136	\$160,844,391
NEW JERSEY	4,196	\$556,353,826
NEW MEXICO	3,396	\$411,344,151
NEW YORK	4,119	\$433,234,556
NORTH CAROLINA	15,472	\$1,788,917,081
NORTH DAKOTA	732	\$67,295,562
OHIO	9,649	\$1,138,643,467
OKLAHOMA	4,427	\$443,730,374
OREGON	4,645	\$655,731,590
PENNSYLVANIA	7,241	\$821,452,249
RHODE ISLAND	624	\$88,668,500
SOUTH CAROLINA	4,703	\$565,050,103
SOUTH DAKOTA	855	\$92,357,509
TENNESSEE	7,462	\$843,480,486
TEXAS	30,749	\$3,422,670,427
UTAH	2,546	\$362,181,577
VERMONT	373	\$45,403,051
VIRGINIA	23,767	\$3,263,920,581
WASHINGTON	14,060	\$2,051,871,524
WEST VIRGINIA	1,016	\$109,005,328
WISCONSIN	4,436	\$513,657,440
WYOMING	743	\$87,912,689
GUAM	28	\$4,030,873
PUERTO RICO	608	\$76,926,883
VIRGIN ISLANDS	8	\$1,137,775
TOTAL	317,251	\$40,129,134,594

Source: LGY SAS Program

Home Loans Guaranteed at the Beginning of Fiscal Year 2003 by State and Territory

State/Territory	Number	Loan Amount
ALABAMA	57,602	\$4,108,869,973
ALASKA	16,785	\$2,108,071,710
ARIZONA	91,114	\$8,170,548,123
ARKANSAS	32,534	\$2,091,258,137
CALIFORNIA	286,649	\$30,057,093,503
COLORADO	76,800	\$7,661,044,958
CONNECTICUT	15,205	\$1,500,396,458
DELAWARE	11,395	\$1,068,421,616
DISTRICT OF COLUMBIA	4,266	\$326,554,303
FLORIDA	220,277	\$17,895,994,754
GEORGIA	124,852	\$10,467,640,233
HAWAII	6,713	\$850,374,573
IDAHO	17,321	\$1,485,981,647
ILLINOIS	62,835	\$5,268,783,519
INDIANA	49,727	\$3,644,546,453
IOWA	15,548	\$1,026,488,020
KANSAS	30,481	\$2,121,515,115
KENTUCKY	32,090	\$2,390,929,717
LOUISIANA	43,698	\$2,952,379,921
MAINE	13,247	\$990,602,748
MARYLAND	113,876	\$12,494,987,800
MASSACHUSETTS	23,913	\$2,202,368,514
MICHIGAN	47,661	\$3,461,701,666
MINNESOTA	46,659	\$3,867,337,216
MISSISSIPPI	27,816	\$1,828,715,590
MISSOURI	44,398	\$3,292,764,918
MONTANA	12,671	\$908,503,429
NEBRASKA	23,433	\$1,808,848,372
NEVADA	51,080	\$5,417,856,800
NEW HAMPSHIRE	10,928	\$1,051,408,173
NEW JERSEY	48,532	\$3,973,968,920
NEW MEXICO	25,278	\$2,303,797,676
NEW YORK	55,949	\$3,890,928,184
NORTH CAROLINA	112,983	\$9,584,486,002
NORTH DAKOTA	5,559	\$379,017,348
OHIO	88,734	\$6,393,831,514
OKLAHOMA	51,745	\$3,420,103,749
OREGON	22,185	\$2,490,462,169
PENNSYLVANIA	65,999	\$5,010,444,547
RHODE ISLAND	4,789	\$548,477,967
SOUTH CAROLINA	47,402	\$3,633,163,074
SOUTH DAKOTA	6,754	\$501,496,720
TENNESSEE	67,763	\$5,272,971,776
TEXAS	304,491	\$22,204,964,234
UTAH	18,266	\$1,687,686,618
VERMONT	2,294	\$222,278,686
VIRGINIA	208,034	\$21,420,656,043
WASHINGTON	82,423	\$9,317,969,605
WEST VIRGINIA	11,211	\$745,847,956
WISCONSIN	28,762	\$2,335,908,892
WYOMING	7,352	\$561,703,028
GUAM	461	\$44,900,060
PUERTO RICO	14,962	\$938,945,629
VIRGIN ISLANDS	242	\$25,892,595
TOTAL	2,893,744	\$249,431,890,951

Source: LGY SAS Program



Chapter 6 VOCATIONAL REHABILITATION & EMPLOYMENT

VETERANS AND ELIGIBLE DEPENDENTS SERVED DURING FISCAL YEAR 2002

The mission of the Vocational Rehabilitation and Employment (VR&E) Program is to provide comprehensive services and assistance necessary to enable veterans with service-connected disabilities and employment handicaps to become employable, then obtain and maintain stable and suitable employment. When the severity of disability prohibits suitable employment, VR&E assists those veterans to achieve maximum independence in daily living activities.

The numbers in the following table represent the number of services provided by Vocational Rehabilitation and Employment services during FY 2002 provided to 70,550 veterans. Services provided include Evaluation and Planning Services, Employment Services, and Rehabilitation Services.

Services by the VR&E Programs During Fiscal Year 2002

Program	Number	Percent
Service-Connected Veterans (Chapter 31)	262,466	99.99%
Pension Recipients (Chapter 15)	0	0.00%
Vietnam Veterans' Children With Spina Bifida (Chapter 18)	35	0.01%
TOTAL	262,501	100%

Sources: VR&E Program Management Reports (FY 2002) and Regional Office Reports

Veterans may progress through a series of steps, or case statuses, that describe the part of the program they are currently in and available services provided by VR&E. The steps are described below:

- **Step 1.** Application for the benefit.
- **Step 2.** Evaluation to assess needs and determine services to which a veteran may be entitled and conduct rehabilitation planning.
- **Step 3.** Provide rehabilitation services for employment (services and assistance that lead to the veteran to become job-ready or able to live more independently in the community).
- **Step 4.** Service in "job-ready" status assists the veteran in obtaining and maintaining suitable employment.
- **Step 5.** Rehabilitation includes veterans who obtain and maintain suitable employment or achieved maximum independence in daily living.

The following subsections provide information about veterans who participated in each of the steps

during Fiscal Year 2002. A veteran proceeds through the rehabilitation process step by step. While a veteran may be counted in more than one step as a result of completing a step and moving on, no veteran participates in more than one step at a time. Basic data concerning the number of veterans involved in each step is provided first, followed by demographic information.

APPLICANTS FOR A PROGRAM OF REHABILITATION AND EMPLOYMENT SERVICES (STEP 1)

A total of 68,878 veterans applied for rehabilitation and employment services during Fiscal Year 2002. The following three tables show demographic characteristics of the veterans who applied. The first step (where the veteran enters Applicant Status) begins when VA receives the veteran’s application and determines the veteran’s basic eligibility. Basic eligibility is determined when:

1. The veteran has a discharge under *other than dishonorable* conditions, and
2. The veteran has a compensable disability (i.e., the disability is evaluated as 10% or more).
3. During the Applicant Status step, VR&E schedules the veteran for an individual appointment to determine his/her entitlement to a program of services. At this time, he/she may be provided with information on the nature and process of the program through either individual communications or through a group briefing. Follow-up activities are conducted to ensure that the veteran meets the scheduled appointment or reschedules the appointment date and time.

**Applicants for Vocational Rehabilitation
by Combined Degree of Disability During Fiscal Year 2002**

Disability Evaluation	Number	Percent
0%	56	0.1%
10%	7,765	3.2%
20%	11,398	20.6%
30%	10,912	19.8%
40%	8,193	14.8%
50%	5,018	9.1%
60%	4,062	7.4%
70%	2,870	5.2%
80%	1,520	2.8%
90%	623	1.1%
100%	3,324	6.0%
Other ¹	5,509	10.0%
TOTAL	61,250	100%

Source: VR&E Program Management Reports (FY 2002) Benefits Delivery Network - Data Warehouse and Disability Compensation Data
¹ Other contains cases not rated and memo ratings

Note: The “Other” category in the table on Page 6-2 includes applicants with non-compensable service connected disabilities, for example:

- Disabilities were not found to be service-connected; or
- Disabilities were service-connected but not so disabling as to allow payment of compensation, or
- No application for service connection was made. (In this instance, a memorandum rating is required to determine entitlement to vocational rehabilitation on the basis of service-connected disability level.)

(a) By Gender

**Applicants for Vocational Rehabilitation
by Gender
During Fiscal Year 2002**

	Female	Male	Total
Number	9,009	52,241	61,250
Percent	14.7%	85.3%	100%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network – Data Warehouse

(b) By Age

**Applicants for Vocational Rehabilitation
by Age
During Fiscal Year 2002**

	Age 17 - 21	Age 22 - 29	Age 30 - 39	Age 40 - 49	Age 50 - 59	Age 60 >	Total For All Ages ¹
Number	930	9,578	14,365	18,907	14,095	3,370	61,245
Percent	1.5%	15.6%	23.5%	30.9%	23.0%	5.5%	100%

Source: VR&E Program Management Reports (FY 2002) - Benefits Delivery Network - Data Warehouse

¹ Total includes 5 unknown cases

EVALUATION AND PLANNING OR EXTENDED EVALUATION (STEP 2)

Veterans are provided a comprehensive evaluation to assess needs and determine their entitlement to a program of rehabilitation and employment services and conduct rehabilitation planning. Each veteran goes through the Evaluation and Planning status, and may also go through the Extended Evaluation status if it is needed in the individual case. If entitlement *is* found, VR&E gathers information to develop an individualized plan of services to help the veteran achieve either a specific occupational goal or independence in daily living. If entitlement is *not* found, VR&E assists veterans with developing their options before they exit the process.

In Fiscal Year 2002, 64,616 veterans participated in evaluation and planning and extended evaluation processes. Demographic data for veterans found to be entitled (for rehabilitation and employment services) during Fiscal Year 2002 are reflected in the following tables.

Below is a brief description of the Evaluation and Planning status and the Extended Evaluation status:

- **Evaluation and Planning:** A veteran who reports for his/her initial evaluation appointment is placed in the Evaluation and Planning status. In this status, a comprehensive evaluation of the veteran's abilities, interests, and aptitudes is accomplished by evaluating medical information, educational and work histories, and other information specific to the circumstance of the veteran. The Vocational Rehabilitation Counselor (VRC) or Counseling Psychologist (CP) uses this information to determine if the veteran is entitled to a program of services and, if found to be entitled, works with the veteran to develop a specific plan of services to achieve the agreed upon goal.
- **Extended Evaluation:** During the Evaluation and Planning Status, the VRC may determine that, due to the extent of the veteran's disabilities, there is insufficient information to determine if a veteran can benefit from a rehabilitation and employment program. The VRC is also unable to determine if the veteran will eventually achieve the goal of suitable employment or maximization of independent living skills. In order to further assess the veteran's potential, he/she is placed in the Extended Evaluation status.
- A specialized rehabilitation service provides the VRC or CP with a more detailed assessment of the veteran's potential to achieve a rehabilitation goal. The assessment aids the VRC or CP in developing the veteran's plan for services.

Note: Of the 64,616 veterans who were provided evaluation services in Fiscal Year 2002, 34,353 were found to be entitled to programs of rehabilitation services. The remainder were not found entitled or dropped out of the evaluation process prior to this determination.

(a) By Combined Degree of Service-Connected Disability

**Veterans Entitled to Vocational Rehabilitation
by Combined Degree of Disability During Fiscal Year 2002**

Disability Evaluation	Number	Percent
0%	4	0.0%
10%	1,492	4.3%
20%	5,899	17.2%
30%	6,423	18.7%
40%	5,710	16.6%
50%	3,594	10.5%
60%	3,472	10.1%
70%	2,521	7.3%
80%	1,550	4.5%
90%	623	1.8%
100%	2,623	7.6%
Other ¹	442	1.3%
TOTAL	34,353	100%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse
¹“Other” category contains memo rating cases and includes applicants with non-compensable (0%) evaluations for service-connected disabilities or non-service-connected disabilities.

(b) By Gender

**Veterans Entitled to Vocational Rehabilitation
by Gender
During Fiscal Year 2002**

	Female	Male	Total
Number	5,918	28,435	34,353
Percent	17.2%	82.8%	100%

Source: VR&E Program Management Reports (FY 2002)
 Benefits Delivery Network - Data Warehouse

(c) By Age

**Veterans Entitled to Vocational Rehabilitation
by Age
During Fiscal Year 2002**

	Age 17 - 21	Age 22 - 29	Age 30 - 39	Age 40 - 49	Age 50 - 59	Age 60 >	Total For All Ages
Number	273	5,387	8,818	11,304	7,040	1,529	34,351
Percent	0.8%	15.7%	25.7%	32.9%	20.5%	4.5%	100%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse
Total Includes 1 under 17 case and 1 unknown case

(d) By Period of Service

**Veterans Entitled to Vocational Rehabilitation
by Period of Service
During Fiscal Year 2002**

	World War II	Post World War II¹	Korean War	Post Korean War¹	Vietnam Era	Post Vietnam Era¹	Gulf War Era	Total All Service Periods
Number	181	25	149	297	4,621	6,719	22,361	34,353
Percent	0.5%	0.1%	0.4%	0.9%	13.5%	19.6%	65.1%	100%

Source: VR&E Program Management Reports (FY 2002) Benefits Delivery Network - Data Warehouse

¹ These three periods are generally combined into "Peacetime" service in other sections of this report.

(e) By Serious Employment Handicap

Veterans Entitled to Vocational Rehabilitation with a Serious Employment Handicap (SEH) During Fiscal Year 2002

	Number	Percent
Total Veterans	34,353	--
Total With SEH	15,346	45%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

Note: A serious employment handicap is a significant impairment, caused in part by a service-connected disability, in the veteran’s ability to prepare for, obtain, or retain employment consistent with his/her abilities, aptitudes, and interests.

(f) Veterans Who Completed Evaluation and Developed Rehabilitation Plans

Veterans Participating in a Vocational Rehabilitation Program and the Number of New Rehabilitation Plans Developed During Fiscal Year 2002

Total Participants¹	53,605
Training Plans Developed²	23,436
Percent Of Training Plans	44%

¹Source: VR&E Program Management Reports (FY 2002)

²Source: COIN TAR 6001
Benefits Delivery Network - Data Warehouse

PARTICIPATION IN A PROGRAM OF REHABILITATION SERVICES (STEP 3)

1. Upon the completion of the individualized rehabilitation plan, the veteran enters a rehabilitation program to:

- Become job-ready in the selected vocational choice, or
- Achieve the maximum ability to live independently in the community

2. The majority of veterans participating in a plan of services follow the employment track and may receive services that include:

- Employment planning;
- Training or education;
- Medical or dental care, and
- Other supportive services.

The length of time that a veteran remains in a rehabilitation program varies according to the individual circumstances of each veteran; however, the average time spent in the program is approximately two and one-half years.

A total of 69,634 veterans actively participated in programs during Fiscal Year 2002. Many of these veterans received subsistence allowance payments if their programs included training or the veteran was eligible for this allowance through other program provisions. Data shown in the subsequent tables reflect only that part of this group that received a subsistence allowance.

(a) By Occupational Goal

**Veterans Participating in a Vocational Training Program
by Occupational Goal During Fiscal Year 2002**

Occupational Goal	Total Number	Percent of Total	Number of Male	Percent of Total	Number of Female	Percent of Total
Agricultural, Fishery and Forestry	119	0.2%	91	0.2%	28	0.2%
Bench work	278	0.5%	259	0.6%	19	0.2%
Clerical	1,989	3.7%	1,334	3.2%	655	5.5%
Independent Living	1,188	2.2%	1,026	2.5%	162	1.4%
Machine Trades	997	1.9%	976	2.3%	21	0.2%
Miscellaneous	1,840	3.4%	1,521	3.6%	319	2.7%
Processing (Butcher, Meat Processor, etc.)	45	0.1%	40	0.1%	5	0.0%
Professional, Technical, and Managerial	44,746	83.5%	34,349	82.4%	10,397	87.2%
Sales	326	0.6%	279	0.7%	47	0.4%
Service	1,094	2.0%	866	2.1%	228	1.9%
Structural (Building Trades)	983	1.8%	947	2.3%	36	0.3%
Unknown/Other	0	0.0%	0	0.0%	0	0.0%
TOTAL	53,605	100%	41,688	100%	11,917	100%

Source: VR&E Program Management Reports (FY 2002) Benefits Delivery Network - Data Warehouse

(b) By Type of Training Activity

**Veterans Participating in a Vocational Training Program
by Type of Training and Gender
During Fiscal Year 2002**

Type Of Training	Total Number	Percent of Total	Number of Male	Percent of Total	Number of Female	Percent of Total
Undergraduate	44,830	83.6%	34,264	82.2%	10,566	88.7%
Vocational/Tech	4,318	8.1%	3,813	9.1%	505	4.2%
Graduate	1,900	3.5%	1,349	3.2%	551	4.6%
College, Non-Degree	1,082	2.0%	925	2.2%	157	1.3%
Extend. Eval/Ind. Living	942	1.8%	857	2.1%	85	0.7%
On The Job	226	0.4%	201	0.5%	25	0.2%
Eval/Imp Rehab Potential	45	0.1%	41	0.1%	4	0.0%
High School	26	0.0%	22	0.1%	4	0.0%
Non/Nom. Pay in Gov.	86	0.2%	82	0.2%	4	0.0%
Gov. Work Experience	69	0.1%	58	0.1%	11	0.1%
Apprenticeship	76	0.1%	71	0.2%	5	0.0%
Farm Co-op	5	0.0%	5	0.0%	0	0.0%
TOTAL	53,605	100%	41,688	100%	11,917	100%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

(c) By Serious Employment Handicap

Veterans Participating in a Vocational Training Program with a Serious Employment Handicap During Fiscal Year 2002

Number With Serious Employment Handicap	53,605
Total Participants	21,083
Percent With Serious Employment Handicap	39%

Source: VR&E Program Management Reports (FY 2002) Benefits Delivery Network – Data Warehouse

(d) By Gender

Veterans Participating in a Vocational Training Program by Gender During Fiscal Year 2002

	Female	Male	Total for Both Genders
Number	11,917	41,688	53,605
Percent	22.2%	77.8%	100%

Source: VR&E Program Management Reports (FY 2002) Benefits Delivery Network - Data Warehouse

(e) By Age

Veterans Participating in a Vocational Training Program by Age During Fiscal Year 2002

	Age 17 – 21	Age 22 - 29	Age 30 - 39	Age 40 - 49	Age 50 - 59	Age 60 >	Total For All Ages
Number	166	8,641	17,375	19,084	7,428	911	53,605
Percent	0.3%	16.1%	32.4%	35.6%	13.9%	1.7%	100%

Average Age For Veterans In Training Status: 40

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

(f) By Period of Service**Veterans Participating in a Vocational Training Program
by Period of Service During Fiscal Year 2002**

	World War II	Post World War II ¹	Korean War	Post Korean War ¹	Vietnam Era	Post Vietnam Era ¹	Gulf War Era	Total All Service Periods
Number	18	7	49	195	3,247	8,518	41,571	53,605
Percent	0.0%	0.0%	0.1%	0.4%	6.1%	15.9%	77.6%	100%

Source: VR&E Program Management Reports (FY 2002) - Benefits Delivery Network - Data Warehouse

¹ These three periods are generally combined into "Peacetime" service in other sections of this report.

(g) By Branch of Service**Veterans Participating in a Vocational Training Program
by Branch of Service During Fiscal Year 2002**

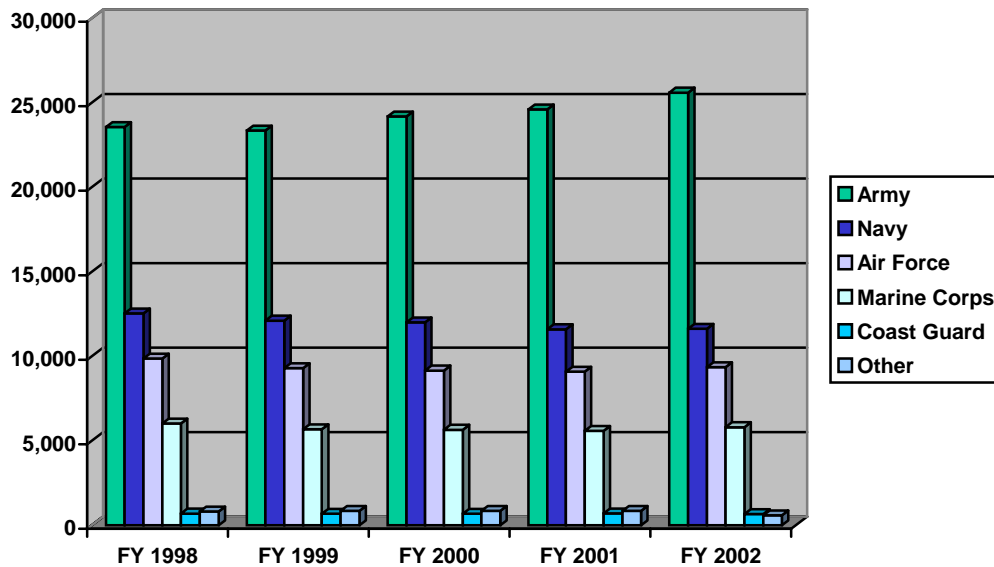
	Army ¹	Navy	Air Force	Marine Corps	Coast Guard	Other ²	Total For All Branches
Number	25,585	11,628	9,348	5,800	654	590	53,605
Percent	47.7%	21.7%	17.4%	10.8%	1.2%	1.1%	100%

Source: VR&E Program Management Reports (FY 2002) - Benefits Delivery Network - Data Warehouse

¹ Army includes 2 from Women's Army Corps

² Other includes 1 from Special Philippine Scouts, 3 from Public Health Service and 586 records with no branch of service data.

Veterans Participating in a Vocational Training Program by Branch of Service (FY 1998-FY 2002)



(h) By Length of Service

Veterans Participating in a Vocational Training Program by Length of Service During Fiscal Year 2002

Length of Service	Number	Percent
3 Months or Less	325	0.6%
3 to 6 Months	730	1.4%
6 Months to 2 Years	5,578	10.4%
2 to 4 Years	13,163	24.6%
4 to 10 Years	14,934	27.9%
10 to 15 Years	5,454	10.2%
15 to 20 Years	3,781	7.1%
20 to 30 Years	9,479	17.7%
Over 30 Years	161	0.3%
TOTAL	53,605	100%

Source: VR&E Program Management Reports (FY 2002)
Benefits Delivery Network - Data Warehouse

(i) By Dependency Status: Identifies known dependents for both single and married veteran participants

**Veterans Participating in a Vocational Training Program
by Dependency Status During Fiscal Year 2002**

	Single	Single With Children	Married	Married With Children	Dependent Parent(s)	Total ¹
Number	12,539	6,851	9,231	24,798	93	53,512
Percent	23.4%	12.8%	17.3%	46.3%	0.2%	100%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

¹ Does not include 93 veterans whose dependency status is unknown.

(j) By Prior Education Level: Distribution by level of education attained before the veteran’s enrollment in a training program

**Veterans Participating in a Vocational Training Program
by Prior Education Level During Fiscal Year 2002**

	Less Than High School	High School	Post High School	Four Year College Degree	Graduate Training	Total
Number	468	28,918	19,283	2,799	2,137	53,605
Percent	0.9%	53.9%	36.0%	5.2%	4.0%	100%

Source: VR&E Program Management Reports (FY 2002) Benefits Delivery Network - Data Warehouse

(k) By Prior Use of VA Educational Benefits: VR&E program participants who previously used VA education benefits during Fiscal Year 2002

**Veterans Participating in a Vocational Training Program
by Prior Use of VA Benefits During Fiscal Year 2002**

	Prior Use	No Prior Use	Total
Number	17,717	35,888	53,605
Percent	33.1%	66.9%	100%

Source: VR&E Program Management Reports
(FY 2002) Benefits Delivery Network - Data Warehouse

JOB READY – PREPARING FOR AND SEARCHING FOR A SUITABLE JOB (STEP 4)

1. A veteran, while in the Evaluation and Planning Status, may be found:

- To need additional rehabilitation services before he/she is job-ready, or
- To have transferable skills developed through prior education or experience that would allow him/her to successfully compete in the job market without additional training.

2. Whether the veteran becomes job-ready after participating through rehabilitation to the point of *Employability Status* or is determined to be *job-ready* in the evaluation process, he/she is placed in the Employment Services Status. The employment assistance needs of each veteran is assessed and a plan of services is developed that will lead to moving into suitable employment. Services may include:

- Job market exploration;
- Job seeking skills;
- Resume preparation;
- Interview skills, and
- Other assistance.

VR&E provides each veteran with a case manager. The case manager follows the veteran's progress through the program and ensures delivery of prescribed services.

The following table shows those veterans who progressed from participating in a program of rehabilitation services to employment services. In Fiscal Year 2002, a total of 14,018 veterans received services in the Employment Services status. This includes 916 veterans who were found (in the Evaluation and Planning Status) to possess marketable skills without additional education or training, but needed specific employment services to obtain and maintain suitable employment. Therefore, rather than participate in a program of rehabilitation services that may have included training or education, these veterans were able to move directly to the Employment Services Status. The remaining 13,102 veterans received services in the Rehabilitation to the Point of Employability Status. Veterans in this status may be provided assistance in:

- Resume preparation;
- Interview techniques;
- Job hunting strategies, and
- Other direct employment services.

**Veterans Participating in a Vocational Training Program by
Veterans Who Entered Employment Services During Fiscal Year 2002**

Total Participants ¹	53,605
Employment Plans Developed ²	14,018
Percent In Employment Plans	26%

¹Source: VR&E Program Management Reports (FY 2002)

²Source: COIN TAR 6005

Note: Participants are all veterans who received subsistence allowance while in a training program during FY 2002.

(a) Veterans Served by the Program by Race or Ethnicity Sorted by Case Status**Veterans in Active Case Statuses During Fiscal Year 2002 By Race/Ethnicity**

Race/Ethnicity	Applicant Status
American Indian/Alaskan	395
Asian/Pacific Island	827
Black	15,963
White	29,645
Hispanic	745
Other	1,962
Unknown	4,377
Unidentified	14,952
TOTAL	68,870
Race/Ethnicity	Evaluation and Planning Status
American Indian/Alaskan	368
Asian/Pacific Island	854
Black	14,230
White	26,542
Hispanic	624
Other	1,753
Unknown	3,916
Unidentified	12,386
TOTAL	60,673
Race/Ethnicity	Extended Evaluation Status
American Indian/Alaskan	9
Asian/Pacific Island	33
Black	785
White	1,217
Hispanic	28
Other	75
Unknown	377
Unidentified	1,413
TOTAL	3,937

Veterans in Active Case Statuses During Fiscal Year 2002 By Race/Ethnicity

Race/Ethnicity	Independent Living Status
American Indian/Alaskan	18
Asian/Pacific Island	80
Black	401
White	1,000
Hispanic	13
Other	67
Unknown	1,049
Unidentified	3,089
TOTAL	5,717
Race/Ethnicity	Rehabilitation to Employment Status
American Indian/Alaskan	419
Asian/Pacific Island	935
Black	16,261
White	33,307
Hispanic	588
Other	1,757
Unknown	3,144
Unidentified	7,501
TOTAL	63,912
Race/Ethnicity	Employment Status
American Indian/Alaskan	98
Asian/Pacific Island	239
Black	2,932
White	7,637
Hispanic	74
Other	310
Unknown	845
Unidentified	1,883
TOTAL	14,018
Grand Total Fiscal Year 2002	217,127

VETERANS ENDING THEIR PARTICIPATION IN A TRAINING PROGRAM

The vocational rehabilitation program participants end their association with the program in one of three ways:

- Completing the program and obtaining employment;
- Completing the program and achieving greater independence in living; or
- Discontinuing pursuit of the rehabilitation objectives.

The following table shows the veterans whose participation ended during Fiscal Year 2002, sorted by termination reason.

Veterans Who Ended a Training Program During Fiscal Year 2002

Reason For Ending Program	Number	Percent
Employment	7,773	47.4%
Independent Living	2,421	14.8%
Discontinue ¹	6,219	37.9%
TOTAL	16,413	100%

Source: VR&C Program Management Reports (FY 2002),
¹Individual who had developed plans of services and discontinued

REHABILITATED (STEP 5)

Rehabilitated Status represents the achievement of the veteran's goal to be suitably employed or obtain independence in daily living and is the positive outcome measure of the program. Each veteran is provided follow-up assistance to assure that his/her status can be maintained.

1. Participants with Serious Employment Handicaps Who Completed Their Program

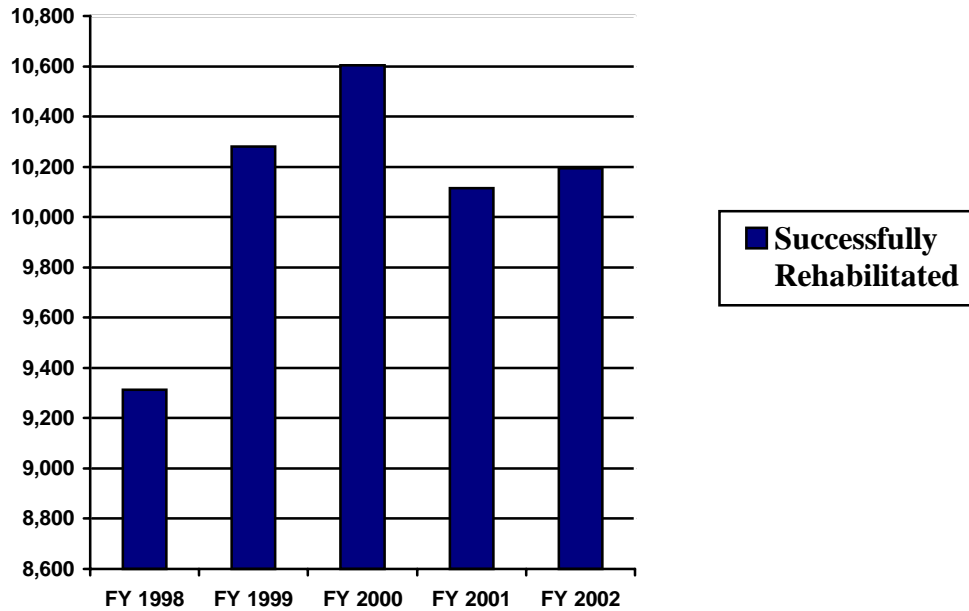
Participants who had a serious employment handicap and completed a program of vocational rehabilitation during Fiscal Year 2002

Veterans with a Serious Employment Handicap Who Completed Training During Fiscal Year 2002

	Number	Percent
Total Veterans	10,194	--
Total With Serious Employment Handicap	4,781	47%

Source: VR&E Program Management Reports (FY 2002)

Veterans Who Have Successfully Achieved Rehabilitation (FY 1998 - FY 2002)



2. Pre and Post Training Annual Earnings

(a) By Gender

The following table shows annual earnings of veterans, by gender, who completed their rehabilitation program and gained employment.

**Veterans Who Successfully Achieved Rehabilitation
Pre and Post Annual Earnings by Gender During Fiscal Year 2002**

Gender	Number Rehabilitated	Average Annual Earnings Prior To Training	Total Annual Earnings Prior To Training	Average Annual Earnings At Rehabilitation	Total Annual Earnings At Rehabilitation
Male	8,453	\$4,672	\$39,492,416	\$28,572	\$241,519,116
Female	1,741	\$4,085	\$7,111,985	\$25,690	\$44,726,290
TOTAL	10,194	--	\$46,604,401	--	\$286,245,406

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

¹This total does include 2,421 persons who entered into independent living and do not have earnings

Note: The table compares annual earnings before entering the program and after completing it and finding employment. Both total annual earnings and average annual earnings for these veterans are provided.

(b) By Occupation Type

The following table shows the distribution of average annual earnings before entering the program and following rehabilitation, by occupational categories.

**Veterans Who Successfully Achieved Rehabilitation
Pre and Post Annual Earnings
by Occupational Category During Fiscal Year 2002**

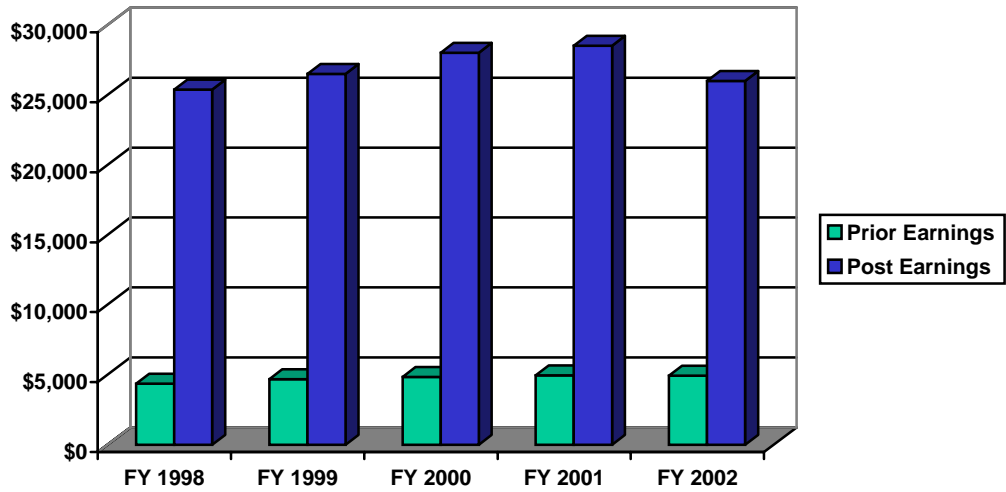
Occupational Category	Number Rehabilitated	Average Annual Earnings Prior To Training	Total Annual Earnings Prior To Training	Average Annual Earnings At Rehabilitation	Total Annual Earnings At Rehabilitation	Percent Of Increase In Earnings
Professional, Technical and Managerial	5,715	\$5,638	\$32,219,913	\$31,120	\$177,851,086	452%
Clerical	563	\$4,754	\$2,676,609	\$24,191	\$13,619,696	409%
Sales	163	\$5,823	\$949,213	\$27,140	\$4,423,765	366%
Services	397	\$4,774	\$1,895,357	\$23,923	\$9,497,447	401%
Agricultural, Fishery and Forestry	39	\$2,314	\$90,240	\$21,896	\$853,932	846%
Processing (Butcher, Meat Processor, etc.)	16	\$5,599	\$89,580	\$28,851	\$461,616	415%
Machine Trades	249	\$5,072	\$1,262,908	\$27,352	\$6,810,648	439%
Bench Work	83	\$6,247	\$518,503	\$23,865	\$1,980,795	282%
Structural (Building Trades)	256	\$5,295	\$1,355,502	\$28,855	\$7,386,880	445%
Miscellaneous	292	\$3,854	\$1,125,313	\$22,765	\$6,647,380	491%
TOTAL	7,773	\$4,937	\$42,183,137	\$25,996	\$229,533,244	444%

Source: VR&E Program Management Reports (FY 2002)

¹Total does not include 2,421 persons who went to independent living and do not have earnings

Note: The distribution of participants by gender is shown for each type of training. A subsistence allowance is paid to participants for some or all of the time they are in the training program.

Prior and Post Earnings of Veterans Who Have Been Successfully Rehabilitated



3. Demographic Characteristics of Participants Who Successfully Completed Training

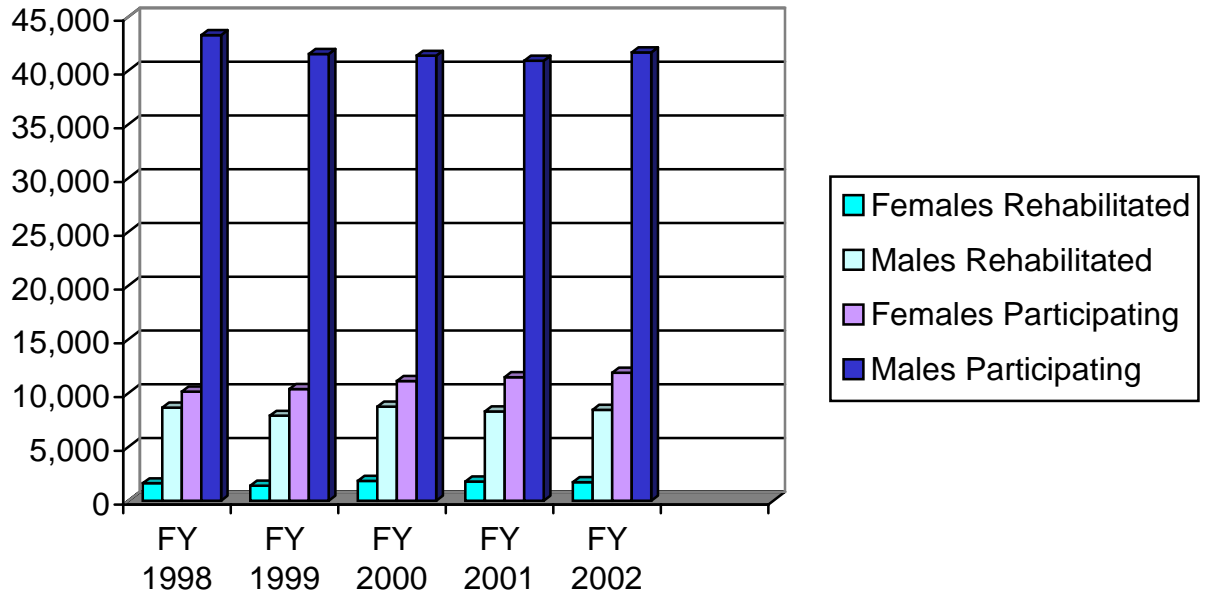
(a) By Gender

Veterans Who Successfully Achieved Rehabilitation by Gender During Fiscal Year 2002

	Female	Male	Total
Number	1,741	8,453	10,194
Percent	17.1%	82.9%	100.0%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

Veterans Who Participated Versus Veterans Who Successfully Achieved Rehabilitation by Gender (FY 1998 - 2002)



(b) By Age

Veterans Who Successfully Achieved Rehabilitation by Age During Fiscal Year 2002

	Age 17 - 21	Age 22 - 29	Age 30 - 39	Age 40 - 49	Age 50 - 59	Age 60 >	Total For All Ages
Number	1	892	2,786	3,293	2,477	745	10,194
Percent	0.0%	8.8%	27.3%	32.3%	24.3%	7.3%	100.0%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

(c) By Prior Education Level**Veterans Who Successfully Achieved Rehabilitation
by Prior Education Level During Fiscal Year 2002**

	Less Than High School	High School	Post High School	Four Year College Degree	Graduate Training	Total
Number	148	5,185	3,563	870	428	10,194
Percent	1.5%	50.9%	35.0%	8.5%	4.2%	100.0%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

(d) By Dependency Status**Veterans Who Successfully Achieved Rehabilitation
by Dependency Status During Fiscal Year 2002**

	Single	Single With Children	Married	Married With Children	Dependent Parent(s)	Total¹
Number	1,722	895	1,735	3,825	13	8,190
Percent	21.0%	10.9%	21.2%	46.7%	0.2%	100.0%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network - Data Warehouse

¹ Does not include 2,004 veterans whose dependency status is unknown.

(e) By Branch of Service

The following table shows the distribution of Veterans who have successfully achieved rehabilitation by branch-of-service.

Note: Consistent with requirements established in Title 38, U.S. Code of Federal Regulations, Section 101, service in the National Oceanic and Atmospheric Administration (NOAA) and the Public Health Service qualify persons for vocational rehabilitation programs.

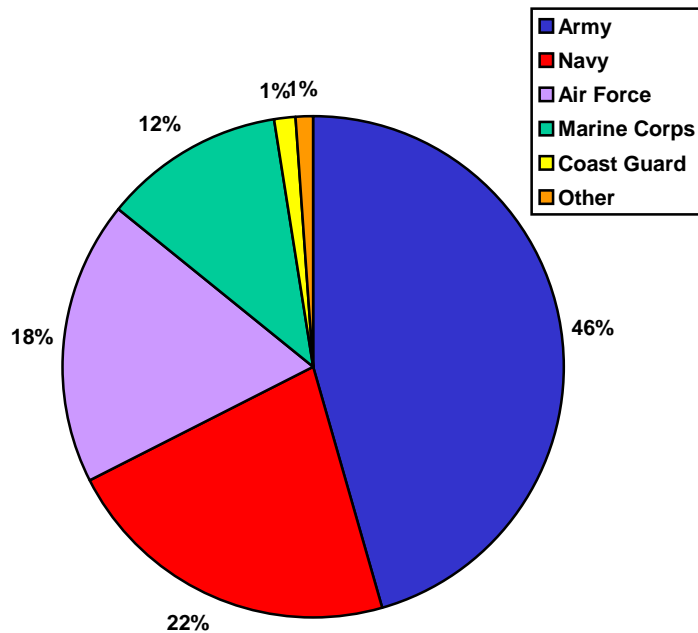
Veterans Who Successfully Achieved Rehabilitation by Branch of Service During Fiscal Year 2002

	Army	Navy	Air Force	Marine Corps	Coast Guard	Other ¹	Total
Number	4,644	2,230	1,875	1,178	141	126	10,194
Percent	45.6%	21.9%	18.4%	11.6%	1.4%	1.2%	100.0%

Source: VR&E Program Management Reports (FY 2002) - Benefits Delivery Network - Data Warehouse

¹ Other includes 2 from National Oceanic and Atmospheric Administration

Veterans Who Successfully Achieved Rehabilitation by Branch of Service FY 2002



(f) By Length of Service

Length of time in service among veterans who completed rehabilitation programs.

**Veterans Who Successfully Achieved Rehabilitation
by Length of Service During Fiscal Year 2002**

Length of Service	Number	Percent
3 Months or Less	42	0.4%
3 to 6 Months	90	0.9%
6 Months to 2 Years	1,217	12.0%
2 to 4 Years	2,524	24.9%
4 to 10 Years	2,685	26.4%
10 to 15 Years	955	9.4%
15 to 20 Years	799	7.9%
20 to 30 Years	1,796	17.7%
Over 30 Years	45	0.4%
TOTAL¹	10,153	100%

Source: VR&E Program Management Reports (FY 2002), Benefits Delivery Network. Data Warehouse

¹ Does not include 41 veterans whose length of service is unknown.

(g) By Period of Service

Veterans service periods among those who completed rehabilitation programs.

**Veterans Who Successfully Achieved Rehabilitation
by Length of Service During Fiscal Year 2002**

	World War II	Post World War II ¹	Korean War	Post Korean War ¹	Vietnam Era	Post Vietnam Era ¹	Gulf War Era	Total All Service Periods
Number	98	12	88	127	1,548	1,886	6,435	10,194
Percent	1.0%	0.1%	0.9%	1.2%	15.2%	18.5%	63.1%	100%

Source: VR&E Program Management Reports (FY 2002) - Benefits Delivery Network - Data Warehouse

¹ These three periods are generally combined into "Peacetime" service in other sections of this report.

Interrupted: While not a step toward the goal of rehabilitation, another status, “Interrupted”, exists for a veteran that must postpone active participation in his or her rehabilitation program in order to resolve a pressing need that is usually related to a disabling condition. During this step, the case manager continues to provide counseling and other assistance to the veteran and his/her family to address and resolve the issue; thereby allowing the veteran to return to active participation in the program.

APPENDICES

VBA REGIONAL OFFICE MAILING ADDRESSES**ALABAMA**

VA Regional Office
345 Perry Hill Road
Montgomery, AL 36109-3798

ARIZONA

VA Regional Office
3225 North Central Avenue
Phoenix, AZ 85012-2405

CALIFORNIA

VA Regional Office
Federal Building
11000 Wilshire Blvd.
Los Angeles, CA 90024-3602

CALIFORNIA

VA Regional Office
8810 Rio San Diego Drive
San Diego, CA 92108-1508

CONNECTICUT

VA Regional Office
450 Main Street
Hartford, CT 06103-3077

DISTRICT OF COLUMBIA

VA Regional Office
1722 Eye Street, NW
Washington, DC 20421-1111

GEORGIA

VA Regional Office
1700 Clairmont Rd.
Decatur, GA 30333-4032

IDAHO

VA Regional Office
805 W. Franklin Street
Boise, ID 83702-5560

ALASKA

VA Outpatient Clinic and Regional Office
2925 Debarr Road
Anchorage, AK 99508-2989

ARKANSAS

VA Regional Office
P.O. Box 1280
North Little Rock, AR 72115-1280

CALIFORNIA

VA Regional Office
Oakland Federal Building
1301 Clay Street - Suite 1300N
Oakland, CA 94612-5209

COLORADO

VA Regional Office
P.O. Box 25126
Denver, CO 80225-0126

DELAWARE

VA Medical and Regional Office Center
1601 Kirkwood Highway
Wilmington, DE 19805-4988

FLORIDA

VA Regional Office
P.O. 1437
St. Petersburg, FL 33731-1437

HAWAII

VA Medical and Regional Office Center
459 Patterson Road
Honolulu, HI 96819-1522

ILLINOIS

VA Regional Office
536 S. Clark Street
Chicago, IL 60605-1523

INDIANA

VA Regional Office
575 North Pennsylvania Street
Indianapolis, IN 46204-1526

KANSAS

VA Medical and Regional Office Center
5500 E. Kellogg
Wichita, KS 67218-1698

LOUISIANA

VA Regional Office
701 Loyola Avenue - Room 4210
New Orleans, LA 70113-1912

MARYLAND

VA Regional Office
Federal Building
31 Hopkins Plaza - Room 233
Baltimore, MD 21201-0001

MICHIGAN

VA Regional Office
Patrick V. McNamara Federal Bldg.
477 Michigan Avenue - Room 1400
Detroit, MI 48226-2591

MISSISSIPPI

VA Regional Office
1600 East Woodrow Wilson Avenue
Jackson, MS 39216-5102

MONTANA

VA Medical and Regional Office Center
Williams Street
Fort Harrison, MT 59636-9999

NEVADA

VA Regional Office
1201 Terminal Way
Reno, NV 89520-0118

IOWA

VA Regional Office
210 Walnut Street - Room 1063
Des Moines, IA 50309-9825

KENTUCKY

VA Regional Office
545 S. 3rd Street
Louisville, KY 40202-3835

MAINE

VA Medical and Regional Office Center
1 VA Center
Bldg. 248, Room 103
Togus, ME 04330-6795

MASSACHUSETTS

VA Regional Office
John F. Kennedy Building
Government Center - Room 1265
Boston, MA 02203-0393

MINNESOTA

VA Regional Office
One Federal Drive
St. Paul, MN 55111-4050

MISSOURI

VA Regional Office
400 South 18th Street
St. Louis, MO 63103-2676

NEBRASKA

VA Regional Office
5631 S. 48th Street
Lincoln, NE 68516-4198

NEW HAMPSHIRE

VA Regional Office
Norris Cotton Federal Bldg.
275 Chestnut Street
Manchester, NH 03101-2489

NEW JERSEY

VA Regional Office
20 Washington Place
Newark, NJ 07102-3174

NEW YORK

VA Regional Office Federal Building
111 West Huron Street
Buffalo, NY 14202-2368

NORTH CAROLINA

VA Regional Office Federal Building
251 North Main Street
Winston-Salem, NC 27155-1000

OHIO

VA Regional Office
Anthony J. Celebreeze Federal Building
1240 East Ninth Street
Cleveland, OH 44199-2002

OREGON

VA Regional Office
Federal Building
1220 Southwest 3rd Avenue Room 1217
Portland, OR 97204-2825

PENNSYLVANIA

VA Regional Office
1000 Liberty Avenue
Pittsburgh, PA 15222-4004

PUERTO RICO

VA Regional Office
P.O. Box 364867
San Juan, PR 00936-4867

SOUTH CAROLINA

VA Regional Office
1801 Assembly Street
Columbia, SC 29201-2495

NEW MEXICO

VA Regional Office
Dennis Chavez Federal Bldg.
500 Gold Avenue, SW
Albuquerque, NM 87102-3118

NEW YORK

VA Regional Office
245 W. Houston Street
New York, NY 10014-4805

NORTH DAKOTA

VA Medical and Regional Office Center
2101 Elm Street
Fargo, ND 58102-2417

OKLAHOMA

VA Regional Office Federal Building
125 South Main Street
Muskogee, OK 74401-7025

PENNSYLVANIA

VA Regional Office and Insurance Center
P.O. Box 8079
Philadelphia, PA 19101-8079

PHILIPPINES

U.S. Department of Veterans Affairs
FPO AP 96515-1110
Manila, PI 1000

RHODE ISLAND

VA Regional Office
380 Westminster Mall
Providence, RI 02903-3246

SOUTH DAKOTA

VA Medical and Regional Office Center
P.O. Box 504
Sioux Falls, SD 57117-5046

TENNESSEE

VA Regional Office
110 Ninth Avenue, South
Nashville, TN 37203-3817

TEXAS

VA Regional Office
One Veterans Plaza
701 Clay Avenue
Waco, TX 76799-0001

VERMONT

VA Medical and Regional Office Center
215 N. Main Street
White River Junction, VT 05009-0001

WASHINGTON

VA Regional Office
Federal Building
915 Second Avenue
Seattle, WA 98174-1060

WISCONSIN

VA Regional Office
5000 W. National Avenue - Bldg. 6
Milwaukee, WI 53295-0006

TEXAS

VA Regional Office
6900 Almeda Road
Houston, TX 77030-4200

UTAH

VA Regional Office
Federal Bldg.
125 South State St.
Salt Lake City, UT 84147-0500

VIRGINIA

VA Regional Office
210 Franklin Road, SW
Roanoke, VA 24011-2204

WEST VIRGINIA

VA Regional Office
640 4th Avenue
Huntington, WV 25701-1340

WYOMING¹

2360 E. Pershing Blvd.
Cheyenne, WY 82001

¹ The Denver Regional Office serves the state of Wyoming. The local address provided is for the Benefits Office.

CONTACTING VA BY TELEPHONE

General Benefits

Disability Compensation, Pension, Vocational Rehabilitation, and Home Loans	1-800-827-1000 *
Education and Training	1-888-GI BILL 1 * (1-888-442-4551)
Burial Headstones, and Markers	1-800-697-6947 *
VA Life Insurance	1-800-669-8477 *

Healthcare Benefits

Veterans Healthcare	1-800-827-1000 *
Veterans Healthcare in Canada	1-613-943-0824
Veterans Healthcare in Philippines	011-632-833-4566
Veterans Healthcare in all Other Countries	1-303-331-7590
National Mammography Helpline	1-888-492-7844 *
CHAMPVA	1-800-733-8387 *

Miscellaneous

Telecommunication Device for the Deaf (TDD)	1-800-829-4833 *
Gulf War Hotline	1-800-PGW-VETS*

Annual Benefits Report Questions – Please Contact:

Compensation and Pension	1-202-273-7203
Education	1-202-273-7187
Insurance	1-215-381-3290
Loan Guaranty	1-202-273-7330
Vocational Rehabilitation & Employment	1-202-273-7187

* Indicates toll-free numbers

WEB SITES

Web sites where additional information may be obtained about VA.

VA WEB SITES

VA Home Page – Department of Veterans Affairs	http://www.va.gov/
Board of Veterans Appeals	http://www.va.gov/vbs/bva/index.htm
Health Benefits and Services	http://www.va.gov/vbs/health/index.htm
Homeless Program Web Page	http://www.va.gov/health/homeless/
VA Hot Topics	http://www.va.gov/hottopic/index.htm
National Cemetery Administration Home Page	http://www.cem.va.gov/
Public Affairs and Special Events	http://www.va.gov/opa/index.htm
VA's Office of Congressional Affairs Home Page	http://www.va.gov/oca/index.htm
VA What's New	http://www.va.gov/whatsnew/index.htm
Center for Minority Veterans	http://www.va.gov/minority/index.htm
Center for Women Veterans	http://www.va.gov/womenvet/

VETERANS BENEFITS ADMINISTRATION WEB SITE

Veterans Benefits Administration	http://www.vba.va.gov/
VBA Forms Page	http://www.vba.va.gov/pubs/forms1.htm
VA Online Benefits Application	http://www.vabenefits.vba.va.gov/vonapp/main.asp
Compensation and Pension Benefits Home Page	http://www.vba.va.gov/bln/21/index.htm
Education Benefits Home Page	http://www.gibill.va.gov/
Home Loan Guaranty Service Home Page	http://www.homeloans.va.gov/
Vocational Rehabilitation and Employment Services	http://www.vba.va.gov/bln/vre/index.htm
Life Insurance Program Home Page	http://www.insurance.va.gov/

WHITE HOUSE WEB SITE

White House	http://www.whitehouse.gov/
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CONGRESSIONAL WEB SITES

Senate	http://www.senate.gov/
Senate Committee on Veterans Affairs	http://www.senate.gov/~veterans/
House of Representatives	http://www.house.gov/
House Committee on Veterans Affairs	http://veterans.house.gov/

OTHER IMPORTANT WEB SITES

The U. S. Government's Official Web Portal	http://firstgov.gov/
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GLOSSARY¹

Aid and Attendance – An additional monetary allowance payable to individuals who are found to be:

- In a nursing home or
- In need of daily care to help with feeding, dressing, or keeping clean.

Benefits Delivery Network – (BDN) One of the current VBA computer systems used to collect and store statistical data on veterans and their families.

Body Systems – Title 38, Code of Federal Regulations, Part 4, classifies the various areas of the body into fifteen (15) different systems. They are as follows:

Musculoskeletal (muscles and bones)	Eye
Ear	Infectious diseases
Respiratory	Cardiovascular
Digestive	Genitourinary
Gynecological	Skin
Hemic and lymphatic (blood and lymph systems)	Neurological
Endocrine	Dental
Mental	

Buyer Status – A first-time homeowner or previous homeowner.

Cash Surrender - A policyholder, upon request, receives the cash value that has accrued in his/her life insurance policy, and in return surrenders all right, title, and interest to his/her basic and/or paid-up additional insurance coverage amounts.

Chapter 31 Benefits – Vocational Rehabilitation and Employment Services (VR&E) program to provide benefits and services to veterans whose service-connected disabilities prohibit them from obtaining and/or maintaining employment.

Combined Degree – The combined degree of disability is expressed as a percentage (from zero to 100 in increments of 10) and represents the overall disabling effect of all service-connected disabilities on a veteran.

Compensable Zeros – A number of disabilities that although independently evaluated zero percent produce an employment handicap to warrant a 10 percent combined disability evaluation. This evaluation entitles the veteran to receive disability compensation payments.

¹ Definitions were compiled through the joint efforts of the business lines: Compensation and Pension, Education, Insurance, Loan Guaranty and Vocational Rehabilitation and Employment.

Computer Systems – VBA derives statistical data about veterans from multiple sources and from various computer systems: e.g. VBA's Data Warehouse, Operational Data Store and Veterans Information System, VBA'S Benefits Delivery Network (BDN), the Beneficiary Identification and Records Locator System (BIRLS); and the Board of Veterans' Appeals Control Locator System (VACOLS).

Dependents' Educational Assistance (DEA) – Refers to Dependents' Educational Assistance Program (Chapter 35 of the Title 38, U.S. Code). See Survivors' and Dependents Educational Assistance.

Dependency Indemnity Compensation (DIC) – A monetary death benefit payable to surviving spouses, children, and/or dependent parents of the following:

- Service members who die during military service of causes that are not due to the person's willful misconduct;
- Veterans who die of a service-connected disease or injury;
- Veterans who die from a nonservice-connected disability but who were continuously rated 100 percent disabled for service-connected disabilities for at least 10 years immediately preceding death (or at least five years from the date of discharge to the date of death)²; and,
- Veterans who are former POWs who die after September 30, 1999, and were continuously rated 100 percent for service-connected disabilities for a period of not less than one year immediately preceding death.

Dependents – Qualifying dependents for VA benefit purposes are a veteran's spouse and child (natural child, adopted child, or stepchild). A veteran's mother or father may also be considered a dependent generally if there is financial need and he or she is otherwise entitled.

Diagnostic Codes – VBA uses codes of four or eight digit numeric characters to signify specific medical conditions. These numeric codes are in Title 38, Code of Federal Regulations, Part 4.

Direct Loan - A loan made by the Department of Veterans Affairs directly to veterans. This is distinct from guaranteed loans, which are made by private lenders and guaranteed by VA.

Direct Loans to Native American Veterans – Direct loans to Native Americans.

Disability Compensation – A monetary benefit paid to veterans for service-connected disability.

Disability Pension – A monetary benefit paid to wartime veterans who are age 65 or older, or permanently and totally disabled as the result of a nonservice-connected disability. In either case, the veteran's annual income must not exceed the limit set by statute in order to qualify for this benefit.

² 38 U.S.C. 1318

Dividend - A payment to policyholders in participating life insurance programs. It is an allocation of program surplus funds representing the return of premiums not needed to pay claims and expenses, and a distribution of earnings from investment. Dividends are issued annually on the policy anniversary date.

DMDC – The Defense Manpower Data Center maintains the largest archive of personnel, manpower, training and financial data in the Department of Defense (DoD).

Down-payment Option – The VA home loan guaranty program allows the veteran to enter the home-buying market with the option of providing no down-payment. This option is intended to help the veteran afford the purchase of a suitable home.

Educational Assistance - The monetary benefits received by a veteran or eligible person. This term is generally used interchangeably with the term “education benefits”, however, under the Montgomery GI Bill Active Duty, this term refers to basic educational assistance, supplemental educational assistance, and all additional amounts payable, commonly called “kickers”.

Eligibility - Most VA benefits require that the veteran be discharged from active military service under any condition other than dishonorable. In addition to this general requirement, there are specific statutory and regulator requirements for each of the five benefits programs; some of these requirements are described in the sections of this report dealing with the respective benefit programs.

Entitlement (EDU) – The number of months the student is eligible for VA education benefits. This is usually expressed in the number of months and days the student will be eligible for full-time benefits, or the equivalent in part-time training, but also may be expressed in a dollar amount. Entitlement may vary depending on the education program the individual qualifies under. In no event will entitlement exceed 48 months under any combination of laws.

Entitlement (C&P) - Once basic eligibility requirements have been met, decisions on entitlement for the respective C&P benefits are based on statutory and regulatory requirements and the evidence of record that documents the meeting of these requirements.

Estimate of Compensation Program Liability – The estimated liability for the compensation program is based on the present value of expected future compensation benefit payments for:

- a. all veterans receiving benefits under current programs;
- b. all survivors currently receiving benefits under these programs;
- c. all future survivors of veterans currently receiving benefits;
- d. all existing veterans not receiving benefit payment, but who are expected to in the future;
- e. all future survivors of existing veterans not currently receiving benefits payments but who are expected to in the future; and veterans currently in active military service who will become veterans in the future, and their survivors; and,
- f. veterans currently in active military service who will become veterans in the future, and their survivors.

Evaluation for Entitlement for a Program of Rehabilitation Services – The process used to determine whether the veteran's disabilities cause an employment handicap; and/or if such a handicap exists, the course of rehabilitation and feasibility in obtaining the vocational goals.

Face Value - That amount of money that would be paid upon the death of the veteran. For some policies, the face value can exceed the basic amount of the policy (which is usually \$10,000) because of the option of using dividends to purchase "paid up additions" to the policy.

First Time Homeowner – A veteran using his home loan entitlement to purchase a home for the first time.

Fiscal Year – A period for settling accounts; a 12 month period at the end of which all accounts are completed in order to furnish a statement of financial condition. A Fiscal Year does not necessarily correspond to a calendar year.

Fiscal Year 2002 – Began October 1, 2001 and ended September 30, 2002. The Department of Veterans Affairs operates under this budgetary schedule.

Forecasting of Program Liabilities (Future Liabilities) – Future liabilities are payments that the government is obligated to deliver in future years. This is much like the obligation of a life insurance company to pay the face amount of a standard policy to beneficiaries at the time of the insured person's death.

Funding Fee – A fee, required by law, charged to veterans who obtain a VA guaranteed home loan.

FSGLI - Family Servicemembers' Group Life Insurance was established in 2001 to provide servicemembers who have Servicemembers' Group Life Insurance (SGLI) coverage the opportunity to have life insurance coverage on their spouses and dependant children.

Guaranteed Loan – This is a loan that is federally backed by the VA home loan provision.

Housebound – An additional monetary allowance payable to those individuals who are confined to their home as a result of a permanent disability.

Kickers (EDU) – For education benefits , these are amounts contributed by DOD to an education fund on behalf of participants to encourage enlistment or retention in the Armed Forces. (The military services may use different terms such as "Army College Fund" or "Navy College Fund", etc.) These amounts are added to any other education benefits to which the person may be entitled. Kickers are applicable only to MGIB, MGIB-SR, and VEAP.

Loan - An amount borrowed against the cash value of a permanent plan life insurance policy.

Loan Defaulted-Guaranty Claim Paid – A term used by loan guaranty where the borrower defaults on the loan and the VA pays the loan guaranty claim.

Loan Guaranty Program – The benefit program whereby VA guarantees a portion of a loan to lenders to facilitate veterans obtaining a home.

Matured Endowment - The face amount of insurance less any indebtedness that is paid to the insured based on the plan of insurance. The proceeds may be paid as a lump sum or the insured may request installment payments.

MGIB – Montgomery GI Bill, Educational Benefits – Refers to the Montgomery GI Bill-Active Duty Educational Assistance Program (Chapter 30 of Title 38, U.S. Code) which provides educational assistance to persons who served on active duty in the Armed Forces.

MGIB-SR – Montgomery GI Bill- Selective Reserve – Refers to the Montgomery GI Bill-Selected Reserve Educational Assistance Program (Chapter 1606 of Title 10, U.S. Code) which provides educational assistance to members of the Selected Reserve of the Ready Reserve of any of the reserve components of the Armed Forces.

NSLI - National Service Life Insurance was established in 1940 to meet the insurance needs of World War II veterans. The program closed in 1951.

Original Disability Claim (C&P) – A veteran's first claim for disability benefits, either compensation or pension or both. Any subsequent claim is categorized as a reopened or supplemental claim.

Paid up Additions (PUA) – Established in 1972 for policyholders with participating policies to use their annual dividends to purchase paid-up additional insurance. PUA is the only way most policyholders may increase their insurance coverage amount.

Peacetime Veterans – Those veterans who served during a period of time not statutorily defined as a period of war.

Prisoner of War (POW) – Those veterans who were forcibly detained (confined) by an enemy, foreign government or hostile force while serving in the active military, naval or air service.

Previous Homeowner – A person who has had a previous ownership interest in a home.

Protected Pension – The pension program, both disability and death, replaced by Section 306 Pension, which in turn was replaced by the current pension program under the provisions of PL 95-588. Veterans and survivors receiving either Protected Pension or Section 306 Pension may continue to receive the benefits as long as they continue to meet the basic entitlement requirements of the respective programs.

Purchase Loan – A loan made solely for the purpose for purchasing a home.

Range of Disabilities – A disability is evaluated according to the VA Schedule for Rating Disabilities in Title 38, Code of Federal Regulations, Part 4. Extent of disability is expressed as a percentage from zero percent (for conditions that exist but are not disabling to a compensable degree) to 100 percent, in increments of 10 percent. Most disabilities, however, do not have every 10 percent increment from zero to 100.

Rating Board Automation Database (RBA) - This database contains information for veterans based on the input of disability ratings by C&P field personnel using the RBA application.

Rating Schedule – Part 4, Title 38, United States Code.

Reservist (EDU)– A member of the Selected Reserve who is eligible for educational assistance under Title 10 of the United States Code, Chapter 1606, and who is also a member of a military reserve component.

Reservist (C&P) – A member of a reserve component of one of the armed forces and who has potential entitlement to certain VA benefits by reason of his or her reserve status.

Restored Entitlement – Previously used entitlement may be restored when a property secured by a VA loan is sold and the loan is paid in full or when an eligible veteran transferee agrees to assume the outstanding balance on a VA loan and substitute his/her entitlement for the same amount originally used on the loan.

SAS – A group of software programs used to transform statistical data into meaningful reports.

SDVI – Service-Disabled Veterans Insurance was established in 1951 to meet the insurance needs of veterans with service-connected disabilities. SDVI is open to veterans separated from the service on or after April 25, 1951, who receive a service-connected disability rating of 0 percent or greater.

Secondary Market – The financial market where mortgages are bought and sold.

Service-Connected – A disease or injury determined to have occurred in or was aggravated during military service.

Serious Employment Handicap – A serious employment handicap is a significant impairment, caused in part by a service-connected disability, in the veteran's ability to prepare for, obtain, or retain employment consistent with his or her abilities, aptitudes, and interests.

Service member – An individual who is currently serving on active duty. This term is also referred to as “service person”.

SGLI – Service Members Group Life Insurance was established in 1965 to meet the insurance needs of service-members.

Special Adaptive Housing Grants – A one-time grant to a seriously disabled veteran to assist in adapting his or her home to accommodate the residence to the limitations caused by the disability.

Subsistence Allowance – A monthly living allowance paid to a qualified veteran in a program of vocational rehabilitation. The allowance is generally paid to those veterans who are enrolled in education or training programs. The amount is based on training time and number of dependents.

Survivors' and Dependents' Educational Assistance – This term refers to Chapter 35 of Title 38, U.S. Code, a monetary educational benefit payable to eligible dependents and survivors of veterans. It is often abbreviated simply as DEA (Dependent Educational Assistance).

Title 38 United States Code – Code of Federal Regulations that pertain to Veterans Benefits.

Total and Permanent Disability Provision – A special rating status with a requirement that a veteran, regardless of age, has a single disability rated 60 percent or a combined evaluation of 70 percent, with one disability ratable at 40 percent or higher.

Total Disability Income Provision - An option available with some insurance policies that provides for monthly payments to policyholders who, prior to their 65th birthday, have incurred a mental or physical disability which prevents them from performing substantially gainful employment.

USGLI – United States Government Life Insurance was established in 1919 to meet the insurance needs of World War I veterans. This program closed in 1940.

VEAP – Refers to the Veterans Educational Assistance Program (Chapter 32 of Title 38, U.S. Code) and is a contributory educational assistance program for Post-Vietnam Era veterans.

Veteran - A person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.

VGLI – Veterans Group Life Insurance was established in 1974 to meet the insurance needs of veterans after separation from service.

VMLI – Veterans Mortgage Life Insurance was established in 1971 to provide mortgage protection life insurance to severely disabled veterans who have received grants for the purchase of specially adapted housing.

VR&E – Vocational Rehabilitation and Employment (VR&E) programs are available to help service disabled veterans to become employable while achieving their independence.

VRI – Veterans' Reopened Insurance was established in 1965 to provide insurance protection for certain classes of disabled veterans from World War II and the Korean Conflict. The program closed in 1966.

VSLI – Veterans Special Life Insurance was established in 1951 to meet the insurance needs of veterans who served during the Korean Conflict and post-Korean era. The program closed in 1956.

Zero (0) Percent Disability – A zero percent disability rating means that a disability exists and is related to the veteran's service but is not so disabling that it entitles the veteran to compensation payments. Also called a non-compensable disability.

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