

**Under Secretary for Benefits
Dr. Paul R. Lawrence
Progress & Results Webcast
January 31, 2019
4498 Words | 35 Mins**

[Welcome from Brandye Terrell]

- Good afternoon, everyone.
- I'm Brandye Terrell, Deputy Chief of Staff at the Veterans Benefits Administration, and it is my pleasure to welcome you to the VA Benefits Progress and Results Webinar for Quarter 1 of Fiscal Year 2019.
- Thank you to all of you who have joined us today:
 - Veterans and your families;
 - Congress;
 - VA and VBA employees;
 - VSOs, State and County VSOs, and Veterans advocacy groups;
 - And any other partners or supporters who may have joined us today.
- Today we will focus on VBA progress, accomplishments, and challenges during Quarter 1 of Fiscal Year 2019.

[Brandye introduces Dr. Lawrence]

[Show Brandye and USB]

- I'd now like to introduce our Under Secretary for Benefits, Dr. Paul Lawrence.
- He's an Army Veteran, from an Army family, an Economist by training, and he has 30 years of private sector experience.
- I also want to introduce two special guests we have with us today, Mr. Dave McLenachen, Director of our Appeals Management Office, and Ms. Charmain Bogue, Interim Executive Director of our Education Service. We'll hear more from them later.
- Now without further ado, I'll turn it over to Dr. Lawrence.

[Full screen USB]

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[Dr. Lawrence Remarks]

- Thank you Brandye for that introduction.
- Hello everybody and thank you for joining us today.
- We're going to cover a lot of ground, so get ready for a lot of data in the next half-hour or so.
- Also, I'd like to thank all of the dedicated VBA staff who work to make a difference for every Veteran we serve. Together, we are making strides in the right direction. With their support, we can track and report this data to you, which is critical to ensuring our accountability.
- Let's get started.

[Cue slide 2]

Slide 2) Agenda

[Show slide 2]

- Here's our agenda for today. We'll accomplish five things in our time together:
 1. Present VBA results in Quarter 1 of FY 2019 (from October 1, 2018 through December 31, 2018);
 2. Tell you how all the employees of VBA are working to serve Veterans;
 3. Describe the engagement we've had with Veterans; to include what I have done.
 4. Provide an update on 2 important issues:
 - Appeal Modernization – I have asked Dave McLenachen, leader of VBA's appeals team, to join me to provide that update.
 - Forever GI Bill – I have asked Charmain Bogue, leader of VBA's Education team, to join me to provide that update.

[Full screen USB]

5. And finally, I'll answer 2 questions from our VSO partners at Disabled American Veterans and the Wounded Warrior Project.

[Cue slide 3]

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Slide 3) VBA Priorities

[Full screen USB]

- Before I share our progress and the areas where we're heading in the right direction, I want to review my three strategic objectives.

[Full screen slide]

- They are:
 1. Providing benefits with excellent customer service;
 2. Fiscal stewardship; and
 3. Strong collaboration.

[Full screen USB]

- You'll see that as we talk about the progress we've made and our continued efforts to improve, everything relates back to these core objectives.
- Let's get started.

[Cue Slide 4]

Slide 4) VBA Overview

[Full screen USB]

- For those of you who may not be familiar with how we're structured, here's a brief overview.

[Full screen slide]

- VBA is one of three administrations in the VA.
- The Veterans Health Administration runs our hospitals.
- The National Cemetery Administration maintains our national cemeteries.
- At VBA.
- We provide benefits and services to Veterans for post-service life. You can see our mission statement at the top of the slide.
- In Q1 we had **24,200** employees – 57% of whom are Veterans themselves.
- We have **56** regional offices, **39** other special processing and call centers and more that 500 other sites where we provide services to Veterans.
- And in Q1 we administered over **\$28 billion** in benefits to Veterans and their families.
- So let's talk about VBA specifically.

[Cue slide 5]

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Slide 5) VBA Business Lines

[Full screen slide 5]

- Within the Veterans Benefits Administration, we have eight business lines.
- I'm going to provide highlights for each of these for the past quarter.
- Importantly, for the first time, I am including our new **Office of Transition and Economic Development** in this update.

[Full screen USB]

- Let me start with the results in compensation.

[Cue slide 6]

Slide 6) Results: Compensation

- **Compensation** is a monthly benefit to compensate Veterans who've been disabled in military service.

[Full screen slide]

- In Q1, we served **4.8 million** Veterans and paid **\$21.1 billion** in Compensation benefits.
- We completed nearly **316,000** claims – just below our target for the quarter. The difference is explained by the two unexpected holidays in Q1 – the George HW Bush National Day of Mourning and Christmas Eve, which the President granted.
- However, we completed them in **104.5, 20.5** days faster than our target.
- We completed **1.6 million** issues, with an average of **5.2** issues per claim, and we completed them at just over **95 percent** quality. Compared to the end of FY 2018, we are dealing with slightly more issues per claim.

[Full screen USB]

- Let me draw your attention to the special highlights. Last fall we realized we needed to do better with MST and ALS claims. In Q1, we designated specific claims processors at our regional offices to process Military Sexual Trauma and ALS claims, to give these claims the special attention and care that they deserve.
- Now let's talk about some very important progress we're making in modernizing our appeals process. What used to take years, is now down to months.

[Cue slide 7]

Slide 7) Results: Appeals

[Full screen slide]

- **Appeals** exist for Veterans who disagree with the decision made on their claim(s).
- First, take a look at the left side of the screen.
- Our Rapid Appeals Modernization Program is an early introduction to the new appeals structure.
- In total in Q1, we had **66,000** RAMP opt-ins. We completed **37,500** of those opt-ins in an average of **124.2 days**, and awarded a total of **\$155.6 million**. This is a huge improvement for Veterans over the old appeals process, which used to take years.
- I'm so glad to report that we drove down our days to complete under our target goal!
- So if you'll turn your attention to the right-side charts...
- In Q1, our legacy appeals inventory – those appeals submitted before RAMP – was reduced to about **267,000**, very close to our target.
- Our goal is to work all the VBA legacy appeals by the end of calendar year 2020.
- Now let's talk about another area of focus: Pension.

[Cue slide 8]

Slide 8) Results: Pension

[Full screen slide 8]

- **We offer a needs-based Pension** for our low-income wartime Veterans and their survivors.
- In the first quarter, we paid **\$1.3 billion** in pension benefits to **447,000** Veterans and survivors.
- Our claims completed were below target, and they took longer to process.

[Full screen USB]

- While we are exceeding our quality target for these claims, we know there is much more to do here.
- Processing complex claims properly takes time to ensure accuracy. So while we're improving on our processing time, we do not want to sacrifice quality for efficiency's sake. We continue to closely strike this balance.
- In fact, we just started processing our Pension claims in our National Work Queue, using the same workload management approach we took to reduce the disability claims backlog, and we're already seeing a positive trend. I'll provide more information on that in our next quarterly progress report.
- Moving on to the next line of business, I'd like to talk to you about Fiduciary.

[Cue slide 9]

Slide 9) Results: Fiduciary

- We appoint **fiduciaries** for beneficiaries who are unable to manage their VA benefits on their own.

[Full screen Slide 9]

- We had **173,000** fiduciaries helping our Veterans in the first quarter of FY19, just under the amount from the end of last year.
- We also conducted **19,800** field exams.
- Field exams matter because we go to the homes of some of our most vulnerable Veterans and check on their well-being.
- Our pace of these visits needs to increase to match the number of examinations we did last year.
- We are aware of this and are working on ways to meet or exceed our goals from 2018. However, I'm very proud to see such a commitment to field exams – a benefit that's very important to our Veterans.

[Cue slide 10]

Slide 10) Results: Insurance

- So let's talk about insurance.

[Full screen slide 10]

- **Insurance.**
- We provide coverage for Servicemembers, Veterans, and their families.
- Our insurance offering is a strong product that is highly rated. You can learn more from the video we have linked in the lower right. You can also find it on our VBA YouTube channel.
- In Q1, we provided **\$1.2 trillion** in coverage to **5.9 million** individuals.
- Timeliness of processing insurance disbursements is under the 4-day target.
- We also have a special project underway to locate hard to find beneficiaries upon an insured Veteran's passing. In the first quarter, we located **373 such** beneficiaries and paid them about **\$1.5 million** in death claim benefits.
- Now I'd like to turn our focus to another important benefit, education.

[Cue slide 11]

Slide 11) Results: Education

[Full screen slide 11]

- We provide **Education** benefits under the Post-9/11 GI Bill and numerous other programs.
- On the left side you'll see that in Q1, we paid **\$3.1 billion** to **480,000** Veterans or their dependents.
- I want to talk about timeliness for a moment. You can see that our target is **28 days** but our timeliness crept up to **32.6 days** in October. It evened out by November and December, dropping below the target by about 5 days.
- That October spike was due to IT delays in implementing parts of the Forever GI Bill, which we'll talk about more in depth later.
- For now let me turn your attention to the right side. We are also focused on restoring benefits to Veterans after a school closure. In Q1 alone, there were **three new school closures** affecting Veterans. We took quick action to notify the **1,645** students of their eligibility for restoration of education benefits when their schools closed.
- If you think you qualify for restoration of benefits, you can find the form at the link on this slide which will be posted after the webcast.
- Now let's talk about Vocational Rehabilitation & Employment, a benefit unique to VA.

[Cue slide 12]

Slide 12) Results: Vocational Rehabilitation & Employment

[Full screen slide 12]

- **Vocational Rehabilitation & Employment (VR&E)** provides special assistance to a subset of Veterans with service-connected disabilities.
- Our goal is to get Veterans to positive outcomes.
- To explain a positive outcome, that can mean things like employment, independent living, or continuing with school.
- Our goal is **16,000** positive outcomes this year, so we're on track.
- It's worth noting that in Q1 FY19, we exceeded the number of positive outcomes achieved in Q1 FY18 by **4.1 percent**.
- We also promised to hire a total of 169 counselors to meet a counselor-to-Veteran ratio of 1 to 125.
- We're on track to hire the counselors we need.
- Moving to the right side now. This past quarter we rolled out **tele-counseling** nationwide to allow Veterans to meet with their counselors virtually.

[Full screen USB]

- This is a big deal. It has made it so much easier for Veterans who have a hard time making it to in-person appointments.
- Through tele-counseling, we've been able to help:
 - A Veteran with multiple disabilities who is also caring for a disabled child;
 - A Veteran with significant PTSD which is exacerbated by traffic; and
 - A Veteran who works and goes to school full-time and has a newborn.
- This new approach can – and has made – a big difference for Veterans.
- We're on the cutting edge of these new technologies, and we're using them to help bring the highest levels of care to our Veterans and their families.

[Cue slide 13]

Slide 13) Results: Home Loan Guaranty

[Full screen slide 13]

- The **VA home loan** is backed by VA with typically no money down, no mortgage insurance, and limited closing costs.
- On the left side, you'll see that in Q1, we guaranteed nearly **\$35 billion** for new home loans.
- We also worked with **23,700** Veterans to keep them in their homes and avoid foreclosure.
- Our target is to process **95 percent** of home loan certificates of eligibility within **5 days**. In Q1, more than **99 percent** were completed within 5 days, well above the target.
- Now to the right side.
- In Q1, our **Specially Adapted Housing program** began executing **housing adaptations** for our Veterans enrolled in the VR&E program to assist them in their rehabilitation.
- This includes adaptations that help Veterans live more independently, like accessible bathrooms with curb-free, roll-in showers and grab bars, and widened doorways and hallways for wheelchairs.
- Also in Q1, we began to strengthen protections for Veterans seeking **cash-out refinance loans** from predatory lending practices and ensure the loans are in Veterans' financial interests – I'll spend more time talking about this later.

[Cue slide 14]

Slide 14) OTED

[Full screen slide 14]

- Last year, we stood up our new Office of Transition and Economic Development.
- The mission is to support Veteran transition from military service to civilian life and assist them in finding post-service careers.
- VBA can also help connect to a proven network of partners working together to accelerate their economic empowerment and opportunity.
- We did this in November when we convened groups in Puerto Rico to help Veterans and Service members with claims, job opportunities and home repairs.

[Cue slide 15]

Slide 15) OTED Puerto Rico Economic Development Roundtable

[Full screen slide 15]

- In Puerto Rico, we served **900** Veterans at a benefits and claims clinic, providing more than a **quarter million dollars** in benefits immediately.
- VBA hired or will hire a total of **71** full time VBA employees from a Hiring our Heroes event.
- We worked with VSO partners – Team Rubicon, Wounded Warrior Project and The Mission Continues – who enlisted 60 volunteers to repair **5 homes**.

[Full screen USB]

- As you can see the results were strong, the feedback was very positive, and we saw an immediate impact. And, the Office of Transition and Economic Development is planning to do even more.
- I'm looking forward to reporting out the difference that this office is making in our next quarterly progress report.

[Cue slide 16]

Slide 16) Engagement with Veterans & Stakeholders

[Full screen USB]

- I know it's important to lead by example in this area, and so I spent a lot of time in the field this past quarter.

[Full screen slide 16]

- I've traveled across the country visiting and meeting lots of VA employees, VSOs and Veterans:
 - Differences in Q1 included a roundtable with Student Veterans at Texas A&M – Gig em!
 - And engagement during my visits to VFW Posts.
 - I washed the memorial with DAV and did Facebook postings on dates of special significance to Veterans last quarter.
- For those of you who want to keep track (or "watch"), I try to post some of these activities regularly on social media because I'm a Veteran, and meeting and supporting fellow Veterans is very important to me. It is about serving those who have served us.
- VBA more broadly conducted **over 1,000** outreach events and our Overseas Military Service Coordinators had **4,500** interactions with Service members and veterans.
- We listened to you in terms of combating Robo-calls and began working with the FCC to deal with those who would try to take advantage of our Veterans.
- And we were fortunate to have VA Secretary Wilkie visit 4 of our offices this past quarter to see first-hand how we administer benefits.
- So now let's turn to the numbers and look at our budget.

[Cue slide 17]

Slide 17) FY19 Q1 Budget

[Full screen slide 17]

- Our budget for FY19 is **\$4.4 billion**.
- As you can see, we are one-fourth of the way through the year, and we have spent one-fourth of our budget.
- We are on track and managing our resources prudently. Being good stewards of VA's resources is one of my top priorities, so that we can continue to take care of our Veterans.
- Part of our commitment to being good stewards requires transparency and accountability to Congress.

[Cue slide 18]

Slide 18) Oversight

[Full slide 18]

- The VA is part of the Executive Branch. As such, the Legislative Branch, Congress and the Senate, provide oversight as we execute our mission.
- One of the ways this is done is through Congressional hearings.
- In Q1, we participated in 4 hearings, explaining our operations and responding to questions.
- GAO examines how taxpayer dollars are spent and provides reports to Congress on how agencies can work more efficiently. In Q1 we began working directly with GAO to resolve operational program issues they have identified at VBA. Our goal is to improve our programs to better serve Veterans and their families, and in turn, get off the GAO high risk list.

[Cue slide 19]

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[Brandye Terrell]

Slide 19) Introduction of Special Topics

[Full Screen Brandye Terrell]

- Next, we're going to provide an update on two important issues we have been managing in Q1 – Appeals Modernization and the GI Bill, and we've brought in the leaders of each effort to speak with you.

[Full Screen table of speakers]

[Cue slide 20]

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**Slide 20) Introduction of Dave McLenachen, Director, Appeals Management Office
[Brandy Terrell]**

[Full Screen table of speakers, focus on Dave McLenachen]

- First, we have asked Dave McLenachen, who leads VBA's appeals team to provide an update.

[Full Screen Slide]

- As you can see, he is an Army Veteran, has a long history with VBA and has been with appeals modernization since the beginning.

[Transition to Dave McLenachen]

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Slide 21) Appeals Modernization Act Implementation [Dave McLenachen]

[Full screen table of speakers, focus on Dave McLenachen]

- Thank you Brandye, and thank you Dr. Lawrence for inviting me here today.
- [unscripted remarks]

[Cue slide 22]

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Slide 22) Introduction of Charmain Bogue [Brandye Terrell]

[Full screen Brandye, pan out to include Charmaine Bogue]

- Thank you, Dave.
- Next, we have asked Charmaine Bogue, who leads our Education Service, to provide a Forever GI Bill update.

[Full screen slide]

- As you can see, she has been with VA for over 10 years, the last 5 with Education Service, and she is married to a Veteran.

[Cue slide 23]

Slide 23) Forever GI Bill [Charmain Bogue]

[Full screen Charmain Bogue]

- Thank you, Brandye.
- At the time of the last webinar, we were in the midst of IT delays associated with implementing Sections 107 and 501 of the Colmery Act also known as the Forever GI Bill.
- These two sections impact the way we pay the monthly housing allowance for Post-9/11 GI Bill students.
- To remedy the IT issues, we instituted a reset with a new deadline of December 2019 to ensure these important changes are implemented correctly and GI Bill students are made 100% whole.
- We regret that these delays caused any inconvenience, and I'm happy to report that we're over the hump, and that timeliness continues to improve.
- Let me quickly explain what happened and where we are now.
- The longer wait times for the Fall 2018 enrollment season were a result of VA having to process all fall enrollments in a compressed timeframe because of the IT challenges associated with implementing sections 107 and 501.
- Also, because of the delayed implementation, a student's Monthly Housing Allowance for terms beginning on or after August 1, 2018 were paid under the old rates.
- Most recently, in December we installed the new rates for academic year 2018-2019.
- As a result, most students' housing payments for the Spring 2019 term will be equal to or higher than their current payment.
- We corrected all the payments for students who were underpaid this past Fall, and we issued them payments for the difference.
- I also want to thank the schools for continuing to work closely with VA to submit enrollments as soon as possible for the Spring 2019 term.
- As a result of this collaborative effort we are positioned to complete the work within our targets of 24 days for new applications and 14 days for re-enrollments.

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[Full screen of USB and participants]

[Brandye Terrell]

- Thank you Charmain. I know that your office has been working around the clock and we are all committed to make sure that every Post-9/11 GI Bill beneficiary is made 100 percent whole.

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[Brandye Terrell]

Slide 24) Introduction of Q&A

[Full screen USB and table of speakers]

- Now, we're going to move into the Q&A portion.
- We've asked two of our VSO partners to record questions for us today.

[Cue slide 25]

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Slide 25) Introduction of Jim Marszalek, National Service Director, Disabled American Veterans [Brandy Terrell]

[Full screen slide 25]

- First, we'll hear a recorded question from Jim Marszalek from Disabled American Veterans.
- **[Recorded question plays]:** "There has been a lot of news coverage lately about predatory refinance loans to Veterans. What is VA doing to protect Veterans from these predatory practices?"

[Stay on slide 25 and show USB]

Slide 26) Question from Jim Marszalek, National Service Director, Disabled American Veterans [Brandye Terrell]

[Full screen USB]

Q: There has been a lot of news coverage lately about predatory refinance loans to Veterans. What is VA doing to protect Veterans from these predatory practices?

Answer:

[Full screen USB]

- Thank you Jim for your question. We're working hard to protect our Veterans and give them flexibility to use the benefits they've earned.
- Cash out refinances offer many benefits, but there have been problems.
- To provide protection, we published a rule with parameters on when and how it can be used.
- Let me explain, give an example and then describe our proposed rule.
- Cash out refinancing lets a homeowner withdraw equity to do things like pay off debt, fund school or make home improvements.

[Cue slide 26]

- This slide has a quick example of a home purchased for \$100K, but grew in value to \$150K. The homeowner uses the cash out refi and gets the \$50K to remodel the kitchen.
- Our Rule:
 - Requires waiting periods between refinances;
 - Provides information so the Veteran makes an informed decision to use it;
 - Requires lenders to provide the Veteran with the overall cost of cashing out home equity.
- Our goal is to provide flexibility to the Veteran – this is, after all, a benefit that has been earned – but also provide protection based on some of the bad actors we have experienced.

[Cue slide 27]

Slide 27) Introduction of René Bardorf, Senior Vice President of Government and Community Relations, Wounded Warrior Project [Brandy Terrell]

[Full screen Brandy Terrell]

- Next, we'll hear a recorded question from René Bardorf with Wounded Warrior Project.

[Go to Slide 27]

- **[Recorded question plays]:** “Since you have assumed office, what steps have you taken to improve communication to Veterans and Veterans Service Organizations?”

Slide 28) Question from René Bardorf, Senior Vice President of Government and Community Relations, Wounded Warrior Project [Brandye Terrell]

Q: Since you have assumed office, what steps have you taken to improve communication to Veterans and Veterans Service Organizations?

[Full screen slide 28]

[USB responds]

Answer:

- Thank you Rene for this question, and for all the support the Wounded Warrior Project provides to our Veterans.
- I believe communication with Veterans and VSOs is incredibly important and it's a priority.
- We have a monthly benefits bulletin that we send out to our Veterans. If you want to receive it, the link is at the end of this presentation.
- I consider the VSOs our partners, working together to get Veterans the benefits they have earned. We meet regularly – multiple times a month – to share information and get feedback.
- Earlier, we conducted a survey and identified specific projects we could work on together.
- One such project I want to highlight is what we call Letters 2 Veterans, which goes back to improving communication to Veterans.
- We know our letters can be improved, and to do this we set out to get feedback from Veterans and VSOs.
- Using this feedback, we completed a new VR&E letter to tell Veterans about services available.
- We are now revamping the Drill Pay Notification Letter, to improve clarity of debt and overpayment communication.

[Full screen USB]

- I also want to hear directly from as many Veterans as possible. I have gone to Conventions, Universities, State VA Offices, and even VFW Posts. If you would like to invite VBA to attend your event, please contact your local office – you can find the directory at the back of this presentation.

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Slide 29) Summary

[Full screen USB]

[Go to Slide 29]

- Before I turn this over to Brandye, let me recap.
- The purpose of this first quarter webcast was to demonstrate what we're doing with your money and your trust.
- As I described, every day we're doing tremendous things for Veterans.
 - We are completing claims and processing benefits on or near target with increasing quality.
 - Next month, as Dave described, we will successfully launch Appeals Modernization on time, as promised.
 - We are on budget, spending your money carefully and prudently.
 - We rolled out a new office to better support transitioning Service members and Veterans.
- Like everyone else, we know we can improve, and we're doing that.
 - As Charmaine described, we are addressing the reset implementation of the GI Bill directly.
- And from my perspective there are many things going well at VBA.
- Every day, more than 24,000 employees come to work with the sole purpose of serving Veterans.
- It's their passion, it's what motivates them, and I've seen their dedication.
- I'm privileged to be a part of this team.
- Secretary Wilkie, when asked about the VA under his leadership, will often say it's better, highlighting the advancements we're making for Veterans.
- When I compare our performance at VBA in Q1 to how we performed in Q4 of last year, I also say it's better.

[Full screen USB]

- And the reason for that is focusing on the three priorities.

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- We were better at providing benefits, we were better fiscal stewards, and we were better collaborators with Veterans and VSOs.
- And that's what I want to leave you with today.
- Brandye.

Slide 30) Connect with us [Brandye Terrell]

[Full screen USB and Brandye Terrell]

- This completes the first quarter, Fiscal Year 2019 VA Benefits Progress and Results Webinar.
- A recording of today's presentation will be available at **benefits.va.gov/stakeholder**.
- For VA customer service, you may call: **1-800-827-1000**
- To learn more about VA Benefits, visit: www.benefits.va.gov
- You can see the boxes on the bottom right with links to the Benefits Bulletin and Regional Office Directory that Dr. Lawrence referred to on the previous slide.
- That concludes our call today. Thank you again everyone, we are glad you were all able to join us today and we look forward to next time.