Volume III
Benefits and Burial Programs and Departmental Administration,

Congressional Submission, FY 2019

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National Cemetery Administration

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National Cemetery Administration Funding Summary

Mission

VA honors Veterans and their families with final resting places in national shrines and with lasting tributes that commemorate their service and sacrifice to our Nation.

Stakeholders and Partners

The stakeholders of VA's burial programs are varied and diverse. The National Cemetery Administration's (NCA) primary stakeholders are those who are the direct beneficiaries of VA burial benefits: Veterans and their families. Veterans Service Organizations and professionals in the funeral and mortuary industry are also noteworthy stakeholders. Various components of the Department of Defense (DoD) and members of active duty and reserve forces comprise yet another significant stakeholder group. In addition, members of a number of environmental groups, historical and genealogical societies, as well as the general public must be included.

The inclusion of families takes into account the significance of next of kin, since not only eligible Veterans but also their eligible family members may receive burial benefits. It is important that these Veterans, widows, widowers, and other family members are treated with compassion and dignity at the time of their bereavement and when they return to visit the gravesite, and that the cemetery's entire appearance is maintained in a manner befitting a national shrine.

Veterans Service Organizations are key stakeholders and partners in the VA mission. These organizations act as a voice for Veterans and their families, and as advocates for their needs and expectations. At many national cemeteries, they are important partners in providing support for military funeral honors.

States and tribal organizations, usually operating through their Veterans Affairs Departments, play an increasingly important role in providing service to Veterans and their families. By establishing and operating Veterans cemeteries as a complement to VA national cemeteries, they provide additional burial options for Veterans and their families.

Funeral directors are another significant stakeholder group. These professionals are often the spokespersons for the Veteran or next of kin and are also directly involved in the delivery of VA services through the coordination of committal services and interments. Funeral directors may also assist families in applying for headstones and markers.

Private cemeteries are stakeholders. Each year, VA furnishes more than 200,000 headstones and markers for Veterans' gravesites in private cemeteries.

DoD and the uniformed forces of each branch of service are included as NCA stakeholders in recognition of the important role they play in honoring those who have served. Veterans' families expect that appropriate military funeral honors will be provided at national cemeteries to recognize Veterans' service to our Nation. The provision of military funeral honors is part of DoD's mission but requires a close and collaborative partnership with NCA.

NCA also considers members of the general public as stakeholders. National cemeteries are considered national shrines. Many date from the Nation's Civil War and are listed on the National Register of Historic Places. As such, they are of interest to historical societies, individuals interested in history and genealogical research, and others who may not have family members interred in a national cemetery. NCA is responsible to all Americans for the prudent management of tax dollars and the sound environmental management of the land.

Finally, it is also appropriate to recognize stakeholders within the Department: the Veterans Benefits Administration, the Veterans Health Administration, and headquarters staff offices. All VA organizational elements are important partners with NCA in providing seamless service to Veterans and their families.

Activities and Programs

NCA administers a number of related burial benefits programs:

- National Cemeteries: Bury eligible Veterans and family members in national cemeteries and maintain the graves and their environs as national shrines;
- Veterans' Cemetery Grants: Provide aid to states or tribal organizations in establishing, expanding, or improving state or tribal Veterans cemeteries;
- Headstones and Markers: Furnish headstones and markers for the graves of eligible persons in national, state, tribal or other government Veterans cemeteries and private cemeteries;
- Medallions: Furnish medallions commemorating the Veteran's service to the Nation that may be affixed to the privately purchased headstones or markers for Veterans interred in private cemeteries;
- Presidential Memorial Certificates: Provide certificates to families of deceased Veterans, recognizing the Veteran's contribution and service to the Nation;
- Outer Burial Receptacles: Provide a graveliner or partial reimbursement for a privately purchased outer burial receptacle for each new grave in open national cemeteries administered by NCA;
- Caskets and Urns: Provide reimbursement for caskets and urns for Veterans' remains when there are no next of kin and insufficient resources; and
- First Notice of Death: Record First Notice of (Veteran) Deaths based on Burial Flag, headstone/marker, burial applications, and insurance information from VA Insurance

Claims Office into VA IT systems. Updated electronic files ensure timely termination of benefits and next-of-kin notification of possible entitlement to survivor benefits.

NCA Strategic Goals

NCA will continue its record of accomplishment towards achievement of the goals set forth in the NCA 2016-2021 Long Range Plan which sets forth NCA's priorities for improving the ways in which we honor Veterans with final resting places in national shrines and by commemorating their service to our Nation. The plan builds upon many of the accomplishments NCA has achieved on behalf of Veterans and their families. It sustains this momentum and provides a roadmap for guiding NCA as an organization and for improving the manner in which NCA serves Veterans and their families. NCA's Long Range Plan sets the following five overarching goals.

- Veterans and eligible family members will have increased access to burial benefits.
- More Veterans and eligible family members will use VA burial and memorial benefits.
- Veterans will be memorialized through enhanced tributes befitting their service and sacrifice to the nation.
- Stakeholders will place greater trust in NCA based on enhanced accountability.
- Stakeholders will be served more efficiently and effectively by NCA's internal capacity.

Summary of Total Budgetary Resources for NCA Programs (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Operations and Maintenance……	$286,193	$306,193	$306,193	$315,836	+$9,643
Major Construction……	137,000	255,900	255,900	117,200	-138,700
Minor Construction……	56,890	97,950	97,950	171,820	+73,870
Grants for Construction of Veterans Cemeteries……	45,000	45,000	45,000	45,000	0
Facilities Operation Fund……	207	150	165	165	0
National Cemetery Gift Fund……	546	1,500	1,000	1,000	0
Compensation and Pension:					
Headstones & Markers……	68,099	76,615	76,615	77,403	+788
Graveliners & OBR Reimbursements……	33,421	27,118	27,118	24,294	-2,824
Casket & Urn……	1,049	921	488	495	+7
Total Budgetary Resources……	**$628,405**	**$811,347**	**$810,429**	**$753,213**	**-$57,216**

Relationships Among Programs and Appropriations

NCA receives funding from seven appropriation accounts. The Operations and Maintenance appropriation currently funds the operation of 135 national cemeteries, including one developed under the Rural initiative, and 33 other cemeterial installations, as well as their maintenance as national shrines. The 2019 request will also support the operation of four new national cemeteries under construction for a total of 139. It also funds the costs of administering six related programs: the Veterans' Cemetery Grants program, the Headstone, Marker, and Medallion program, the Presidential Memorial Certificate (PMC) program, First Notice of Death (FNOD) program, the Casket & Urn program, and the Outer Burial Receptacle program.

Making burial options available to Veterans requires the development of new national cemeteries, the development of additional gravesites at existing national cemeteries, or the establishment and expansion of Veterans cemeteries through grants to states and tribal organizations. These requirements are met through three capital appropriation accounts. New national cemetery construction is funded from the VA Major and Minor Construction appropriation. Gravesite development projects, as well as national cemetery improvement projects, are also funded from VA's Major and Minor Construction appropriations. The funding requests and justifications for these two appropriations are found in the Construction Programs volume; however, a summary of the NCA construction program is provided in a separate section of this NCA chapter.

The Grants for Construction of Veterans Cemeteries appropriation, the third capital account, funds the establishment, expansion, and improvement of Veterans cemeteries operated by states and tribal organizations.

The National Cemetery Administration Facilities Operation Fund is financed by the proceeds from leases of undeveloped land and unused or underutilized buildings. The funds are applied toward the costs of operating and maintaining NCA property.

The National Cemetery Gift Fund is a trust fund that uses gifts from private donors for beautification and improvement of cemetery grounds, such as landscaping, walkways, and benches, and may be used for other items beneficial to the cemetery and the Veterans served.

The Compensation and Pensions (C&P) appropriation funds the purchase and transportation costs for headstones and markers, graveliners, pre-placed crypts, as well as funding the partial reimbursements for privately purchased outer burial receptacles. It also funds reimbursements that provide caskets and urns for burial of the remains of eligible Veterans in a VA national, state or tribal Veterans cemetery if the Veteran has no known next of kin and insufficient resources to purchase a burial receptacle. This appropriation is presented in a separate budget chapter.

2019 Highlights

The 2019 budget positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come through the continued implementation of the following burial policies consistent with its strategic goals.

Sustained High Levels of Client Satisfaction

NCA is proud of its sustained record of excellent service to Veterans and their families. Both NCA's annual Survey of Satisfaction with National Cemeteries and an esteemed external benchmark, the American Customer Satisfaction Index (ACSI), continue to document our commitment to providing respectful, dignified, and compassionate service that is second to none. The ACSI is the only national, cross-industry measure of satisfaction with the quality of goods and services available in the United States. For 2016, NCA achieved a customer satisfaction index of 96. NCA has achieved the highest ACSI score of any participating public or private organization for the 6th consecutive year. The score is 28 points above the 68 point average for federal agencies. In 2019, NCA will continue its focus on maintaining our reputation as a world-class service provider by continuing to collect and leverage client satisfaction data from Veterans, families, and funeral homes through ongoing survey activities. We will use survey results to identify aspects of service as well as specific cemeteries that present opportunities for improvement. We will also identify and share best practices from high performing cemeteries throughout NCA. These efforts will continue to support progress toward

ensuring that all national cemeteries provide excellent service and that the appearance of those shrines is also excellent.

NCA also recognizes that significant numbers of Veterans and their families do not choose burial in a national cemetery but prefer burial in a private cemetery with a government headstone/marker/medallion benefit to mark the Veteran's grave. In addition, NCA provides Presidential Memorial Certificates to the next of kin and other family members in recognition of their Veteran's honorable service. NCA's annual Memorial Products Survey provides valuable client satisfaction feedback from those who chose the government headstone/marker/medallion benefit or those who request a Presidential Memorial Certificate. Survey scores have been high, and NCA will use current and future client satisfaction data to identify issues and areas where we can improve benefit and service delivery for this important group of clients.

Burial Policies

We anticipate that by 2019, approximately 93 percent of Veterans will have access to a burial option in a national, state, or tribal Veterans cemetery within 75 miles of their home. The independent *Evaluation of the VA Burial Benefits Program* (August 2008) offered a timely opportunity to reflect on a future strategic direction that continues our success in meeting the burial needs of our Nation's Veterans. VA continues to expand access to a burial option for our Nation's Veterans under policies that were first included in the 2011 budget. These policies include:

- Lowering the unserved Veteran population to establish a new national cemetery threshold to 80,000 within a 75 mile radius. Based on this policy, NCA developed plans to establish five new national cemeteries and provide a burial option to an additional 550,000 Veterans and their families. In 2016, NCA began interment operations at three of these cemeteries: Cape Canaveral and Tallahassee National Cemeteries in Florida and Omaha National Cemetery in Nebraska. NCA plans to open the remaining two national cemeteries in 2018 and 2019 in Pikes Peak, Colorado and Western New York.

- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by an existing national cemetery. NCA has identified five locations for this initiative in the Los Angeles and San Francisco/Oakland, CA areas, Chicago, IL, New York, NY, and Indianapolis, IN metropolitan areas, with three of these columbaria-only locations scheduled to open in 2020.

VA Burial Access Initiative for Rural Veterans

Building upon NCA's efforts to improve burial access, NCA's 2013 budget request included an initiative for Veterans residing in rural areas. In 2019, NCA will continue its progress to establish national cemeteries in rural areas where the Veteran population is less than 25,000 within a 75-mile service area. This initiative targets those states in

which: 1) there is no national cemetery within the state open for first interments; and 2) areas within the state are not currently served by a state Veterans cemetery or a national cemetery in an adjacent state. Eight states meet these criteria (Idaho, Montana, Nevada, North Dakota, Maine, Utah, Wisconsin, and Wyoming). In 2014, NCA established the first national Veterans cemetery under the rural initiative at Yellowstone National Cemetery in Montana. Two rural cemeteries are scheduled to open in 2019 (Fargo, ND and Rhinelander, WI) and three additional rural cemeteries in 2020 (Twin Falls, ID, Cheyenne, WY, and Machias, ME).

National Shrine Commitment

The 2019 budget supports a continued commitment to ensure that national cemeteries meet or exceed the highest standards of appearance required by their status as national shrines. VA's cemeteries transcend the provision of benefits to an individual, serving a purpose that continues long after burials have ceased and visits of families and loved ones have ended. With the resources in this budget, NCA will maintain occupied graves, developed acreage, historic structures, and cemetery infrastructure in a manner befitting national shrines (see NCA Operations and Maintenance Chapter and Construction Chapter).

Program Highlights

VA honors Veterans and their eligible family members with final resting places in national shrines and with lasting tributes that commemorate their service and sacrifice to our Nation. In 2017, NCA interred 133,300 Veterans and eligible family members. Annual Veteran deaths are projected to be approximately 596,000 in 2018, and are projected to slowly decline. The number of interments is expected to peak at about 137,700 in 2022, after which interments will begin to decline gradually. The total number of gravesites is expected to increase from over 3.65 million in 2017 to more than 3.74 million in 2018. The number of gravesites maintained is expected to reach over 4 million in 2021.

NCA’s Memorial Products Service (MPS) is responsible for administering the Headstone, Marker and Medallion and the Presidential Memorial Certificate programs. MPS receives and processes applications for headstones, markers, and medallions; determines eligibility of the decedent; assists Veterans, next-of-kin, Veterans Service Organizations, funeral homes, and other customers with status, replacements, and general information concerning government headstones, markers, and medallions to be installed in state and tribal Veterans cemeteries as well as local and private cemeteries; and administers the PMC program by providing certificates to families of deceased Veterans. In 2017, NCA processed almost 362,000 applications for headstones and markers for placement in national, state, other public, or private cemeteries. The number of headstone and marker applications processed is expected to decline slightly to about 357,000 in 2023. In addition, NCA issued nearly 671,000 PMCs in 2017 and expects to issue approximately 738,000 PMCs in the year 2023.

2017 Successes

Increased Access to Burial Options

In 2017, the Veterans Cemetery Grants Program funded a total of 18 grants for expansion, improvement or establishment of state and tribal Veterans cemeteries. This includes the establishment of three new state cemeteries projects in New Mexico, North Dakota and Minnesota. Combined, these three state cemeteries will serve over 33,000 Veterans.

In 2017, VA increased the percentage of Veterans served by a burial option in a national or state Veterans cemetery through the opening of a tribal cemetery, Houlton Band of Maliseet Indians Veterans Cemetery in Littleton Maine, and dedicated the first state Veterans cemetery in the state of New Mexico at Fort Stanton.

Increased Use of Burial and Memorialization Benefits

NCA officially launched Pre-Need Eligibility for Veterans on December 8, 2016. NCA developed a Pre-Need Eligibility process for Veterans and their eligible family members to facilitate burial planning by determining eligibility for burial in a national cemetery in advance of need. From December 2016 through the end of fiscal year 2017, the Pre-Need Program received almost 49,600 applications, of which over 24,300 were approved.

Enhanced Memorialization Tributes for Veterans

NCA launched the Veterans Legacy Program (VLP) on May 30, 2016. VLP's mission is to increase public awareness of Veteran service and sacrifice. NCA developed lesson plans, interactive maps and video vignettes at two pilot sites, Riverside National Cemetery in California and Beaufort National Cemetery in South Carolina.

NCA partnered with the American Battle Monuments Commission (ABMC) to establish a "Teachers Institute" for 20 teachers to study VA and ABMC cemeteries throughout 2017. NCA is developing partnerships with schools and universities across the nation.

Greater Trust Based on Enhanced Accountability

NCA awarded a $17 million Global Positioning System/Geographic Information System (GPS/GIS) contract to collect data for over 2.5 million gravesites at 81 VA national cemeteries. GPS technology allows NCA to establish a permanently verifiable record of interments. GIS technology is being used to compile the collected GPS data to display cemetery features via interactive mapping.

The Digital Dig Slip is being piloted at Indiantown Gap National Cemetery and will eventually be deployed to all national cemeteries. It leverages technology (Automated Identification and Data Capture and Mobile) to continuously improve the accuracy of tracking remains at national cemeteries. The process will also provide improved reporting for accountability, work measurement times, process forensics, and opportunities for additional training.

Effective Internal Capacity Improves Service to Stakeholders
NCA Safety and Occupational Health staff delivered administration-specific safety training for 195 employees, including 65 Collateral Duty Safety Officers, which increased safety awareness across all levels of NCA. This training, combined with other targeted strategies, contributed to a drop in Lost Time Claims Rate from 5.41 percent to 3.03 percent, a decrease of 43.9 percent during 2017.

In December 2016, NCA created the NCA Safety SharePoint site. The site can be accessed from NCA's Intranet by clicking on the "Safety First" button at the top left of the landing page. The NCA Safety SharePoint site contains wide-ranging, safety related information and training, to help achieve safety goals by reducing work place accidents across NCA.

Key Performance Goals

It is important that VA ensures that the burial needs of Veterans and eligible family members are met in a timely, compassionate, and respectful manner. VA's goal is to increase the percent of Veterans served by a burial option in a national or state Veterans cemetery within a reasonable distance (75 miles) of their residence to 95 percent. In order to achieve this goal, VA needs to increase/maintain access through the following methods: developing additional national cemeteries to increase access; and expanding existing national cemeteries to continue to provide service to meet projected demand, including the development of columbaria and the acquisition of additional land. It is also necessary to establish and expand state Veterans cemeteries to complement VA's system of national cemeteries.

To achieve this goal, NCA is implementing enhanced service strategies designed to increase Veteran access to a burial option. In densely populated urban areas, where Veterans and their families may experience significant barriers in traveling to a national cemetery, VA is establishing new columbaria facilities closer to the heart of the urban core in order to provide a more accessible option to those Veterans. VA has also developed a strategy to create VA national cemeteries to serve Veterans in rural areas who currently do not have reasonable access to burial in a Veterans cemetery.

VA expects to increase the percentage of Veterans served in 2019 and beyond through the opening of additional new grant-funded state Veterans cemeteries, the construction of three additional new national cemeteries and the continued implementation of the Rural and Urban Veterans initiatives.

VA continues to provide high-quality, responsive service in all contacts with Veterans, their families and friends, and funeral directors. NCA will continue to obtain feedback from Veterans and their families as well as the funeral directors who work with Veterans and their families to ascertain how they perceive the quality of service provided by national cemeteries. NCA's Survey of Satisfaction with National Cemeteries provides a measure of our success in delivering service with courtesy, compassion, and respect. NCA will also continue to engage Veterans through a variety of activities to collect data

on client expectations and their perceptions related to the quality of service provided by national, state, and tribal Veterans cemeteries. NCA will analyze information obtained from surveys and focus groups to ensure that NCA addresses those issues most important to its clients. This approach provides data from the client's perspective, which are critical to developing our objectives and associated measures.

It is important to Veterans and their family members that NCA marks graves in a timely manner after interment. The headstone or marker is a lasting memorial that may bring a sense of closure to present-day survivors and serve as a reminder to future generations. In 2017, NCA marked 96.6 percent of graves in national cemeteries within 60 days of the date of interment. NCA field and central office employees have access to monthly and fiscal year-to-date reports in order to monitor the timeliness of marking graves in national cemeteries. Increasing the visibility and access of this information reinforces the importance of marking graves in a timely manner after the interment.

VA is committed to providing timely, accurate, and high quality symbolic expressions of remembrance for Veterans who are not buried in national cemeteries. In 2017, NCA processed 84.2 percent of the applications for headstones and markers for such Veterans within 20 days of receipt. Ultimately, NCA expects to process at least 90 percent of headstone and marker applications for Veterans buried in private cemeteries within 20 days of receipt. NCA also will continue to engage Veterans to collect data on their expectations and perceptions of the quality of memorial products and.

National cemeteries carry high expectations of appearance that set them apart from private cemeteries. VA's cemeteries transcend the provision of benefits to an individual, serving a purpose that continues long after burials have ceased and visits by families and loved ones have ended. NCA will maintain occupied graves and developed acreage in a manner befitting national shrines in perpetuity. Improvements in the appearance of burial grounds and historic structures are necessary for NCA to fulfill the National Shrine Commitment. Headstones and markers must be set, realigned, and cleaned. Stone surfaces of columbaria require cleaning, caulking and grouting between the units, and maintenance of surrounding walkways. Grass, shrubbery, and trees in burial areas and other land no longer in a natural state must receive regular care. Cemetery infrastructure, including buildings, grounds, walks, and drives must be repaired as needed. NCA will continue to collect client feedback through annual surveys to determine if Veterans and their families perceive the appearance of national cemeteries as excellent. NCA will also continue to collect client feedback through annual surveys to determine if Veterans and their families perceive the appearance of state and tribal cemeteries funded through the VA Veterans Cemetery Grants Program as excellent and on a par with VA national cemeteries.

Legislative Proposals

NCA has submitted burial benefit legislative proposals in 2019, none of which require significant discretionary funding. Details of these legislative proposals can be found i
n Volume 1, Part 2. NCA has submitted the following additional legislative proposals in 2019.

Establishment of Natural Burial Sections in VA National Cemeteries
Amend 38 U.S.C. Section 2404 to allow the Secretary of Veterans Affairs to designate sections in national cemeteries as natural burial sections, and to make conforming amendments to section 2404(c), to allow marking of gravesites by means other than upright headstones; and to section 2306, to allow for an exception to using outer burial receptacles. VA national cemeteries presently offer two main types of interment: burial of casketed remains and interment of cremated remains in an in-ground burial site, within a columbarium, or scattered in a memorial garden. As VA embraces its goal to become a more Veteran- and family-centric organization, NCA is challenged with ensuring that its burial and memorialization services meet the changing needs and preferences of Veterans in the twenty-first century. No costs are associated with this proposal.

Prohibiting Interment of Individuals Who Are Found to Have Committed a Tier III Sex Offense under State Law but Avoided Conviction due to Death or Flight to Avoid Prosecution
Amend 38 U.S.C. Section 2411 to prohibit interment or memorialization in a national cemetery of a person who is found to have committed a tier III sex offense under State law but avoided conviction due to death or flight to avoid prosecution. No costs are associated with this proposal.

Increase to $10 Million the Annual Statutory Limit on Grants for the Purpose of Operation and Maintenance Provided through the Veterans Cemetery Grants Program
Amend 38 U.S.C. Section 2408(e)(2) to increase to $10 million the annual statutory limit on operation and maintenance grants that VA may award to state and tribal Veterans cemeteries. This proposal would enable the Veterans Cemetery Grants Program to address the need to assist states and tribal organizations in the key areas of cleanliness of headstones, marker height and alignment, and leveling of gravesites and turf conditions, which are projects that support the high appearance standards set for our Nation's Veterans cemeteries. No costs are associated with this proposal.

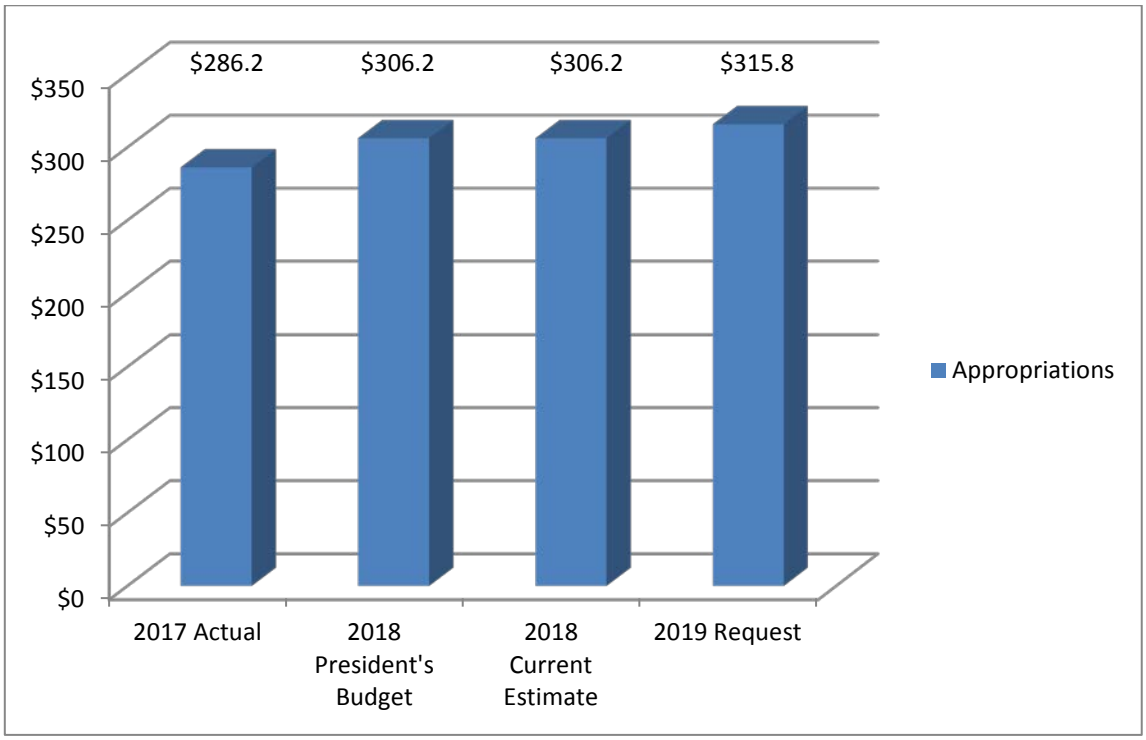
Transfer Jurisdiction of Land from Department of Interior to VA for Black Hills (SD) National Cemetery and Elko (NV) National Veterans Burial Ground
Authorize the transfer of jurisdiction of land from the Department of the Interior, Bureau of Land Management to the Department of Veterans Affairs for use as a national cemetery under 38 U.S.C. Chapter 24. NCA submits this proposal for consideration to ensure a continued burial option for Veterans and their dependents at the Black Hills National Cemetery in South Dakota, as well as the establishment of a burial option in Elko, Nevada. No costs are associated with this proposal.

Establishment of Grant Program to Fund Education Tools for the Veterans Legacy Program
Establish grant authority for the Veterans Legacy Program (VLP). The VLP within NCA supports this mission by providing engagement and educational tools and opportunities for the public to learn about Veterans' service and sacrifice. The VLP proudly shares the

stories of all those who served to engage educators, students, researchers, and the general public to build an appreciation of what earlier generations have given to the nation, and help individuals understand why national cemeteries are set aside as national shrines. No costs are associated with this proposal.

National Cemetery Administration Operations and Maintenance

Summary of Budget Authority – Operations and Maintenance
($ in millions)



Appropriation Language

For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of one passenger motor vehicle for use in cemeterial operations; hire of passenger motor vehicles; and repair, alteration or improvement of facilities under the jurisdiction of the National Cemetery Administration, [$306,193,000] *$315,836,000*, of which not to exceed 10 percent shall remain available until September 30, [2018] *2019.*

Appropriation Highlights (dollars in thousands)	2017 Actual	2018 President's Budget	2018 Current Estimate	2019 Request	Increase (+) Decrease (-)
Average Employment	1,847	1,881	1,923	1,941	+18
Field Activities:					
Cemetery Programs	$226,657	$250,482	$247,295	$253,758	+$6,463
Memorial Programs	6,306	6,822	6,424	6,550	+126
Operations Support Center .....……..	5,407	5,153	5,510	5,620	+110
Headquarters:					
Central Office	37,654	32,157	38,353	39,069	+716
Districts .....……	11,494	12,079	11,711	11,939	+228
Total Obligations	**$287,518**	**$306,693**	**$309,293**	**$316,936**	**+$7,643**
Reimbursements (-)	-294	-500	-1,100	-1,100	0
Unob. Bal. Trans. to Unexpired Acct. (-)	-5,500	0	0	0	0
Available Balance SOY (-)……	-2,000	0	-2,000	0	+2,000
Available Balance EOY	2,000	0	0	0	0
Recycling Revenue (-).....	-3	0	0	0	0
Unob Bal Not Yet Available……	4,472	0	0	0	0
Budget Authority.....	**$286,193**	**$306,193**	**$306,193**	**$315,836**	**+$9,643**
Appropriation……..	286,193	306,193	306,193	315,836	+9,643
Net Appropriation	**$286,193**	**$306,193**	**$306,193**	**$315,836**	**+$9,643**

Note: NCA conducted an assessment of FTE which required an adjustment from the FTE reflected in the 2019 President's Budget Appendix.

Program Activities and Administration

The Operations and Maintenance appropriation request in the 2019 Budget will fund the operation of 139 national cemeteries and 33 soldiers' lots and monument sites and their maintenance as national shrines. It also directly funds the costs of administering six related programs: the Veterans Cemetery Grants Program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program, Outer Burial Receptacle (OBR) reimbursements, Casket & Urn reimbursements, and First Notice of Death (FNOD). Cemetery grant awards are funded from a separate appropriation. The purchase and transportation costs of the headstones and markers, medallions, pre-placed crypts and the OBR, casket and urn reimbursements are financed through the Compensation and Pensions appropriation.

The Under Secretary for Memorial Affairs is responsible for the overall management and direction of the National Cemetery Administration. The Under Secretary is supported in this role by staffs at both field and headquarters activities.

Field Activities

Field activities are functionally and organizationally grouped into cemetery programs, memorial programs, and the Operations Support Center. They perform the daily functions of the Cemetery, Headstone and Marker, and Presidential Memorial Certificate programs and provide centralized contracting and finance support.

Cemetery Programs

In 2019, cemetery activities will encompass 139 national cemeteries, subject to construction schedules, and 33 soldiers' lots and monument sites. These activities can be grouped into two main functional categories:

- Administrative and clerical support functions include the following:
  - Arranging for and conducting interments;
  - Processing requests for partial reimbursements for privately purchased OBRs;
  - Managing cemetery activities, including activations and operation reviews; and
  - Providing advice and assistance to the general public.
- Operation and maintenance functions include the following:
  - Opening and closing graves;
  - Operating interment equipment;
  - Setting, realigning, and cleaning headstones;
  - Maintaining columbaria;
  - Caring for grass, shrubbery, and trees;
  - Filling and sodding sunken graves; and
  - Making minor repairs to cemetery infrastructure, including buildings, grounds, walks, and drives.

Memorial Programs

The Memorial Products Service (MPS) is directly responsible for administering the Headstone and Marker and the Presidential Memorial Certificate programs. MPS has three application processing sites, an Applicant Assistance Unit, and a First Notice of Death office. MPS activities include:

- Receiving and processing applications for headstones, markers and medallions;
- Determining eligibility of decedent, type of headstone, marker or medallion to be furnished, and the authorized inscription;

- Assisting customers with status, replacements, and general information concerning government headstones and markers to be installed on graves in private cemeteries;
- Administering the Presidential Memorial Certificate Program by providing certificates to families of deceased Veterans, recognizing the Veteran's contribution and service to the Nation; and
- Entering First Notices of Death into VA information systems which in turn update VA electronic files to terminate compensation benefits to deceased Veterans.

Operations Support Center

The Operations Support Center encompasses the Quantico Information Technology Center and the Business Office. These organizations perform the following functions:

- The Quantico Information Technology Center develops, programs, tests, documents, implements, operates, and maintains mission-critical information technology applications for NCA including:

  - Burial Operations Support System (BOSS);
  - Automated Monument Application System - Redesign (AMAS-R);
  - Management and Decision Support System (MADSS);
  - Gravesite Reservation System (GRS); and
  - Adjacent Gravesite Set-Aside System (AGS).

  Funding for the Quantico Information Technology Center is provided by the Information Technology (IT) appropriation.

- The Business Office consists of the Finance Service and the Contracting Service. The Finance Service provides accounting and finance services for the national cemeteries. The Contracting Service provides the contract negotiation, award, administration and other procurement support needed by NCA programs, including:

  - The headstone and marker program;
  - Minor construction and National Shrine Commitment contracting; and
  - Procurements for the national cemeteries and headquarters activities.

Headquarters Activities

Headquarters functions are performed by a central office staff and the staffs of the five Districts.

Central Office

Central office provides overall policy guidance, executive direction, and administrative support to the entire National Cemetery Administration. Administration of the Veterans

Cemetery Grants Program is also the direct responsibility of central office staff. The central office staff is responsible for the following activities:

- Providing operational guidance and direction for field activities;
- Developing long-range construction plans for an overall NCA program, including field surveys in connection with the development and expansion of new and existing cemeteries;
- Managing development and construction for expansion and improvements to currently existing cemeteries;
- Preparing, coordinating, reviewing, and controlling engineering studies and projects;
- Administering the Veterans Cemetery Grants Program, as well as fostering state and tribal participation in the program;
- Developing system-wide strategic and performance plans, developing plans and strategies for improving business processes and service to Veterans, and evaluating and assessing, on a continuing basis, the quality and effectiveness of NCA programs and operations;
- Coordinating budget formulation and execution system-wide, maintaining a cost accounting and management system, and developing and implementing policies, plans, procedures, and standards for financial management activities;
- Conducting studies of organizational structure, functions, relationships, and staffing in the interest of improving the effectiveness and economy of operations, and providing assistance in all areas of human resources management;
- Increasing Veteran and public awareness of NCA cemetery and memorial programs;
- Transcribing administrative and oral histories, collecting artifacts and maintaining archives, documenting and preserving historic cemetery resources, and providing education/interpretation of NCA history; and
- Answering written inquiries from Veterans, their families, and others regarding benefits, service quality, and general information.

Districts

NCA's field structure is geographically organized into five Districts, and the national cemeteries in each District are supervised by a District Director. District offices are located in Philadelphia, Pennsylvania; Atlanta, Georgia; Denver, Colorado; Indianapolis, Indiana; and Oakland, California. District Directors and their staffs provide direction, operational oversight, and engineering assistance to the cemeteries located in their geographic areas.

Summary of Budget Request

The National Cemetery Administration requests $315,836,000 in budget authority and 1,941 FTE for Operations and Maintenance in 2019.

The National Cemetery Administration is committed to ensuring that Veterans and their families have convenient access to a burial option in a national, state, or tribal Veterans

cemetery, that the service they receive is dignified, respectful and courteous and that our system of cemeteries meets or exceeds the highest standards of appearance required by their status as national shrines. The 2019 budget request positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come.

The budget request includes an additional $6.2 million for increased operations and maintenance costs at existing cemeteries and non payroll inflationary increases. NCA expects to maintain over 3.8 million gravesites in 2019, an increase of approximately 88,800 gravesites over 2018. Approximately 134,000 interments are anticipated for 2019, a slight increase over the 133,000 interments projected in 2018. In addition, the number of developed acres to maintain is expected to increase with the opening of new cemeteries and gravesite expansion projects underway.

NCA plans to open nine new cemeteries in 2019 and 2020 (Western NY; the columbaria-only locations in Indianapolis, IN, New York, NY and Los Angeles, CA; and five national Veterans cemeteries under the rural initiative in Rhinelander, WI, Fargo, ND, Twin Falls, ID, Cheyenne, WY, and Machias, ME) that require additional resources in 2019. NCA requests $2.3 million to fund an additional 18 FTE and the operations and maintenance requirements associated with the initial activation of these new cemeteries. The opening of these cemeteries continues to fulfill the NCA mission to honor Veterans and their families with final resting places in national shrines and with lasting tributes that commemorate their service and sacrifice to our nation. It also moves the NCA closer to providing 95 percent of the Veteran population a burial option within 75 miles of their home.

The budget request includes an additional $1.9 million for continued implementation of the Geographic Information System (GIS). Integration of GIS technology at VA cemeteries will enhance the process to account for remains through photo and geographical documentation and improves effectiveness of burial operations through enhanced cemetery maps and operational equipment.

The request includes an additional $500 thousand for the Veterans Legacy Program (VLP) to provide a digital memorial space with the histories of Veterans interred in NCA's national cemeteries. The VLP produces a variety of digital media intended for Veterans' families, teachers, amateur historians, students of all levels, and the general public. NCA will develop innovative approaches to provide helpful information to the millions of "in person" visitors to our cemeteries and provide "virtual" experiences for those unable to visit in person.

The budget request also includes an additional $500 thousand in overtime funds for expansion of the weekend burial pilot program. One of the Secretary's top priorities is to provide greater choice for Veterans. NCA will meet this goal through increased access to burial benefits for Veterans and eligible family members by implementing routine weekend burials at select national cemeteries. Currently, NCA only offers burial on weekends for extraordinary reasons, such as a service member who is killed in action and for religious or cultural reasons. During Phase 1 of the pilot in 2018, six national

cemeteries will offer cremation-only (in-ground and niche) burials, one Saturday per month using existing staff with overtime funds. NCA will implement Phase 2 of the pilot in 2019, through expansion of the weekend burial program to five more national cemeteries, requiring an additional $500 thousand in overtime funds.

Changes from Original 2018 President's Budget Request
(dollars in thousands)

	2018 President's Budget	2018 Current Estimate	Increase (+) Decrease (-)
Average employment	1,881	1,923	+42
Funding:			
Personal services	$163,529	$166,668	+$3,139
Travel	3,428	3,433	+5
Transportation of things	1,969	2,169	+200
Rents, communications, and utilities…	11,466	15,573	+4,107
Printing and reproduction	1,905	1,905	0
Other services	98,800	97,963	-837
Supplies and materials	11,007	14,025	+3,018
Equipment	11,275	6,833	-4,442
Land and structures	3,295	705	-2,590
Insurance Claims and Indemnities…	19	19	0
Total obligations	**$306,693**	**$309,293**	**+$2,600**
Reimbursements (-)	-500	-1,100	-600
Recycling Revenue (-)	0	0	0
Unob. Bal. Trans. to Unexpired Acct.	0	0	0
Available Balance SOY	0	-2,000	-2,000
Available Balance EOY	0	0	0
Total Budget Authority	**$306,193**	**$306,193**	**$0**
Total Appropriation…….	**$306,193**	**$306,193**	**$0**
Rescission of unobligated balances…..	0	0	0
Total Net Appropriation	**$306,193**	**$306,193**	**$0**

In 2018, NCA will support Human Resources services to be provided by its Human Resources Center to the offices of the Executive Director, Office of Acquisition, Logistics and Construction (ED/OALC) and Construction and Facilities Management (CFM). NCA requires an additional 5 FTE and $600 thousand in reimbursable authority to deliver classification, position management, recruitment and staffing, and personnel action processing services.

NCA will strengthen the Cemetery Apprentice Program (CAP) which provides homeless Veterans with training and permanent employment in national cemeteries. In 2018, NCA is providing a centralized fund of $334 thousand to support the salaries and training of 8 FTE.

Modernization is critical to improving the delivery of services to Veterans and their families. As described below, NCA realigned its 2018 budget to ensure adequate resources are available to support modernization efforts.

Improve timeliness of benefit delivery and provide Veterans with greater choice:

- $940 thousand to provide Presidential Memorial Certificates to families on the day of interment at our five largest national cemeteries eliminating the wait of up to three weeks to receive these certificates.
- $500 thousand for Phase 1 of the weekend burial pilot program to fund overtime to offer once-a-month cremation-only weekend burial option at select national cemeteries.
- $500 thousand to expand NCA's Pre-Need program, which was launched last December and has already helped 35,000 Veterans and family members plan their burial arrangements in advance. Later this year, VA's new Vets.gov website will allow Veterans to electronically submit Pre-Need eligibility determination forms.

Modernize technology:

- $1 million to create a better experience for Veterans, their loved ones and cemetery visitors with an enhanced National Gravesite Locator and cemetery maps, as well as the Legacy Program which focuses on methods to honor Veterans on a public digital memorialization platform.
- $1.1 million for GPS technology to photo-document headstone and marker locations. This program will enable enhanced accounting of remains and gravesites and enhanced capability for visitors to find and locate gravesites of Veterans and their family members. Over the next four years, NCA will collect data for an additional 2.5 million gravesites at 81 national cemeteries.
- $250 thousand to support VA's replacement of its legacy financial management system with a more robust and all-inclusive end-to-end system. NCA requires budget and finance consultants to assist in the implementation of the new system as well as the development and implementation of training, change management, user testing, and program management and oversight of internal projects, processes, and communications.

Eliminate duplication and focus resources:

- NCA will continue to invest in projects to raise and realign headstones and markers and repair turf in order to maintain cemeteries as national shrines. In addition to headstone alignment maintenance conducted by cemetery staff, NCA relies on two methods to raise and realign headstones: the manual raise/realign process and the headstone support beam process. The average cost of the support beam is $293 per headstone, while the average cost of the manual process is $64 per headstone. In 2018 and 2019, NCA will employ the traditional manual process to raising and realigning a greater percentage of headstones (i.e. will address the same number of headstones at a reduced cost). With this approach, NCA will save an estimated $5 million per year.
- NCA will also continue to invest in efficient land management processes including pre-placed crypts, water-wise landscaping, and the use of columbaria and memorial walls.

Analysis of Increases and Decreases (dollars in thousands)	2018 Estimate	2019 Request
Prior Year Obligations	**$287,518**	**$309,293**
Pay and Staff Composition Changes	3,003	0
Inflation	2,406	2,425
HR Service Reimbursement	600	0
Workload at Existing Cemeteries	1,254	3,750
New Cemetery Activation	3,500	2,348
Facility Condition Assessment	1,500	-912
Modernization Efforts	4,424	2,896
Changes in contracts and other services	5,088	-2,864
Total Obligations	**$309,293**	**$316,936**

The 2019 request includes funding for anticipated 2019 non-pay inflationary increases, maintenance of existing burial services, activation costs for new cemeteries, and support for modernization efforts. The 2019 budget request includes obligations of $316.9 million for operations and maintenance, including 1,941 FTE (over 88 percent of which are in the field and approximately 75 percent are Veterans) to meet increasing workload and burial expansion.

- NCA will require $3.8 million for increased operations and maintenance costs at existing cemeteries.

- NCA will require $2.3 million for the initial activation of nine new cemeteries as part of its Long Range Plan to open 18 new national cemeteries in order to provide a total of 95 percent of the Veteran population with access to a burial option within 75 miles of their homes.

- NCA will require additional funds to continue implementation of its modernization efforts, including $1.9 million for the Geographic Information System that will capture detailed geographical location and gravesite information, $500 thousand for expansion of the Veterans Legacy Program digital memorialization, and $500 thousand for overtime costs associated with Phase 2 of the weekend burial pilot program.

- NCA will continue to address prioritized projects identified on the Facility Condition Assessment (FCA). The 2019 request includes $4.3 million from the Operations and Maintenance account in non-recurring maintenance funds, and $1 million from the Facilities Operation Fund to address FCA projects to ensure safe and effective cemetery operations. NCA focuses on infrastructure repairs that are deemed critical to safety, code or operational needs and are assessed at a “D” or an “F” FCA rating. A

"D" rating is generally assigned when facilities are in poor condition or projects that have code or safety violations. "F" ratings are assessed when there is a failing or critical condition usually reserved for life threatening issues. These projects normally require immediate action.

Employment Summary - FTE by Grade				
# of FTE	2017 Actual	2018 Estimate	2019 Request	Increase(+) Decrease(-)
SES	14	18	18	0
GS-15	25	25	25	0
GS-14	78	80	80	0
GS-13	134	139	139	0
GS-12	58	69	69	0
GS-11	73	79	79	0
GS-10	16	18	18	0
GS-9	86	91	91	0
GS-8	5	5	5	0
GS-7	180	189	200	+11
GS-6	159	167	167	0
GS-5	36	46	46	0
GS-4	6	8	8	0
GS-3	0	0	0	0
GS-2	0	0	0	0
GS-1	0	0	0	0
Wage Grade (non-GS)	977	987	994	+7
Total Number of FTE	**1,847**	**1,923**	**1,941**	**+18**

Analysis of FTE Distribution HQ/Field		
# of FTE	2017 HQ Actual	2017 Field Actual
SES	7	7
GS-15	17	8
GS-14	56	22
GS-13	68	66
GS-12	17	41
GS-11	11	62
GS-10	0	16
GS-9	22	64
GS-8	0	5
GS-7	13	167
GS-6	0	159
GS-5	3	33
GS-4	1	5
GS-3	0	1
GS-2	0	0
GS-1	0	0
Wage Grade (non-GS)	1	976
Total Number of FTE	**216**	**1,631**

Net Change *Operations and Maintenance* *2019 Summary of Resource Requirements* (dollars in thousands)		
		BA
2018 President's Budget		$306,193
	Subtotal	**306,193**
2019 Current Services Increases:		
Non Payroll Inflation (1.7%)		2,425
Workload at Existing Cemeteries		3,750
New Cemetery Activation		2,348
	Subtotal	**$8,523**
2019 Total Current Services		**$314,716**
2019 Additional Investments		
1) Geographic Information System		1,896
2) Legacy Program Digital Memorialization		500
3) Weekend Burials		500
	Subtotal	**$2,896**
2019 Efficiencies / Offsets		**-$1,776**
2019 Total Budget Authority Request		**$315,836**

In 2019, NCA requests an increase in budget authority for the anticipated 2019 non payroll inflationary increases, workload at existing cemeteries, activation of new cemeteries and support for continuing the following burial initiatives:

- Increase of $1,896,000 to continue implementation of the Geographic Information System that will capture detailed geographical location and gravesite information.

- Increase of $500,000 for the Veterans Legacy Program to expand methods of honoring Veterans on a public digital memorialization platform.

- Increase of $500,000 for Phase 2 of the weekend burial pilot to promote greater choice for Veterans by expanding services at existing national cemeteries.

2018 Average Salary Methodology	
2017 average salary (260 days)	**$59,337**
Annualization of 2017 pay raise (0.325 percent)	+193
Annualization of 2018 pay raise (1.425 percent).....	+846
Change in staff composition	+746
2018 average salary (260 days)	**$61,121**
Regular benefits percentage (33.8 percent).....	+20,660
2018 average salary with benefits.....	**$81,781**

The 2018 average salary reflects a net 3 percent increase over the average salary for 2017. This reflects a 1.3 percent 2017 annualized pay raise, a 1.9 percent 2018 pay raise and staff composition changes.

2019 Average Salary Methodology	
2018 average salary (260 days)	**$61,121**
Annualization of 2018 pay raise (0.475 percent)	+290
Annualization of 2019 pay raise	+0
Change in staff composition	-278
2019 average salary (261 days)	**$61,134**
Regular benefits percentage (33.8 percent).....	+20,664
2019 average salary with benefits.....	**$81,797**

The 2019 average salary reflects a slight increase over the average salary for 2018. This reflects a 1.9 percent 2018 annualized pay raise and staff composition changes.

Summary of Employment and Obligations
(dollars in thousands)

	2017 Actual	2018 President's Budget	2018 Current Estimate	2019 Request	Increase(+) Decrease (-)
Average employment	1,847	1,881	1,923	1,941	+18
Obligations:					
Personal services	$156,186	$163,528	$166,668	$168,173	+$1,505
Travel	3,493	3,428	3,433	3,491	+58
Transportation of things	2,174	1,969	2,169	2,206	+37
Rent, communications, and utilities	13,516	11,465	15,573	15,838	+265
Printing and reproduction	1,511	1,905	1,905	1,937	+32
Other services	91,356	98,800	97,963	103,341	+5,379
Supplies and materials	11,016	11,007	14,025	14,263	+238
Equipment	7,243	11,275	6,833	6,949	+116
Land and Structures	1,021	3,295	705	717	+12
Insurance Claims and Indemnities	2	19	19	19	+0
Total obligations	**$287,518**	**$306,693**	**$309,293**	**$316,936**	**+$7,643**

Detail of Budget Estimates (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Average employment					
Field activities:					
Cemetery programs…….....	1,540	1,571	1,578	1,596	+18
Memorial programs……..…..	62	60	69	69	0
Operations Support Center:					
Business Office…….....	44	39	54	54	0
Headquarters:					
Central Office……..……..	135	139	145	145	0
Districts…….....	66	72	77	77	0
Total FTE	**1,847**	**1,881**	**1,923**	**1,941**	**+18**
Personal services	**$156,186**	**$163,528**	**$166,668**	**$168,173**	**+$1,505**

The 2019 request for personal services reflects the costs associated with the anticipated pay raise as well as funding for an additional 18 FTE. NCA plans to open nine new cemeteries in 2019 and 2020 (Western NY; the columbaria-only locations in Indianapolis, IN, New York, NY and Los Angeles, CA; and five national Veterans cemeteries under the rural initiative in Rhinelander, WI, Fargo, ND, Twin Falls, ID, Cheyenne, WY, and Machias, ME) that require additional resources in 2019. NCA requests $1.5 million to fund the additional 18 FTE associated with the initial activation of these new cemeteries.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Travel.....	$3,493	$3,428	$3,433	$3,491	+$58

Travel costs include headquarters and field personnel travel in connection with the operation of national cemeteries and other VA and NCA programs. Included are travel costs for site visits to assess performance of the national cemeteries, quality assurance inspections related to the procurement of headstones and markers, permanent change of station moves, engineering trips related to maintenance and construction projects, inspections and other official travel required in administering the Veterans Cemetery Grants Program, and local travel. In 2019, subject to construction schedules, cemetery activities will encompass 139 national cemeteries and 33 soldiers' lots and monument sites.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Transportation of Things.....	$2,174	$1,969	$2,169	$2,206	+$37

Transportation costs include the transportation of household goods as part of permanent change of station moves of transferring employees. Other costs include the rental of trucks from GSA, local hauling charges, and the shipment of materials.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease -)**
Rents, communications, and utilities:					
Rentals	$2,983	$2,700	$2,807	$2,855	+$48
All Other	10,533	8,765	12,766	12,983	+217
**Total	**$13,516**	**$11,465**	**$15,573**	**$15,838**	**+$265**

Rental costs include rental of equipment at national cemeteries and payment of standard level user charges (SLUC) to GSA. Utility costs include electricity, water, and gas, which are required for the operation and maintenance of the national cemeteries.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Printing and Reproduction	$1,511	$1,905	$1,905	$1,937	+$32

Printing and Reproduction costs include operating and technical manuals, regulations, handout maps, pamphlets, and the printing requirements of the Presidential Memorial Certificate (PMC) program. Handout maps are distributed to next-of-kin, other relatives, and the general public to help locate gravesites. The PMC requirements include special paper and envelopes, as well as the printing of the certificates.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Other Services:					
National Shrine……	$11,950	$15,036	$10,036	$10,036	0
NRM……	4,594	5,200	5,200	4,288	-912
All Other Services	74,812	78,564	82,727	89,017	+6,290
Total.....	**$91,356**	**$98,800**	**$97,963**	**$103,341**	**+$5,379**

National Shrine projects address gravesite renovations to raise and realign headstones and markers and to repair and replace turf. The 2019 budget request includes over $10 million for projects to raise and realign gravesites and repair turf in order to maintain cemeteries as national shrines. NCA will gain efficiencies by adopting a hybrid approach to raising and realigning headstones and markers. In addition to headstone alignment maintenance conducted by cemetery staff, NCA utilizes two methods to raise and realign headstones: manual raise/realign and the headstone support beam. Each process offers advantages and disadvantages related to cost, permanence, gravesite disruption, potential damage to remains, and cold weather/soil concerns. The average cost of the support beam and manual processes is $293 and $64 per headstone, respectively. In 2018 and 2019, NCA will employ the manual process for a greater percentage of headstones (i.e. will address the same number of headstones at a reduced cost.)

NCA's request also includes almost $4.3 million in non-recurring maintenance funds to address projects identified on the Facility Condition Assessment (FCA) to ensure safe and effective cemetery operations. Non-recurring maintenance funding focuses on correcting deficiencies cited in the Facility Condition Assessments. NCA focuses on deficiencies assessed with a "D" or an "F" rating. A "D" rating is generally assigned when facilities are in poor condition or as a result of code or safety violations. "F" ratings are assessed when there is a failing or critical condition usually reserved for life threatening issues. These projects normally require immediate action.

All other services include recurring maintenance, repair, operational and other services. Maintenance of equipment provides for maintaining and repairing lowering devices, mechanical grave excavators, tractors, backhoes, ditchers, mowers, generators, vehicles, and office machines. Repair projects address deficiencies at any of the 3,997 buildings and structures and over 20 thousand acres of land within 139 national cemeteries, and 33 soldiers' lots and monument sites to maintain the appearance of national cemeteries as national shrines and honoring the service and sacrifice Veterans have made. Projects include recurring maintenance and repair of roads, drives, parking lots, and walks; painting of buildings, fences and gates; repair of roofs, walls, and irrigation and electrical systems. All other services also include contractual services associated with the GIS

program, cemetery maintenance and contracts such as trash disposal, rodent and pest control, environmental compliance, and training, as well as payments to other VA offices for centralized support activities.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Supplies and Materials.....	$11,016	$11,007	$14,025	$14,263	+$238

Supplies and materials requests include office supplies, fuel and petroleum products used in motor vehicles, cemetery maintenance equipment, and operating, grounds maintenance, and incidental supplies.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Equipment	$7,243	$11,275	$6,833	$6,949	+$116

Cemetery maintenance and interment equipment includes grave excavating and grounds maintenance equipment. Office and other equipment include facsimile machines, multi-functional devices, and similar equipment.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase(+) Decrease(-)**
Land and Structures.....	$1,021	$3,295	$705	$717	+$12

Land and structures requests include fixed equipment for buildings and renewable energy projects utilizing solar, wind and geothermal power.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Insurance Claims and Indemnities……..	$3	$19	$19	$19	0

Insurance claims and indemnities requests include payments to resolve federal tort claims against construction, operation or administrative actions.

Legislative Proposals

NCA has submitted legislative proposals in 2019, none of which require significant discretionary funding. Details of these legislative proposals can be found in Volume 1, Part 2.

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National Cemetery Administration Construction Program

National Cemetery Construction

Construction projects, to develop additional gravesites at national cemeteries, acquire land, and make infrastructure improvements, are critical to achieving the strategic goals and objectives of the National Cemetery Administration (NCA). These projects are funded from VA's Major and Minor Construction appropriations which also support NCA's urban and rural initiatives. The funding request and justification for these two appropriations are found in Volume 4; however, a summary of the construction program is provided here to correlate the requested funding to NCA's performance plan.

Construction projects to develop new national cemeteries will enhance existing service and provide new burial options to Veterans and their families . Construction projects also keep existing national cemeteries open by developing additional gravesites and columbaria, or by acquiring and developing additional land.

These infrastructure investments support two key performance measures - 1) national cemetery appearance, and 2) quality of service at national cemeteries. Construction projects to improve irrigation, renovate structures, resurface roads, and build committal shelters, restrooms, and public information centers are important to maintaining these cemeteries as national shrines. These types of projects directly impact cemetery appearance and service to Veterans and their families.

Burial Policies

The current strategic target for the percent of the Veteran population served by a national or state Veterans cemetery within 75 miles of their home is 95 percent. The percent of Veterans served by a burial option in a national or state Veterans cemetery in 2017 was approximately 92 percent. The independent *Evaluation of the VA Burial Benefits Program* (August 2008) offered an opportunity to reflect on a future strategic direction that will continue our success in meeting the burial needs of our Nation's Veterans. As a result, NCA identified a number of burial policies targeting increased access and availability of burial options for our Nation's Veterans, which we first included in the 2011 budget. These policies include:

- Lowering the unserved Veteran population to establish a new national cemetery threshold to 80,000 within a 75 mile radius. Based on this policy, NCA developed plans to establish five new national cemeteries and provide a burial option to an additional 550,000 Veterans and their families. In 2016, NCA began interment operations at three of these cemeteries: Cape Canaveral and Tallahassee National Cemeteries in Florida and Omaha National Cemetery in Nebraska.

- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by an existing national cemetery. NCA has identified five locations for this initiative in the Los Angeles and San Francisco/Oakland, CA areas, Chicago, IL, New York, NY, and Indianapolis, IN metropolitan areas.

VA Burial Access Initiative for Rural Veterans

Building upon NCA's efforts to improve burial access, in 2019, NCA will continue to establish rural national cemeteries in areas where the Veteran population is less than 25,000 within a 75-mile service area. This initiative targets states in which: 1) there is no national cemetery open for first interments; and 2) areas within the state are not currently served by a state Veterans cemetery or a national cemetery in an adjacent state. Eight states meet these criteria (Idaho, Montana, Nevada, North Dakota, Maine, Utah, Wisconsin, and Wyoming). In 2014, NCA established the first national cemetery under the rural initiative at Yellowstone National Cemetery in Montana and plans to open the next cemetery at Fargo, North Dakota in 2019.

National Shrine Commitment

Each national cemetery exists as a national shrine worthy of the sacrifice of Veterans and their families. National cemeteries carry expectations of appearance that set them apart from private cemeteries. VA will continue to maintain the appearance of national cemeteries as national shrines dedicated to honoring the service and sacrifice Veterans have made. Infrastructure projects such as cemetery irrigation improvements, building renovations, maintenance of buildings and structures, and road and curb improvements are important to maintaining our cemeteries as national shrines.

The 2019 budget positions NCA to meet Veterans' emerging burial and memorial needs in the years to come through the continued implementation of these burial policies.

Major Construction Projects

Major Construction Funding for NCA Programs (dollars in thousands)					
Construction	**2017 Actual**	**2018 Budget Estimate**	**2018 Current Estimate**	**2019 Request**	**Change 2019 v 2018**
Cemetery Expansion and Improvement:					
Jacksonville, FL Gravesite Expansion……	$24,000	$0	$0	$0	$0
South Florida, FL Gravesite Expansion……	$31,000	$0	$0	$0	$0
Western New York, NY Area – New Cemetery	$36,000	$0	$0	$0	$0
Southern Colorado, CO Area – New Cemetery	$36,000	$0	$0	$0	$0
National Cemetery of the Alleghenies, PA Gravesite Expansion……	$0	$39,000	$39,000	$0	-$39,000
Florida, FL Gravesite Expansion……..…	$0	$51,500	$51,500	$0	-$51,500
Abraham Lincoln, IL Gravesite Expansion……	$0	$35,000	$35,000	$0	-$35,000
National Memorial Cemetery of Arizona, AZ Gravesite Expansion…….……	$0	$31,900	$31,900	$0	-$31,900
Sacramento Valley, CA Gravesite Expansion…	$0	$35,000	$35,000	$0	-$35,000
Calverton, NY Gravesite Expansion……	$0	$50,000	$50,000	$0	-$50,000
Cape Canaveral, FL Gravesite Expansion……	$0	$0	$0	$38,000	+$38,000
Ohio Western Reserve, OH Gravesite Expansion	$0	$0	$0	$29,000	+$29,000
Great Lakes, MI Gravesite Expansion……	$0	$0	$0	$35,200	+$35,200
Advance Planning and Design Fund	$10,000	$8,500	$8,500	$10,000	+$1,500
Land Acquisition	$0	$5,000	$5,000	$5,000	$0
Total, Major Projects	**$137,000**	**$255,900**	**$255,900**	**$117,200**	**-$138,700**

The 2019 major construction request for NCA includes funding for three gravesite expansion projects at Cape Canaveral, FL; Ohio Western Reserve, OH; and Great Lakes, MI; and for Advanced Planning and Design Funds, and Land Acquisition funds for new cemeteries and future expansions to maintain access to existing national cemeteries. The national cemetery at Jefferson Barracks (St. Louis, MO) will also undergo an expansion to provide additional burial options. For additional information, see the Volume 4, Chapter 2 (VHA Major projects)."

Major Construction Projects

Cape Canaveral National Cemetery Gravesite Development

This is a Phase 2 gravesite expansion and cemetery improvement project that will enable Cape Canaveral National Cemetery to continue providing burial services for eligible Veterans in east central Florida, approximately 124 miles south of Jacksonville and 54 miles east of Orlando. This cemetery first opened for service in 2016 and serves an estimated 313,340 Veterans within a 75-mile service area. By the close of 2016, and only open for burials since January of that same year, this cemetery conducted a total of 1,258 cumulative interments and ranked the 32nd busiest VA national cemetery by interment workload. Of the 1,258 total interments conducted in 2016, 315 were casketed (25 percent) and 943 were for cremated remains (75 percent). With these burial rates, NCA is projecting casketed gravesite depletion by May 2027, columbarium niche depletion by April 2024, and depletion of in-ground cremation gravesites by August 2022. This project provides for the second construction phase of cemetery development and will provide an additional 10 years of continued burial service to the local Veteran population.

This investment will develop approximately 30 acres and provide for approximately 32,200 gravesites, including both casket and cremation sites in new burial sections. This will consist of approximately 7,700 casket interment sites, including pre-placed crypts and oversized traditional sites for private vaults, 12,200 columbarium niches, and 12,300 sites for in-ground cremated remains. Since this is a relatively new cemetery, the infrastructure is generally in good condition as verified by the Facility Condition Assessment (FCA) report of deficiencies. Nevertheless, this project provides for minor upgrades within the existing cemetery. Additionally, the existing buildings at the cemetery will be analyzed for potential energy efficient upgrades/replacements.

Ohio Western Reserve National Cemetery Gravesite Development

This is a Phase 3 gravesite expansion project at Ohio Western Reserve National Cemetery that will enable the existing national cemetery to continue providing burial services for eligible Veterans located in northeastern Ohio approximately 50 miles south of Cleveland and 15 miles southwest of Akron. By the close of 2016, this cemetery conducted a total of 31,358 cumulative interments and ranked the 17th busiest VA national cemetery by interment workload. In 2016, the cemetery conducted 2,704 total interments.

This investment will develop approximately 25 acres of undeveloped land to provide approximately 19,700 gravesites, including both casket and cremation sites in new and redeveloped burial sections. This will consist of approximately 6,600 gravesites for casket interments, including preplaced crypts and oversized traditional sites for private vaults, 9,400 columbarium niches, and 3,700 in-ground cremation burial sites. The project will add 2 memorial walls to honor Veterans whose remains are unavailable for burial.

In addition to developing a 10-year inventory of both casket and cremation gravesite burial options, this project provides for other needed enhancements. For Veteran interments, the Honor Guard Detail drives and parks on the main road just beyond the Committal Shelters, adding to the congestion of the funeral cortege traffic areas. This project provides for the construction of an Honor Guard Facility with parking for approximately 15 vehicles in the vicinity of Committal Shelters 1 and 2. The approximately 2000 gross square foot facility will include a kitchenette, restrooms, and lounge area, and provide space for Honor Guard personnel to prepare for services. In addition, this project will provide for the construction of a sound/visual barrier, such as an earth berm with heavy landscaping, between existing Committal Shelters 1 and 2, which are located approximately 150 feet apart. This project also includes construction of a third Committal Shelter, installation of a water well for extending irrigation support to non-irrigated portions of the cemetery, and enhancements at the Public Information Center (PIC) area. The cortege lane will be widened to eliminate congestion and safety concerns which currently exist when two funeral cortege services are queued. Additional short-term parking for both incoming and outgoing vehicles will also be developed at the PIC facility as well.

This cemetery opened in 2000, its infrastructure is generally in good condition as verified by the FCA. Nevertheless, this project provides for minor upgrades. The existing asphalt roads are original . This project will provide for a road analysis and nominal repairs to the existing road system including a road overlay, as required. Curbs and gutters will be included in the new development and extended to the existing road network. Other improvements include security upgrades, such as recording security cameras at the Administration-Maintenance Complex and the PIC. As the existing Administration Building HVAC control system is now outdated with replacement parts difficult to obtain, this project will upgrade the HVAC system as necessary. Additionally, the existing buildings at the cemetery will be analyzed for potential energy efficient upgrades/ replacements as a part of this project

Other required work includes an analysis and refurbishment of the interior Wash Bay Building including the holding tank and recycling water system. To properly address the harsh winter climate in Ohio, this project will provide for the construction of a new salt bin storage building in the maintenance area. Ohio Western Reserve National Cemetery has the most active and largest Memorial Path area of any national cemetery. This project will provide for an expansion of the existing path network and master plan future expansion areas.

Great Lakes National Cemetery Gravesite Development

This project is a Phase 2 gravesite expansion at the Great Lakes National Cemetery. This expansion will enable the existing national cemetery to continue providing burial services for eligible Veterans in and around the Detroit-Flint, Michigan area. By the close of 2016, this cemetery conducted a total of 30,956 cumulative interments and ranked the 9th busiest national cemetery by interment workload. In accordance with the master plan for the entire 544-acre site, this project will develop approximately 30 of the 469 undeveloped acres to provide approximately 28,400 gravesites, including both casket and cremation sites in new burial sections. These gravesites will consist of approximately 9,900 casket interments, including pre-placed crypts and oversized traditional sites for private vaults, 12,000 columbarium niches, and 6,500 in-ground cremation sites for cremated remains.

In addition to developing a 10-year inventory of both casket and cremation gravesite burial options, this project provides for other needed cemetery enhancements. Currently, the Public Information Center (PIC) serves as the only restroom facility with the funeral cortege having to stop and visit prior to proceeding to the burial areas. In 2016, this cemetery conducted 4,034 interments, an average of 14 interments per day. NCA identified the need for increasing the capacity of the public restrooms through customer feedback and extended queuing. NCA will construct a satellite restroom facility with a family-assisted restroom near, and to the rear of, the cortege lanes to provide restroom capacity as a supplement to the public restroom facility at the PIC.

This cemetery opened in 2006 and the infrastructure is generally in good condition as verified by the FCA report of deficiencies. Nevertheless, this project provides for minor upgrades within the existing cemetery. The pavement walk joints at the Committal Shelters, Public Assembly Area, and various buildings are failing and will be resealed. Asphalt roads will receive a mill and overlay throughout the cemetery. Other improvements include security upgrades, such as an extension of the recording security cameras at the Administration-PIC Facility and the Maintenance Complex Area; a card reader/access system at certain control points and for the three IT rooms; as well as expansion of the existing security fencing to enclose the entire maintenance complex. Additionally, the existing buildings at the cemetery will be analyzed for potential energy efficient upgrades/ replacements as a part of this project

To properly address the harsh winter climate in Michigan and aid in cemetery operations, this project will provide for an additional materials storage bin at the spoils area and nominal improvements at the Maintenance Complex area including the construction of a roof covering between the two maintenance buildings. This project will also increase needed storage capacity by installing loft storage in the existing Maintenance Storage Building. Other work required at the cemetery includes enlarging parking capacity at the Assembly Area and an evaluation/repair to the overall cemetery electrical system to address the problems with hot transformers and frequent power outages. This electrical evaluation will also include installing emergency standby generator(s) to service critical services at both the Administration-PIC Facility as well as the Maintenance Complex and provide power during the frequent power interruptions.

The flower watering/trash receptacle stations at the burial sections are problematic with the existing valves, which are difficult to operate and have inadequate drainage. This project will replace the stations with an improved system in use at other national cemeteries. Additionally, the project will replace existing road curbing at these locations with ADA mountable curbs to allow wheelchairs easier access to the watering stations and burial areas since the existing curbing is very difficult for motorized wheelchairs.

Advance Planning and Design Fund

The 2019 budget request includes $10 million for advance planning and design activities such as master planning and design for new cemeteries and expansion at existing national cemeteries, environmental assessments at national cemeteries, and performance of facility condition assessments at national cemeteries, soldiers' lots, and monument sites under the jurisdiction of NCA.

Land Acquisition

The 2019 request includes $5 million for land acquisition funds in the Major Construction account. These funds will provide for the purchase, security and maintenance of land to support the strategic goals of NCA..

Minor Construction Projects

NCA's 2019 minor construction budget provides funding for gravesite expansion and columbaria projects to keep existing national cemeteries open and projects that address infrastructure deficiencies and other requirements necessary to support national cemetery operations. It also continues funding the development of national Veterans cemeteries under the rural initiative to serve Veterans in rural areas with up to 25,000 Veterans residing within a 75 mile radius. NCA is committed to reducing the number of critical FCA infrastructure deficiencies related to safety and/or compliance and will address the growing list of FCA D's and F's.

Minor Construction Funding for NCA Programs (dollars in thousands)					
	2017 Actual	**2018 Budget Estimate**	**2018 Current Estimate**	**2019 Request**	**Change 2019 v 2018**
Cemetery Expansion and Improvement..…….	$51,881	$88,177	$88,177	$116,819	+$28,642
Land Acquisition/Below Threshold…….	$5,009	$9,773	$9,773	$55,001	+$45,228
Total for Minor Projects	**$56,890**	**$97,950**	**$97,950**	**$171,820**	**+$73,870**

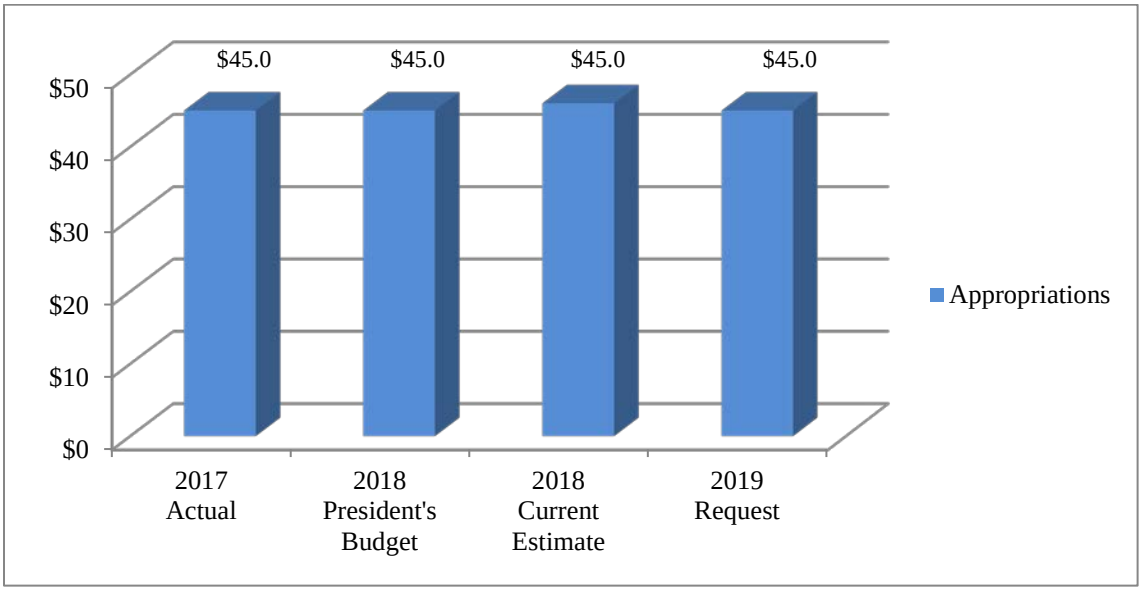
Minor construction funds may also be used at any of the existing 135 national cemeteries, and 33 soldiers' lots and monument sites under the jurisdiction of NCA requiring emergency repairs because of floods, fires, hurricanes, tornadoes, earthquakes, strong winds, etc., where no other means of funding exists.

Land Acquisition/Below Threshold

The 2019 Minor Construction request includes $55 million for land acquisition and below threshold projects. NCA currently has the legal authority to acquire land for establishing new national cemeteries and to expand existing cemeteries. This allows NCA to dedicate funding to purchase land for future gravesite expansions that will be funded as separate minor projects. The remaining funds are available for all other below threshold projects.

Grants for Construction of Veterans Cemeteries

Summary of Budget Authority – Grants for Constructions of Veterans Cemeteries ($ in millions)



Appropriation Language

For grants to assist States and tribal organizations in establishing, expanding, or improving veterans cemeteries as authorized by section 2408 of title 38, United States Code, $45,000,000 to remain available until expended.

Program Description

Grants are provided to states and tribal organizations for the establishment, expansion, or improvement of state and tribal Veterans cemeteries. The state and tribal Veterans cemeteries complement the national cemeteries and are a critical part of the NCA strategy for meeting the burial needs of Veterans and their families. In 2017, more than 38,200 Veterans and eligible family members were buried in Grant funded state or tribal Veterans

cemeteries, comprising over 22 percent of the total annual interments in national, state and tribal cemeteries.

NCA is committed to providing access to first interment burial options (whether for casketed remains or cremated remains and either in-ground or in columbaria) in a national or state Veterans cemetery within 75 miles of the Veteran's place of residence. It is not feasible, however, to build and operate national cemeteries in enough locations to provide every eligible Veteran with a burial option in a national cemetery within 75 miles of their residence. Increasing the availability of state and tribal Veterans cemeteries is a means to provide a burial option to those Veterans who may not have reasonable access to a national cemetery or who prefer to be interred or inurned on tribal lands.

Program Highlights

During 2017, NCA funded a total of 18 grants for expansion, improvement or establishment of state and tribal Veterans cemeteries. This includes the establishment of three new state and tribal Veterans cemeteries throughout the country, providing burial options to almost 33,000 unserved Veterans and their eligible family members. In 2017, NCA dedicated the 10th tribal Veterans cemetery and the first east of the Mississippi River in Maine for the Houlton Band of Maliseet Indians. Additionally, NCA dedicated the first state Veterans cemetery in New Mexico at Fort Stanton.

The Veterans Cemetery Grants Program continued its major outreach campaign during 2017. The Director and team participated in three tribal events and visited 13 of the 18 sites receiving 2017 grant funds to hold kickoff meetings and meet with state leadership.

Appropriation Highlights (dollars in thousands)					
	2017 Actual	**2018 President's Budget**	**2018 Current Estimate**	**2019 Request**	**Increase (+) Decrease (-)**
Obligations	$52,501	$51,242	$55,304	$45,000	-$10,304
Unobligated balances:					
Start of year (-)	-9,280	-6,242	-4,804	0	+4,804
Prior Year Recoveries	-3,025	0	-5,500	0	+5,500
End of year	4,804	0	0	0	0
Budget authority (appropriation)	**$45,000**	**$45,000**	**$45,000**	**$45,000**	**$0**

Summary of Budget Request

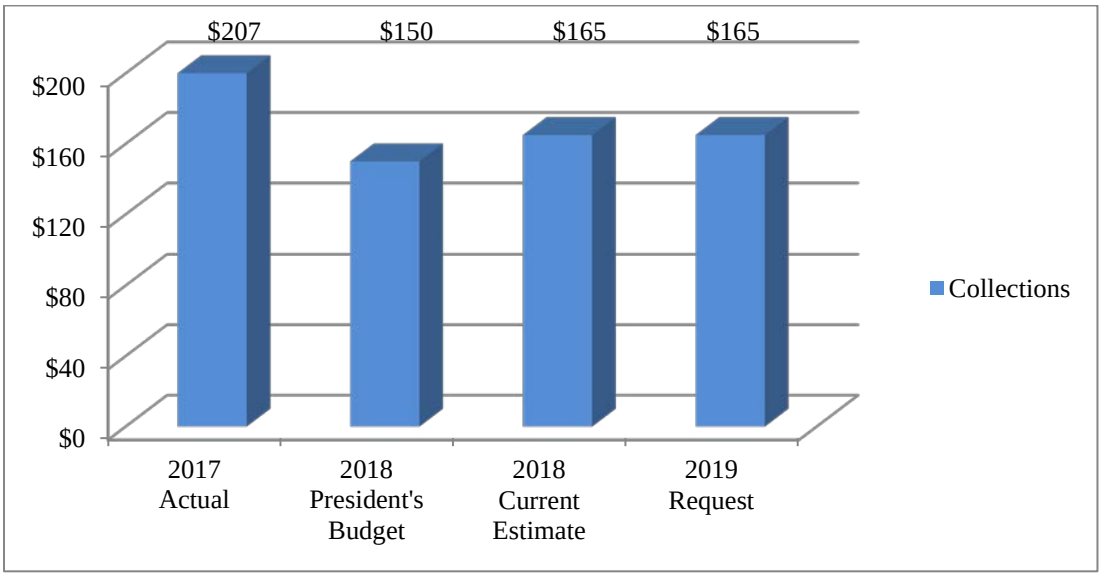
The National Cemetery Administration requests $45,000,000 to fund grants for Veterans cemeteries in 2019. Grants play a crucial role in achieving NCA's strategic target of providing 95 percent of Veterans with reasonable access to a burial option. Since 1980, the Veterans Cemetery Grants Program has awarded grants totaling $767 million for 109 Veterans cemeteries in 48 states and territories, including tribal trust lands, Puerto Rico, Guam, and the Commonwealth of the Northern Mariana Islands.

The chart below lists the total obligations by state recorded through September 30, 2017, since the inception of the Veterans Cemetery Grants Program in 1980.

Total Obligations by State From program inception in 1980 through 09/30/17 (dollars in thousands)	
Alabama	$7,389
Arizona	26,879
Arkansas	18,670
California	20,295
Colorado	6,007
Connecticut	11,976
Delaware	20,315
Georgia	16,584
Guam	9,267
Hawaii	35,595
Idaho	10,680
Illinois	235
Indiana	5,662
Iowa	8,545
Kansas	19,503
Kentucky	39,951
Louisiana	28,295
Maine	19,957
Maryland	37,463
Massachusetts	21,025
Minnesota	27,685
Mississippi	13,631
Missouri	30,809
Montana	9,440
Nebraska	5,520
Nevada	31,240
New Hampshire	7,193
New Jersey	40,537
New Mexico	12,429
North Carolina	9,704
North Dakota	8,347
Ohio	799
Oklahoma	1,802
Pennsylvania	23
Puerto Rico	7,135
Rhode Island	10,782
Saipan, CNMI	1,867
South Carolina	7,636
South Dakota	16,853
Tennessee	31,309
Texas	43,429
Utah	5,369
Vermont	6,555
Virginia.	22,389
Washington	10,983
West Virginia	14,118
Wisconsin	21,722
Wyoming	3,084
Total	**$766,683**

National Cemetery Administration Facilities Operation Fund

Summary of Budget Authority – National Cemetery Administration Facilites Operations Fund ($ in thousands)



Program Description

Public Law 108-454, Section 602, codified in 38 U.S.C. 2412, provides authority to lease any undeveloped land and unused or underutilized buildings of the National Cemetery Administration (NCA), or parts or parcels thereof, for a term not to exceed 10 years.

Fund Highlights (dollars in thousands)				
		2018		
	2017 Actual	President's Budget	Current Estimate	2019 Request
Obligations ……	$0	$150	$150	$1,000
Unobligated balances:				
Start of Year(-) ……	-851	-911	-1,058	-1,197
Prior Year Recoveries …	0	0	-124	0
End of Year ……	1,058	911	1,197	362
Budget Authority (from collections) ……...	$207	$150	$165	$165

Summary of Budget Request

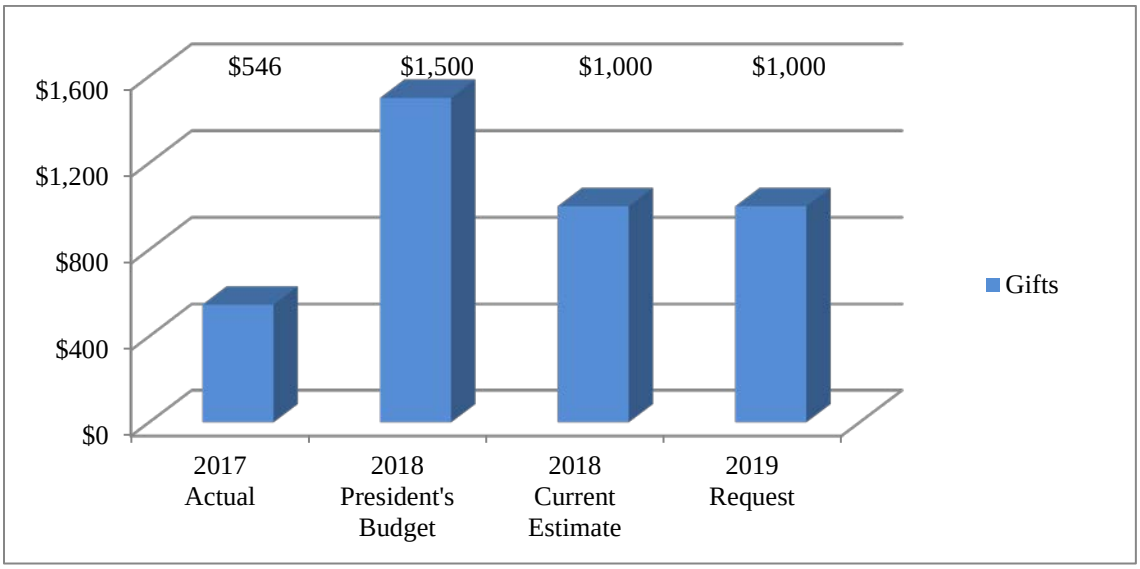
The NCA Facilities Operation Fund is a special fund financed by proceeds from the lease of undeveloped land, unused or underutilized buildings, and by proceeds from agricultural licenses of lands owned by the NCA. No appropriation action is required.

Program Activity

NCA estimates fund obligations to be $1,000,000 in 2019. This fund, which became operational in March 2005, covers costs incurred by tNCA in the operation and maintenance of its property. In 2019, NCA intends to use this fund to address projects identified on the Facility Condition Assessment (FCA) to ensure safe and effective cemetery operations. The Facilities Operation Fund contributes to accomplishing our objective of ensuring that national cemeteries are shrines dedicated to honoring the service and sacrifice Veterans have made.

National Cemetery Gift Fund

Summary of Budget Authority – National Cemetery Gift Fund
($ in thousands)



Gift Fund Program Description

Public Law 93-43, as amended, codified in 38 U.S.C. 2407, provides authority to accept gifts and bequests for the purpose of beautifying national cemeteries, or which are determined to be beneficial to such cemeteries.

Fund Highlights *(dollars in thousands)*				
		2018		
	2017 Actual	President's Budget	Current Estimate	2019 Request
Obligations…….	$279	$1,000	$1,000	$1,300
Unobligated balances:				
Start of Year(-) ……	-1,302	-1,802	-1,615	-1,677
Prior Year Recoveries	-46	0	-62	0
End of Year …….	1,615	2,302	1,677	1,377
Budget Authority (from gifts) ……	$546	$1,500	$1,000	$1,000

Summary of Budget Request

The National Cemetery Gift Fund is a trust fund, which is financed from gifts and bequests from donors. No appropriation action is required.

Program Activity

Fund obligations are estimated to be $1,300,000 in 2019. Congress established the Gift Fund which authorized the acceptance of gifts and bequests as of October 1, 1989. The fund is used primarily for beautification and improvements to cemetery grounds such as landscaping, walkways, and benches and may be used for other items beneficial to the cemetery and the Veterans served. In this way, gift fund activity contributes to accomplishing our objective of ensuring that national cemeteries are shrines dedicated to honoring the service and sacrifice Veterans have made.

Benefits

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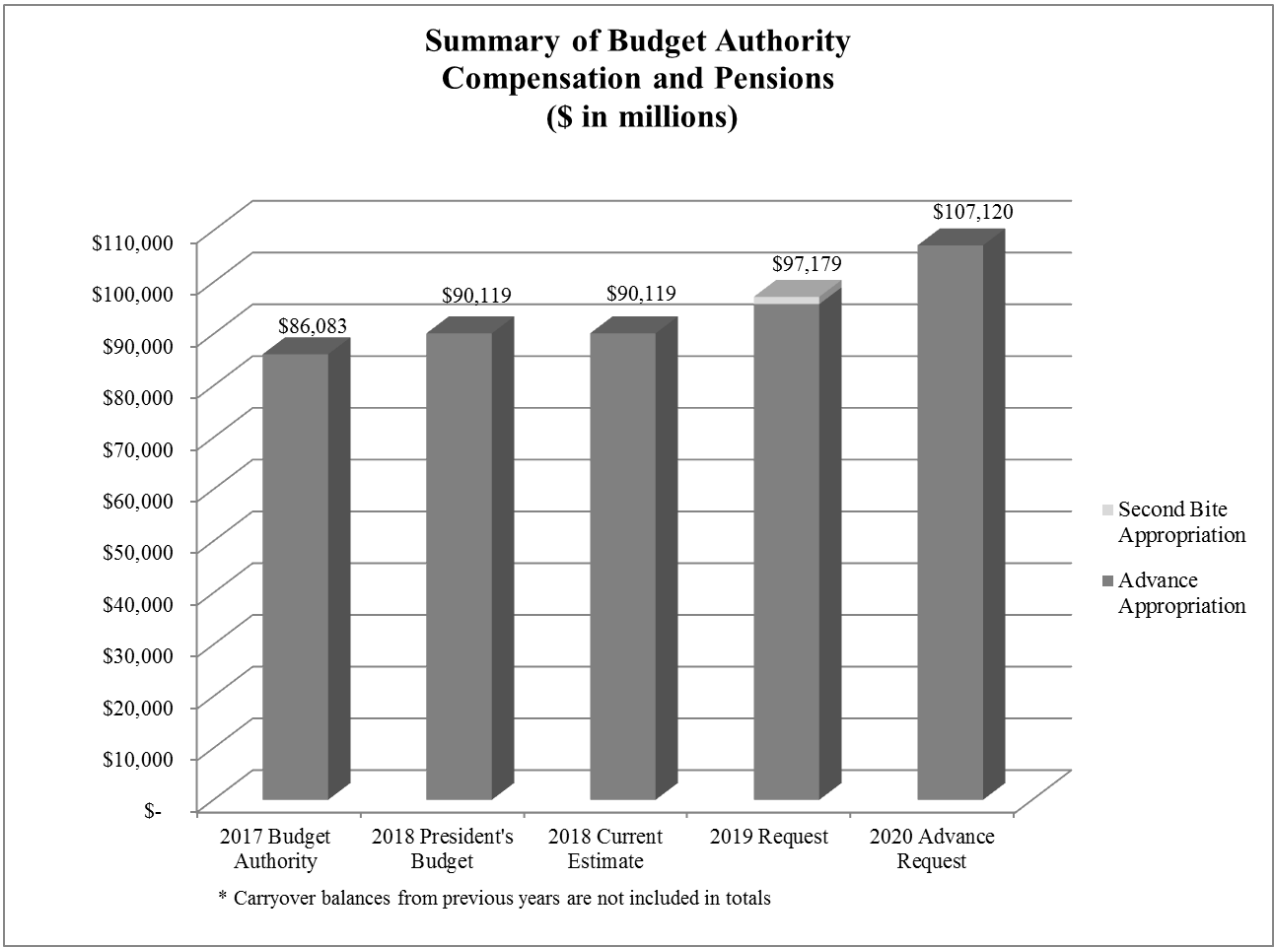
Compensation & Pensions



Appropriation Language

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by section 107 and chapters 11, 13, 18, 51, 53, 55, and 61 of title 38, United States Code; pension benefits to or on behalf of veterans as authorized by chapters 15, 51, 53, 55, and 61 of title 38, United States Code; and burial benefits, the Reinstated Entitlement Program for Survivors, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of title IV of the Servicemembers Civil Relief Act (50 U.S.C. App. 541 et seq.) and for other benefits as authorized by sections 107, 1312, 1977, and 2106, and chapters 23, 51, 53, 55, and 61 of title 38, United States Code, *$108,530,139,000 to remain available until expended, of which $107,119,807,000 shall become available on October 1, 2019*: Provided, that not to exceed *$18,047,000 of the amount made available for fiscal year 2020 under this heading* shall be reimbursed to "General Operating Expenses, Veterans Benefits Administration", and "Information Technology Systems" for necessary expenses in implementing the provisions of chapters 51, 53, and 55 of title 38, United States Code, the funding source for which is specifically provided as the "Compensation and Pensions" appropriation: Provided further, that such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical Care Collections Fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized. *Provided further, that, of these amounts, such sums as may be necessary shall be reimbursed to "General Operating Expenses, Veterans Benefits Administration" and "Information Technology Systems" for necessary expenses in carrying out the pilot program for disability examinations authorized by section 504 of Public Law 104-275, as amended (38 U.S.C. § 5101 note), to include associated expenses authorized by section 111 of title 38, United States Code*.

Summary of Appropriation Highlights

(dollars in thousands)

	2017	2018		2019	2020	2018 - 2019	2019 - 2020
	Actual	Budget Estimate	Current Estimate	Estimate	Estimate	Increase(+) Decrease(-)	Increase(+) Decrease(-)
Compensation Obligations							
Veterans	$72,438,876	$77,485,828	$78,252,125	$85,137,534	$92,319,880	+$6,885,409	+$7,182,346
Survivors	6,612,178	7,113,118	6,965,264	7,317,185	7,753,043	+$351,921	+$435,858
Special Benefits for Children	22,223	20,755	22,529	22,928	23,243	+$399	+$315
Clothing Allowance	119,721	114,663	127,206	135,250	142,719	+$8,044	+$7,469
Other (REPS, SAFD, EAJA)	16,314	13,883	17,305	18,217	19,092	+$912	+$875
Medical Exam Pilot Program	765,000	778,018	778,018	791,258	806,291	+$13,240	+$15,033
OBRA Payments to VBA	3,148	3,560	3,393	3,489	3,521	+$96	+$32
OBRA Payments to ITS	51	48	52	87	89	+$35	+$2
Total Compensation Obligations:	**$79,977,512**	**$85,529,872**	**$86,165,892**	**$93,425,948**	**$101,067,878**	**+$7,260,056**	**+$7,641,930**
Pensions Obligations							
Veterans	$3,524,016	$3,900,571	$3,524,176	$3,586,308	$3,698,831	+$62,132	+$112,523
Survivors	1,849,602	2,089,276	1,904,209	1,974,411	2,071,196	+$70,202	+$96,785
OBRA Payment to VBA	12,594	13,382	13,572	13,957	14,084	+$385	+$127
OBRA Payment to ITS	204	235	207	349	354	+$142	+$5
Total Pension Obligations:	**$5,386,416**	**$6,003,463**	**$5,442,164**	**$5,575,025**	**$5,784,464**	**+$132,861**	**+$209,439**
Burial Obligations							
Burial Allowance	$29,386	$29,147	$29,708	$30,862	$32,162	+$1,154	+$1,300
Burial Plot	24,893	21,323	25,033	26,029	27,177	+$996	+$1,148
Service Connected Deaths	74,866	64,603	75,028	78,619	82,066	+$3,591	+$3,447
Burial Flags	19,521	23,766	23,766	24,241	22,502	+$475	-$1,739
Headstones/Markers/Allowances	68,099	76,615	76,615	77,403	78,071	+$788	+$668
Graveliners/OBR	33,421	27,118	27,118	24,294	24,987	-$2,824	+$693
Caskets/Urns	1,049	921	488	495	500	+$7	+$5
Total Burial Obligations:	**$251,234**	**$243,492**	**$257,756**	**$261,943**	**$267,465**	**+$4,187**	**+$5,522**
Total C&P Obligations	**$85,615,163**	**$91,776,827**	**$91,865,811**	**$99,262,916**	**$107,119,807**	**+$7,397,103**	**+$7,856,894**
Funding:							
Unobligated balances (SOY)	-$2,841,851	-$3,878,884	-$3,830,484	-$2,084,122	-	+$1,746,362	+$2,084,122
Prior Year Recoveries	$520,668	-	-	-	-	-	-
Unobligated balances (EOY)	$3,830,484	$2,221,506	$2,084,122	-	-	-$2,084,122	-
Advance Appropriation	$86,083,128	$90,119,449	$90,119,449	$95,768,462	$107,119,807	+$5,649,013	+$11,351,345
Second Bite Appropriation	-	-	-	$1,410,332	-	+$1,410,332	-$1,410,332
Outlays (net)	$85,074,965	$84,172,970	$84,255,747	$98,301,546	$106,082,194	+$14,045,799	+$7,780,648
Distribution of Budget Authority (net):							
Compensation	$80,445,477	$83,872,494	$84,419,529	$91,341,826	$101,067,878	+$6,922,297	+$9,726,052
Pension	$5,386,416	$6,003,463	$5,442,164	$5,575,025	$5,784,464	+$132,861	+$209,439
Burial	$251,234	$243,492	$257,756	$261,943	$267,465	+$4,187	+$5,522
Distribution of Outlays (net):							
Compensation	$79,321,623	$78,424,735	$79,007,918	$92,518,715	$100,086,436	+$13,510,797	+$7,567,721
Pension	$5,502,108	$5,504,743	$4,990,073	$5,520,888	$5,728,293	+$530,815	+$207,405
Burial	$251,234	$243,492	$257,756	$261,943	$267,465	+$4,187	+$5,522

Note: Dollars may not add due to rounding in this and subsequent charts.

Caseload Summary (In Whole Dollars)							
	2017	2018		2019	2020	2018 - 2019	2019 - 2020
	Actual	Budget Estimate	Current Estimate	Estimate	Estimate	Increase(+) Decrease(-)	Increase(+) Decrease(-)
Compensation							
Veterans:							
Cases	4,455,661	4,616,764	4,655,629	4,850,289	5,039,297	+194,660	+189,008
Average Payment	$16,258	$16,784	$16,808	$17,553	$18,320	+$745	+$767
Survivors:							
Cases	406,043	419,948	421,021	432,353	445,316	+11,332	+12,963
Average Payment	$16,284	$16,938	$16,544	$16,924	$17,410	+$380	+$486
Other Caseload:							
Special Benefits for Children	1,148	1,137	1,141	1,134	1,127	-7	-7
Clothing Allowance	153,630	143,070	160,033	166,166	171,905	+6,133	+5,739
REPS	4	11	3	3	3	-	-
Special Allowance for Dependents	22	31	22	22	22	-	-
Equal Access to Justice Act	2,946	2,740	3,034	3,122	3,210	+88	+88
Pensions							
Veterans:							
Cases	281,776	289,178	273,642	268,729	266,054	-4,913	-2,675
Average Payment	$12,506	$13,488	$12,879	$13,345	$13,903	+$466	+$558
Survivors:							
Cases	201,565	204,006	200,679	199,972	200,739	-707	+767
Average Payment	$9,176	$10,241	$9,489	$9,873	$10,318	+$384	+$445
Burial Caseload							
Burial Allowance	61,328	37,212	61,060	62,184	63,530	+1,124	+1,346
Burial Plot	33,620	26,737	33,473	34,089	34,827	+616	+738
Service-Connected Deaths	42,860	21,222	42,564	44,609	46,574	+2,045	+1,965
Burial Flags	447,426	497,644	497,644	497,644	452,880	-	-44,764
Headstones/Markers/Allowances	365,892	373,895	373,895	378,701	383,570	+4,806	+4,869
Graveliners/Outer Burial Receptacles	34,064	41,759	41,759	42,295	42,839	+536	+544
Caskets/Urns	314	305	305	310	313	+5	+3

Funding Highlights

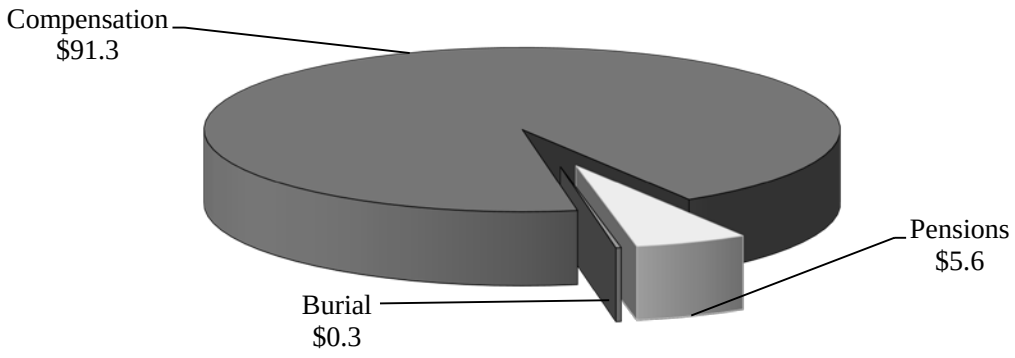
In 2019, the budget requests $97.2 billion for the Compensation and Pensions account, which is an increase of $1.4 billion over the 2019 advance appropriation request in the 2018 President's Budget. Additionally, this budget requests $107.1 billion in advance appropriations for 2020. This appropriation will fund disability compensation and pension payments to or on behalf of Veterans, burial benefits, a pilot program for disability examinations, the Reinstated Entitlement Program for Survivors, and other benefits as authorized by sections 107, 1312, 1977, and 2106, and chapters 23, 51, 53, 55, and 61 of title 38, United States Code.

Summary of 2019 Budget Request
Budget authority of $97.2 billion combined with an anticipated unobligated balance of $2.1 billion carried forward to 2019 will support the benefit programs funded by the Compensation and Pensions appropriation account.

Following VBA's historical claims processing transformation, VBA continues to process claims with improved timeliness and accuracy. VBA has completed over a million claims for eight consecutive years, including nearly 1.4 million compensation and pension claims completed in 2017. Notably, the number of Veterans receiving compensation benefits has increased over this time period, from 3.3 million in 2011 to nearly 4.5 million in 2017. In 2019, VBA expects production levels to remain high, which will result in more Veterans accessing the compensation rolls and increased obligations to Veterans, see VBA-175 for more information on claims processing. The increased obligations of $99.3 billion will be funded by the requested 2019 appropriation.

In 2019, budgetary resources for compensation consists of $91.3 billion in new authority and $2.1 billion in unobligated balance. Total compensation obligations are estimated at $93.4 billion for payments to 4,850,289 Veterans, 432,353 survivors, and 1,134 children receiving special benefits. Pensions will be provided to an estimated 268,729 Veterans and 199,972 survivors totaling $5.6 billion. An additional $261.9 million is requested for 2019 to provide burial benefits on behalf of eligible deceased Veterans.

Compensation and Pensions 2019 Appropriation by Program
(dollars in billions)

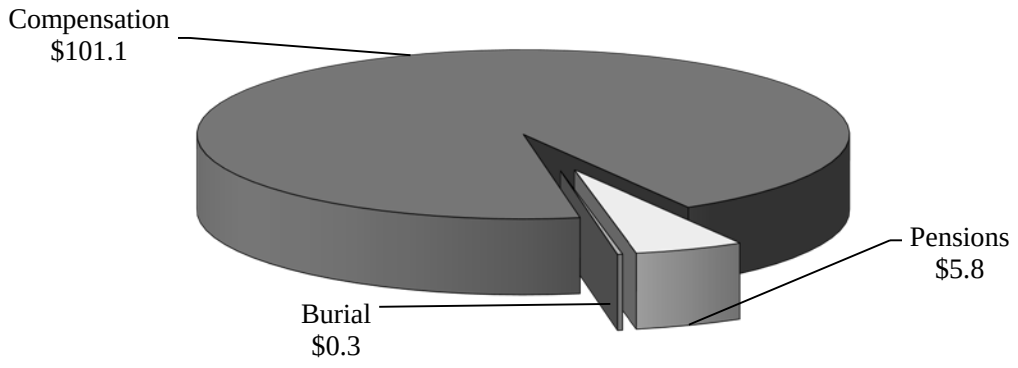


Total 2019 C&P Appropriation: $97,178,794,000

2020 Advance Appropriations Request
Budget authority of $107.1 billion will support the benefit programs funded by the Compensation and Pensions appropriation account in 2020. The advance appropriation will fund $101.1 billion in compensation payments to an estimated 5,039,297 Veterans, 445,316 survivors, and 1,127 children receiving special benefits. Pensions will be provided to an estimated 266,054 Veterans and 200,739 survivors totaling $5.8 billion.

An additional $267.5 million is requested for 2020 to provide burial benefits on behalf of eligible deceased Veterans.

Compensation and Pensions 2020 Advance Appropriations Request by Program (dollars in billions)



Total 2020 C&P Advance Appropriations Request: $107,119,807,000

VA will have an opportunity to request additional mandatory resources, if necessary, during the 2020 annual budget process based upon updated performance data and enacted legislation; alternatively, VA will be able to reduce its 2021 Advance Appropriations request should the 2020 estimate prove too high.

VA Benefits Reform

In 2019, VA will take steps to achieve mandatory savings of approximately $30 billion over the next ten years, beginning in FY 2021. Due to advancements in treatment and medical technologies, there has been a decrease in the impacts of certain disabilities on the lives of many Veterans.

Changes from Original 2018 Budget Estimate

Current estimated obligations for the Compensation and Pensions account are $91.9 billion, an increase of $89.0 million from the original 2018 estimate. The 2018 budget authority of $90.1 billion combined with an unobligated balance of $3.8 billion carried forward into 2018 will fund the current estimated obligations. An estimated unobligated balance of $2.1 billion at the end of 2018 will be carried forward to 2019.

The increase in obligations is a result of 2017 actual experience, updated economic assumptions, and the VA led initiative to expand mental health care to former service members with other-than-honorable military discharges. Many of the Veterans who will receive emergency mental health services under this initiative will be found newly eligible to receive benefits from VBA as well. This important initiative will ensure Veterans receive the benefits and services to which they are entitled.

Recently Enacted Legislation

The following legislation has been enacted since the original 2018 budget estimate, and the resulting impact is incorporated into this budget request:

- P.L. 115-55, *Veterans Appeals Improvement and Modernization Act of 2017* was signed into law on August 23, 2017. The legislation modernizes VA's current appeals process by outlining a new appeals framework. While this legislation will not result in any new or additional benefits paid to Veterans, a modernized appeal process will lead to Veterans receiving a decision in a timelier manner, causing a shift in the timing of benefits paid to Veterans towards earlier fiscal years.
- Section 502 of P.L. 115-48 provided for the reconsideration of previously denied claims for disability compensation for Veterans who allege full-body exposure to nitrogen mustard gas, sulfur mustard gas, or Lewisite during World War II.
- Section 401 of P.L. 115-46 extended the provisions of 38 U.S.C. § 5503(d), which limit to $90 the pension payable to certain recipients of Medicaid-covered nursing home care, and protect that pension payment from being applied to the cost of the recipient's nursing-home care. These provisions have been extended from September 30, 2024 to September 30, 2027.
- Section 403 of P.L. 115-146 extended the provisions of 38 U.S.C. § 5317, which authorize the Secretary to obtain information from the Secretary of the Treasury or the Commissioner of Social Security. These provisions have been extended from September 30, 2024 to September 30, 2027.

Compensation

The current estimated obligations for the compensation program increased a net $636.0 million from the original 2018 estimate. This is the cumulative impact of changes to Veteran compensation, survivor compensation, and other miscellaneous compensation obligations.

The current estimated obligations for Veteran Compensation increased by $766.3 million from the original estimate. An increase of 38,865 to the Veteran compensation caseload (4,655,629 vs. 4,616,764) is based on actual 2017 experience combined with the impact of

the VA mental health initiative. The effect of the increased Veteran compensation caseload results in an increase in obligations of $654.6 million in 2018. Additionally, average annual benefit payments for Veterans increased slightly from the original estimate ($16,808 vs. $16,784), which increased obligations by $111.7 million.

The current estimate for survivor compensation obligations has decreased by a net $147.9 million from the original 2018 estimate. Based on 2017 actual experience, survivor average annual benefit payments decreased from the original estimate ($16,544 vs $16,938), which decreased obligations by $165.6 million in 2018. Partially offsetting this decrease, survivor caseload increased from the original estimate (421,021 vs 419,948), resulting in an increase of $17.7 in obligations.

Compensation benefits also include clothing allowance, special benefits for children, VBA Omnibus Budget Reconciliation Act (OBRA) payments, the medical exam pilot program, Reinstated Entitlement Program for Survivors (REPS), Special Allowance for Dependents (SAFD), and Equal Access to Justice Act (EAJA) payments. A net increase of $17.6 million is a result of changes in these programs. Payments for clothing allowance increased $12.5 million from the original estimate based on 2017 experience. Additionally, REPS, SAFD, and EAJA payments increased by a combined $3.4 million and special benefits for children increased by $1.8 million from the original estimate. OBRA payment for information technology services increased by $4 thousand. Partially offsetting this increase, VBA OBRA payments decreased by $167 thousand. Payments for the Medical Exam Pilot Program did not change from the original estimate.

Pensions

The current estimated obligations for the pensions program decreased $561.3 million from the original 2018 estimate. Reflecting 2017 actual experience, current estimates decreased for both Veteran pension average payments ($12,879 vs $13,488) and caseload (273,642 vs 289,178) compared to the original estimate. The combined effect of these decreases reduced Veteran pension obligations by $376.4 million in the current estimate. Similarly, decreases to both survivor average payment ($9,489 vs $10,241) and caseload (200,679 vs. 204,006) due to 2017 experience resulted in a decrease to survivor pension obligations of $185.1 million. Additionally, the VBA OBRA reimbursement estimate increased by $190 thousand while the OBRA payment for information technology services decreased by $28 thousand.

Burial

The current 2018 burial benefits budget estimate of $257.8 million is $14.3 million more than the original budget estimate of $243.5 million. A combined effect of an increase to caseload (42,564 vs. 21,222) and a decrease in average payments ($1,763 vs. $3,044) for service-connected deaths will increase obligations by $10.4 million. An increase in caseload (33,473 vs. 26,737) and a decrease in average payments ($748 vs. $798) results in a net increase in obligations of $3.7 million for burial plots. An increase in caseload (61,060 vs. 37,212) for basic burial allowances and a decrease in average payment ($487 vs. $783) results in a net increase of $561 thousand. A decrease in average payment ($1,600 vs. $3,018) for caskets and urns resulted in a decrease in obligations by $433

thousand. Estimated obligations for burial flags, headstones and markers, graveliners and pre-placed crypts remain constant from the original estimate.

Analysis of Increases and Decreases (dollars in thousands)			
	2018 Estimate	**2019 Estimate**	**2020 Estimate**
Prior Year Obligations	$85,615,163	$91,865,811	$99,262,916
Compensation			
Veterans Caseload and average payment changes (net)	+$4,618,675	+$5,166,612	+$5,354,732
Survivor Caseload and average payment changes (net)	+$235,671	+$184,874	+$485,953
P.L. 114-197 COLA 0.3%, effective 12/01/16	+$37,800	-	-
P.L. 115-75 COLA 2.0%, effective 12/01/17	+$1,274,188	+$265,181	-
Proposed COLA 2.4%, effective 12/01/18	-	+$1,620,662	+$336,529
Proposed COLA 2.0%, effective 12/01/19	-	-	+$1,440,991
Other Benefits			
Special Benefits for Children	+$306	+$399	+$314
Clothing Allowance	+$7,484	+$8,045	+$7,469
Other (REPS, SAFD, EAJA)	+$991	+$913	+$875
Medical Exams Pilot Program	+$13,018	+$13,240	+$15,034
Payments for VBA OBRA	+$245	+$96	+$32
Payments for ITS OBRA	+$1	+$35	+$1
Total Compensation Net Change	**$6,188,379**	**$7,260,057**	**$7,641,930**
Pensions			
Caseload and average payment changes (net)	-$35,761	+$7,168	+$94,854
COLAs	+$90,528	+$125,167	+$114,453
Payments for VBA OBRA	+$978	+$385	+$126
Payments for ITS OBRA	+$3	+$141	+$6
Total Pensions Net Change	**+$55,748**	**+$132,861**	**+$209,439**
Burial	**+$6,522**	**+$4,187**	**+$5,522**
Total Net Change	**+$6,250,648**	**+$7,397,105**	**+$7,856,891**
Estimated Obligations	**$91,865,811**	**$99,262,916**	**$107,119,807**

Analysis of Increases and Decreases from 2019 to 2020

Compensation

In 2020, compensation obligations are estimated to surpass the 2019 level by $7.6 billion. VBA anticipates that claims production levels will remain high through 2020 due to the efficiency gains realized from the claims transformational process changes and technological advances. Additionally, a modernized appeals process will lead to Veterans receiving an appeal decision in a timelier manner, causing a shift in the timing of benefits paid to Veterans towards earlier fiscal years. High claims production levels and more timely appeals decisions also result in an increasing Veteran caseload, and a rising average degree of disability leads to higher average payments to Veterans in 2020. The combined impact of increasing Veteran caseload and average payments is an estimated increase of $5.4 billion in obligations for 2020. Increases to survivor compensation

caseload and average payment result in an additional $486.0 million in obligations. The 2020 COLA is expected to add $1.4 billion to the cost of the program in 2020. The 2019 COLA adds $336.5 million in obligations. COLAs provide a rate increase to all disability compensation beneficiaries, including DIC spouses and children. Rates are matched with the Consumer Price Index and are tied to that afforded to Social Security beneficiaries.

Under the category of other benefits, costs are projected to increase by $23.7 million from 2019 to 2020. The estimated obligations for contract medical examinations increased by $15.0 million over the prior year. Clothing allowance obligations are expected to increase by $7.5 million in 2020. The combined obligations of REPS, SAFD, and EAJA are expected to increase $875 thousand, and special benefits for children are expected to increase by $314 thousand, compared to 2019 levels. VBA OBRA payments are expected to increase $32 thousand, and payments for Information Technology Systems (ITS) for OBRA increase by $1 thousand.

Pensions

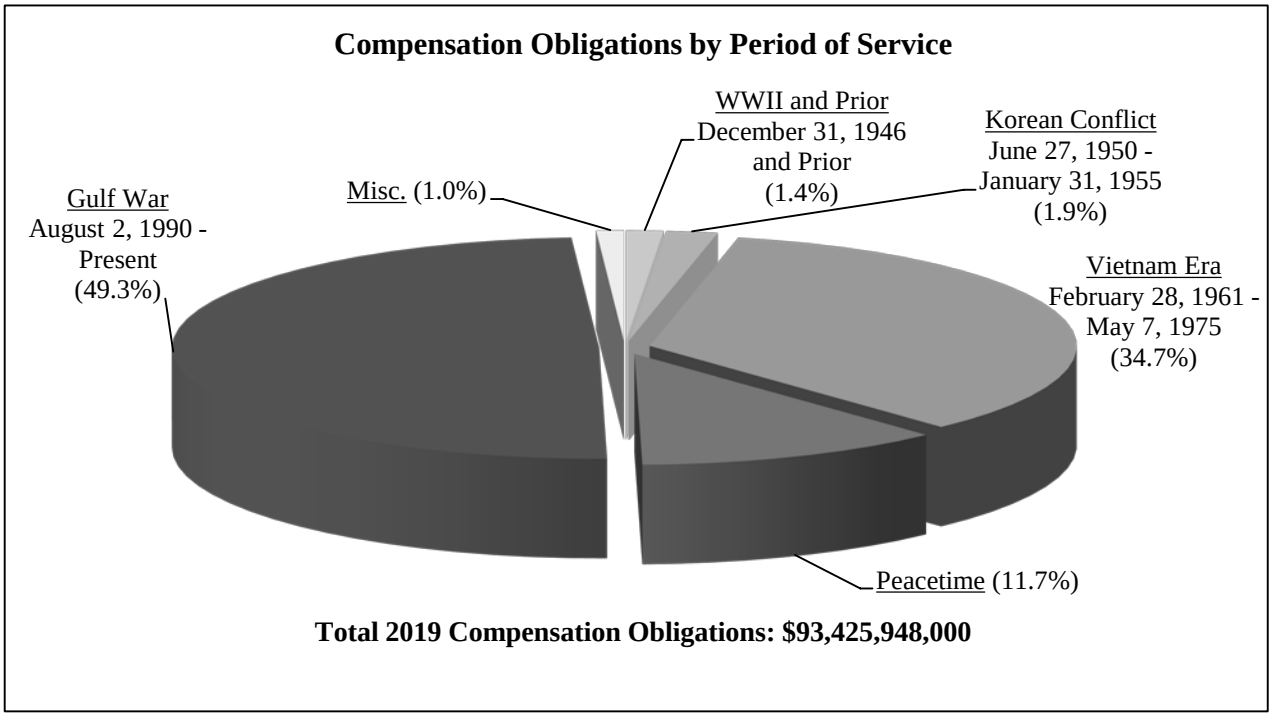
In 2020, pension obligations are expected to increase $209.4 million from the 2019 level. Average payments are expected to increase for both Veterans and survivors in 2020. Caseload for Veterans is projected to decrease in 2020, while survivor caseload is expected to increase. The combined impact is a slight decrease to Pension caseload in 2020. Gulf War and Vietnam Veterans are anticipated to be the largest cohorts of pension accessions as more of these Veterans are reaching the qualifying age of 65. The changes to Veteran and survivor caseload and increases to average payments results in a combined increase in obligations of $94.9 million. The COLA is expected to add $114.5 million to the cost of the program in 2020. VBA OBRA obligations increased by $126 thousand, and payments for ITS OBRA increased by $6 thousand.

Burial

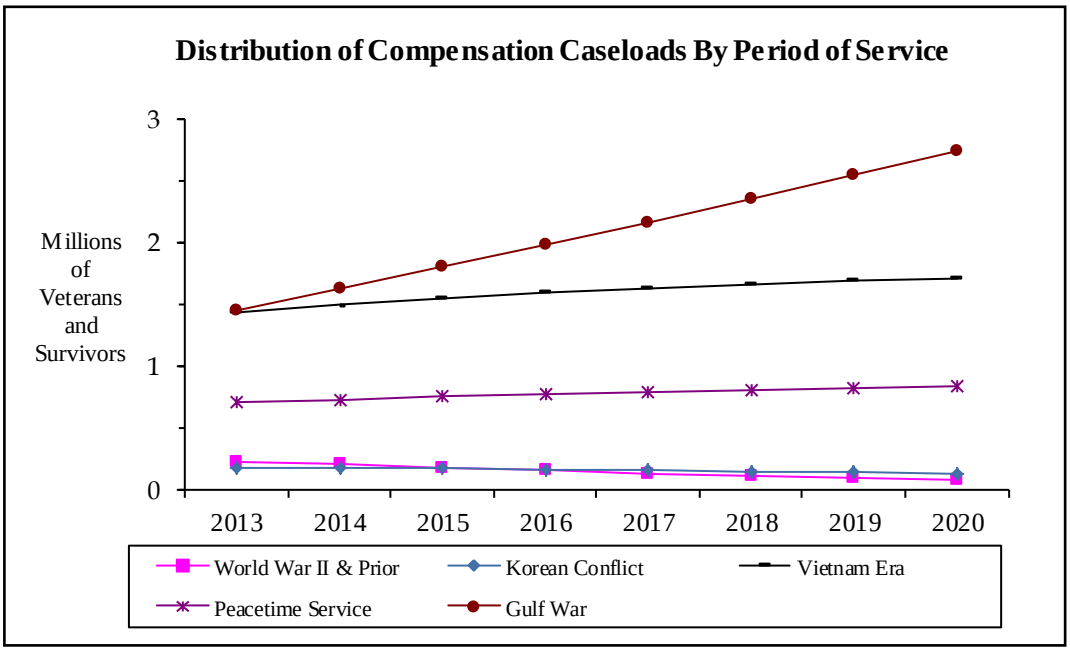
In 2020, burial benefits obligations are projected to increase by $5.5 million due to a combined increase of caseload and average payments. Increases to caseload (46,574 vs. 44,609) for service-connected deaths will increase obligations by $3.4 million. A decrease in caseload (452,880 vs. 497,644) and a slight increase in average payment for burial flags results in a net decrease $1.7 million in obligations. An increase in caseload (63,530 vs. 62,184) and an increase in average payments ($518 vs. $507) results in an increase in obligations of $1.3 million for basic burial allowances. Increases to caseload (34,827 vs. 34,089) and average payment ($780 vs. $764) for burial plots result in an obligation increase of $1.1 million. An increase in caseload (31,064 vs. 30,670) and average payments ($668 vs. $654) for preplaced crypts will increase obligations by $678 thousand. Caseload for headstones and markers is expected to increase over the 2019 level (383,570 vs. 378,701), resulting in an increase of $668 thousand in obligations. A slight decrease in average payment ($360 vs. $363) and an increase in caseload (11,775 vs. 11,625) for graveliners will result in a net increase of $15 thousand. Obligation estimates for caskets and urns also increased by $5 thousand as a result of a slight increase in caseload (313 vs. 310).

Compensation Program Highlights

In 2019, compensation benefit obligations are expected to total $93.4 billion with benefit payments made to 5,282,642 beneficiaries. In 2020, obligations are projected to increase to $101.1 billion with payments to 5,484,613 beneficiaries. Approximately 99.1 percent of total compensation obligations in 2019 are direct benefit payments to Veterans and their survivors. The Gulf War Era, which began on August 2, 1990, now spans over 27 years compared to 14 years for the Vietnam Era (February 28, 1961 – May 7, 1975). As a result, an increasing number of Gulf War Era Veterans are separating from service and accessing the compensation rolls. As shown in the graphic below, compensation benefit payments to Veterans and survivors of Veterans from the Gulf War Era (49.3 percent of total compensation obligations in 2019) are expected to significantly exceed benefits to Veterans and survivors from the Vietnam Era (34.7 percent of 2019 compensation obligations). The increasing percentage of benefits paid to Gulf War Era Veterans is driven by a number of factors including VA's successful outreach efforts, improved access to benefits through the joint VA and DoD pre-discharge programs and eBenefits, and increased demand due to the longevity of the Gulf War Era.



Benefits in the compensation program are estimated to be dispersed to 4,850,289 Veterans and 432,353 survivors in 2019 and 5,039,297 Veterans and 445,316 survivors in 2020. The 2019 Veteran and survivor caseload estimate is distributed among World War II and Prior (92,729), Korean Conflict (135,391), Vietnam Era (1,689,535), Gulf War (2,543,427), and Peacetime (821,561) periods of service. Caseload for the older periods of service is steadily declining. The number of Veterans and survivors of Veterans from the Gulf War Era that are receiving compensation benefits will continue to increase rapidly through the budget year. Changes to the compensation caseload by period of service from 2013 and projected through 2020 can be seen in the following chart.



Numerous factors contribute to the total cost of benefits of the compensation program, including average degree of disability, additional benefits from enacted legislation or regulations, variations in the number of dependents, the number of individual unemployability (IU) cases, rising special monthly compensation cases, the number of retroactive payments, and variable numbers of accessions and terminations. Deviations in these factors alter average payments, historically increasing program obligations.

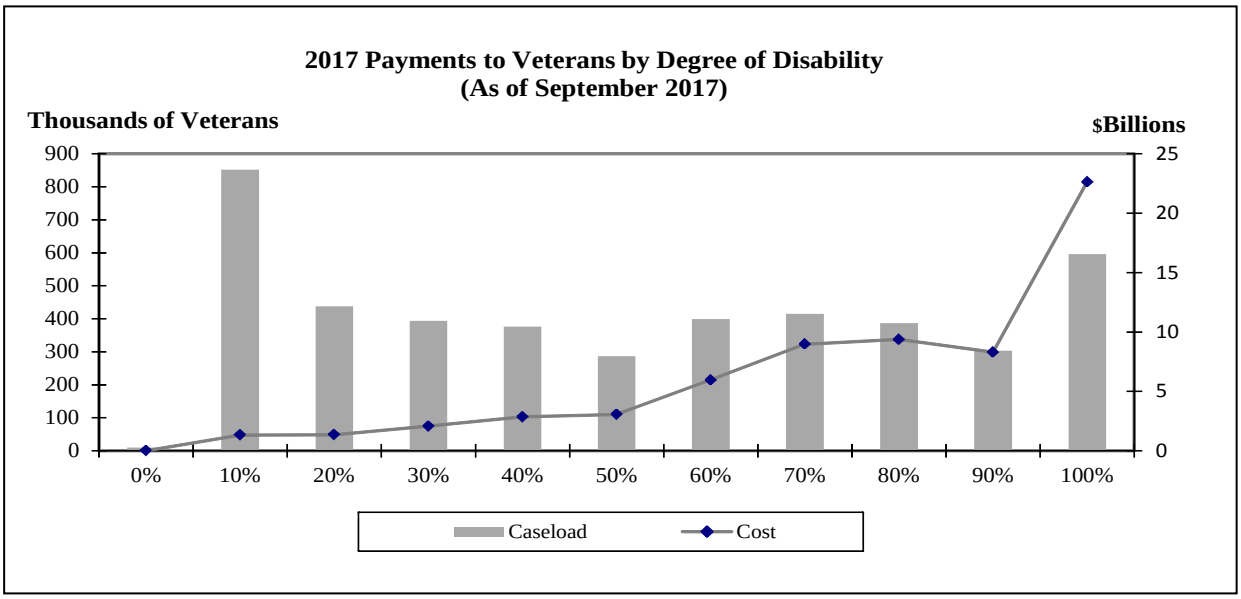
Based on historical data, the average degree of disability is forecasted to increase through 2019. The average degree of disability for Veterans increased from 50.1 percent in 2016 to 51.5 percent in 2017, which is consistent with the average rate of increase since 2011. Additional regulations, legislation, the increasing number of completed claims, and the increasing number of issues per claim have contributed to rising disability ratings. The budget request considers the increasing average degree of disability in conjunction with estimated VA workload projections. Increases in average degree of disability cause significant increases in average payments.

Veteran Compensation

Average Monthly Caseloads by Degree of Disability

Year	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg. Degree
2011	11,423	780,978	440,188	373,677	322,635	214,552	267,838	247,636	192,546	112,824	320,059	43.5%
2012	11,064	781,510	439,354	377,028	332,864	226,725	290,938	273,577	220,876	136,267	350,054	44.9%
2013	10,770	791,921	441,107	383,061	344,424	240,584	314,999	302,088	254,221	166,383	383,598	46.3%
2014	10,583	808,787	444,208	390,620	356,509	254,926	339,830	331,922	288,359	199,245	428,866	47.7%
2015	10,194	822,362	442,516	393,768	364,478	268,133	362,316	361,597	322,595	233,681	480,335	48.9%
2016	9,852	840,032	442,739	396,857	373,154	279,153	383,227	390,216	356,066	266,896	531,330	50.1%
2017	9,363	851,969	437,795	394,274	376,040	286,364	398,810	414,909	386,497	303,319	596,322	51.5%

While Veterans who are rated 10 percent disabled are the largest group of Compensation recipients, they do not account for the majority of program cost. Monthly payments vary by average degree of disability. The largest compensation payments, as shown in the chart below, are paid to those with higher degrees of disability. In addition to variations of degree of disability, only Veterans at or above the 30 percent disability rating may be entitled to additional compensation for dependents, resulting in higher average payments. Additionally, payment rates are not proportional to the degree of disability.



Reopened workload projections aid in forecasting changes to a Veteran's degree of disability rating. These claims result when Veterans file amended claims because their disabilities worsen, new evidence of service-connection becomes available, and/or new legislation or regulation allows for additional compensation. In 2017, 291,139 Veterans, or 6.5 percent of Veterans on the compensation rolls, received an increase to their disability benefits, as shown on the following chart. The average increased rating level in 2017 was to 73.3 percent. This is an increase over 2016 levels, when 252,157 Veterans (5.9 percent of Veterans on the rolls) received an increased rating and the average increased rating level was to 72.0 percent. The higher increased rating levels in 2017 compared to 2016 is consistent with recent trends, and has contributed to the increases to the overall average degree of disability.

Veterans Compensation 2017 Increased Disability Rating Levels											
	Disability Level Increase										
Current	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	**Total**
0%	65	66	52	46	29	27	28	20	11	82	**426**
10%	-	9,729	5,842	6,699	2,550	5,490	3,412	1,894	831	3,398	**39,845**
20%	-	-	6,948	6,915	2,993	4,406	2,397	2,844	985	2,828	**30,316**
30%	-	-	-	8,227	6,261	4,882	4,842	3,463	1,343	3,399	**32,417**
40%	-	-	-	-	7,309	10,102	6,880	5,750	2,407	4,257	**36,705**
50%	-	-	-	-	-	8,295	7,693	5,408	2,826	3,955	**28,177**
60%	-	-	-	-	-	-	12,746	11,585	5,939	6,670	**36,940**
70%	-	-	-	-	-	-	-	15,074	9,080	9,036	**33,190**
80%	-	-	-	-	-	-	-	-	19,839	11,585	**31,424**
90%	-	-	-	-	-	-	-	-	-	21,699	**21,699**
Total	**65**	**9,795**	**12,842**	**21,887**	**19,142**	**33,202**	**37,998**	**46,038**	**43,261**	**66,909**	**291,139**

As of September 2017, 2.2 million out of 4.6 million Veteran cases received additional compensation for dependents. The number of dependents totaled over 3.7 million, or 1.65 dependents per case, up slightly from the 2016 average of 1.63.

In addition to monetary benefits for dependents, Veterans who are rated 60 percent and above are eligible for individual unemployability (IU). The eligibility criteria for the IU program are as follows: at least one service connected disability rating of at least 60 percent; or two or more service connected disabilities with at least one disability ratable at 40 percent or more with a combined rating of 70 percent or more. In addition, the Veteran must be unable to maintain substantially gainful employment as a result of the service-connected disabilities. As a result, Veterans receiving IU payments receive compensation at the 100 percent disability rating even if their assigned rating is lower. Increases in the IU benefit affect the average payment, resulting in increased program costs. In September 2017, 348,512 Veterans received IU, an increase of 9,650 cases over September 2016. While IU caseload continues to increase at a gradual rate, the percentage of Veterans on the compensation rolls receiving IU compared to total Veteran caseload has been decreasing slightly, from 8.4 percent in September 2011 to 7.7 percent in September 2017.

Veterans Compensation Individual Unemployability							
	2011	2012	2013	2014	2015	2016	2017
Without Dependents	84,279	89,870	95,847	96,406	99,397	101,534	105,403
With Dependents	198,259	205,849	213,907	219,745	228,986	237,328	243,109
Total	**282,538**	**295,719**	**309,754**	**316,151**	**328,383**	**338,862**	**348,512**

Special monthly compensation (SMC) is a monetary benefit paid in addition to or in place of 0 percent to 100 percent combined degree of disability. To qualify, a Veteran must be disabled due to special circumstances (e.g., loss of use of one hand). Also, certain Veterans may be entitled to Aid and Attendance, which provides for needed caregiver assistance due to their disabilities. The increasing number and percentage of Veterans receiving SMC payments, partially contributes to an increasing trend in average payments.

Veterans Compensation **Special Monthly Compensation**							
	2011	2012	2013	2014	2015	2016	2017
Without Dependents	142,375	157,478	170,315	177,713	184,217	188,571	198,090
With Dependents	260,471	288,435	316,800	349,938	385,465	417,002	450,221
Total	**402,846**	**445,913**	**487,115**	**527,651**	**569,682**	**605,573**	**648,311**

The majority of retroactive payments are one-time payments disbursed as original or amended claims. These payments typically are paid back to the date of claim unless legislation allows for payment to begin at the date of enactment of a regulation establishing the service-connected condition. During 2017, retroactive payments were 8.3 percent of total compensation obligations, a decrease of 0.5 percent from the 2016 level. The percentage of total compensation obligations that are retroactive payments is expected to continue to trend down through 2020. This decrease is the result of a concentrated effort to reduce the backlog of claims pending more than 125 days. With a reduced backlog of claims pending more than 125 days, the amounts paid in retroactive benefits for granted claims will be lower, as the amount of a retroactive payment corresponds to the number of days a claim is pending.

Compensation **Retroactive Payments** **(Dollars in millions)**							
	2011	2012	2013	2014	2015	2016	2017
Retro Payments	$7,269	$7,060	$7,915	$7,597	$7,420	$6,473	$6,542
Compensation Payments	$49,169	$53,757	$59,468	$64,389	$69,934	$73,925	$79,051
Percent of Retro to Total	14.8%	13.1%	13.3%	11.8%	10.6%	8.8%	8.3%

As a result of the efforts to eliminate the disability compensation claims backlog, retroactive payments have, in recent years, been above historical levels with a gradual decline. However, the majority of compensation obligations are from monthly recurring payments. In 2017, compensation recurring payment obligations were nearly $72.5 billion ($65.9 billion for Veterans and $6.6 billion for survivors), or 91.7 percent of the total compensation obligations. The following chart shows recurring payment obligations for Veterans, as well as caseload, average age, and average payment by degree of disability.

Veterans Compensation Summary by Degree of Disability (obligations in thousands)				
	2017			
Combined Degree of Disability	September Caseload	Average Age	Average September Payment	Recurring Payment Obligations
0%	9,567	71.8	$96	$10,381
10%	870,547	60.4	$135	$1,322,729
20%	447,341	58.5	$268	$1,353,979
30%	402,871	56.7	$454	$2,064,636
40%	384,240	55.5	$657	$2,847,588
50%	292,608	54.7	$926	$3,059,277
60%	407,506	54.9	$1,294	$5,959,466
70%	423,956	55.1	$1,871	$8,968,516
80%	394,925	54.0	$2,099	$9,371,988
90%	309,933	53.9	$2,369	$8,300,609
100%	609,325	60.3	$3,291	$22,637,841
Veterans Compensation	4,552,819	57.1	$1,281	$65,897,011

The compensation program estimates take into consideration the effects of accessions (new claims per year) and terminations (removal from rolls, e.g., death). The net effect (accessions minus terminations) has been increasing, contributing to a rapid increase in the disability compensation recurring payments commonly referred to as beneficiaries on the rolls. The chart below shows the historical trends of accessions, terminations and the net change for Veterans. These trends have been considered in future projections.

Veterans Compensation Accessions and Terminations							
	2011	2012	2013	2014	2015	2016	2017
Accessions	235,146	261,837	292,674	293,869	313,047	284,549	296,715
Terminations	89,443	88,598	94,155	95,231	100,460	102,608	106,679
Net Change	145,703	173,239	198,519	198,638	212,587	181,941	190,036

The following chart shows Veteran accessions to the compensation rolls by degree of disability. The average degree of disability for Veterans accessing the rolls is 45.8 percent, which is slightly lower than the average degree of disability of 51.5 percent for all Veterans receiving compensation. The average degree of disability for accessions has not changed over the past three years. Accession projections for the out-years are derived from the claims completed projections. These projections consider recently enacted legislation, regulatory changes, historical trends of applications of Veterans, as well as VA initiatives. Estimates of Veteran accessions are distributed among the disability ratings using historical trends.

Veterans Compensation Accession Trends							
Combined Degree of Disability	2011	2012	2013	2014	2015	2016	2017
0%	488	710	781	753	611	490	517
10%	61,236	67,540	72,608	72,757	77,772	72,638	79,841
20%	28,601	31,163	32,248	30,286	29,771	26,222	26,904
30%	31,914	30,602	31,548	29,985	30,603	27,193	26,614
40%	22,585	24,050	26,554	25,436	26,294	23,871	23,728
50%	17,241	20,979	23,083	22,726	24,518	21,712	21,561
60%	22,286	24,477	26,880	26,341	27,696	24,571	24,338
70%	15,925	21,280	25,410	25,318	27,738	24,974	25,330
80%	10,291	15,054	19,664	20,798	22,234	20,204	19,875
90%	5,432	9,070	13,611	16,208	18,438	17,247	18,683
100%	19,147	16,912	20,287	23,261	27,372	25,427	29,324
Total	**235,146**	**261,837**	**292,674**	**293,869**	**313,047**	**284,549**	**296,715**
Avg. Degree	**40.8%**	**41.6%**	**43.6%**	**44.9%**	**45.8%**	**45.8%**	**45.8%**

Based on an analysis of Veteran trends, there is a relationship between Veterans terminating from the compensation rolls and survivors acceding to the compensation rolls. The relationship is significantly more pronounced as the Veteran's degree of disability increases. The survivor's Dependency and Indemnity Compensation (DIC) program is available to surviving spouses who have not remarried (or those remarried after the age of 57), unmarried children under 18 years of age, helpless children, and low-income parents of deceased Veterans. The chart below shows the historical trends of accessions, terminations and the net change for survivors. These trends have been considered in future projections.

Survivor Compensation Accessions and Terminations							
	2011	2012	2013	2014	2015	2016	2017
Accessions	23,504	25,745	27,669	27,817	27,032	27,988	30,964
Terminations	15,555	16,281	18,501	24,812	20,844	20,723	20,643
Net Change	7,949	9,464	9,168	3,005	6,188	7,265	10,321

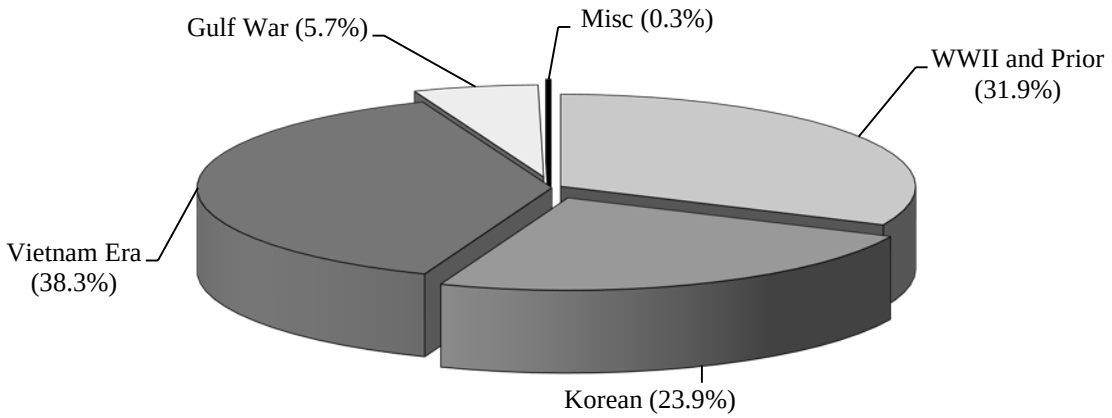
For surviving spouses of Veterans who were not rated totally disabled to become eligible, they must meet at least one of three requirements. The Veteran must have died from: (1) a service connected disease or injury incurred or aggravated while on active duty; (2) an injury was incurred or aggravated in the line of duty while on inactive duty training; or (3) a disability compensable by the VA. Survivors of Veterans who were rated totally disabled, but died of a non-service connected cause, may be eligible if: (1) the Veteran was continuously rated totally disabled over a period of ten years; (2) the Veteran was rated for a period of at least five years from the military discharge; or (3) the Veteran was a former prisoner of war who died after September 30, 1999, and who was rated totally disabled for a period of not less than one year immediately preceding death.

Veteran termination data has demonstrated that survivors typically access the compensation rolls within three years. In 2017, of the 30,964 survivor accessions, 25,705 were associated with Veteran terminations within the previous three years.

Pensions Program Highlights

In 2019, pension obligations are expected to total $5.6 billion with payments made to 468,701 pension beneficiaries. In 2020, obligations are projected to increase to $5.8 billion with payments to 466,794 beneficiaries. In 2019 and 2020, Veteran caseloads from the Korean War and prior are expected to decrease, while Veteran caseloads from Vietnam to present are increasing. Survivor pension caseload follows a similar trend; WWII and prior caseloads are expected to decrease through 2020, while survivor caseloads from the Korean War, Vietnam Era, and Gulf War are increasing. Approximately 97.7 percent of the estimated cases in 2019 will receive benefits under the Improved Law program, accounting for 99.8 percent of the program's cost. As shown in the following chart, the two largest pension requests come from Vietnam Era Veterans and WWII and prior. Vietnam Era accounts for 38.3 percent of program obligations in 2019. WWII and prior is the second largest group of pension recipients, accounting for 31.9 percent of obligations, and is largely associated with survivor benefit payments. The percentage for Vietnam Era and Gulf War Veterans will continue to increase as this population is becoming eligible for the automatic permanent and totally disabling rating at age 65.

Pensions Obligations by Period of Service



Total 2019 Pensions Obligations: $5,575,025,000

The OBRA provision for data matching was extended by Public Law (P.L.) 115-46 through September 30, 2027. The OBRA provision authorizes VA to perform data matches with the Internal Revenue Service and Social Security Administration to ensure proper payments are made to eligible beneficiaries in its needs-based programs and Veterans receiving compensation based on individual unemployability. Access to these

records is the most efficient and effective means VA has of verifying certain types of income.

Currently, VA administers three pensions programs (Improved Law Pensions, Prior Law Pensions, and Old Law Pensions). New beneficiaries can only receive the Improved Law Pensions benefits (Public Law 95-588); the other two programs are closed. Since the Prior Law and Old Law programs have been closed since 1979 and 1960, respectively, the caseload in these programs is from earlier periods of service and will continue to decline.

Pensions
Summary by Law

	2017			2018			2019			2020		
	Avg. Cases	Avg. Benefit ($'s)	Total Obligations (000's)	Avg. Cases	Avg. Benefit ($'s)	Total Obligations (000's)	Avg. Cases	Avg. Benefit ($'s)	Total Obligations (000's)	Avg. Cases	Avg. Benefit ($'s)	Total Obligations (000's)
Total												
Improved Law	469,567	$11,416	$5,360,774	462,040	$11,724	$5,417,088	457,736	$12,127	$5,550,751	456,994	$12,607	$5,761,207
Prior Law	13,692	$930	$12,731	12,213	$917	$11,200	10,906	$906	$9,885	9,748	$898	$8,749
Old Law	81	$1,405	$114	68	$1,424	$97	59	$1,402	$83	51	$1,388	$71
Veterans												
Improved Law	280,598	$12,552	$3,521,932	272,704	$12,917	$3,522,578	267,980	$13,378	$3,585,083	265,456	$13,930	$3,697,891
Prior Law	1,167	$1,736	$2,025	929	$1,668	$1,550	740	$1,603	$1,186	589	$1,541	$908
Old Law	11	$5,313	$59	9	$5,352	$48	9	$4,377	$39	9	$3,581	$32
Survivors												
Improved Law	188,969	$9,731	$1,838,842	189,336	$10,006	$1,894,510	189,756	$10,359	$1,965,669	191,538	$10,772	$2,063,316
Prior Law	12,526	$855	$10,706	11,284	$855	$9,651	10,166	$856	$8,699	9,159	$856	$7,841
Old Law	70	$784	$55	59	$825	$49	50	$867	$43	42	$919	$39

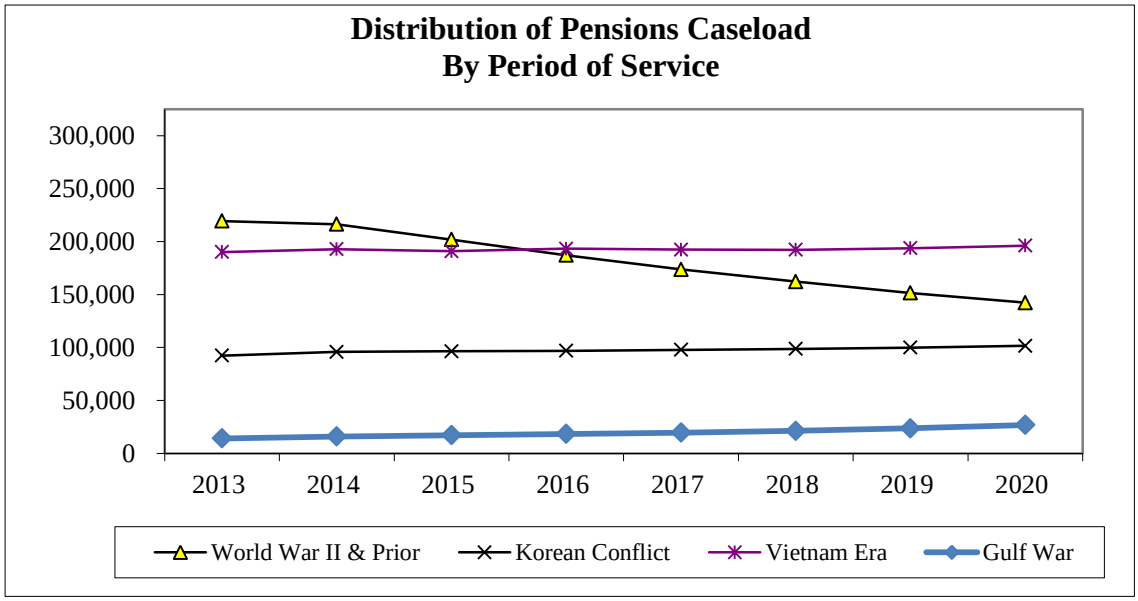
A major factor of the cost of the pensions program is the impact of the automatic cost-of-living adjustment. The COLA for Improved Law beneficiaries, which is automatically tied to that afforded to Social Security beneficiaries, is estimated to be 2.4 percent in 2019. Since rates for pensioners covered by earlier programs are fixed, variations in average benefit payments for these beneficiaries are attributed to changes in dependency, qualifying income, health, or other eligibility criteria.

Pensions Improved Law Income Limitations (As of December 2017)			
Veterans		**Survivors**	
Without dependents	$13,166	Spouses without dependents	$8,830
With one dependent	$17,241	Spouses with one dependent	$11,557
Each additional dependent	$2,250	Each additional dependent	$2,250

The amount of Improved Law Pensions payable is reduced for each dollar of countable family income by the annual income limitations. These limitations can affect the average pension payment, which in turn, impacts the majority of total cost of the pensions program.

Total pension caseload is expected to decrease in 2018 (474,321 vs. 483,341), and continue to decrease in 2019 (468,701) and 2020 (466,794). Vietnam and WWII & prior beneficiaries account for the largest pension caseloads with 193,741 and 151,419 beneficiaries, respectively, in 2019. Beneficiaries associated with these periods of service account for or 73.6 percent of all pension beneficiaries. Of the 151,419 WWII and prior beneficiaries, only 33,896 are Veterans, with the remaining caseload being survivors. The opposite is true of the Vietnam Veteran Era with 164,350 of the total 193,741 recipients being Veterans.

Caseloads for the earlier periods of service are declining; however, the most recent eras are expected to continue their gradual increasing trend. This increase can be attributed to the number of Vietnam Era Veterans turning 65, allowing for an automatic permanent and totally disabling rating under current law. The number of Veterans of the Gulf War is also increasing but has not yet reached the level of other periods of service.



As of September 30, 2017, 36.9 percent of Veterans who received a pension were over age 75. The percentage of survivors receiving pension over the age of 75 is 77.4 percent. VA continues to experience growth in the number of Vietnam Era and Gulf War claims. These trends are expected to continue through 2019. As more Veterans from recent periods of service continue to access the rolls, the average age of pension recipients will begin to decrease.

Pensions **Age of Pensions Recipients** **(As of September 2017)**								
Age	Veterans Improved Law	Veterans Prior Law	Veterans Old Law	**Total Veterans**	Survivors Improved Law	Survivors Prior Law	Survivors Old Law	**Total Survivors**
Under 25	3	-	-	**3**	343	2	-	**345**
25 – 35	1,218	-	-	**1,218**	221	2	-	**223**
36 - 45	4,500	-	-	**4,500**	781	46	-	**827**
46 – 55	9,393	-	-	**9,393**	5,133	759	-	**5,892**
56 -65	66,732	35	-	**66,767**	17,168	2,732	4	**19,904**
66 – 75	92,372	240	-	**92,612**	15,638	2,377	6	**18,021**
Over 75	101,276	777	9	**102,062**	149,759	6,004	58	**155,821**
Unknown	19	-	-	**19**	392	10	-	**402**
Total	**275,513**	**1,052**	**9**	**276,574**	**189,435**	**11,932**	**68**	**201,435**

The pensions program forecast considers the effects of accessions (new beneficiaries per year) and terminations (removal from rolls due to factors such as death, increased income, etc.). Deviations in accessions and terminations cause the caseload to fluctuate.

Veteran Pensions **Accessions and Terminations**							
	2011	2012	2013	2014	2015	2016	2017
Accessions	49,524	47,203	43,059	46,378	39,362	39,484	34,662
Terminations	52,920	46,304	49,752	50,753	49,618	44,417	45,965
Net Change	-3,396	899	-6,693	-4,375	-10,256	-4,933	-11,303

Although caseloads in Prior Law and Old Law are decreasing, they still have an impact on the total cost of the program. Evaluating the trends in dependency is also considered in the budget forecast as it affects average payment. For each program category, pensioners with dependents receive additional benefits.

Pensions Program Trends

(As of September 2017)

"Old Law" Pensions Cases (closed program)

"Old Law" refers to the pensions program in existence prior to July 1, 1960, in which the benefit rate is fixed for all eligible, regardless of specific countable income.

Veterans					Survivors				
Year	Number	%	Veterans Alone	Veterans w/ Dependents	Number	%	Spouses Alone	Spouses w/ Dependents	Children Alone
2011	43	<0.1	25	18	130	0.1	N/A	N/A	N/A
2012	36	<0.1	21	15	120	0.1	N/A	N/A	N/A
2013	31	<0.1	18	13	109	0.1	44	-	65
2014	24	<0.1	13	11	95	<0.1	34	-	61
2015	20	<0.1	11	9	88	<0.1	30	-	58
2016	14	<0.1	8	6	78	<0.1	24	-	54
2017	9	<0.1	5	4	68	<0.1	18	-	50

"Prior Law" Pensions Cases (closed program)

"Prior Law" refers to the pensions program in existence between July 1, 1960 and January 1, 1979. Benefit rates were established by formula, and reduced for each dollar of countable income.

Veterans					Survivors				
Year	Number	%	Veterans Alone	Veterans w/ Dependents	Number	%	Spouses Alone	Spouses w/ Dependents	Children Alone
2011	3,516	1.1	N/A	N/A	22,153	10.7	N/A	N/A	N/A
2012	2,990	1.0	N/A	N/A	20,405	8.7	N/A	N/A	N/A
2013	2,471	0.8	1,208	1,263	18,695	8.9	10,393	629	7,673
2014	2,025	0.7	983	1,042	16,273	7.7	8,414	546	7,313
2015	1,650	0.6	859	791	14,686	7.1	7,265	443	4,978
2016	1,319	0.5	668	651	13,211	6.5	6,900	373	5,938
2017	1,052	0.4	526	526	11,932	5.9	6,303	362	5,267

"Improved Law" Pensions Cases

"Improved Law" refers to the pensions program in existence since January 1, 1979. Payments for the Improved Law program beneficiaries are computed by reducing dollar-for-dollar, the benefit levels specified under Public Law 95-588 by the income of the beneficiary.

Veterans					Survivors				
Year	Number	%	Veteran Alone	Veterans w/ Dependents	Number	%	Spouse Alone	Spouse w/ Children	Children Alone
2011	310,115	98.9	237,900	72,215	185,384	89.2	N/A	N/A	N/A
2012	312,006	99.0	240,864	71,124	212,924	91.2	N/A	N/A	N/A
2013	305,638	99.2	236,574	69,064	191,707	91.1	186,513	1,455	3,739
2014	302,530	99.3	236,246	66,284	195,397	92.3	190,434	1,405	3,558
2015	293,415	99.4	230,729	62,686	191,622	92.9	186,998	1,281	3,343
2016	287,382	99.5	227,458	59,924	189,697	93.5	185,328	1,177	3,192
2017	275,513	99.6	219,054	56,459	189,435	94.0	185,390	1,139	2,906

Compensation and Pensions
Summary of Obligations
(obligations in thousands)

	2017			2018		
	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations
Compensation Total [1/]	**4,861,704**	**$16,260**	**$79,051,055**	**5,076,650**	**$16,786**	**$85,217,389**
Veterans Compensation	**4,455,661**	**$16,258**	**$72,438,876**	**4,655,629**	**$16,808**	**$78,252,125**
World War II	75,900	$12,545	$952,147	61,930	$12,328	$763,475
Korean Conflict	120,142	$12,442	$1,494,763	113,440	$12,326	$1,398,302
Vietnam Era	1,382,408	$19,123	$26,435,314	1,399,512	$19,298	$27,007,414
Peacetime Service	746,212	$12,501	$9,328,064	763,765	$12,748	$9,736,327
Gulf War	2,131,000	$16,062	$34,228,589	2,316,981	$16,982	$39,346,608
Survivors Compensation	**406,043**	**$16,284**	**$6,612,178**	**421,021**	**$16,544**	**$6,965,264**
World War I & Prior	223	$12,724	$2,843	202	$12,625	$2,552
World War II	53,711	$16,136	$866,657	48,897	$16,062	$785,374
Korean Conflict	33,495	$16,664	$558,172	32,881	$16,654	$547,588
Vietnam Era	246,501	$16,427	$4,049,174	263,048	$16,727	$4,399,927
Peacetime Service	39,336	$16,106	$633,520	40,563	$16,687	$676,889
Gulf War	32,778	$15,309	$501,812	35,429	$15,607	$552,935
Other Compensation			**$926,457**			**$948,502**
Spec. Ben. For Children	1,148	$19,358	$22,223	1,141	$19,745	$22,529
Clothing Allowance	153,630	$779	$119,721	160,033	$795	$127,206
Other (REPS, SAFD, EAJA)	2,972	$5,489	$16,314	3,059	$5,657	$17,305
OBRA Payment to VBA	-	-	$3,148	-	-	$3,393
OBRA Payment to ITS	-	-	$51	-	-	$52
Medical Exam Pilot Prgm	-	-	$765,000	-	-	$778,018
Pensions Total [1/]	**483,341**	**$11,118**	**$5,373,619**	**474,321**	**$11,445**	**$5,428,385**
Veterans Pensions	**281,776**	**$12,506**	**$3,524,016**	**273,642**	**$12,879**	**$3,524,176**
World War II	45,764	$17,576	$804,357	39,385	$17,975	$707,967
Korean Conflict	52,886	$14,211	$751,586	51,193	$15,131	$774,586
Vietnam Era	165,579	$10,581	$1,751,968	164,130	$10,994	$1,804,437
Gulf War	17,547	$12,316	$216,105	18,934	$12,527	$237,186
Survivors Pensions	**201,565**	**$9,176**	**$1,849,602**	**200,679**	**$9,489**	**$1,904,209**
World War I & Prior	2,348	$3,029	$7,113	2,065	$3,084	$6,368
World War II	125,577	$9,372	$1,176,879	120,705	$9,612	$1,160,253
Korean Conflict	44,803	$9,298	$416,558	47,488	$9,911	$470,677
Vietnam Era	26,806	$8,255	$221,291	28,069	$8,317	$233,441
Gulf War	2,030	$13,675	$27,760	2,351	$14,237	$33,470
Other Pensions			**$12,798**			**$13,779**
OBRA Payment to VBA	-	-	$12,594	-	-	$13,572
OBRA Payment to ITS	-	-	$204	-	-	$207

[1/] Does not include “other” caseload or obligations.

Compensation and Pensions
Summary of Obligations (cont'd)
(obligations in thousands)

	2019			2020		
	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations
Compensation Total [1/]	**5,282,642**	**$17,502**	**$92,454,719**	**5,484,613**	**$18,246**	**$100,072,924**
Veterans Compensation	**4,850,289**	**$17,553**	**$85,137,534**	**5,039,297**	**$18,320**	**$92,319,880**
World War II	49,532	$12,057	$597,189	38,616	$11,708	$452,121
Korean Conflict	104,112	$12,276	$1,278,066	92,551	$12,244	$1,133,169
Vietnam Era	1,411,828	$19,614	$27,691,896	1,418,252	$19,879	$28,193,725
Peacetime Service	779,732	$13,033	$10,162,458	794,032	$13,296	$10,557,240
Gulf War	2,505,085	$18,126	$45,407,925	2,695,846	$19,283	$51,983,626
Survivors Compensation	**432,353**	**$16,924**	**$7,317,185**	**445,316**	**$17,410**	**$7,753,043**
World War I & Prior	183	$12,528	$2,291	165	$12,431	$2,057
World War II	43,014	$16,546	$711,714	37,839	$17,045	$644,963
Korean Conflict	31,279	$17,175	$537,205	29,754	$17,712	$527,019
Vietnam Era	277,707	$17,045	$4,733,482	292,930	$17,478	$5,119,932
Peacetime Service	41,829	$17,290	$723,226	43,134	$18,031	$777,735
Gulf War	38,341	$15,891	$609,267	41,493	$16,421	$681,337
Other Compensation			**$971,230**			**$994,955**
Spec. Ben. For Children	1,134	$20,219	$22,928	1,127	$20,624	$23,243
Clothing Allowance	166,166	$814	$135,250	171,905	$830	$142,719
Other (REPS, SAFD, EAJA)	3,147	$5,789	$18,217	3,235	$5,902	$19,092
OBRA Payment to VBA	-	-	$3,489	-	-	$3,521
OBRA Payment to ITS	-	-	$87	-	-	$89
Medical Exam Pilot Prgm	-	-	$791,258	-	-	$806,291
Pensions Total [1/]	**468,701**	**$11,864**	**$5,560,719**	**466,794**	**$12,361**	**$5,770,027**
Veterans Pensions	**268,729**	**$13,345**	**$3,586,308**	**266,054**	**$13,903**	**$3,698,831**
World War II	33,896	$18,384	$623,128	29,171	$18,801	$548,456
Korean Conflict	49,553	$16,211	$803,290	47,966	$17,472	$838,058
Vietnam Era	164,350	$11,467	$1,884,567	165,279	$11,996	$1,982,726
Gulf War	20,931	$13,154	$275,322	23,638	$13,943	$329,591
Survivors Pensions	**199,972**	**$9,873**	**$1,974,411**	**200,739**	**$10,318**	**$2,071,196**
World War I & Prior	1,817	$3,138	$5,701	1,599	$3,193	$5,104
World War II	115,706	$9,920	$1,147,773	111,510	$10,235	$1,141,292
Korean Conflict	50,335	$10,566	$531,827	53,552	$11,259	$602,922
Vietnam Era	29,392	$8,447	$248,257	30,876	$8,777	$271,014
Gulf War	2,723	$15,005	$40,853	3,203	$15,881	$50,864
Other Pensions			**$14,306**			**$14,438**
OBRA Payment to VBA	-	-	$13,957	-	-	$14,084
OBRA Payment to ITS	-	-	$349	-	-	$354

[1/] Does not include “other” caseload or obligations.

Compensation and Pensions - Proposed Legislation

Clarify Evidentiary Threshold for Ordering VA Examinations:
VA seeks to amend 38 U.S.C. § 5103A(d)(2) to clarify the evidentiary threshold at which VA, under its duty to assist obligation in § 5103A, is required to request a medical examination for compensation claims. This proposal aims to eliminate delays in claims processing by establishing a more reasonable policy in determining when a VA examination is warranted in connection with a claim for compensation. In recent years, the courts have held that evidence necessary to satisfy the requirements of 38 U.S.C. § 5103A(d)(2) is much lower than VA or Congress contemplated. This proposed change would require, in general, the existence of objective evidence of an in-service event, injury, or disease to trigger VA's duty to request an examination under 38 U.S.C. § 5103A(d)(2)(B). Mandatory savings are estimated to be $79.3 million in 2019, $421.1 million for five years, and $909.3 million for ten years.

Elimination of Payment of Benefits to the Estates of Deceased *Nehmer* Class Members and to the Survivors of Certain Class Members:
VA seeks to amend 38 U.S.C. § 1116 to eliminate payment of benefits to the estates of deceased *Nehmer* class members and to survivors of certain class members when such benefits are the result of presumptions of service connection established pursuant to § 1116 for diseases associated with exposure to certain herbicide agents. The Agent Orange Act of 1991 expired on September 30, 2015. This proposed legislation prevents allocation of extensive resources to claims not contemplated by Congress and avoids potential for creating or substantially adding to VA's backlog.

Clarify Chemicals at Issue for Purposes of Presumptive Service Connection for Veterans Serving in the Republic of Vietnam:
VA seeks to amend 38 U.S.C. § 1116 to define the harmful chemicals, specifically Tetrachlorodibenzo-p-dioxin (TCDD), used in herbicides. IOM has determined that the only chemical in herbicides for which there are adverse health effects is TCDD. The Department knows that TCDD was not used in commercial herbicides on bases outside of Vietnam. Defining the harmful chemical (TCDD) used in herbicides within the Republic of Vietnam would allow VA to clarify complex rules for exposure claims outside Vietnam.

Attendance at Transition Assistant Program (TAP) or Access to eBenefits Meets the Requirements to Notify Veterans by Letter of VA Benefits and Services:
This proposal would amend 38 U.S.C. § 6303(b) to authorize VA to use TAP or eBenefits to notify each transitioning Veteran of all VA benefits and services for which they may be eligible by the most effective mean available. Currently, statute requires VA to send each Veteran a letter with benefits information. For those Veterans discharged or separated without a high-school diploma, this proposal would also eliminate the requirement for VA to make in-person or telephone contact regarding their eligibility for benefits, except in instances where they did not attend a TAP briefing or were not receiving information through eBenefits. No benefit costs are associated with this proposal.

Automatic Annual Cost-of-Living Adjustments (COLA) for Disability Compensation and Dependency and Indemnity Compensation (DIC):
This proposal would amend 38 U.S.C. §§ 1104, 1303, and 5312 to provide for the annual COLA to be made automatically by law each year in the rates of disability compensation and DIC. The amendment would also provide for automatic COLA for clothing allowance and the additional compensation for dependents. No benefit costs are associated with this proposal.

Eliminate the Direct Payment of Fees from VA to Accredited Agents and Attorneys:
This proposal seeks to amend 38 U.S.C. § 5904 (d) to eliminate the authority for VA to make direct payments of fees to agents or attorneys. This function is unnecessary and time consuming for VA claims representatives. Administering such payments consumes a considerable amount of VA's time and resources that should be focused on providing disability compensation benefits to Veterans in timely fashion.

Extend the Authority for Operations of the Manila VA Regional Office:
VA proposes to extend the authority currently provided by 38 U.S.C. § 315(b) to maintain the operations of the Manila RO to December 31, 2022.

Reimbursement of Credentialing Costs:
VA seeks to add 38 U.S.C § 5729 to allow VA to collect, from private attorneys and claims agents, a reasonable fee necessary to offset the costs of performing necessary background and other investigations and issuing credentials allowing access to sensitive electronic claims processing systems. It would also eliminate the need for appropriation act authority to retain and use fees authorized to be collected under this section. In addition, it would permit VA to use collections within two fiscal years, ensuring that fees collected near the end of a fiscal year would not expire before they could be obligated.

Round-Down of the Computation of the Cost of Living Adjustment (COLA) for Service-Connected Compensation and Dependency and Indemnity Compensation (DIC) for Ten Years:
This proposal would amend title 38, U.S.C §§ 1303(a) and 1104(a) to provide a ten-year round-down provision of the computation of the cost of living adjustment (COLA) for service-connected compensation and dependency and indemnity compensation (DIC). Benefit savings are estimated to be $34.1 million in 2019 and $749.2 million for five years and $3.11 billion over ten years.

Reissue VA Benefit Payments to all Victims of Fiduciary Misuse:
VA seeks to amend 38 U.S.C. § 6107, which authorizes VA to reissue benefits to a beneficiary if the beneficiary's VA-appointed fiduciary misuses the beneficiary's benefits. This amendment would extend VA's reissuance authority to allow the reissuance of benefits to a beneficiary in cases of misuse by individual fiduciaries, who manage benefits for less than 10 beneficiaries, without regard to VA negligence in appointing or overseeing such fiduciaries. The amendment would prescribe that VA would pay the beneficiary or the beneficiary's successor fiduciary an amount equal to the amount of the misused benefits in any case in which a fiduciary misuses a beneficiary's VA benefits.

Benefit costs are estimated to be $1.3 million in 2019, $7.0 million over five years, and $15.9 million over 10 years.

Remove Annual Income from Net Worth Calculation:
VA seeks to amend 38 U.S.C. §§ 1522 and 1543 to remove the requirement that VA consider annual income in its net worth determinations. VA believes that removing annual income as a component of net worth would simplify and render more consistent net worth determinations. VA's intent with this proposal is to allow more fair and consistent net worth calculations and to promote pension automation with respect to net worth calculations. Benefit costs are estimated to be $56 thousand during the first year, $729 thousand for five years, and $2.5 million over ten years.

Authorize VA to Rely on Unearned and Earned Income Information Supplied by IRS and SSA for Purposes of Determining Eligibility for its Needs-Based Pension Program, and Eliminate the Need for VA to Independently Verify the Information:
VA seeks to amend 38 U.S.C. § 5317(b) and (e) to authorize VA to rely on information it obtains from the Internal Revenue Service (IRS) and Social Security Administration (SSA) when making initial pension eligibility determinations. VA also proposes to remove the requirement that VA independently verify the information.

Allow VBA to Pay a Flat Rate for Non-Service-Connected Burial for Veterans Who Die in a VHA or VA Facility:
VA seeks to amend 38 U.S.C. §2303(a)(1) to authorize payment of a flat-rate, non-service-connected, burial allowance for Veterans who die in a qualifying VHA or VA facility. This one-time allowance would be equal to the maximum payment authorized under current law. This amendment would allow VA to expedite delivery of benefits to surviving spouses through automation and to all other claimants through streamlined processing of flat rate payments.

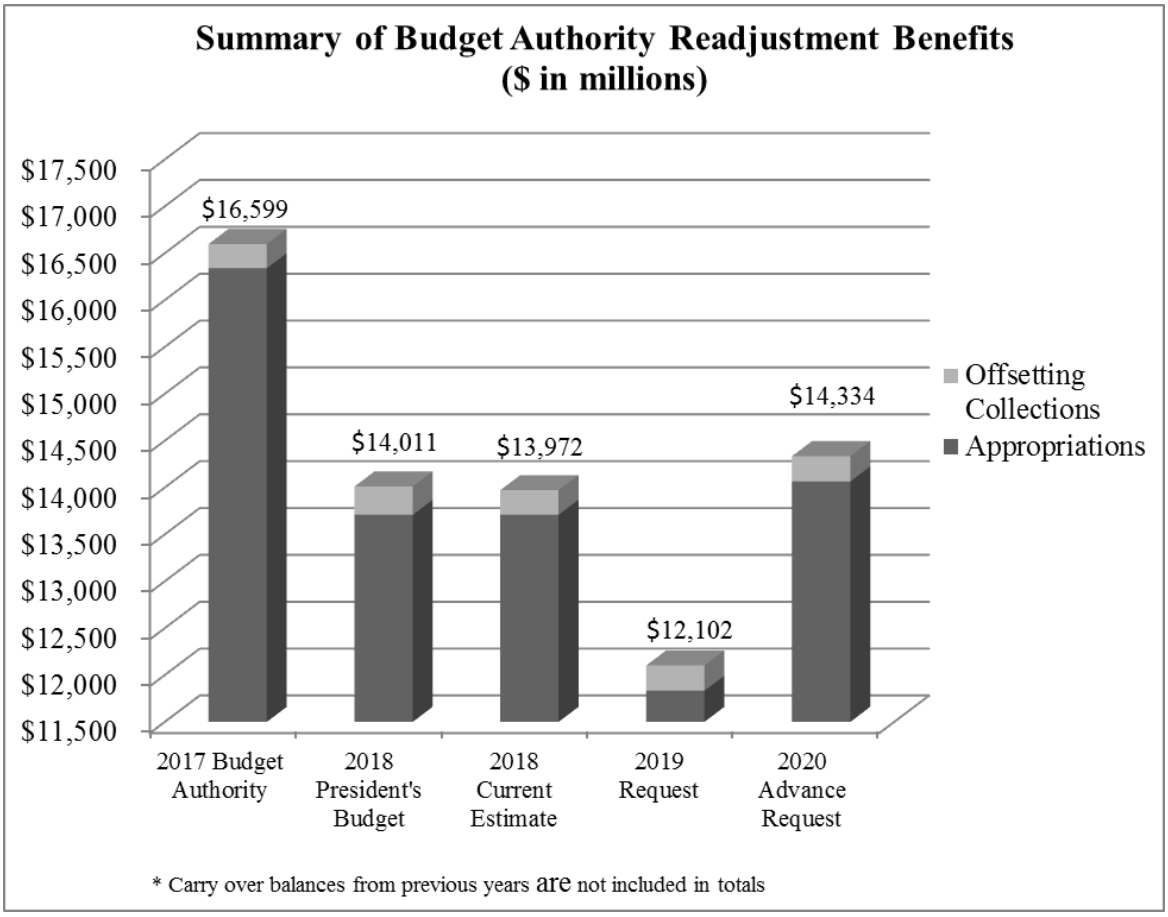
Authorize VA to Pay a Flat Rate for the Costs of Domestic Transportation of a Deceased Veteran to a National Cemetery:
VA seeks to amend 38 U.S.C. §2308 to authorize VA to pay claimants a one-time, inflation indexed, flat-rate benefit for the domestic transportation of a deceased Veteran to a national cemetery, or upon the qualifying death of a Veteran. After the first year, the flat rate fee would be adjusted annually by the Consumer Price Index. Benefit savings are estimated to be $541 thousand in 2019, $2.2 million for five years, and $2.2 million over ten years.

Modernizing VA's Records Management Program:
This proposal would amend title 38, U.S. Code, by creating a new section 5707 to codify VBA's procedures with respect to imaged source paper files, input records, reports, or other documents under the Records Control Schedule required by title 44, U.S. Code. No benefits costs are associated with this proposal.

Extension of reduction in amount of pension furnished by the Department for certain Veterans covered by Medicaid plans for services furnished by nursing facilities:
To provide an extension of the current policy to limit to $90 the pension payable to certain recipients of Medicaid-covered nursing home care, and to protect that pension payment from being applied to the cost of the recipient's nursing-home care. This proposal would extend the current authorization from 2027 to 2028, resulting in a cost savings of $296 million in 2028.

Authorize VA to Pay a Flat Rate for the Costs of Domestic Transportation of a Deceased Veteran to a National Cemetery:
VA seeks to amend 38 U.S.C. Section 2308 to authorize VA to pay claimants a one-time, flat-rate benefit of $600 for the domestic transportation of a deceased Veteran to a national cemetery, or upon the qualifying death of a Veteran. After the first year, the flat rate fee would be adjusted annually by the Consumer Price Index. Benefit savings are estimated to be $541 thousand in 2019, $2.2 million for five years, and $2.2 million over ten years.

Extend the Time for Medical Examinations for Certain Veterans with Mental Disorders:
VA is committed to ensuring the best clinical outcomes for Veterans. As such VA will collaborate with the Departments of Defense and Homeland Security, as well as other stakeholders, to refine and potentially enhance the proposal presented in the President's Budget pursuant to the implementation of the recent Executive Order: Supporting Our Veterans During Their Transition From Uniformed Service to Civilian Life on January 9, 2018.



Appropriation Language

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by chapters 21, 30, 31, 33, 34, 35, 36, 39, 41, 51, 53, 55, and 61 of title 38, United States Code, [$11,832,175,000] *$14,065,282,000, to remain available until expended and to become available on October 1, 2019: Provided*, That expenses for rehabilitation program services and assistance which the Secretary is authorized to provide under subsection (a) of section 3104 of title 38, United States Code, other than under paragraphs (1), (2), (5), and (11) of that subsection, shall be charged to this account.

Summary of Appropriation Highlights

(dollars in thousands)

		2018				2018 to 2019	2019 to 2020
	2017 Actual	**Budget Estimate**	**Current Estimate**	**2019 Estimate**	**2020 Estimate**	**Increase (+) Decrease (-)**	**Increase (+) Decrease (-)**
Obligations:							
Post 9-11 GI Bill (33)	$11,056,959	$12,178,410	$11,738,722	$12,173,630	$12,628,429	+$434,908	+$454,799
Veterans/Servicemembers (30)[1/]	298,937	286,440	263,895	221,408	186,463	-42,487	-34,946
Reservists (1606)	128,084	126,573	127,975	129,196	131,442	+1,221	+2,247
Reservists (1607)	7,213	20,926	7,487	7,697	-	+210	-7,697
Dependents' Education and Training (35)	553,128	558,078	584,256	774,046	821,998	+189,790	+47,952
VR&E Subsistence Allowance (31)	621,287	751,770	841,740	892,998	950,794	+51,258	+57,796
VR&E Books, Tuition, Supplies, Fees	786,075	842,279	892,735	959,236	1,027,236	+66,501	+68,000
Specially Adapted Housing Grants	96,909	115,685	112,969	118,237	125,247	+5,268	+7,010
Specially Adapted Housing Tech Grants	537	-	1,000	-	-	-1,000-	-
Automobile Grants	35,364	47,588	39,124	39,842	40,573	+718	+731
Adaptive Equipment	84,358	137,872	93,398	96,338	99,370	+2,940	+3,032
High Technology Program	-	-	-	15,000	15,000	+15,000	-
Tuition Assistance	4,401	5,299	4,568	4,696	4,865	+128	+169
Licensing & Certification Tests	1,497	2,893	1,554	1,597	1,655	+44	+57
National Exams [2/]	61	68	178	183	190	+5	+7
Work-Study [3/]	48,296	52,479	59,611	61,680	64,336	+2,070	+2,656
Contract Counseling	3,057	6,000	6,000	6,000	6,000	-	-
State Approving Agencies	18,985	19,000	21,000	23,552	24,023	+2,552	+471
Reporting Fees	6,390	10,016	9,799	12,188	16,005	+2,390	+3,817
Reimbursement to GOE and IT	196	603	603	613	625	+10	+12
Total Obligations	**$13,751,734**	**$15,161,980**	**$14,806,615**	**$15,538,139**	**$16,144,253**	**+$731,524**	**+$606,114**
Funding:							
Unobligated balance (SOY)	-$2,914,313	-$4,769,802	-$6,080,922	-$5,246,285	-1,809,811	+$834,637	+$3,436,473
Unobligated balance (EOY)	6,080,922	3,618,703	5,246,285	1,809,811	-	-3,436,473	-1,809,811
Budget authority (gross)	16,918,343	14,010,880	13,971,978	12,101,666	14,334,442	-1,870,312	+2,232,776
Offsetting collections	-257,706	-302,232	-263,330	-269,491	-269,160	-6,161	+331
Prior Year Recoveries	-319,809	-	-	-	-	-	-
Appropriation	**$16,340,828**	**$13,708,648**	**$13,708,648**	**$11,832,175**	**$14,065,282**	**-$1,876,473**	**+$2,233,107**
Outlays (net)	**$13,226,113**	**$14,570,039**	**$13,667,224**	**$15,115,962**	**$15,716,342**	**+$1,448,737**	**+$600,380**

Note: Dollars may not add due to rounding in this and subsequent charts.

1/ Includes obligations for VRAP - authorized by the Equitable Relief Signed by the Secretary

2/ National Exams includes chapters 30, 33, and 35

3/ Includes chapter 1606 work-study reimbursement

Summary of Appropriation Highlights (cont'd) (total dollars in thousands)							
		2018				2018 to 2019	2019 to 2020
	2017 Actual	Budget Estimate	Current Estimate	2019 Estimate	2020 Estimate	Increase (+) Decrease (-)	Increase (+) Decrease (-)
Workload Data and Other Items							
Workload:							
Post 9-11 GI Bill (33)	755,476	796,389	766,740	766,056	766,611	-684	+555
Veterans/Servicemembers (30)	34,582	33,394	28,887	22,898	18,162	-5,988	-4,736
Reservists (1606) [1/]	54,909	60,577	53,943	52,994	52,062	-949	-932
Reservists (1607)	1,586	4,538	1,586	1,586	-	-	-1,586
Dependents' Education and Training (35)	100,275	102,570	103,644	107,859	112,245	+4,215	+4,386
VR&E Receiving Subsistence Allowance	89,735	94,182	98,180	101,631	104,852	+3,452	+3,220
VR&E Not Receiving Subsistence Allowance	31,084	27,827	34,009	35,205	36,320	+1,196	+1,116
VR&E Rehab, Evaluation, Planning and Service [2/]	11,399	22,585	12,472	12,910	13,319	+438	+409
Specially Adapted Housing Grants	3,047	2,732	4,013	4,013	4,053	-	+40
Specially Adapted Housing Technology Grants	4	-	5	-	-	-5	-
Automobile Grants	1,875	2,675	2,037	2,037	2,037	-	-
Adaptive Equipment	6,931	8,236	7,440	7,440	7,440	-	-
Average cost: (Whole $)							
Post 9-11 GI Bill (33)	$14,636	$15,292	$15,310	$15,891	$16,473	+$581	+$582
Veterans/Servicemembers (30)	$8,641	$8,578	$9,136	$9,669	$10,267	+$534	+$597
Reservists (1606)	$2,333	$2,137	$2,422	$2,489	$2,579	+$68	+$90
Reservists (1607)	$4,548	$4,611	$4,721	$4,853	-	+$132	-$4,853
Dependents' Education and Training	$5,516	$5,441	$5,637	$7,176	$7,323	+$1,539	+$147
VR&E Subsistence Allowance	$6,924	$7,982	$8,573	$8,787	$9,068	+$213	+$281
VR&E Books, Tuition, Supplies, Fees, etc.	$6,506	$6,903	$6,753	$7,010	$7,276	+$257	+$266
Specially Adapted Housing Grants	$31,805	$42,347	$28,150	$29,464	$30,902	+$1,315	+$1,438
Specially Adapted Housing Technology Grants	$134,192	-	$200,000	-	-	-$200,000	-
Automobile Grants	$18,861	$17,790	$19,207	$19,559	$19,918	+$352	+$359
Adaptive Equipment	$12,171	$16,741	$12,554	$12,949	$13,357	+$395	+$408
Total Cost:							
Post 9-11 GI Bill (33)	$11,056,959	$12,178,410	$11,738,722	$12,173,630	$12,628,429	+$434,908	+$454,799
Veterans/Servicemembers (30)	$298,818	$286,440	$263,895	$221,408	$186,463	-$42,487	-$34,946
Reservists (1606) [1/]	$128,084	$126,573	$127,975	$129,196	$131,442	+$1,221	+$2,247
Reservists (1607)	$7,213	$20,926	$7,487	$7,697	-	+$210	-$7,697
Dependents' Education and Training	$553,128	$558,078	$584,256	$774,046	$821,998	+$189,790	+$47,952
VR&E Subsistence Allowance	$621,287	$751,770	$841,740	$892,998	$950,794	+$51,258	+$57,796
VR&E Books, Tuition, Supplies, Fees, etc.	$786,075	$842,279	$892,735	$959,236	$1,027,236	+$66,501	+$68,000
Specially Adapted Housing Grants	$96,909	$115,685	$112,969	$118,237	$125,247	+$5,268	+$7,010
Specially Adapted Housing Technology Grants	$537	-	$1,000	-	-	-$1,000	-
Automobile Grants	$35,364	$47,588	$39,124	$39,842	$40,573	+$718	+$731
Adaptive Equipment	$84,358	$137,872	$93,398	$96,338	$99,370	+$2,940	+$3,032

1/ Work-study cost not included
2/ No monetary benefit payment associated with these cases

Summary of Budget Request

The appropriation of $11.8 billion, when combined with $269.5 million in offsetting collections from the Department of Defense (DoD), and $5.2 billion in unobligated balance carried over from end of year 2018, will provide funding for Readjustment Benefits obligations in 2019. Obligations are estimated to be $15.5 billion in 2019. This will primarily fund education benefits, including the Post 9-11 GI Bill (chapter 33) and will also pay for subsistence allowance and the cost of books, supplies, tuition, and fees under the Vocational Rehabilitation and Employment (VR&E) program. Funding will also provide reimbursement to the VBA General Operating Expenses account for printing and reproduction, regular mail, contracts, and other personal services costs associated with outreach under Public Laws 101-237 and Public Law 105-368.

Public Law 113-235, the Consolidated and Further Continuing Appropriations Act, 2015, grants the Department of Veterans Affairs (VA) the ability to request advanced budget authority ("advance appropriations"), to become available for the first fiscal year after the budget year. Included in the 2019 budget submission is a request for $14.1 billion in 2020 advance appropriations, in conjunction with $269.2 million in anticipated offsetting collections from DoD, and an estimated $1.8 billion in unobligated balance carried over from end of year 2019 to fund an estimated $16.1 billion in Readjustment Benefits obligations in 2020. VA will be able to request additional resources during the 2020 budget process if necessary.

Changes from Original 2018 Budget Estimate

The current estimated obligations of $14.8 billion for the Readjustment Benefits account in 2018 decreases $355.4 million from the original budget estimate of $15.2 billion. The actual unobligated balance carried over from end of year 2017 increases $1.3 billion to $6.1 billion. This unobligated balance, in combination with the estimated decrease in 2018 obligations from the original budget estimate, will result in an estimated increased carryover balance of $5.2 billion into 2019.

Public Law 115-48, the Harry W. Colmery Veterans Educational Assistance Act of 2017, also known as the "Forever GI Bill," will bring significant changes to VA's education and VR&E benefits. The law is named after the American Legion national commander who wrote the original GI Bill language in 1944, and will allow more Veterans to use the GI Bill and more time to use it. Some of the changes will go into effect immediately, and some are written to go into effect shortly after. Some new provisions that go into effect immediately include:

- The 15-year time limitation for using Post-9/11 GI Bill benefits is eliminated for Veterans who left active duty on or after January 1, 2013, and qualifying dependents (Fry children who became eligible on or after January 1, 2013 and all Fry spouses).
- Reservists who had eligibility under the Reserve Educational Assistance Program (REAP) and lost it due to the program sunset provision will have that service credited toward the Post-9/11 GI Bill program.
- Certain work-study is permanently authorized; previously it had to be re-approved by Congress every few years.

In addition, VHA's mental health initiative based on character of discharge will cause a slight increase in the number of individuals training under the VR&E and the Survivors' and Dependents' Education assistance Programs. Many of the Veterans who will receive emergency mental health services under this initiative will be found newly eligible to receive benefits from VBA as well. This important initiative will ensure Veterans receive the benefits and services to which they are entitled.

Education Programs

Changes in the estimated obligations are based on 2017 actuals. The estimate for 2018 includes a decrease of $439.7 million in chapter 33 obligations. This change in obligations is due to a decrease in estimated caseload of 29,649 in 2018, which is based on 2017 experience. Obligations for adaptive equipment decrease by $44.5 million based on a decrease in the number of grants by 796, and a decrease in the estimated average grant payment. VHA's mental health initiative slightly increases chapter 35 caseload; this combined with an increase in caseload based on 2017 experience will increase obligations by $26.2 million. Obligations under chapter 30 are expected to decrease $22.5 million due to an estimated decrease of 4,507 beneficiaries based on 2017 experience. Chapter 1607 decreases by $13.4 million due to a decrease of 2,952 trainees. Automobile grants decrease by $8.5 million due to a decrease of 638 grants. Obligations for work study increase by $7.1 million largely due to increases in the average payments based on 2017 experience. Housing grants decrease $2.7 million due to a decrease in the average payment. Public Law 115-48, the Harry W. Colmery Veterans Educational Assistance Act of 2017 increases the annual statuary limitation for payments to State Approving Agencies from $19 million to $21 million in 2018, resulting in a $2 million increase. Due to a slight increase in the average payment, chapter 1606 obligations increase by $1.4 million. Based on 2017experience, Licensing and Certification obligations decrease by $1.3 million. Public Law 115-62 extends Specially Adapted Housing technology grants through 2018, increasing obligations by $1 million. Finally, tuition assistance obligations decrease by $731 thousand, reporting fees decrease by $217 thousand, and national exams increase by $110 thousand.

VR&E Program

VR&E beneficiaries who receive subsistence allowance increase by 3,998, and those who do not increases by 6,182 over the 2018 original estimate. This change is expected to increase obligations by $140.4 million.

Descriptions of the Individual Education and VR&E Component Programs

Post 9-11 GI Bill (Chapter 33)

Chapter 33 was enacted in the Post 9-11 Veterans Educational Assistance Act of 2008 (P.L. 110-252), and greatly expanded education benefits on August 1, 2009. The Veterans Educational Assistance Improvement Act of 2010 (P.L. 111-377), signed into law on January 4, 2011, amended the Post 9-11 GI Bill by expanding eligibility for certain individuals, and modifying the amount of assistance and the types of approved programs. The Choice Act, P.L. 113-146, extended the Fry scholarship to spouses and allowed VA to disapprove courses of education in which the state charges Veterans or Servicemembers

higher rates than that of in-state residents. Most recently, the Forever GI Bill (P.L. 115-48) changed to the program, primarily enhancing or expanding benefits.

Eligibility under chapter 33 is based on active duty service and students generally have up to 36 months of entitlement. Based on length of active duty service and training rate, students are entitled to a percentage of the following:

- Full cost of tuition and fees at the public school in-state rates, or up to $22,805.34 (as of August 1, 2017) for those attending out-of-state, private, or foreign schools (paid to school);
- Monthly housing allowance (paid to the student);
- Yearly books and supplies stipend of up to $1,000 per year (paid to student);
- A one-time payment of $500 to certain individuals relocating from highly rural areas (paid to student);
- Payments for those pursuing a non-institute of higher learning program such as a non-college degree, on the job training, apprenticeship training, flight programs, or a correspondence program; and
- Other benefits to certain students such as the Yellow Ribbon program, kickers, and refund of chapter 30 payroll deductions.

The Yellow Ribbon G.I. Education Enhancement Program was enacted to potentially assist eligible chapter 33 individuals with payment of their tuition and fees in instances where costs exceed the maximum benefit rate. To be eligible, the student must be: a Veteran receiving benefits at the 100 percent benefit rate payable; a transfer-of-entitlement-eligible dependent child; or a transfer-of-entitlement eligible spouse of a Veteran. P.L. 115-48 expanded Yellow Ribbon Benefits to Purple Heart recipients, Fry Scholarship Recipients, and certain active duty Servicemembers independent of meeting any other criteria. The school of attendance must have accepted VA's invitation to participate in the program, state how much student tuition will be waived (up to 50 percent), and state how many participants will be accepted into the program during the current academic year. VA will match the school's percentage (up to 50 percent) to reduce or eliminate out-of-pocket costs for eligible participants.

The Marine Gunnery Sergeant John David Fry Scholarship entitles children and spouses of those who die in the line of duty on or after September 11, 2001, to use Post-9/11 GI Bill benefits. Eligible children and spouses are entitled to 36 months of benefits at the 100 percent level. In addition to the Fry Scholarship, certain members of the Armed Forces still on active duty may be eligible to transfer benefits to a spouse or dependent children based on DoD policy.

All-Volunteer Force Educational Assistance Program or the Montgomery GI Bill (Chapter 30)

The predecessor of the chapter 33 program is the Montgomery GI Bill, or chapter 30. Chapter 30 VA educational benefits may be used while a Servicemember is on active duty or after separation from active duty with a fully honorable discharge. Eligibility generally expires 10 years after the Servicemember's separation. However, there are exceptions for disability, re-entering active duty, and upgraded discharges.

Effective October 1, 2017, the rate for full-time training in college, technical, or vocational school will be $1,928 a month for those who served three years or more or two years plus four years in the Selected Reserve. For those who served less than three years, the monthly rate is $1,566. Benefits are reduced for part-time training. Payments for other types of training follow different rules. VA will pay an additional amount, called a "kicker" or "college fund," if directed by DoD. The maximum number of months Veterans can receive payments is 36 months at the full-time rate or the part-time equivalent.

The following types of education and training are available under Chapter 30:

- Courses at colleges and universities leading to associate, bachelor or graduate degrees, including accredited independent study offered through distance education;
- Courses leading to a certificate or diploma from business, technical or vocational schools;
- Apprenticeship or on-the-job training for those not on active duty, including self-employment training begun on or after June 16, 2004, for ownership or operation of a franchise;
- Correspondence courses, under certain conditions;
- Flight training, if the Veteran holds a private pilot's license upon beginning the training and meets the medical requirements;
- State-approved teacher certification programs;
- Preparatory courses necessary for admission to a college or graduate school;
- License and certification tests approved for Veterans; and
- Entrepreneurship training courses to create or expand small businesses.

Survivors' and Dependents' Educational Assistance (Chapter 35)

Chapter 35 provides education and training opportunities to eligible dependents of certain Veterans. P.L. 115-48 reduced the maximum months of entitlement from 45 months to 36 months, but also increased the monthly payment rates effective August 1, 2018, and October 1, 2018, respectively. These benefits may be used for degree and certificate programs, apprenticeships, and on-the-job training. A spouse may take a correspondence course. Remedial, deficiency, and refresher courses may be approved under certain circumstances.

To be eligible, one must be the spouse or dependent child of:

- A Veteran who died or is permanently and totally disabled as the result of a service-connected disability. The disability must arise out of active service in the Armed Forces;
- A Veteran who died from any cause while such permanent and total service-connected disability was in existence;
- A Servicemember missing in action or captured in line of duty by a hostile force;
- A Servicemember forcibly detained or interned in line of duty by a foreign government or power; or

- A Servicemember who is hospitalized or receiving outpatient treatment for a service connected permanent and total disability and is likely to be discharged for that disability.

Dependent children must generally be between the ages of 18 and 26 to receive benefits for attending school or job training. Members of the Armed Forces may not receive this benefit while on active duty. For spouses, benefits generally end 10 years from the date VA determines eligibility or from the date of the Veteran's death. For spouses of Servicemembers who died on active duty, benefits end 20 years from the date of death.

Educational Assistance for Members of the Selected Reserve (MGIB-SR) (Chapter 1606)

Chapter 1606 may be available to a member of the Selected Reserve if they meet the eligibility requirements established by their respective components. The Selected Reserve includes the Army Reserve, Navy Reserve, Air Force Reserve, Marine Corps Reserve, Coast Guard Reserve, Army National Guard, and Air National Guard. The program may be used for degree programs, certificate or correspondence courses, cooperative training, independent study programs, apprenticeship/on-the-job training, and vocational flight training programs. Remedial, refresher and deficiency training are available under certain circumstances. Up to 36 months of education benefits may be available. Specific eligibility requirements include:

- Have a six-year obligation to serve in the Selected Reserve signed after June 30, 1985. For some types of training, it is necessary to have a six-year commitment that begins after September 30, 1990;
- Complete initial active duty for training (IADT);
- Meet the requirement to receive a high school diploma or equivalency certificate before completing IADT; and,
- Remain in good standing while serving in an active Selected Reserve unit.

In addition, a discharge from Selected Reserve service due to a disability or being ordered to active duty may extend program eligibility beyond service in a Selected Reserve unit.

Reserve Educational Assistance Program (REAP) (Chapter 1607)

Chapter 1607 was established as a part of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005. The National Defense Authorization Act of 2016 ended enrollment into REAP on November 25, 2015. Beneficiaries who were attending an educational institution on November 24, 2015, or during the last semester, quarter, or term ending prior to that date, are eligible to continue to receive REAP benefits until November 25, 2019. This program is a DoD education benefit program designed to provide educational assistance to members of the Reserve components called or ordered to active duty in response to a war or national emergency (contingency operation) as declared by the President or Congress. This program made certain reservists who were activated for at least 90 days after September 11, 2001 either eligible for education benefits or eligible for increased benefits. The Post-9/11 GI Bill in many ways has replaced REAP because it also provides educational assistance benefits for Reserve and

National Guard members called to active duty on or after September 11, 2001, and in many cases provides a greater benefit than REAP.

VR&E (Chapter 31)

The chapter 31 program assists Servicemembers and Veterans with service-connected disabilities obtain and maintain suitable employment. Independent living services are also available for severely disabled Veterans who are not currently ready to seek employment.

To be eligible, a Veteran must have a VA service-connected disability rated at least 20 percent with an employment handicap, or rated 10 percent with a serious employment handicap, and be discharged or released from military service under other than dishonorable conditions. Servicemembers pending medical separation from active duty may also apply if their disabilities are reasonably expected to be rated at least 20 percent following discharge. A VA counselor must decide if the individual has an employment handicap based upon the results of a comprehensive evaluation. After an entitlement decision is made, the individual and counselor will work together to develop a rehabilitation plan to specify the rehabilitation services to be provided. The majority of participants enter education or training programs. All program costs, including tuition, books, and fees, if appropriate, are borne by VA, and the Veteran is provided with a monthly subsistence allowance.

Rehabilitation services provided to VR&E participants fall under one of five tracks. VA pays the cost of approved training that is included in an individual's rehabilitation plan. The tracks are:

- **Reemployment with Previous Employer:** For individuals who are separating from active duty or in the National Guard or Reserves and are returning to work for their previous employer.
- **Rapid Access to Employment:** For individuals who either wish to obtain employment soon after separation or who already have the necessary skills to be competitive in the job market in an appropriate occupation.
- **Self-Employment:** For individuals who have limited access to traditional employment, need flexible work schedules, or who require more accommodation in the work environment due to their disabling conditions or other life circumstances.
- **Employment Through Long-Term Services:** For individuals who need specialized training and/or education to obtain and maintain suitable employment.
- **Independent Living Services:** For individuals who are not currently able to work and need rehabilitation services to live more independently.

Generally, Veterans must complete a program within 12 years from their separation from military service or within 12 years from the date VA notifies them that they have a compensable service-connected disability. Depending on the length of program needed, Veterans may be provided up to 48 months of full-time services or their part-time equivalent. These limitations may be extended in certain circumstances.

In some cases, a Veteran may receive a subsistence allowance while they pursue an educational or training program in preparation for a future career. A subsistence allowance is paid each month during training and is based on the rate of attendance (full- or part-time), the type of education or training, and the number of dependents. The example below demonstrates one of the many rate structures possible.

2018 Monthly Subsistence Allowance for Training in an Institution for Higher Learning				
Training Time	Veterans With No Dependents	Veterans With One Dependent	Veterans With Two Dependents	Additional Dependent
Full-time	$617.40	$765.83	$902.48	$65.77
3/4-time	$463.90	$575.21	$674.73	$50.59
1/2-time	$310.40	$384.59	$452.06	$33.75

Special Assistance for Disabled Veterans
Special assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans and Servicemembers. The five programs used to provide grants are listed below:

Specially Adapted Housing Grants (SAH): VA may approve a grant of not more than 50 percent of the cost of building, buying, or adapting existing homes or paying to reduce indebtedness on a currently owned home that is being adapted, up to a maximum of $81,080. In certain instances, the full grant amount may be applied toward remodeling costs.

Special Housing Adaptation (SHA): VA may approve a grant for the cost, up to a maximum of $16,217, for necessary adaptations to a Veteran's or Servicemember's residence, or to help them acquire a residence already adapted with special features for their disability, to purchase and adapt a home, or for adaptations to a family member's home in which they will reside. To be eligible for this grant, Veterans and Servicemembers must be entitled to compensation for permanent and total service-connected disability due to certain specific conditions.

Temporary Residence Adaptation (TRA): Eligible Veterans and Servicemembers who are temporarily residing in a home owned by a family member may also receive a TRA grant to help the Veteran or Servicemember adapt the family member's home to meet his or her special needs. Those eligible for a SAH grant ($81,080) would be permitted to use up to $35,593, and those eligible for a SHA grant ($16,217) would be permitted to use up to $6,355. Grant amounts are adjusted annually based on a cost-of-construction index.

Automobile Allowance and Adaptive Equipment: Veterans and Servicemembers may be eligible for a one-time payment of not more than $20,577.18 (as of October 1, 2017) toward the purchase of an automobile or other conveyance if they have service-connected loss or permanent loss of use of one or both hands or feet, permanent impairment of vision

of both eyes to a certain degree, severe burn injuries, or Amyotrophic Lateral Sclerosis (ALS). Certain Servicemembers and Veterans may also be eligible for adaptive equipment. Adaptive equipment includes, but is not limited to, power steering, power brakes, power windows, power seats, and special equipment necessary to assist the eligible person into and out of the vehicle.

Specially Adapted Housing Assistive Technology Grant Program: The Veterans' Benefits Act of 2010 (P.L. 111-275) established the Specially Adapted Housing Assistive Technology Grant program, which authorizes VA to provide grants of up to $200,000 per fiscal year to individuals or entities for the development of specially adapted housing assistive technologies. VA is limited to $1.0 million in the aggregate amount of such grants in any fiscal year. Public Law 115-62 extended this program through the end of 2018.

Readjustment Benefits Analysis of Increases and Decreases (dollars in thousands)			
	2018 Estimate	**2019 Estimate**	**2020 Estimate**
Prior Year Obligations	**$13,751,734**	**$14,806,615**	**$15,538,139**
Chapter 33 (Post 9/11 GI Bill)			
COLA	+$217,655	+$166,323	+$219,991
Caseload	+172,458	-10,877	+9,146
Average Payment	+291,651	+279,462	+225,662
Net Changes	**+$681,763**	**+$434,908**	**+$454,799**
Chapter 30 (Montgomery GI Bill)			
COLA	-	-	-
Caseload	-52,031	-57,899	-48,626
Average Payment	+16,990	+15,412	+13,680
Net Changes	**-$35,042**	**-$42,487**	**-$34,946**
Chapter 35 (Dependent Education)			
COLA	+$12,577	+$14,433	+$16,907
Caseload	+18,599	+23,478	+31,100
Average Payment	-48	+151,879	-55
Net Changes	**+$31,128**	**+$189,790**	**+$47,952**
Chapter 1606 (Reservists)			
COLA	+$4,685	+$3,519	+$4,567
Caseload	-2,339	-2,362	-2,404
Average Payment	-2,455	+64	+84
Net Changes	**-$109**	**+$1,221**	**+$2,247**
Chapter 1607 (Reservists)			
COLA	+$274	+$210	-
Caseload	-	-	-7,697
Average payment	-	-	-
Net Changes	**+$274**	**+$210**	**-$7,697**
Chapter 31 (Vocational Rehabilitation and Employment)			
COLA	+$30,619	+$24,242	+$33,057
Caseload	+149,191	+62,905	+60,751
Average payment	+147,302	+30,612	+31,989
Net Changes	**+$327,113**	**+$117,759**	**+$125,797**
Special Assistance For Disabled Veterans			
Housing Grants	+$16,060	+$5,268	+$7,010
Housing Technology Grants	+$463	-$1,000	-
Automobile Grants	+$3,760	+$718	+$731
Adaptive Equipment	+$9,040	+$2,940	+$3,032
Net Changes	**+$29,323**	**+$7,926**	**+$10,773**
Miscellaneous			
High Technology	-	+15,000	-
National Exams	+117	+5	+7
Tuition Assistance	+167	+128	+169
Licensing and Certification	+57	+44	+57
Work-Study	+11,315	+2,070	+2,656
Reimbursement to GOE	+408	+10	+12
State Approving Agencies	+2,015	+2,552	+471
Contract Counseling	+2,943	-	-
Reporting Fees	+3,409	+2,390	+3,817
Net Changes	**+$20,432**	**+$22,198**	**+$7,189**
Total Net Change	**$1,054,882**	**$731,524**	**$606,114**
Estimated Obligations	**$14,806,615**	**$15,538,139**	**$16,144,253**

Analysis of Increases and Decreases

2019 to 2020
Obligations are expected to increase $606.1 million from 2019 to 2020. Of this, $7.6 million is a result of VHA's mental health initiative, which will increase participation in VR&E and the Survivors' and Dependents' Education assistance Programs, and $36.8 million is a result of the Harry W. Colmery Veterans Educational Assistance Act of 2017. A more detailed breakdown is provided below:

Post 9-11 GI Bill (Chapter 33)
Chapter 33 obligations are expected to increase $454.8 million. An increase in average payment unrelated to the COLA will result in an increase of $225.7 million. Average payments are affected by numerous factors including training time, length of service, legislative changes, the nature of the education institution (two year versus four year or online educational programs), and the types of training or education the beneficiary receives. The COLA is expected to increase obligations by $220.0 million and an increase of 555 trainees will increase obligations by $9.1 million

All-Volunteer Force Educational Assistance Program (Chapter 30)
Chapter 30 obligations are projected to decrease by $34.9 million. A decrease in 4,736 beneficiaries will decrease obligations by $48.6 million. Offsetting this decrease is a change in the average payment unrelated to the COLA, which results in a $13.7 million increase. Average payments are affected by numerous factors, including training time, length of service, legislative changes, the nature of the educational institutions (two year verse four year educational programs), and the types of training or education Veterans receive.

Survivors' and Dependents' Educational Assistance (Chapter 35)
Chapter 35 obligations are projected to increase by $48.0 million. Caseload is expected to increase by 3,008 for children and 1,378 for spouses and widows(ers), for a total increase of 4,386. This change results in an increase to obligations of $31.1 million. The COLA will increase obligations $16.9 million, and the average benefit payments unrelated to COLA are expected to decrease by $55 thousand.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)
Chapter 1606 obligations are expected to increase by $2.2 million. VA works with DoD's Office of the Actuary for chapter 1606 projections. The COLA is expected to increase obligations by $4.6 million. A decrease of 932 trainees will offset this increase, and decrease obligations by $2.4 million. Increases to the average payment unrelated to the COLA will increase obligations by $84 thousand.

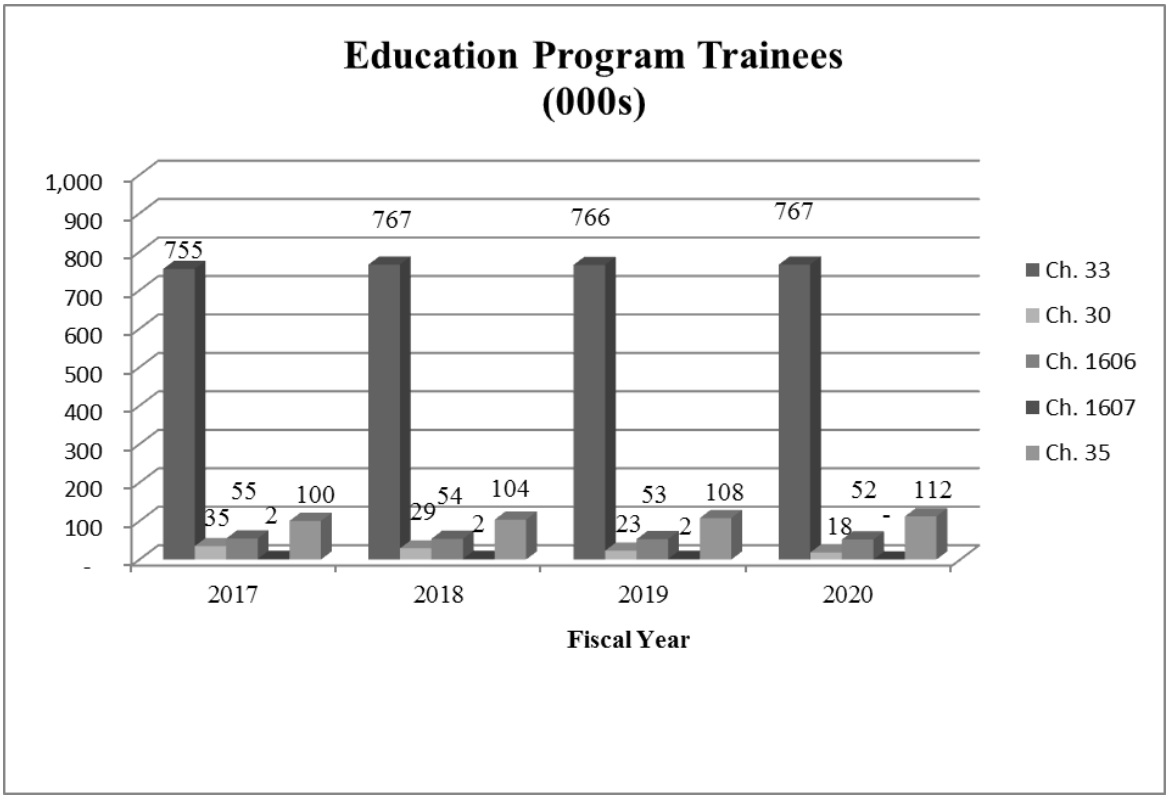
Educational Assistance for Members of the Selected Reserve (Chapter 1607)
The National Defense Authorization Act of 2016 (P.L 114-92) included a provision that ended REAP. As a result, there will be no benefit payments in 2020.

VR&E (Chapter 31)
Chapter 31 obligations are projected to increase by $125.8 million. An increase of 4,336 individuals receiving monetary benefits increases obligations by $60.8 million. The COLA is anticipated to increase obligations by $33.1 million, and the average payment unrelated to the COLA will increase obligations by $32.0 million. This is largely due to an increase in the number of individuals qualifying for subsistence at the chapter 33 rate over the chapter 31 rate.

Special Assistance for Disabled Veterans
Special assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or Servicemembers. Housing grants are expected to increase by $7.0 million, Adaptive equipment grants increase $3.0 million and automobile grants will increase $731 thousand.

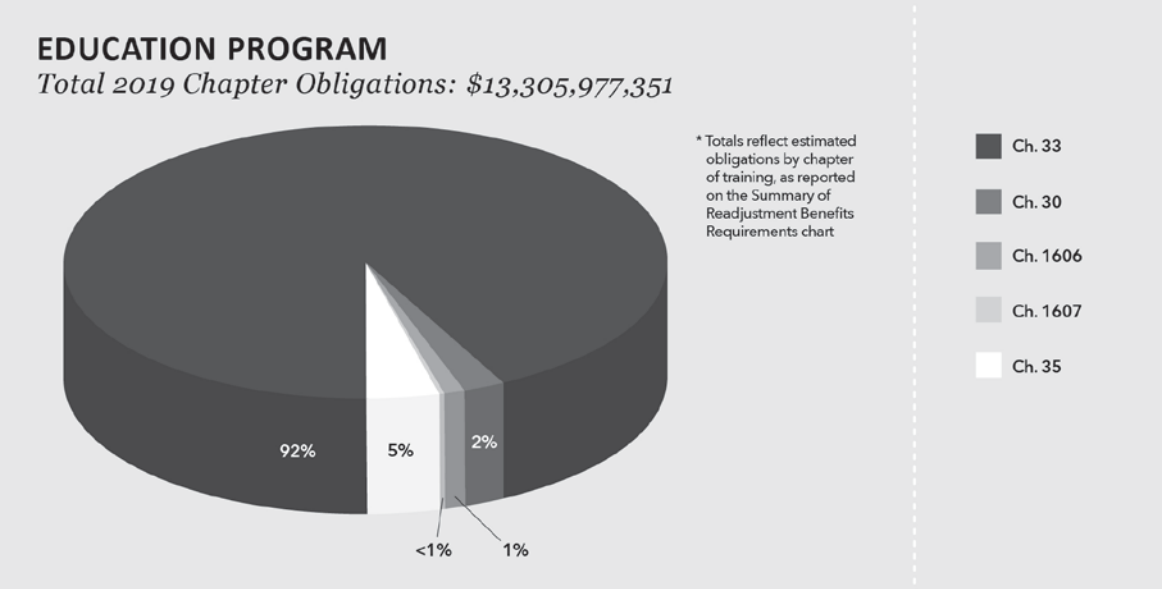
Miscellaneous
The total change in obligations attributed to the remaining programs is expected to be an increase of $7.2 million. Reporting fees are expected to increase obligations by $3.8 million, and work study obligations will increase by $2.7 million. Payments to state approving agencies will increase $471 thousand. Tuition assistance will increase by $169 thousand; licensing and certification obligations will increase by $57 thousand; reimbursements to GOE increase by $12 thousand, and national exam obligations increase by $7 thousand.

Education Program Highlights
In 2018, education benefits will be provided to an estimated 954,800 beneficiaries. Total beneficiaries are projected to be 951,394 in 2019 and 949,081 in 2020.



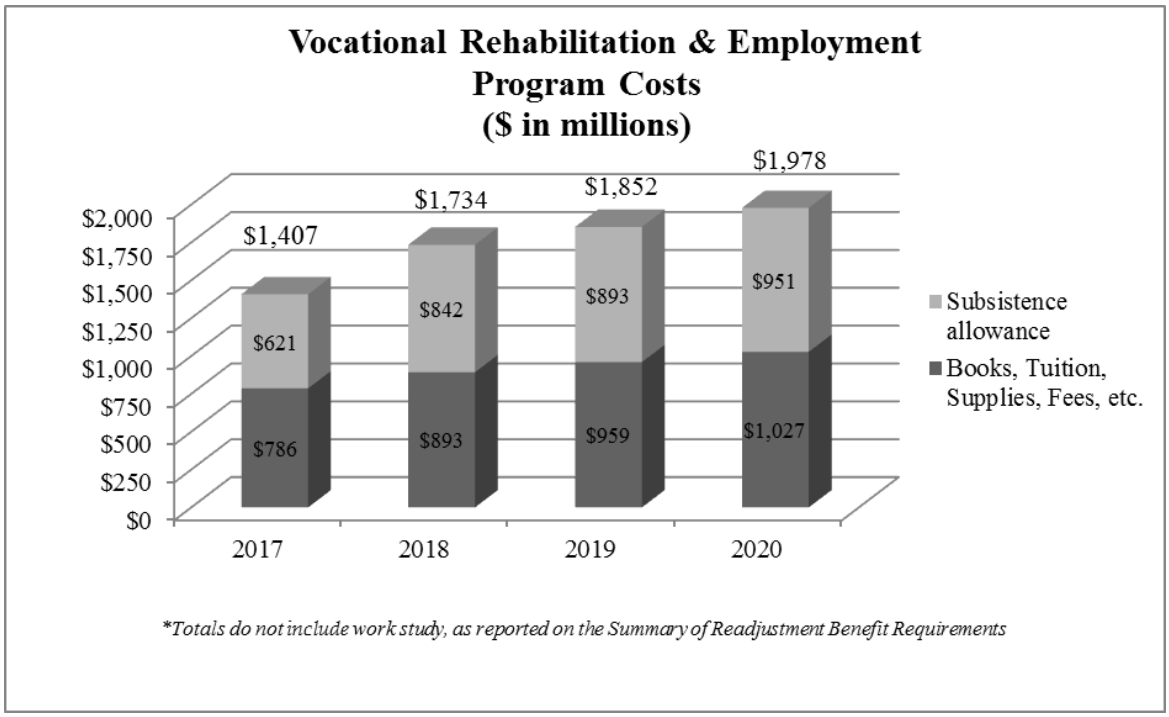
The average cost per beneficiary is highest for chapter 33, reaching $15,310 in 2018. The other education programs have significantly lower average payments, incentivizing most beneficiaries to elect chapter 33 benefits when eligible. In 2018, it is estimated that average costs per beneficiary will be $9,136 for chapter 30, $5,637 for chapter 35, and $2,422 for chapter 1606. These average payments continue to increase at rates consistent with COLAs and the tuition index, reflecting annual increases to tuition rates.

Since 2010, chapter 33 has been the largest education program and is expected to reach 766,056 beneficiaries in 2019, accounting for 92 percent of training obligations. Prior to the implementation of chapter 33, chapter 30 was the largest education program, but reflects just two percent of education obligations in 2019. Chapter 35 represents five percent of education program obligations, while chapter 1606 and 1607 account for one percent and less than one percent of obligations in 2019, respectively.

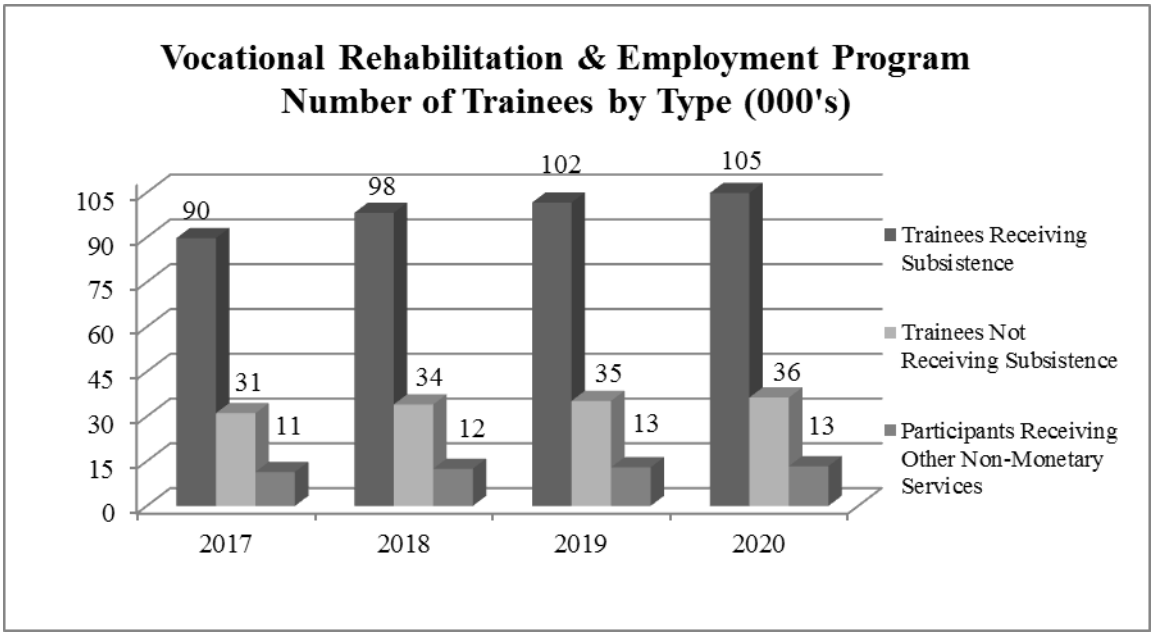


VR&E Employment Program Highlights

In 2017, 132,218 Veterans received benefits and services under the VR&E program. Of these, 120,819 received monetary benefit payments totaling $1.4 billion. The number of participants receiving monetary benefits is anticipated to grow to 132,189 for a total of $1.7 billion in 2018, 136,836 for a total of $1.9 billion in 2019, and 141,172 for a total of $2 billion in 2020.



Participation and average cost per participant will continue to increase. Books, tuition, and supplies, coupled with subsistence allowance, are estimated to account for 99 percent of program costs.



The majority of VR&E program participants enter education or training programs. All program costs, including tuition, books, and fees, if appropriate, are borne by VA. In addition, Veterans are provided with a monthly subsistence allowance, which will account for 48 percent of program costs in 2019. Increases to subsistence allowance are the result of The Veterans Educational Assistance Improvements Act of 2010 (P.L. 111-377), which allows beneficiaries with service on or after September 11, 2001, to receive subsistence allowance at the chapter 33 monthly housing allowance rate. Beneficiaries who receive rehabilitative evaluation, planning, and delivery services do not receive any payments. This specific element of the program provides non-monetary assistance such as resumé preparation, job hunting strategies, interview preparation, and other assistance designed to help Veterans find suitable employment.

Summary of Readjustment Benefit Requirements (obligations in thousands)						
	2017			2018		
	Workload	Average Benefits	Obligations	Workload	Average Benefits	Obligations
Total (Ch. 33, 30, 1606, 1607, 35, 31)	1,067,647	$12,599	$13,451,565	1,086,989	$13,300	$14,456,810
All-volunteer force educational assistance:						
Chapter 33	755,476	$14,636	$11,056,959	766,740	$15,310	$11,738,722
Chapter 30-total	34,582	$8,641	$298,818	28,887	$9,136	$263,895
Veterans	28,861	$9,575	$276,335	24,532	$10,031	$246,068
Servicepersons	5,721	$3,930	$22,482	4,355	$4,094	$17,827
Reservists (1606)	54,909	$2,333	$128,084	53,943	$2,422	$127,975
Reservists (1607)	1,586	$4,548	$7,213	1,586	$4,721	$7,487
Education and training (Chapter 35):						
Dependents total	100,275	$5,516	$553,128	103,644	$5,637	$584,256
Sons and daughters-total	83,545	$5,594	$467,349	86,384	$5,716	$493,806
College	81,205	$5,576	$452,765	84,044	$5,698	$478,901
Bellow College Level	2,241	$5,945	$13,323	2,241	$6,076	$13,616
On-the-job-training	99	$12,735	$1,261	99	$13,015	$1,288
Spouses and widows (ers)-total	16,730	$5,127	$85,779	17,261	$5,240	$90,450
College [1/]	15,908	$5,135	$81,683	16,439	$5,248	$86,264
Bellow College Level	802	$4,954	$3,973	802	$5,063	$4,060
On-the-job-training	20	$6,162	$123	20	$6,297	$126
Chapter 31	120,819	$11,649	$1,407,362	132,189	$13,121	$1,734,475
Tuition Assistance	2,002	$2,198	$4,401	2,002	$2,282	$4,568
Licensing and Certification Tests	2,465	$607	$1,497	2,465	$630	$1,554
Work-study	6,548	$7,376	$48,296	7,786	$7,656	$59,611
High Technology			$0			$0
State Approving Agencies			$18,985			$21,000
Contract Counseling			$3,057			$6,000
Reporting Fees			$6,390			$9,799

1/ includes caseload and obligations for correspondence training

Note: Total workload includes the Veterans Retraining Assistance Program. Additionally, total workload is not a count of unique individuals. Trainees switching education programs are counted in each program they trained in during the fiscal year.

Summary of Readjustment Benefit Requirements (cont.) (obligations in thousands)						
	2019			2020		
	Workload	Average Benefits	Obligations	Workload	Average Benefits	Obligations
Total (Ch. 33, 30, 1606, 1607, 35, 31)	1,088,230	$13,929.23	$15,158,211	1,090,253	$14,443	$15,746,363
All-volunteer force educational assistance:						
Chapter 33	766,056	$15,891.31	$12,173,630	766,611	$16,473	$12,628,429
Chapter 30-total	22,898	$9,669.12	$221,408	18,162	$10,267	$186,463
Veterans	19,625	$10,569.51	$207,432	15,700	$11,177	$175,480
Servicepersons	3,273	$4,270.24	$13,977	2,462	$4,461	$10,983
Reservists (1606)	52,994	$2,489.46	$129,196	52,062	$2,579	$131,442
Reservists (1607)	1,586	$4,853.16	$7,697	0	$0	$0
Education and training (Chapter 35):						
Dependents total	107,859	$7,176.45	$774,046	112,245	$7,323	$821,998
Sons and daughters-total	89,303	$7,280.55	$650,178	92,311	$7,433	$686,122
College	86,963	$7,258.14	$631,193	89,971	$7,411	$666,739
Bellow College Level	2,241	$7,739.26	$17,344	2,241	$7,902	$17,708
On-the-job-training	99	$16,577.46	$1,641	99	$16,926	$1,676
Spouses and widows (ers)-total	18,556	$6,675.46	$123,868	19,934	$6,816	$135,876
College [1/]	17,734	$6,684.19	$118,536	19,112	$6,825	$130,431
Bellow College Level	802	$6,448.93	$5,172	802	$6,584	$5,281
On-the-job-training	20	$8,021.25	$160	20	$8,190	$164
Chapter 31	136,836	$13,536	$1,852,234	141,172	$14,011	$1,978,031
Tuition Assistance	2,002	$2,346	$4,696	2,002	$2,430	$4,865
Licensing and Certification Tests	2,465	648	1,597	2,465	$671	$1,655
Work-study	7,837	7,870	61,680	7,891	$8,154	$64,336
High Technology			15,000			$15,000
State Approving Agencies			23,552			$24,023
Contract Counseling			6,000			$6,000
Reporting Fees			12,188			$16,005

1/ includes caseload and obligations for correspondence training

Note: Total workload includes the Veterans Retraining Assistance Program. Additionally, total workload is not a count of unique individuals. Trainees switching education programs are counted in each program they trained in during the fiscal year.

Readjustment Benefits – Proposed Legislation

Prevent VA from Providing Unlimited Amounts of Payments for Flight Training at Public School:
VA proposes to amend 38 U.S.C. § 3313(c) and add new section (j) to impose tuition and fee payment caps at Institutions of Higher Learning with flight training programs and establish a maximum allowable fee structure for all VA-funded flight programs. Savings are estimated to be $43 million in FY 2019, $230.0 million over five years, and $504.4 million over 10 years.

Approve Preparatory Courses of Licensing and Certification Exams:
This proposal seeks to amend 38 U.S.C. § 3002(3)(B), to add a preparatory course for a test that is required to enter into, maintain, or advance in a given vocation or profession. Costs are estimated to be $1.4 million in 2019, $7.3 million over five years, and $16.0 million over 10 years.

Vocational Rehabilitation for Servicemembers:
This proposal seeks to extend for five years the sunset date in Section 1631(b)(2) of Public Law 110-181 (The National Defense Authorization Act (NDAA) of 2008), as amended by Section 231 of Public Law 112-56, Section 724 of Public Law 113-291, and Public Law 115-62 by amending title 38 § 3102(a). Benefit costs represent a shift in expected obligations over a ten-year period. Costs are estimated to be $91.6 million in the 2019, $92.5 million over five years, and $92.5 million over 10 years.

Allow for Extension of a Period of Employment Services under chapter 31:
Amend 38 U.S.C. § 3105(b)(1) to allow the period of employment services to be extended for not more than two three-month increments months for a total of 24 months, if needed, to accomplish rehabilitation. This would ensure Veterans with service-connected disabilities would be able to receive the services necessary to obtain and maintain suitable employment.

Extend In-State Tuition and Fee Requirements to Vocational Rehabilitation:
This proposal seeks to extend in-state tuition and fee requirements of the Veterans Access, Choice, and Accountability Act of 2014 (VACAA), or "Choice Act", to apply to vocational rehabilitation programs provided under title 38 of the United States Code (U.S.C.) chapter 31. Savings are estimated to be $25.0 million in 2019, $143.4 million over five years, and $339.0 million over 10 years.

Expand Eligibility for Specially Adapted Housing (SAH) Grants under 38 U.S.C. § 2101(b):
This proposal would add certain severe injuries and dismemberment disabilities that affect ambulation and loss or loss of use of an upper extremity to the eligibility criteria for the SAH program under 38 U.S.C. § 2101(b). Costs are estimated to be $1.2 million in 2019, $5.3 million over five years, and $10.0 million over ten years.

Eliminate Certain Provisions Which Limit the Amount of Specially Adapted Housing (SAH) Assistance Which May be Used to Pay for the Veteran Acquisition:
VA seeks to amend 38 U.S.C. § 2101 to eliminate the dollar use restrictions on the use of SAH grant funds for home acquisition. VA proposes to remove the 50 percent reduction elements from the statutory formulas. The proposal would allow grant recipients to apply more grant funds against their cost to construct an adapted home and purchase the land upon which the home is or will be situated. This would allow for more grant recipients to have their acquisition of an adapted home and land fully covered by an SAH grant.

Move the Authority for Home Modifications Under a Rehabilitation Program to the Specially Adapted Housing (SAH) program:
VA proposes to amend chapters 21 and 31 of title 38, United States Code., so that housing modifications required under a rehabilitation program would be provided as SAH assistance. Savings to the VA are estimated to be $538 thousand in 2019, $3.0 million over five years, and $6.7 million over ten years.

Authorize the Secretary to Collect Overpayments of Grant Funds Made Under Chapter 21:
Amend 38 U.S.C. §2102 to authorize the Secretary to establish debts against any Veteran or responsible party in connection with the acquisition of specially adapted housing (SAH). This change is consistent with the authority of the Department of Veterans Affairs (VA) under 38 U.S.C. §3685(a) to collect overpayments made in connection with its education programs. Savings associated with this proposal are estimated to be insignificant.

Extension of Authority for Specially Adapted Housing (SAH-AT) Assistive Technology Grant Program:
This proposal would extend the authority of the Secretary to administer the Special Adapted Housing Assistive Technology Grant (SAH-AT) program through September 30, 2023. Section 203 of Public Law 111-275 (Veterans Benefits Act of 2010), codified at 38 U.S.C. § 2108, established the SAH-AT grant program through September 30, 2016. Section 409 of Public Law 114-228 extended this authority through September 30, 2017 and section 408 of Public Law 115-62 extended this authority to September 30, 2018. Costs associated with this proposal are estimated to be $1 million in 2019 and $5 million over five years.

Extension of Specially Adapted Housing Assistance for Certain Veterans with Disabilities:
This proposal seeks to extend the authority established in Public Law 112-154, Honoring American's Veterans and Caring for Camp Lejeune Families Act, expanding eligibility for Specially Adapted Housing (SAH) assistance for certain Veterans with disabilities that cause difficulty ambulating. Public Law 115-62 extended this authority though September 30, 2018. Costs are estimated to be $2.6 million in FY 2019, $14.1 million over five years, and $14.1 million over 10 years.

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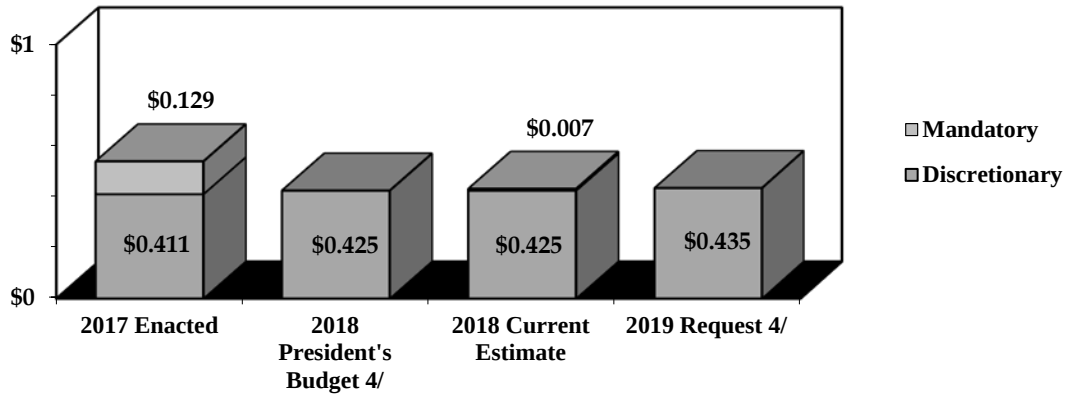
Vocational Rehabilitation Loan Program

Summary of Budget Authority [1/ 2/ 3/]-- Vocational Rehabilitation Loan Program (Appropriations $ in millions)



Notes:
1/ Budget authority is for spending on loan administration and federal subsidy expenses.
2/ Discretionary budget authority includes both federal subsidy and administrative expenses.
3/ Mandatory budget authority is for annual subsidy reestimates.
4/ The FY 2018 President's Budget and FY 2019 Request do not reflect the annual subsidy reestimates per OMB Circular No. A-11.

Appropriation Language

For the cost of direct loans, [$29,680] *$38,775* as authorized by chapter 31 of title 38, United States Code: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974; *Provided further*, That funds made available under this heading are available to subsidize gross obligations for the principal amount of direct loans not to exceed [$2,356,000] *$2,037,366.*

In addition, for credit program administrative expenses necessary to carry out the direct loan program, [$395,000] *$396,457* which may be paid to the appropriations fund for "General Operating Expenses, Veterans Benefits Administration."

Summary of Net 2019 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursement
Program Account	$435	$435	$0	$0
Direct Loan Financing Account	$0	$0	-$123	-$123
Total	$435	$435	-$123	-$123

Summary of Budget Request

An appropriation of $435,232 is being requested to provide subsidy payments of $38,775 to the Vocational Rehabilitation Direct Loan Financing Account and to reimburse $396,457 to the General Operating Expenses appropriation for credit program administrative expenses.

Program Description

Currently, non-interest Revolving Fund Loans up to $1,235 per Veteran, twice the amount of the indexed full-time subsistence allowance for a Veteran without dependents under chapter 31 of title 38 United States Code (U.S.C.) 3112, are available to service-connected disabled Veterans that participate in the Department of Veterans Affairs (VA) Vocational Rehabilitation and Employment Program (VR&E). Vocational Rehabilitation Counselors approve these loans to those needing additional financial assistance. The loan program provides Veterans with the resources necessary for them to start, continue, or reenter vocational rehabilitation training if an unforeseen hardship occurs.

These loans help ensure the success of VA's investment in the Veteran participating in vocational rehabilitation training, which averaged approximately $853 per participant in 2017. Repayment of the loans are made in monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, or educational assistance allowance, ensuring all loans are fully repaid. The rate of repayment may not be less than 10 percent of the amount advanced unless the monthly benefit being used for repayment is less than 10 percent of the loan amount. Loans are repaid in full in less than one year with few defaults.

Credit Reform

The "Federal Credit Reform Act of 1990", Public Law (P.L.) 101-508, changed the accounting for Federal credit programs to more accurately measure their costs and to make them consistent with comparable non-credit transactions. The intent of credit reform is to separate subsidy costs, the cost to the government, from the non-subsidized cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, the Vocational Rehabilitation Loan Program is managed using two accounts: the Credit Program Account and the Direct Loan Financing Account.

Credit Program Account – On-Budget

VA requests appropriations for subsidy payments and administrative expenses through the Vocational Rehabilitation Loan Program Account. The credit program administrative expenses are reimbursed to the General Operating Expenses appropriations account. The

annual loan subsidies are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

Summary of Appropriation Highlights – Program Account (dollars in thousands)					
		2018			
	2017 Actual	Budget Estimate	Current Estimate	2019 Estimate	Increase (+) Decrease (-)
Obligations					
Direct loan subsidy	$ 22	$30	$ 30	$39	+$9
Upward Reestimates	$122	$0	$0	$0	$0
Interest on Reestimates	$ 7	$0	$ 7	$0	-$7
Administrative expenses	$389	$395	$395	$396	+$1
Total obligations	**$ 539**	**$ 425**	**$ 431**	**$ 435**	**+$4**
Unobligated Balance:					
Start of year	$3	$3	$3	$3	$0
End of year	$3	$0	$0	$0	$0
Budget authority (net)	**$ 539**	**$ 425**	**$ 431**	**$ 435**	**+$4**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$539**	**$425**	**$431**	**$435**	**+$4**
Workload:					
Number of loans established	1,768	2,402	2,402	2,039	-$363
Average loan amount (dollars)	853	$981	$981	$999	+$19
Total Loan Amount	$1,508	$2,356	$2,356	$2,037	-$318
Loan subsidy rate	1.43%	1.26%	1.26%	1.90%	+0.64%
Average Employment/FTE:					
Veterans Benefits Administration	3	3	3	3	0

Notes: Dollar amounts may not add due to rounding in this and subsequent charts.

Detail of Budget Request

The subsidy rate is estimated to be 1.90 percent in 2019. The average default rate for these loans remains at close to zero percent. A total of 2,039 loans are estimated to be made in 2019, with an average loan amount of $999 resulting in $2,037,366 in direct loans and $38,775 in direct loan subsidy. VA requests $396,457 for administrative expenses to provide issuance and accounting services of all loans disbursed, with an average employment level of 3 FTE.

Changes from Original 2018 Budget Estimate

In 2018, the current Vocational Rehabilitation Program Account budget authority of $431,000 is an increase of $7,000 from the original 2018 budget estimate. This is the result of an increase of $7,000 in upward reestimates which are based on 2017 actual cash flows and economic data and the 2019 budget economic assumptions.

Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2018 Current Estimate	2019 Estimate
Prior year outlays (net)	$539	$431
Increases (+) and Decreases (-)		
Loan Subsidy	+$8	+$9
Upward Reestimates	-$122	-$7
Administrative expense	+$6	+$1
Change in obligated balance/other	-$0	$0
Net Change	**-$108**	**+$4**
Estimated Outlays (net)	**$431**	**$435**

In 2018, the net outlays are projected to decrease by $108,000 primarily due to a $122,000 decrease in upward estimates, offset by increases in loan subsidy of $8,000, and administrative expenses of $6,000. The subsidy rate (1.26 percent vs. 1.43 percent) will decrease and average loan amount ($981 vs. $852) will increase in 2018 from 2017. In addition, the number of loans estimated to be disbursed (2,402 vs. 1,768) and loan obligations ($2,356,000 vs. $1,508,000) will increase during this period.

In 2019, the net outlays are projected to increase by $4,000 primarily due to increases in loan subsidy of $9,000 and administrative expense of $1,000 and an offset of a decrease in upward reestimates of $7,000. The change in the loan subsidy estimate reflects a rise in the 2019 subsidy rate to 1.90 percent, compared with the 2018 subsidy rate of 1.26 percent. The upward reestimates will not be performed for 2019 until the 2020 President's Budget formulation.

Direct Loan Financing Account – Off-Budget

The Vocational Rehabilitation Direct Loan Program Financing Account is an off-budget account that records all financial transactions (that is, obligations, collections, and outlays associated with direct loan originations). The Direct Loan Financing Account is used primarily for the tracking of each cohort year's loan activity and is not included in the budget totals when calculating total government spending.

Financial Summary (dollars in thousands)					
		2018			
	2017 Actual	Budget Estimate	Current Estimate	2019 Estimate	Increase (+) Decrease (-)
Obligations:					
Direct loans	$1,508	$2,356	$2,356	$2,037	-$318
Downward Reestimates	$4	$0	$12	$0	-$12
Interest on Treasury borrowing	$46	$0	$14	$44	+$30
Total obligations	**$1,558**	**$2,356**	**$2,381**	**$2,081**	**-$300**
Unobligated Balance:					
Start of year	$70	$0	$183	$0	-$183
End of year	$183	$0	$0	$0	$0
Obligated Balance:					
Start of year	$4	$9	$0	$0	-$9
End of year	$0	$9	$0	$0	-$9
Offsetting Collections:					
Loan Repayments	$1,754	$2,421	$2,022	$2,166	+$144
Interest on Un-invested Funds	$26	$33	$0	$0	+$0
Payments from Program Account	$22	$30	$30	$39	+$9
Upward Reestimates	$129	$0	$7	$0	-$7
Total offsetting collections	**$1,930**	**$2,483**	**$2,058**	**$2,204**	**+$147**
Financing:					
Financing authority, net	-$189	-$128	$323	-$123	-$447
Financing disbursements, net	-$368	-$128	$323	-$123	-$447

Notes: Dollar amounts may not add due to rounding in this and subsequent charts.

Summary of Off-Budget Financing Account

Approximately $2,037,000 in direct loans are estimated to be disbursed in 2019, a decrease of $319,000 from the 2018 level. The decrease is correlated to the variation in the number of loans that are estimated to be established (2,039 vs. 2,402).

Offsetting collections in 2019 are estimated to be $2,204,000, an increase of $147,000 from the 2018 level. This is primarily due to a $144,000 increase in loan repayments, an increase in payments from program account of $9,000, and offset by a decrease in upward reestimates of $7,000.

In 2019, offsetting collections of $2,204,000 exceed obligations of $2,081,000 with resulting financing authority, net, of negative $123,000.

Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2018 Current Estimate	2019 Estimate
Prior year Financing Disbursement (net)	-$368	+$323
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+$848	-$318
Downward Reestimates	+$8	-$12
Interest on Treasury borrowing	-$32	+$30
Subtotal Obligations	+$823	-$300
Offsetting collections		
Loan Repayments	-$267	-$144
Interest on Uninvested Funds	+$26	$0
Payments from Program Account	-$8	-$9
Upward Reestimates	+$122	+$7
Change in obligated balance/other	-$4	$0
Subtotal Offsetting Collections	-$132	-$147
Net Change	**+$692**	**-$447**
Estimated Financing Disbursement (net)	**+$323**	**-$123**

In 2018, the net financing disbursements will increase by $692,000. This is primarily due to increases in direct loans of $848,000. The primary drivers offsetting the increases to net financing disbursements are increases in loan repayments of $267,000, downward reestimates of $8,000, interest on Treasury borrowing of $32,000, and payments from program account of $8,000.

In 2019, the net financing disbursements will decrease by $447,000, which is primarily due to a decrease of $300,000 in net obligations (driven mainly by a decrease of $318,000 in direct loans). Net financing disbursements will also be decreased by an increase in net offsetting collections of $147,000. The upward reestimates will not be performed for 2019 until the 2020 President's Budget formulation.

Post-Vietnam Era Veterans' Education Account

Program Description

Title 38, United States Code (U.S.C.) chapter 32, Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) is a voluntary contribution and matching program established under Public Law (P.L.) 94-502. To be eligible, an individual must have initially entered active duty on or after January 1, 1977, and before July 1, 1985; enrolled and contributed before April 1, 1987; and served continuously for more than 180 days. Individuals on active duty could enroll and contribute between $25 and $100 per month up to a total of $2,700. An individual on active duty could make a lump-sum contribution at any time before his or her discharge or release if he or she has not yet contributed $2,700. The government matches contributions on a 2-for-1 basis, but may make additional contributions, or "kickers," on behalf of individuals in critical military fields, as determined by the Department of Defense (DoD), to encourage individuals to enlist or reenlist. VEAP participants who disenroll from the program may request a refund of prior contributions.

The Educational Assistance Program for Persons Enlisting for Active Duty authorized in section 901 of P.L. 96-342 is a non-contributory program in which individuals or eligible dependents may receive educational assistance and subsistence allowance while training at accredited educational institutions. The program is funded by DoD and codified in Title 10 U.S.C. chapter 106A.

The Educational Assistance Pilot Program authorized in section 903 of P.L. 96-342, is a non-contributory modified chapter 32 benefit. It differs from the basic chapter 32 program in that the service department makes the individual's monthly contributions, and certain individuals are permitted to transfer the entitlement to their spouses or children. This program is codified in Title 10 U.S.C. 2141(a).

Participants electing to disenroll from this program may enroll in the Montgomery GI Bill (MGIB):

- P.L. 101-510, the National Defense Authorization Act for Fiscal Year 1991, allowed Servicemembers enrolled or eligible to reenroll in VEAP, who were involuntarily separated from service on or after February 3, 1991, an opportunity to make an irreversible election to receive assistance under the MGIB educational assistance program in lieu of VEAP.
- P.L. 102-484, the National Defense Authorization Act for Fiscal Year 1993, allowed certain Servicemembers who voluntarily separated from the military on or after December 5, 1991, to be eligible for the MGIB program effective October 23, 1992.
- P.L. 104-275, the Veterans Benefits Improvement Act of 1996, provided an opportunity for chapter 32 (and section 903) to enroll in the MGIB program. Under this law, the Servicemember must have been a VEAP participant on October 9, 1996,

and made a permanent election to become eligible for the MGIB program. Individuals who elected to disenroll from VEAP paid $1,200 into the Department of Treasury's GI Bill receipt account to establish eligibility under the MGIB program.

Post-Vietnam Era Veterans' Education Program Fund Highlights and Caseload Summary (dollars in thousands)					
	2017	**2018**		**2019**	
	Actual	**Budget Estimate**	**Current Estimate**	**Estimate**	**Increase (+) Decrease (-)**
Obligations:					
Training	$2	$13	$2	$2	$0
Section 901 Training	$0	$7	$1	$1	$0
Disenrollments	$159	$181	$151	$144	-$8
Total Obligations	**$161**	**$201**	**$154**	**$147**	-$8
Budget Authority (trust fund, indefinite)	**$0**	**$0**	**$0**	**$0**	**$0**
Outlays	$164	$183	$140	$146	+$6
Unobligated balance:					
Start of year	$62,016	$61,804	$61,855	$61,701	-$154
End of year	$61,855	$61,603	$61,701	$61,554	-$147
Caseload/Participants					
Trainees	1	7	1	1	-
Section 901 Trainees	0	2	1	1	-
Disenrollments	81	83	77	73	-4
Participants, end of year	115,570	115,007	115,491	115,416	-75
Average Payments (whole dollars)					
Training	$1,922	$1,825	$1,798	$1,893	+$95
Section 901 Training	$0	$3,500	$1,033	$1,000	-$33
Disenrollments	$1,968	$2,180	$1,968	$1,968	$0

Note: Dollars may not add due to rounding

Summary of Budget Request

No appropriation action by Congress is required. Budget authority, consisting of transfers from DoD and deposits from participating Servicemembers, are available as permanent and indefinite authority. VA currently estimates that the unobligated balance carried forward from prior years will provide sufficient funding for VEAP through 2019. VA does not anticipate receiving additional deposits from participating Servicemembers or transfers from DoD. Therefore, no additional budget authority is identified in this request to fund the estimated obligations of $147 thousand for two trainees and 73 disenrollment refunds.

Changes from the Original 2018 Estimate

The current estimated obligations for 2018 decreases by $47 thousand from the original estimate. This is due to the combined decrease in all of the following: the decrease in the average cost per section 901 trainee ($1,033 vs. $3,500); the decrease in the average payment for disenrollment's ($1,968 vs. $2,180); the average cost per trainee ($1,798 vs. $1,825); the number of disenrollment refunds (77 vs. 83); the number of estimated trainees (1 vs. 7) and the slight decrease in the number of section 901 trainees (1 vs. 2).

Post-Vietnam Era Veterans' Education Program Analysis of Increases and Decreases (dollars in thousands)		
	2018 Estimate	**2019 Estimate**
Prior year obligations	**$161**	**$154**
Training	$0	$0
Training Under section 901	$1	$0
Disenrollments	-$8	-$8
Net change	-$7	-$8
Estimated obligations	**$154**	**$147**

Analysis of Increases and Decreases

In 2019, obligations are projected to be $147 thousand, a decrease of $8 thousand from the 2018 level of $154 thousand. Training obligations and section 901 obligations both remain constant. Disenrollment obligations (refunds) are projected to decline by $8 thousand as a result of fewer participants disenrolling (73 vs. 77). The number of participants will continue to decline because the program is closed to new enrollments, and eligibility is restricted to persons who first entered active duty prior to July 1, 1985.

Program Highlights

In 2019, one participant is expected to train under VEAP, resulting in obligations of $2 thousand. In addition, one individual is expected to train under section 901 of P.L. 96-342 with obligations totaling $1 thousand. During 2019, 73 participants are expected to disenroll from this program and receive $144 thousand in refunds.

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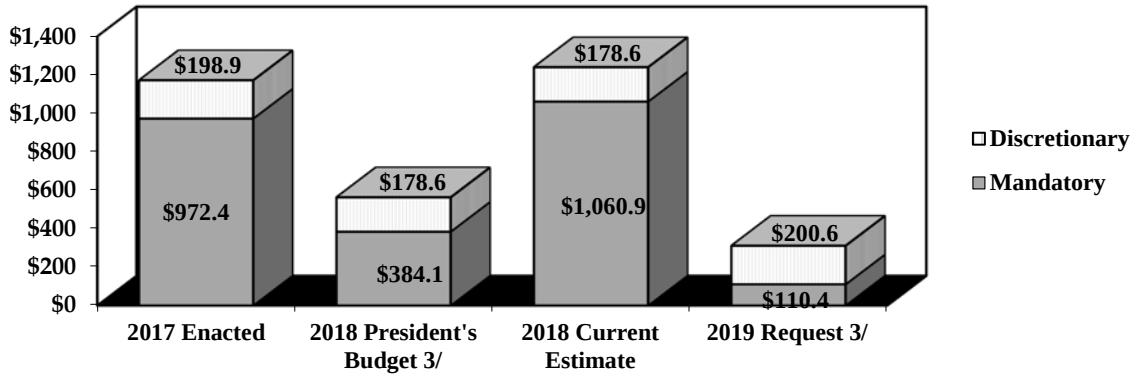
Housing

Summary of Budget Authority [1/ 2/] -- Housing
(Appropriations $ in millions)



Notes:
1/ The Summary of Budget Authority (BA) depicts the Housing Program Account only (1119); i.e., excludes the Housing Liquidating Account.
2/ Budget authority is for spending on loan administration (discretionary) and federal subsidy (mandatory) expenses.
3/ The 2018 President's Budget and 2019 Request do not reflect the annual subsidy reestimates per OMB Circular No. A-11.

Appropriation Language

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by subchapters I through III of chapter 37 of title 38, United States Code: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That during fiscal year [2018] *2019*, within the resources available, not to exceed $500,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for credit program administrative expenses to carry out the direct and guaranteed loan programs, [$178,626,365] *$200,611,969*.

Total Housing
Summary of Appropriation Highlights
(dollars in thousands)

Housing Program and Liquidating Accounts	2017 Actual	2018 Budget Estimate	2018 Current Estimate	2019 Request	Increase (+) Decrease (-)
Obligations:					
Liquidating Account	$1,715	$1,437	$1,396	$1,145	-$251
Program Account	$1,166,948	$562,781	$1,239,502	$311,016	-$928,487
Total Obligations	**$1,168,663**	**$564,218**	**$1,240,899**	**$312,161**	**-$928,738**
Budget Authority:					
Mandatory, Program Account	$972,443	$384,155	$1,060,876	$110,404	-$950,472
Mandatory, Liquidating Account	-$12,247	-$6,404	-$9,262	-$7,072	+$2,190
Discretionary Program Account	$198,856	$178,626	$178,626	$200,612	+$21,986
Total Budget Authority (net)	**$1,159,053**	**$556,377**	**$1,230,240**	**$303,944**	**-$926,296**
Outlays:					
Liquidating Account	-$11,566	-$6,404	-$8,323	-$7,072	+$1,252
Program Account	$1,165,523	$562,781	$1,239,502	$311,016	-$928,487
Total Outlays (net)	**$1,153,957**	**$556,377**	**$1,231,179**	**$303,944**	**-$927,235**

Notes: Dollar amounts may not add due to rounding in this and subsequent charts.

Summary of Budget Request

The 2019 appropriation request of $311.0 million includes funding for the mandatory and discretionary requirements of the Housing Program. The mandatory request of $110.4 million for the Housing Program Account includes estimated funding for subsidy payments (costs to the government) for the Veterans Housing Guaranteed Loan and Acquired Direct Loan programs. The discretionary request of $200.6 million includes the funding requirements for the credit program administration costs that are associated with the Office of General Counsel (OGC), Office of Information and Technology (OIT), and the Veterans Benefits Administration (VBA).

The Liquidating Account does not require an appropriation to fund account obligations because sufficient resources are available from its offsetting collections (borrowers' principal and interest payments and home sales proceeds).

The Guaranteed Loan Program's subsidies reflect the portion of the expected payments by the government that it does not expect to recover (that is, the cost to the government, in net present value terms). In 2019, the Guaranteed Loan Program will have a subsidy rate of 0.07 percent to finance 566,588 loan guarantees, averaging $276,787 per loan and totaling $156.8 billion. The mandatory request is the value of the subsidy rate multiplied by the total loan amounts in 2019. The numbers are shown in the table of Loan Data Summary. The subsidy rate is calculated in a similar manner as direct loans, using the same discount rate.

The Guaranteed Loan Sales Securities Program's subsidies reflect the portion of the expected payments by the government that the government does not expect to be offset by collections, in net present value terms. The Department of Veterans Affairs (VA) stopped financing the sale of real estate owned (REO) properties with vendee loans after 2012 because of a need to promulgate updated regulations that permit VA to assess fees for vendee program administration. This results in a lack of new vendee loan originations to support future vendee loan securitizations and securities sales.

In 2019 consequently, the Guaranteed Loan Sales Securities Program will not require any new loan subsidy funding. VA will continue to honor its guarantee of existing loan sales securities trust certificates; that is, VA will pay default costs for any sold vendee loan that underlies the loan sales securities trust certificates (VA mortgage-backed securities) because of defaults by vendee loan borrowers.

The Housing Direct Loan Program's subsidies reflect the portion of loan disbursements the government does not expect to recover; that is, the cost to the government, in net present value terms. In 2019, the Acquired loan program will have a subsidy rate of 6.33 percent to finance 42 acquired or refunded loans, averaging $232,952 per loan and totaling $9.9 million. In 2019, the Vendee Loan program will have a subsidy rate of negative 5.47 percent to finance 3,550 vendee loans, averaging $90,885 per loan and totaling $322.7 million. These vendee loans will not incur loan subsidy costs in 2019. The Vendee loans will finance a portion of annual foreclosure home sales from the Guaranteed Loan program. The other portion of the annual foreclosure home sales will be for cash. VA will continue to originate and hold to maturity vendee loans.

The loan subsidy rate is calculated after discounting the estimated risk-adjusted net cash flows associated with the loan disbursements by the comparable rates on Treasury securities. The discounted net cash value divided by the total undiscounted value of loan disbursements equals the subsidy rate.

The Guaranteed Transitional Housing Loan program subsidies reflect the portion of the expected payments by the government that the government does not expect to be offset by collections, in net present value terms. In 2019, the Transitional Housing Program will request no loan subsidy funding. VA has not originated any new transitional loans since 2009 due to a lack of loan demand. As a result, VA cancelled this program in 2012.

Loan Data Summary
(dollars in thousands)

	2017 Actual	2018 Budget Estimate	2018 Current Estimate	2019 Request	Increase (+) Decrease (-)
Veterans Housing Benefit Program:					
Guaranteed Loans:					
Subsidy rate	0.51%	0.27%	0.27%	0.07%	-0.20%
Number of guaranteed loans	685,735	518,851	589,533	566,588	-22,945
Amount of guaranteed loans	$174,746,228	$141,928,931	$160,260,078	$156,824,395	-$3,795,683
Average loan amount (full dollars)	$254,831	$273,545	$272,453	$276,787	+$4,334
Loan Sales Securities:					
Subsidy rate	0.00%	0.00%	0.00%	0.00%	0.00%
Guaranteed loans sold:					
Number of loans sold	0	0	0	0	0
Amount of loans sold	$0	$0	$0	$0	$0
Average loan amount (full dollars)	$0	$0	$0	$0	$0
Gross proceeds from sale	$0	$0	$0	$0	$0
Direct Loans:					
Acquired Loans:					
Subsidy rate	1.92%	7.94%	7.94%	6.33%	-1.61%
Number of Loans	28	57	38	42	+4
Total amount of loans	$5,872	$11,919	$8,704	$9,900	+$1,196
Average loan amount (full dollars)	$209,702	$210,408	$229,063	$232,952	+$3,889
Vendee Loans:					
Subsidy rate	-23.58%	-26.49%	-26.49%	-5.47%	+20.02%
Number of Loans	0	4,848	2,986	3,550	+564
Total amount of loans	$0	$441,940	$266,889	$322,669	+$55,780
Average loan amount (full dollars)	$0	$91,153	$89,366	$90,885	+$1,519

Credit Reform

The "Federal Credit Reform Act of 1990," P.L. 101-508, changed the accounting for Federal credit programs to more accurately measure their costs and to make them consistent with and comparable to non-credit transactions. The intent of credit reform is to separate subsidy costs, the cost to the government, from the non-subsidized cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, the Housing Loan Program is separated into six accounts: Program Account, Guaranteed Loan Financing Account, the Direct Loan Financing Account, Loan Sales Securities Guaranteed Loan Financing Account, the Liquidating Account, and the Guaranteed Transitional Housing Direct Loan Financing Account.

Credit Reform Accounts Descriptions

Credit Program Account – On-Budget:
The Credit Program Account records loan subsidy costs (cost to the government) associated with direct loans obligated and loan guarantees committed since 1992, as well as administrative expenses for the Housing loan programs. Loan subsidy costs are calculated on a net present value basis. Loan administrative expenses are estimated on a cash basis.

Guaranteed Loan Financing Account – Off-Budget:
The Guaranteed Loan Financing Account (GLFA) is a non-budgetary account that records all financial transactions to and from the government resulting from loan guarantees committed since 1992 (including modifications of loan guarantees that resulted from commitments in any year). Like the Direct Loan Financing Account, its primary purpose is financial tracking of each cohort year's loan activity and is not included in budget totals.

Direct Loan Financing Account – Off-Budget:
The Direct Loan Financing Account (DLFA) is a non-budgetary account that records all financial transactions to and from the government resulting from direct loans obligated since 1992 (including all vendee loans established and loans acquired from the Liquidating and Guaranteed Loan Financing Accounts).

The DLFA primarily tracks each cohort year's loan activity (principal and interest payments, Treasury borrowing, interest paid to or received from Treasury, etc.) and is not included in the budget totals when calculating total government spending. In 2007, the DLFA began executing two distinct sub-accounts for new direct acquired and vendee loans.

Loan Sales Securities Guaranteed Loan Financing Account – Off-Budget:
The Guaranteed Loan Sales Securities Account (LSSA) was established in 1999 to record transactions from the guarantee of Vendee loans sold under the Vendee Mortgage Trust (VMT) Securitization Program. Similar to the DLFA and GLFA, this account’s primary purpose is the financial tracking of each cohort year’s loan sale activity and is not included in budget totals when calculating total government spending.

Liquidating Account – On-Budget:
The Liquidating Account records all cash flows to and from the government resulting from direct loans obligated and loan guarantees committed prior to 1992. This account is shown on a cash basis. Acquired and Vendee loans originating from this account in 1992 and after are recorded in the Direct Loan Financing Account.

Guaranteed Transitional Housing Direct Loan Financing Account – Off-Budget:
The Guaranteed Transitional Housing Direct Loan Financing Account is a non-budgetary account that records all financial transactions to and from the government resulting from direct loan obligations. The Direct Loan Financing account is used primarily for financial tracking of each cohort year’s loan activity within the financing account and is not included in budget totals when calculating total government spending. The program’s

direct loans are funded with borrowing from the Federal Financing Bank (FFB). For budgetary and financing reporting purposes, the program's loans are treated as Agency debt. Therefore, although this is a guaranteed loan program, all transactions are accounted for in a direct loan financing account.

Program Description

The Housing Loan Program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard purchase and retain homes in recognition of their service to the Nation. When a borrower purchases a home, the program operates by effectively substituting the Federal Government's guaranty for a down payment that might otherwise be required.

Under 38 U.S.C. 3703, the guaranty amount for a borrower with full entitlement (first-time users of the program or users whose entitlement is fully restored) is as follows:

- 50 percent for loans of $45,000 or less;
- $22,500 for loans greater than $45,000, but no more than $56,250;
- The lesser of $36,000 or 40 percent of the loan amount for loans greater than $56,250, but not more than $144,000;
- 25 percent of the loan amount for loans of $144,001 to $453,100; or
- For certain loans in excess of $453,100, the guaranty will be the lesser of: 25 percent of the county loan limit, or 25 percent of the loan.

Avoiding foreclosure is critical to helping Veterans. VA's goal is to help Veterans retain their homes and to reduce the likelihood of foreclosure. VA and loan servicers take aggressive intervention actions when loans are more than 60 days in default. The benefits of assisting borrowers in default include the Veteran retaining his or her home and minimizing the damage to their credit rating, as well as a cost savings to the government.

VA charges various upfront loan funding fees according to the fee structure authorized in 38 U.S.C. 3729. A person who pays a fee for a loan guaranteed or insured after December 31, 1989, or who is exempt from payment of the fee, will have no liability to VA for any loss resulting from default except in the case of fraud, misrepresentation, or bad faith. This exemption does not apply to manufactured homes under Section 3712 or to loan assumptions.

P.L. 111-275, Sections 204 and 802, effective October 13, 2010, provides VA with new housing program authority. Section 204 allows the Housing program to waive housing loan fees for certain Veterans with service-connected disabilities called to active service. Section 802 allows the Housing program the option to purchase a VA-guaranteed loan that is modified under bankruptcy proceedings.

P.L. 112-26, enacted in August 2011, set the loan guaranty funding fee rate for subsequent loans at 2.8 percent for 2012 only. P.L. 112-56, Section 265 was enacted in November 2011 and superseded P.L. 112-26. P.L. 112-56 extended 2011 loan guaranty funding fee rates from November 22, 2011, through September 30, 2016. P.L. 112-154, Section 702(b) of

Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 extended these funding fee rates through September 30, 2017. P.L. 113-146, Veterans Access, Choice and Accountability Act of 2014, Section 704 extended the funding fee rates through September 30, 2024. P.L. 115-46, VA Choice and Quality Employment Act of 2017, Section 402 extended the funding fee rates through September 30, 2027.

P.L. 112-154, Section 702(c) of Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 reinstated the temporary increase to the maximum guaranty amount that expired on December 31, 2011. The increase in the guaranty amount was effective August 6, 2012 through December 31, 2014.

VA is authorized to make direct loans to severely disabled Veterans in connection with Specially Adapted Housing Grants. The maximum loan amount is $33,000.

Veterans may also obtain guaranteed loans to buy new or used manufactured homes and to buy or improve lots for placement of manufactured homes. The guaranteed loan amount is lesser of 40 percent of the loan amount or $20,000. Veterans are charged a funding fee of one percent of the loan amount.

The Guaranteed Transitional Housing Loan Program was established by P.L. 105-368, the "Veterans Benefits Enhancement Act of 1998." The program started as a pilot project designed to expand the supply of transitional housing for homeless Veterans by providing up to 15 loans with a maximum aggregate value of $100 million. The project enforces sobriety standards and provides a wide range of supportive services, such as counseling for substance abuse and job readiness skills. Residents, once employed, are required to pay a moderate fee(s).

Loan Fee Structure for VA-Guaranteed Loans		
	Veterans	Reservists
First Time Use		
Downpayment		
Less than 5 percent*		
- October 1, 2011 until October 5, 2011	1.40%	1.65%
- October 6, 2011 until November 17, 2011	2.15%	2.40%
- November 18, 2011 through November 21, 2011	1.40%	1.65%
- November 22, 2011 through September 30, 2027	2.15%	2.40%
- On or after October 1, 2027	1.40%	1.65%
At least 5 percent but less than 10 percent		
- October 1, 2011 until October 5, 2011	0.75%	1.00%
- October 6, 2011 until November 17, 2011	1.50%	1.75%
- November 18, 2011 through November 21, 2011	0.75%	1.00%
- November 22, 2011 through September 30, 2027	1.50%	1.75%
- On or after October 1, 2027	0.75%	1.00%
10 percent or more		
- October 1, 2011 until October 5, 2011	0.50%	0.75%
- October 6, 2011 until November 17, 2011	1.25%	1.50%
- November 18, 2011 through November 21, 2011	0.50%	0.75%
- November 22, 2011 through September 30, 2027	1.25%	1.50%
- On or after October 1, 2027	0.50%	0.75%
Second and Subsequent Use		
Downpayment		
Less than 5 percent*		
- October 1, 2007 until October 1, 2011	3.30%	3.30%
- October 1, 2011 until October 5, 2011	2.80%	2.80%
- October 6, 2011 until November 17, 2011	3.30%	3.30%
- November 18, 2011 through November 21, 2011	2.80%	2.80%
- November 22, 2011 through September 30, 2027	3.30%	3.30%
- On or after October 1, 2027	1.25%	1.25%
At least 5 percent but less than 10 percent		
- October 1, 2011 until October 5, 2011	0.75%	1.00%
- October 6, 2011 until November 17, 2011	1.50%	1.75%
- November 18, 2011 through November 21, 2011	0.75%	1.00%
- November 22, 2011 through September 30, 2027	1.50%	1.75%
- On or after October 1, 2027	0.75%	1.00%
10 percent or more		
- October 1, 2011 until October 5, 2011	0.50%	0.75%
- October 6, 2011 until November 17, 2011	1.25%	1.50%
- November 18, 2011 through November 21, 2011	0.50%	0.75%
- November 22, 2011 through September 30, 2027	1.25%	1.50%
- On or after October 1, 2027	0.50%	0.75%
Refinancing Loans		
Interest Rate Reduction	0.50%	0.50%
Other		
Assumptions (loan transfer to new borrower with securing property sale)	0.50%	0.50%
Service-connected Veterans**	0.00%	0.00%

** Includes 'Cash-Out' Refinancing loans*
*** In-receipt of/eligible for service-connected disability compensation*

Housing Liquidating and Program Accounts
Summary of Appropriation Highlights
(dollars in thousands)

	2017 Actual	2018 Budget Estimate	2018 Current Estimate	2019 Request	Increase (+) Decrease (-)
Liquidating:					
Program Obligations	$1,715	$1,437	$1,396	$1,145	-$251
Unobligated Balance:					
Start of year	$1,485	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Transfer to General Fund	-$13,732	-$6,404	-$9,262	-$7,072	+$2,190
Offsetting Collections	$13,962	$7,841	$10,658	$8,217	-$2,441
Budget Authority (net)	-$12,247	-$6,404	-$9,262	-$7,072	+$2,190
Outlays (net)	-$11,566	-$6,404	-$8,323	-$7,072	+$1,252
Housing Program:					
Loan Subsidy Obligations:					
Veterans Housing Guaranteed	$891,206	$383,208	$433,674	$109,777	-$323,897
Veterans Housing Loan Sales	$0	$0	$0	$0	$0
Veterans Housing Direct Acquired	$113	$946	$691	$627	-$65
Veterans Housing Direct Vendee	$0	$0	$0	$0	$0
Veterans Housing Transitional Loans	$0	$0	$0	$0	$0
Loan Subsidy Modification:					
Veterans Housing Guaranteed	$441	$0	$0	$0	$0
Upward Reestimates, including interest:					
Veterans Housing Guaranteed	$65,062	$0	$610,332	$0	-$610,332
Veterans Housing Loan Sales	$4,952	$0	$7,228	$0	-$7,228
Veterans Housing Direct Acquired	$8,870	$0	$7,159	$0	-$7,159
Veterans Housing Direct Vendee	$1,800	$0	$1,792	$0	-$1,792
Administrative Expenses:*					
Veterans Benefits Administration	$152,656	$153,405	$153,405	$154,806	+$1,401
General Counsel	$2,637	$2,606	$2,606	$3,053	+$447
Information Technology	$39,211	$22,616	$22,616	$42,753	+$20,137
Obligations	**$1,166,948**	**$562,781**	**$1,239,502**	**$311,016**	**-$928,487**
Unobligated Balance:					
Unobligated Balance Unexpired	$0	$0	$0	$0	$0
Start of year	$0	$0	$1,425	$1,425	$0
End of year	$0	$0	$1,425	$1,425	$0
Budget Authority (net)	**$1,166,948**	**$562,781**	**$1,239,502**	**$311,016**	**-$928,487**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$1,165,523**	**$562,781**	**$1,239,502**	**$311,016**	**-$928,487**
Total Obligations	**$1,168,663**	**$564,218**	**$1,240,899**	**$312,161**	**-$928,738**
Budget Authority:					
Appropriation, mandatory**	$972,443	$384,155	$1,060,876	$110,404	-$950,472
Appropriation, discretionary	$198,856	$178,626	$178,626	$200,612	-$21,986
Liquidating Account	-$12,247	-$6,404	-$9,262	-$7,072	+$2,190
Total Budget Authority (net)	**$1,159,053**	**$556,377**	**$1,230,240**	**$303,944**	**-$926,296**
Total Outlays (net)	**$1,153,957**	**$556,377**	**$1,231,179**	**$303,944**	**-$927,235**

*For credit program loan administration.

**Includes estimates for discounted property sales and rental of VA-owned properties in support of disaster relief efforts.

Detail of Budget Request – On-Budget

The Liquidating Account does not require an appropriation to fund account obligations because sufficient resources are available from the anticipated $8.2 million in offsetting collections (borrower's principal and interest payments and home sales proceeds). Obligations for 2019 are estimated at $1.1 million which, when netted against collections, results in a negative budget authority of $7.0 million. The Liquidating Account includes activity for all loans disbursed prior to 1992. The Liquidating Account loans have no benefit loan subsidy cost under the law.

In 2019, budget authority of $311.0 million is requested for the Housing Credit Program Account to provide funding for loan administration costs of $200.6 million, subsidy payments of $110.4 million to the Veterans Guaranteed Loan and Direct Loan Financing Accounts. Loan subsidy appropriations are not required for the Guaranteed Loan Sales Securities and the Vendee Direct Loan Programs because they have no estimated subsidy rate or a negative subsidy rate, respectively. In 2019, the Acquired loan program will have a subsidy rate of 6.33 and the Vendee Loan program will have a subsidy rate of negative 5.47 percent.

The Guaranteed Transitional Housing Loan Program will not have loan originations in 2019. No loan subsidy is requested for this program.

Loan subsidies for federal credit programs represent the estimated cost to the Government of making and guaranteeing loans. Veterans' Housing loans are generally for 30 years and the subsidy rates reflect the cost to the Government for that 30-year period. A subsidy rate is the net present value of all cash inflows (fees, down payments, sales of inventory property, and other cash flows) less the cash outflows (claim and acquisition payments, property expenses, and other cash flows) for 30 years. Risk-adjusted cash inflows and outflows are estimated for each year of the 30 years. The loan subsidy budget authority requested is the subsidy rate for the program multiplied by the total loan level projected for 2019. A negative subsidy rate results when cash inflows exceed cash outflows, thus government funds in the form of subsidy are not required. Details on loan levels and subsidy rates for all credit programs are displayed in the Loan Data Summary table of this chapter.

Changes from Original 2018 Budget Estimate

The current 2018 Credit Program Account budget authority of $1.24 billion is a net increase of about $676.7 million from the original 2018 budget estimate. This is primarily a result of an increase of $626.5 million in upward reestimates for the Guaranteed Loan, Guaranteed Loan Sales Securities, the Direct Acquired and Vendee Loan Housing programs, and $50.5 million in Guaranteed Loan subsidy obligations (that is, the subsidy rise is because of a growth in 2018 loan guarantee volume projections).

Housing Liquidating and Program Accounts
Analysis of Increases and Decreases - Outlays
(dollars in thousands)

	2018 Current Estimate	2019 Request
Prior Year Outlays	$1,153,907	$1,231,179
Liquidating:		
Liquidating Obligations	-$319	-$251
Liquidating Collections	+$3,304	+$2,441
Liquidating Change in Obligated Balance	+$258	-$939
Change in Uncollected Customer Payments	$0	$0
Total:	+$3,243	+$1,252
Housing Program:		
Loan Subsidy:		
Guaranteed Loan Subsidy	-$457,532	-$323,897
Loan Sales Loan Subsidy	$0	$0
Direct Acquired Loan Subsidy	+$578	-$65
Transitional Housing Loan Subsidy	$0	$0
Subtotal:	-$456,953	-$323,962
Upward reestimate, with interest:		
Guaranteed Loans	+$545,270	-$610,332
Loan Sales Securities	+$2,276	-$7,228
Direct Acquired Loans	-$1,711	-$7,159
Direct Vendee Loans	-$8	-$1792
Subtotal:	+$545,826	-$626,511
Change in Obligated Balances/other	+$984	$0
Administrative Expenses	-$15,878	+$21,986
Net Change	**+$77,222**	**-$927,235**
Estimated Outlays (net)	**+$1,231,179**	**+$303,944**

Net outlays for mandatory programs in 2018 are projected to increase by $77.2 million from the 2017 level. This is primarily due to an increase of $545.8 million in upward reestimates for Housing programs, which is offset by a $457.5 million decrease in the Guaranteed Loan subsidy and a $15.9 million decrease in administrative expenses. The decrease in loan guaranteed subsidy appropriations request is due to declines in both estimated loan guarantee volume and subsidy rate for 2018.

The composition of loan guarantee volume affects subsidy rate estimates as informed by average funding fee rates for loan guarantees. Service-connected disability loan guarantees are expected to dominate the composition, at about 40 percent of total loan guarantees. The service-connected loan guarantees have zero statutory funding fee rates; thus, they favor positive subsidy rates all else being equal.

The loan administrative expense decrease is primarily due to the removal and recording of Specially Adapted Housing Grant costs from the Credit Housing program chapter in 2018.

Net outlays for mandatory programs in 2019 are projected to decrease by $927.2 million from the 2018 level. This is primarily due to a decrease of $323.9 million in the Guaranteed Loan subsidy. The loan subsidy is a product of the loan subsidy rate and loan volume in the Loan Data Summary table. The projected increase in administrative expenses would partially offset the projected decrease in loan subsidy. The administrative expenses increase would fund investments in credit program administration, such as the Veterans Affairs Loan Electronic Reporting Interface (VALERI) in 2019.

Financing Accounts
Financial Summary
(dollars in thousands)

	2017 Actual	2018 Budget Estimate	2018 Current Estimate	2019 Request	Increase (+) Decrease (-)
Guaranteed Loans:					
Obligations	$4,191,519	$4,855,347	$5,397,179	$3,546,413	-$1,850,767
Collections	$4,822,206	$5,320,337	$4,889,368	$4,234,923	-$654,445
Financing Authority (net)	-$8,284	$0	$0	$0	$0
Financing Disbursements (net)	-$576,420	-$506,334	+$755,626	-$700,751	-$1,456,376
Loan Sales Securities:					
Obligations	$24,945	$16,884	$24,124	$15,784	-$8,340
Collections	$11,674	$21,538	$13,966	$6,165	-$7,800
Financing Authority (net)	$0	$0	$0	$0	$0
Financing Disbursements (net)	$12,806	-$4,654	$10,623	$9,619	-$1,004
Direct Loans:					
Obligations	$33,632	$858,744	$359,967	$366,957	+$6,990
Collections	$72,490	$73,979	$49,466	$52,603	+$3,137
Financing Authority (net)	$37,598	$784,765	$310,502	$314,354	+$3,853
Financing Disbursements (net)	-$38,920	$783,463	$305,191	$313,230	+$8,039
Transitional Housing Loans:					
Obligations	$501	$208	$454	$205	-$249
Collections	$493	$520	$816	$825	+$9
Financing Authority (net)	-$72	-$2	-$79	-$79	$0
Financing Disbursements (net)	$9	-$312	-$363	-$621	-$258
Housing Financing Accounts Totals:					
Obligations	$4,250,596	$5,731,182	$5,781,725	$3,929,359	-$1,852,366
Collections	$4,906,864	$5,416,374	$4,953,616	$4,294,516	-$659,100
Financing Authority (net)	$29,242	$784,762	$310,422	$314,275	+$3,853
Financing Disbursements (net)	-$602,525	$272,163	$1,071,077	-$378,522	-$1,449,599

Detail of Financing Accounts – Off-Budget

The Veterans Housing Guaranteed Loan program has a subsidy rate of 0.07 percent in 2019 and will require subsidy to guarantee 566,588 Veterans Housing loans, totaling $156,824.4 million in commitments.

The Veterans' Benefits Improvement Act of 2008, P.L. 110-389, extended the VA's authority to guarantee adjustable rate mortgages (ARMs) and hybrid adjustable rate mortgages (HARMs) through September 30, 2012. The Act also increased the maximum guaranty for cash-out refinance loans to the same as purchase loans. In addition, cash-out refinance loans were authorized for up to 100 percent of the appraised value of the home. Sections 208 and 209 of the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 subsequently made permanent VA's authority to guarantee ARMs and HARMs.

Section 204 of The Veterans' Benefits Improvement Act of 2010, P.L. 111-275, enacted October 13, 2010, authorized the Housing program to originate loan guarantees without funding fees for Veterans with service-connected disabilities who had been called to active duty.

Section 206 of the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 extended the home loan guaranty entitlement to surviving spouses of certain totally disabled Veterans. The Act, for the purpose of home loan benefits, includes as a "Veteran" a surviving spouse of a Veteran who died and who was in receipt of or entitled to receive compensation at the time of death for a service-connected disability rated totally disabling. The surviving spouses are also exempt from paying the funding fee.

Section 207 allowed an active-duty Servicemember's dependent child to satisfy the occupancy requirement for obtaining a VA-guaranteed home loan. Previously, only a Veteran or a Veteran's spouse was able to certify the occupancy requirement in 38 U.S.C. 3704(c).

Section 210 amended 38 U.S.C. 3729(c) allowing an individual to receive a loan fee waiver if, during a pre-discharge program, he or she receives a disability rating for purposes of VA compensation based on existing medical evidence, such as service medical and treatment records. This change authorizes an eligible individual to purchase a home without having to pay a VA funding fee even if he or she has not undergone a pre-discharge examination or a VA disability evaluation.

Section 702(a) reinstituted VA's authority to issue or approve the issuance of, and guarantee the timely payment of principal and interest on, certificates or other securities evidencing an interest in a pool of mortgage loans. This guaranty authority had previously expired on December 31, 2011. Section 410 of the Department of Veterans Affairs Expiring Authorities Act of 2016, P.L. 114-228 extended it through December 31, 2017. Section 409 of the Department of Veterans Affairs Expiring Authorities Act of 2017, P.L. 115-62 later extended this authority through September 30, 2018.

P.L. 112-154, Section 710(d) of the Honoring America's Veterans and Caring for Camp

Lejeune Families Act of 2012 also amended Section 303(c) of the Servicemembers Civil Relief Act (SCRA) by extending the period in which a Servicemember may exercise SCRA protections from nine months after the period of service ends to one year. The amendments made by Section 710(d) had a sunset date of December 31, 2014, at which time the protection reverted to a 90-day period. Section 2 of the Foreclosure Relief and Extension for Servicemembers Act of 2014, P.L. 113-286, later extended the sunset date of this authority through December 31, 2015.

The VA Expiring Authorities Extension Act of 2013, P.L. 113-59, extended the requirements of the Vendee Loan Program through September 30, 2014. Section 404 of P.L. 108-183, had earlier amended 38 U.S.C. §3733(a)(1) to increase the maximum percentage of loans which may be financed with vendee loans from 65 percent to 85 percent and to make this a percentage a mandate and not optional. Later, §303 of the Department of Veterans Affairs Expiring Authorities Act of 2014, P.L. 113-175, extended the requirements of the Vendee Loan Program through September 30, 2015. This authority was subsequently extended by P.L. 114-58 through September 30, 2016, by P.L. 114-228 through September 30, 2017, and finally, by P.L. 115-62, through September 30, 2018.

The VA Expiring Authorities Extension Act of 2013, P.L. 113-59, extended through December 31, 2014, VA's authority to use homes acquired through the guaranteed loan program or Homeless Shelter Program (HSP) to help provide shelter to homeless Veterans. This authority was also subsequently extended, by P.L. 113-175, through September 30, 2015, by P.L. 114-58, through September 30, 2016, and by P.L. 114-228 through September 30, 2017. This authority was not extended for 2018 and the VA subsequently suspended the Homeless Service Provider program.

The Department of Veterans Affairs Expiring Authorities Act of 2013, P.L. 113-37, extended until October 1, 2014, VA's authority to calculate the net value of a property securing a VA-guaranteed loan when the loan goes into default. This authority was subsequently extended by P.L. 113-175, to October 1, 2015, by P.L. 114-58 through September 30, 2016, by P.L. 114-228 through September 30, 2017, and, pursuant to P.L. 115-62 it has currently been extended through September 30, 2018.

Through the Guaranteed Loan Program, VA will continue to pay varied types of claims for guaranteed loan terminations based on current laws and regulations. The claims are going to result from VA loan guaranty responsibility to private mortgage lenders.

Analysis of Financing Account Increases and Decreases
Non-Budgetary Disbursements
(dollars in thousands)

	2018 Current Estimate	2019 Request
Prior Year Net Disbursements	-$602,525	+$1,071,077
Veterans Housing Financing Accounts:		
Guaranteed Loans:		
Obligations	+$1,205,661	-$1,850,767
Offsetting collections	-$67,162	+$654,445
Change in obligated balances	+$193,547	-$260,055
Change in Uncollected Customer Payments	$0	$0
Subtotal:	+$1,332,046	-$1,456,376
Loan Sales Securities:		
Obligations	-$821	-$8,340
Offsetting collections	-$2,291	+$7,800
Change in obligated balances	$930	-$465
Change in Uncollected Customer Payments	$0	$0
Subtotal:	-$2,183	-$1,004
Direct Loans:		
Obligations	+$326,336	+$6,990
Offsetting collections	+$23,025	-$3,137
Change in obligated balances	-$5,250	+$4,187
Change in Uncollected Customer Payments	$0	$0
Change in Prior Year Recoveries	$0	$0
Subtotal:	+$344,111	+$8,039
Transitional Housing Loans:		
Obligations	-$47	-$249
Offsetting collections	-$323	-$9
Change in obligated balances	-$2	$0
Change in Uncollected Customer Payments	$0	$0
Subtotal:	-$372	-$258
Net Change	**+$1,673,602**	**-$1,449,599**
Estimated Net Disbursements	+$1,071,077	-$378,522

In 2018, the total financing net disbursements (outlays) are projected to increase by $1,673.6 million, which is primarily due to guaranteed and direct loan obligations. Net disbursements for guaranteed loans are estimated to increase by $1,332.0 million, which is mostly due to an increase in obligations of $1,205.7 million, and an offsetting change in obligated balance of $193.5 million. Net disbursements for loan sales securities are estimated to decrease by $2.2 million, which is due to a $2.3 million decrease in obligations offset by a $0.8 million increase in collections (that is, results to less outlays). The financing net disbursements for direct loans are estimated to increase by $344.1 million, which is primarily due to an increase in obligations of $326.3 million driven by vendee loan activity, and offset by a decrease in collections of $23.0 million (that is, results to more outlays).

In 2019, the total financing net disbursements (outlays) are projected to decrease by $1,449.9 million, which is mostly due to decreases in loan offsetting collections, changes in obligated balances, and partially offset by obligations. Net disbursements for guaranteed loans are estimated to decrease by $1,456.4 million, which is due to an decrease of $654.4 million in collections (that is, results to more outlays), a $260.0 million decrease change in obligation balances, and offset by a $1,850.8 million decrease in obligations. Net disbursements for loan sales securities are estimated to decrease by $1.0 million primarily due to decrease in obligations of $8.4 million and an offset of $7.8 million in collections. The financing net disbursements for direct loans are estimated to increase by $8.0 million, which is primarily due to an increase in obligations of $7.0 million and offset by an increase in collections of $3.1 million (that is, results to less outlays). The upward and downward reestimates for all credit accounts will not be performed for 2019 until the 2020 President's Budget formulation.

Proposed Legislation for the 2019 Budget

Extension of Net Value Authority. This proposal would extend VA's authority for calculating the net value of a property and using that calculation to determine VA's liability to pay claims at the time of foreclosure to October 1, 2023. Public Law 115-62 extended the requirements to September 30, 2018. This proposal would also provide the Secretary with the discretion to determine what costs should be included in the net value calculation, based on prevailing economic conditions. The tangible benefits gained by this proposal are predictability of foreclosure liabilities for VA.

Extend Vendee Loan Securitization Authority. This proposal would extend, through September 30, 2028, the Secretary's authority to issue and guarantee the timely payment of principal and interest on certificates or other securities evidencing an interest in a pool of mortgage loans made in connection with the sale of VA-acquired properties. Currently, section 409 of Public Law 115-62 amended 38 U.S.C. § 3720(h) (2) to extend this authority through September 30, 2018. The proposal is estimated to incur loan subsidy costs of $89.1 million in 2019, $213.4 million over 5 years, and $333.4 million over 10 years.

Extend Housing Assistance for Homeless Veterans Under 38 U.S.C § 2041 to Include Permanent Housing Options. This proposal would extend the Secretary's authority to use homes acquired through the guaranteed loan program to assist homeless Veterans, including through the Homeless Shelter Program (HSP), through September 30, 2028. Without extension of the proposal, the Secretary would stop using HSP, but would continue to sell already acquired properties and to acquire new properties and sell them. The acquired properties that were already sold using HSP would continue serving homeless Veterans.

Upon extension of the authority VA would seek to amend 38 U.S.C. § 2041 by adding that properties acquired under this section may also be used to provide permanent housing. This change would better reflect current Federal housing policy regarding homelessness. Section 304 of the Department of Veterans Affairs Expiring Authorities

Act of 2016, P.L. 114-228 extended the requirements through September 30, 2017. This authority was not extended for 2018 and the VA subsequently suspended the Homeless Service Provider program. The proposal is estimated to incur loan subsidy costs of $29.1 million in 2019, $29.1 million over five years, and $29.1 million over 10 years. This cost is derived from proposed acquired property sales discounts, or reductions in cash inflows, of $74.1 million for already existing and new budget baseline loan guarantees over the 10 years. The $29.1 million cost is the proposal budgetary impact on the cash inflows for already existing loan guarantees as of 2019 and over the 10 year period. The portion of the sales discounts for new loan guarantees would produce insignificant cost over the 10 years.

Extend Loan Funding Fee Rates. This proposal would extend the current loan funding fee schedule through September 30, 2028. The existing statutory requirement, set forth with P.L. 115–46, VA Choice and Quality Employment Act of 2017, Section 402 extended the funding fee rates through September 30, 2027. Savings are estimated at $356.0 million in 2028.

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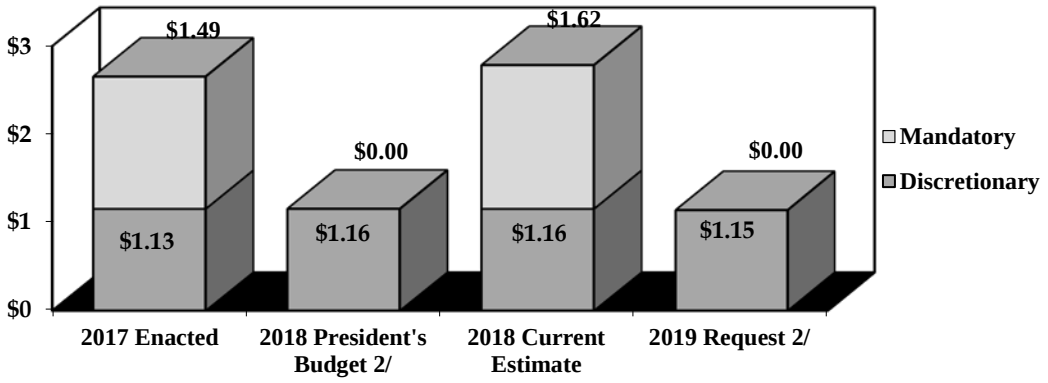
Native American Veterans Housing Loan Program

Summary of Budget Authority [1/] -- Native American Veterans Housing Loan Program (Appropriations $ in millions)



Notes:
1/ Budget authority requested is for loan administration (discretionary) and federal subsidy (mandatory) expenses.
2/ The FY 2018 President's Budget and FY 2019 Request reflect initial subsidy reestimates for only new direct loans.

Appropriation Language

For administrative expenses to carry out the direct loan program authorized by subchapter V of chapter 37 of title 38, United States Code, [$1,163,000] *$1,149,143.*

Summary of Net 2019 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursements
Program Account	$1,149	$1,149	$0	$0
Direct Loan Financing Account	$0	$0	$7,113	$6,845
Total	**$1,149**	**$1,149**	**$7,113**	**$6,845**

Summary of Budget Request

An appropriation of $1.149 million is requested to reimburse the General Operating Expenses account for expenses necessary to administer the Native American Housing program. This program has a negative 11.89 percent subsidy rate in 2019, and therefore will not require a new subsidy appropriation. This program has an unobligated indefinite subsidy authority balance of $2.3 million.

Program Description

The Native American Veterans Housing Loan Program ("the Program") is authorized by 38 U.S.C. Chapter 37, Section 3761 to provide direct loans to Veterans living on trust lands. The loans are available to purchase, construct, or improve homes to be occupied as Veterans' residences. The principal amount of a loan under this authority generally may not exceed $424,100 (in some locations, this limit may be higher, depending on median area home prices). Veterans pay a funding fee of 1.25 percent of the loan amount, but Veterans with a service-connected disability are exempt from paying the funding fee. The law also requires that, before a direct loan can be made, a Veteran's tribal organization signs a Memorandum of Understanding with the Department of Veterans Affairs with respect to the terms and conditions of the loan.

The Program began in 1993 as a pilot program. Indefinite subsidy authority of $4.5 million was provided for by Public Law (P.L.) 102-389, "Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriation Act, 1993." The initial authority for this pilot program expired September 30, 1997. The authority was extended through December 31, 2001, by P.L. 105-114, "Veterans Benefits Act of 1997", through December 31, 2005, by P.L. 107-103, "Veterans Education and Benefits Expansion Act of 2001," extended through December 31, 2008, by P.L. 108-454, "Veterans Benefits Improvement Act of 2004," and became permanent by P.L. 109-233, "Veterans Housing Opportunity and Benefits Act of 2006."

Credit Reform

The "Federal Credit Reform Act of 1990," P.L. 101-508, changed the accounting for Federal credit programs to more accurately measure the costs of credit programs and make them consistent with and comparable to non-credit transactions. The intent of credit reform is to separate the subsidy costs, the cost to the government, from the non-budgetary cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, the Program is managed using two accounts: the Credit Program Account and the Direct Loan Financing Account.

Program Account – On-Budget

The Program's Credit Program Account was established to receive loan subsidy appropriations for the Program's Direct Loan Financing Account and to request appropriations for administrative expenses to reimburse the Department of Veterans Affairs' General Operating Expenses (GOE) Account. The subsidy cost is calculated on a net present value basis; the administrative expenses are estimated on a cash basis. This account holds the unobligated balance of the original loan subsidy appropriation.

Native American Direct Loan Program Account Summary of Appropriation Highlights (dollars in thousands)					
		2018			
	2017 Actual	Budget Estimate	Current Estimate	2019 Request	Increase (+) Decrease (-)
Obligations:					
Upward reestimates, plus interest	$1,491	$0	$1,621	$0	- $1,621
Administrative expenses:					
Veterans Benefits Administration	$1,143	$1,143	$1,143	$1,129	- $14
General Counsel	$20	$20	$20	$20	$0
Total administrative expenses	$1,163	$1,163	$1,163	$1,149	-$14
Total obligations	**$2,654**	**$1,163**	**$2,784**	**$1,149**	**-$1,635**
Unobligated Balance:					
Start of year	-$2,256	-$2,256	-$2,266	-$2,256	+$10
End of year	$2,266	$2,256	$2,256	$2,256	$0
Budget authority (net)	**$2,664**	**$1,163**	**$2,774**	**$1,149**	**-$1,625**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$2,654**	**$1,163**	**$2,784**	**$1,149**	**-$1,635**
Financing:					
Appropriation, discretionary	$1,163	$1,163	$1,163	$1,149	-$14
Mandatory Indefinite	$1,491	$0	$1,621	$0	-$1,621
Workload:					
Number of direct loans established	25	60	60	60	
Average direct loan amount (dollars)	$186,273	146,370	$189,254	$192,471	+$3,217
Amount of direct loans established	$4,657	$8,782	11,355	11,548	+193
NA direct loan subsidy rate	-18.62%	-20.22%	-20.22%	-11.89%	+8.33%

Notes: Dollar amounts may not add due to rounding in this and subsequent charts.

Detail of Budget Request

The direct loan subsidy reflects the portion of loan disbursements that the Government does not expect to recover (that is, the cost to the Government in net present value terms). The subsidy rate is calculated after discounting the estimated net cash flows of loan disbursements by comparable rates on Treasury securities. The discounted net cash value divided by the total loan disbursements equals the subsidy rate.

When the Program was initiated, a positive subsidy rate was estimated based on the assumption that these loans would have a default rate consistent with the default rate that VA had experienced for other direct loans. Funds used to make the loans are borrowed from Treasury and lent at market rates; the difference between these two numbers is the interest rate spread. The interest rate spread, coupled with minimal defaults, generated a negative subsidy rate. Therefore, the transfer of 2019 initial subsidy from the program account to the financing account is not required.

To provide for origination, servicing, management, investment and common overhead expenses, $1.149 million is required for the Veterans Benefits Administration (VBA). This amount will provide VBA seven FTE at a cost of $1.129 million in payroll and non-payroll expenses. The Office of the General Counsel will be reimbursed $20 thousand to support one FTE dedicated to this Program.

Native American Direct Loan Program Account Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2018 Current Estimate	**2019 Estimate**
Prior year outlays (net)	**+$2,654**	**+$2,784**
Increases (+) and Decreases (-)		
Upward reestimates, including interest	+$130	-$1,621
Administrative expenses	$0	-$14
Change in obligated balance/other	$0	$0
Net Change	**+$130**	**-$1,635**
Estimated Outlays (net)	**+$2,784**	**+ $1,149**

In 2018, net outlays will total $2.8 million, which is an increase of $0.13 million from the 2017 level. The change in net outlays is primarily due to an increase in upward reestimates of $0.13 million.

In 2019, net outlays will total $1.1 million, which is a decrease of $1.6 million from the 2018 level. The change in outlays is mainly the result of a decrease in upward reestimates of $1.6 million. The 2019 upward reestimates will not be calculated until the end of 2018 and will be shown in the 2020 Congressional Budget submission.

Direct Loan Financing Account – Off-Budget

The Program's Direct Loan Financing Account is an off-budget account that records all financial transactions (that is, obligations, collections, and outlays associated with direct loan originations). The Direct Loan Financing Account is used primarily for the financial tracking of each cohort year's loan activity and is not included in the budget totals when calculating total government spending.

Native American Direct Loan Financing Account Financial Summary (dollars in thousands)					
		2018			
	2017 Actual	Budget Estimate	Current Estimate	2019 Request	Increase (+) Decrease (-)
Obligations:					
Direct loans	$4,370	$8,782	$11,355	$11,548	+$193
Negative subsidy	$867	$1,776	$2,296	$1,373	-$923
Interest on Treasury borrowing	$2,457	$3,604	$2,253	$2,422	+$169
Property expenses	-$934	$104	$132	$152	+$200
Other Expenses	$0	$0	$0	$0	$0
Treasury Receipt account:					
Downward Reestimates	$146	$0	$144	$0	-$144
Int. on Downward Reestimates	$97	$0	$121	$0	-$121
Total obligations	**$7,003**	**$14,266**	**$16,302**	**$15,495**	**-$807**
Unobligated Balance:					
Start of year	$1,125	$1,125	$2,875	$2,875	$0
End of year	$2,875	$1,125	$2,875	$2,875	$0
Obligated Balance:					
Start of year	$1,585	$573	$1,172	$1,453	+$281
End of year	$1,172	$788	$1,453	$1,721	+$268
Offsetting Collections:					
Payments from Program account	$1,491	$0	$1,621	$0	-$1,621
Interest on Un-invested funds	$254	$0	$0	$0	$0
Loan repayments	$3,302	$5,527	$4,713	$5,225	+$512
Interest received on loans	$2,137	$2,953	$2,822	$3,085	+$263
Fees	$8	$44	$49	$58	+$9
Other	-$1,212	$15	$14	$15	+$1
Total offsetting collections	**$5,980**	**$8,539**	**$9,219**	**$8,382**	**-$836**
Financing:					
Financing authority, net	$2,598	$5,727	$7,083	$7,113	+$29
Financing disbursements, net	$1,065	$5,512	$6,802	$6,845	+$42

Summary of Off-Budget Financing Account

Obligations are estimated at $15.5 million in 2019, which would support 60 direct loans to Native American Veterans with a value of over $11.5 million and a subsidy rate of negative 11.89 percent. Obligations also reflect interest on Treasury borrowing of $2.4 million and negative subsidy of $1.4 million. Interest on Treasury borrowing is computed based on average financing authority net of offsetting collections, using current interest rate assumptions on Treasury securities.

Total offsetting collections in 2019 are estimated at $8.4 million, including $5.2 million in repayments and prepayments of principal and $3.1 million in borrower's interest payments. Offsetting collections are $0.8 million lower in 2019 than in 2018 mainly because the net effect of a decrease of $1.6 million of payments from the program account, an offsetting increase in loan repayments of $0.51 million, and an increase of $0.26 million in interest received on loans.

Changes from Original 2018 Budget Estimate

The current estimate for 2018 obligations is $2.0 million higher than the original estimate primarily because of increases in direct loan obligations of $2.5 million and negative subsidy of $0.5 million.

Native American Direct Loan Financing Account Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2018 Current Estimate	**2019 Estimate**
Prior year outlays (net)	**+$1,065**	**+$6,802**
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+$6,986	+$193
Negative Subsidy	+$1,429	-$923
Interest on Treasury borrowing	-$204	+$169
Property Expenses	+$1,066	+$20
Other Expenses	$0	$0
Payments to Treasury Receipt account:		
Downward Reestimates	-$1	-$144
Int. on Downward Reestimates	+$24	-$121
Subtotal Obligations	+$9,299	-$807
Offsetting collections:		
Payments from Program account	-$130	+$1,621
Interest on Uninvested funds	$254	$0
Loan repayments	-$1,410	-$512
Interest received on loans	-$685	-$263
Fees	-$41	-$9
Other	-$1,203	-$1
Change in obligated balances	-$694	+$13
Change in Uncollected Customer Payments	$346	$0
Subtotal Offsetting Collections and Other	-$3,562	+$849
Net Change	**+$5,737**	**+$42**
Estimated Outlays (net)	**+$6,802**	**+$6,845**

In 2018, net outlays are estimated at $6.8 million, which is an increase of $5.7 million from the 2017 level. The increase is due to a net increase in obligations of $9.3 million, which is offset by a net increase in offsetting collections of $3.6 million. The net obligations are increased by $9.3 million due to increases in direct loans of $7.0 million, a negative subsidy of $1.4 million, and property expenses of $1.0 million. The net offsetting collections increase of $3.6 million is mainly due to changes in loan repayments of $1.4 million, other collections of $1.2 million and interest received on loans of $0.7 million.

In 2019, net outlays are estimated at $6.8 million, which is an increase of $0.04 million from the 2018 level. The increase in net outlays is due to a net decrease in offsetting collections that exceeded by the net decrease in obligations. The net decrease in obligations

of $0.8 million primarily result from a decrease in negative subsidy of $0.9 million, with offsetting decrease in downward reestimates (including interest) of $0.27 million. The net decrease in offsetting collections of $0.8 million is primarily due to payments from the program account of $1.6 million offset by loan repayments (including interest) of $0.8 million, and the 2019 upward reestimates will not be calculated until the end of 2018 and will be shown in the 2020 Congressional Budget.

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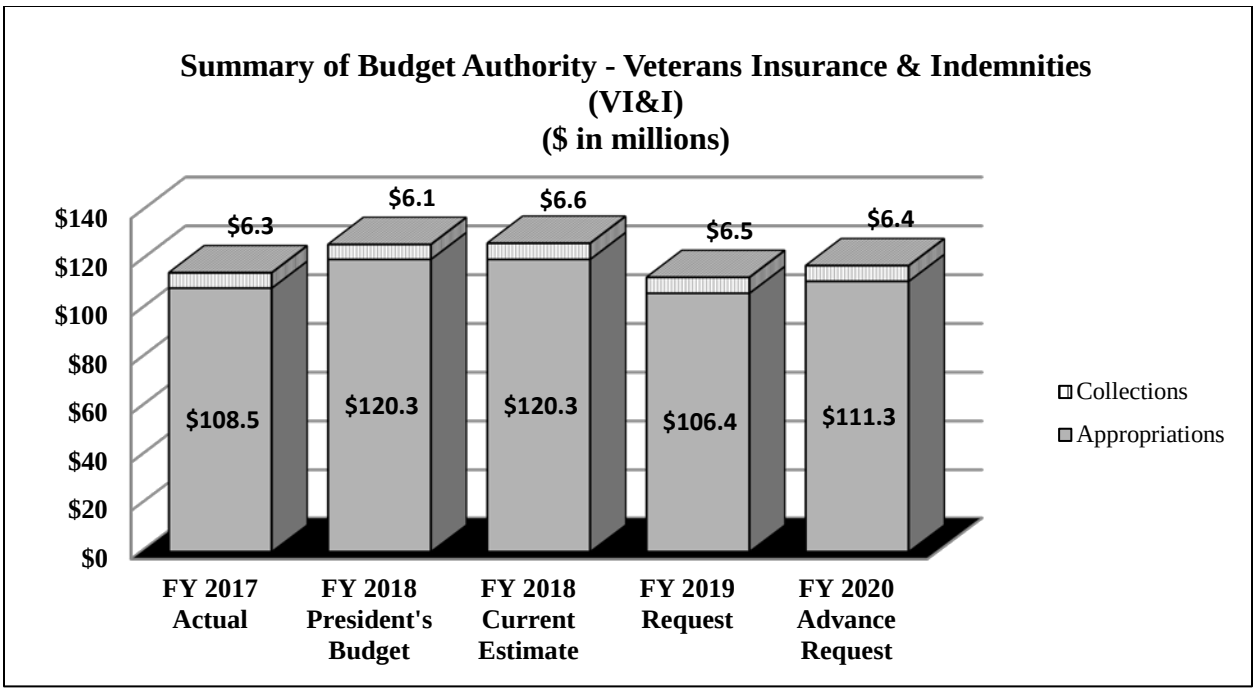
Insurance Benefits



Note: For the FY 2019 Request, combined appropriations of $106.4 million and collections of $6.5 million will fund total obligations of $112.9 million. For FY 2020, combined appropriations of $111.3 million and collections of $6.4 million will fund obligations of $117.7 million.

Appropriation Language

Veterans Insurance and Indemnities

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled Veterans insurance, and Veterans mortgage life insurance as authorized by chapters 19 and 21, title 38, United States Code $111,340,000, which shall become available on October 1, 2019, and shall remain available until expended.[1]

[1] A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

Insurance
Summary of Appropriation Highlights

(dollars in thousands)

		2018			
	2017 Actual	Budget Estimate	Current Estimate	2019 Request	2020 Request
Mandatory					
Lives Insured:					
Veterans (Administered Programs)	571,589	524,000	524,438	479,866	439,579
Veterans (VGLI)	431,517	432,600	433,000	433,600	433,700
Servicemembers (SGLI)	2,222,500	2,243,000	2,245,500	2,245,500	2,245,500
Spouses and Children (FSGLI)	2,782,000	2,845,000	2,810,000	2,810,000	2,810,000
Total Lives Insured	**6,007,606**	**6,044,600**	**6,012,938**	**5,968,966**	**5,928,779**
Face Amount In Force	**$ 1,215,080,862**	**$1,234,537,010**	**$1,229,939,110**	**$1,231,569,963**	**$1,233,136,380**
Obligations:					
Death Claims	$870,105	$825,460	$823,110	$749,361	$668,780
Dividends	75,970	71,209	62,645	51,594	44,050
Premiums Paid to Prudential	766,378	792,622	790,432	790,642	790,484
Transfers to Insurance Funds	70,910	86,188	86,758	71,832	77,640
Payments for Administrative Expenses	35,671	40,832	41,742	42,972	42,686
Capital Investments	43,945	49,040	48,500	47,950	47,790
All Other Obligations	217,352	200,286	200,635	187,625	176,269
Total Mandatory Obligations	**$2,080,331**	**$2,065,637**	**$2,053,822**	**$1,941,976**	**$1,847,699**
Funding:					
Offsetting Collections					
Premiums	$97,904	$94,870	$92,340	$91,160	$90,050
SGLI Premiums	768,935	795,840	793,650	793,650	793,650
Interest on U.S. Securities	81,562	71,650	72,730	63,880	55,730
Payments for S-DVI	70,000	86,108	86,678	71,762	77,580
Extra Hazard Payments	0	0	0	0	0
TSGLI Payments	850	0	0	0	0
All Other Collections	93,030	105,938	103,217	94,123	87,680
Total Collections	**$1,112,281**	**$1,154,406**	**$1,148,615**	**$1,114,575**	**$1,104,690**
Unobligated balance (SOY)	**$-4,747,741**	**$-4,145,214**	**$-4,099,059**	**$-3,484,270**	**$-2,902,440**
Unobligated balance (EOY)	**$4,099,072**	**$3,528,901**	**$3,484,270**	**$2,902,440**	**$2,382,611**
Budget Authority, net:					
Insurance Benefit (VI&I)	$108,525	$120,338	$120,338	$106,372	$111,340
Transfer From C&P	$0	$0	$0	$0	$0
Trust Funds	$759,968	$681,121	$676,459	$592,903	$504,980
Total Mandatory:					
Budget Authority (net)	**$868,493**	**$801,459**	**$796,797**	**$699,275**	**$616,320**
Outlays (net)	**$1,073,501**	**$1,022,225**	**$1,022,325**	**$958,761**	**$894,730**

[1] *The Insurance program depicts lives insured rather than showing the number of policies. This more accurately reflects the population Insurance serves and the true scope of the insurance programs, because some Veterans in our administered programs have more than one policy, and because our supervised programs (SGLI, FSGLI and VGLI) are in fact only one "group policy".*
Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

The Insurance business line administers six life insurance programs, including two trust funds, two public enterprise funds, a trust revolving fund, and Veterans' Mortgage Life Insurance (VMLI), and supervises four additional programs for the benefit of Veterans, Servicemembers, their families and their beneficiaries. All programs are operated on a commercial-like basis, to the extent possible, consistent with all applicable statutes.

Budget authority (permanent and indefinite) is made available automatically to the United States Government Life Insurance (USGLI) and the National Service Life Insurance (NSLI) funds each year by virtue of standing legislation. All obligations of the Veterans' Special Life Insurance (VSLI) and Veterans' Reopened Insurance (VRI) funds are paid from offsetting collections and redemption of investments in U.S. Treasury securities. All obligations of the Service-Disabled Veterans' Insurance (S-DVI) fund are paid by transfers from the Veterans Insurance and Indemnities (VI&I) fund and other offsetting collections. No action by Congress is required. Obligations of the Servicemembers' Group Life Insurance (SGLI) program are financed from premium collections, interest on investments, and extra hazard payments from service branches.

In 2019, the VI&I account will require an appropriation of $106.4 million to finance its operation. This will enable VA to transfer $71.8 million to the S-DVI program, $34.5 million to the VMLI program, and $70,000 to the NSLI program. In 2020, VI&I will require $111.3 million to finance its operation, which will allow for the $77.6 million transfer to the S-DVI program, $33.7 million to the VMLI program, and $60,000 to the NSLI program. The budget request also includes advance appropriations estimates. This request satisfies the requirements created by the Consolidated and Further Continuing Appropriations Act (P.L. 113-235). Detailed explanations for these transfers are included under Insurance – VI&I Appropriated Fund.

Changes from Original 2018 Budget Estimate

The 2018 current estimate for total obligations decreased by $11.8 million from the original 2018 estimate. The decrease in total obligations is mainly attributed to a decrease in the estimate of NSLI Dividends which was caused by a greater decline in the number of policyholders than originally projected.

Offsetting collections in 2018 are projected to decrease by $5.8 million from the original 2018 estimate. This change is a result of technical re-estimates of VSLI and VRI Premiums as well NSLI Cash Premiums (included in All Other Collections).

Insurance Analysis of Increases and Decreases- Outlays (dollars in thousands)		
Mandatory	2018 Current Estimate	2019 Request
Prior Year Outlays	$1,073,501	$1,022,324
Increases (+) and decreases (-)		
Death Claims	-46,995	-73,749
Dividends	-13,325	-11,050
Premiums Paid to Prudential	+24,054	+210
Transfers to Insurance Funds	+15,847	-14,926
Payments for Administrative Expenses	+6,071	+1,230
Capital Investments	+4,555	-550
All Other Obligations	-16,717	-13,010
Premiums	+5,564	+1,180
SGLI Premiums	-24,715	+0
Interest on U.S. Securities	+8,832	+8,850
Payments From VI&I	-16,678	+14,916
Extra Hazard Payments	+0	+0
TSGLI Payments	+850	+0
All Other Collections	-10,187	+9,094
Change in Obligated Balance	+11,666	+14,243
Net Change	**$-51,177**	**$-63,563**
Estimated Outlays (net)	$1,022,324	$958,761

In 2018, Net Outlays decrease from the prior year by $51.2 million. The decrease is mainly a result of a decreases in NSLI and VRI Death Claims; NSLI, VSLI and VRI Dividends; and All Other Obligations, which includes Matured Endowments and Cash Surrenders.

In 2019, Net Outlays decrease from the prior year by $63.6 million. The decrease is primarily a result of a further decline in Death Claims, Dividends, and All Other Obligations.

The decrease in Death Claims is a result of the projected decline in Death Claims related to the decreasing number of policies. Dividends decrease as a result of a lower portfolio rate and a declining number of policyholders.

SUMMARY OF INSURANCE PROGRAMS 2019

(dollars in millions)

	VI&I (VMLI)	NSLI (WWII)	USGLI (WWI)	VSLI (Korean)	VRI (WWII-Korean)	SDVI (Open)	SGLI (Open)	Family SGLI (Open)	VGLI (Open)	TOTAL
Beginning Closing Date	08/11/71 Open to New Iss.	10/08/40 04/24/51	01/01/19 04/24/51	04/25/51 12/31/56	05/01/65 05/01/66	04/25/51 Open to New Iss.	09/29/65 Open to New Iss.	11/01/2001 Open to New Iss.	08/01/74 Open to New Iss.	
Number of lives insured	2,860	149,226	0	74,316	5,656	247,808	2,245,500	2,810,000	433,600	5,968,966
Number of Policies Inforce										
5-year term	2,860	39,680	n/a	5,030	n/a	63,110	n/a	n/a	n/a	110,680
Permanent plans	n/a	127,581	0	76,283	6,410	217,994	n/a	n/a	n/a	428,268
Total number of policies inforc	**2,860**	**167,261**	**0**	**81,313**	**6,410**	**281,104**	**2,245,500**	**2,810,000**	**433,600**	**6,028,048**
Total value inforce (1)	**$378**	**$2,110**	**$0.00**	**$1,210**	**$67**	**$3,000**	**$1,033,736**	**$112,548**	**$78,522**	**$ 1,231,571**
Average amount per policy (2)	$132,168	$12,615	$0	$14,881	$10,452	$10,672	$460,359	$40,053	$181,093	
Average age (3)	60.1	90.6	97.0	87.2	91.2	63.5	30.0	33.6 (3)	53.7	
Annual death rate per 1,000 (4)	135.1	167.4	461.0	87.1	196.6	39.9	0.6	0.5 (4)	8.5	

(1) The total value of inforce includes paid-up additional insurance ; USGLI total value inforce as of the end of 2019 is projected at zero due to policies endowment; SGLI includes Traumatic Injury Protection Coverage

(2) The average amount of insurance is represented in whole numbers.

(3) Average age for spouses only.

(4) Average annual death rate for spouses only.

Veterans Insurance and Indemnities Appropriation

The VI&I appropriation is the funding mechanism for several government life insurance activities. Payments made from this fund include transfers to the S-DVI and the NSLI funds as well as direct payments to insured Veterans and their beneficiaries. Also included under the VI&I appropriation is the VMLI program.

The largest category of obligations is the subsidy provided to the S-DVI fund. The S-DVI fund requires a subsidy because it provides life insurance protection to Veterans with service-connected disabilities at standard premium rates and is, therefore, not self-supporting. Transfers to the NSLI fund are for premiums being waived where the disability was caused by the extra hazards of military service. By law, these extra hazard costs are borne by the government.

The other category of VI&I obligations is the subsidy provided to support the VMLI program. The VMLI program requires a subsidy because it provides up to $200,000 of mortgage protection life insurance to severely disabled Veterans who have received a grant for specially adapted housing. Similar to S-DVI, these policies are issued at standard premium rates and are, therefore, not self-supporting.

Servicemembers' Group Life Insurance - Public Enterprise Fund - Includes Servicemembers' Group Life Insurance (SGLI), Veterans' Group Life Insurance[2] (VGLI), Family Servicemembers' Group Life Insurance (FSGLI), and Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI).

The SGLI program provides low-cost group life insurance protection to persons on active duty in the military service, ready reservists, members of the Coast Guard, the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service, cadets and midshipmen of the four service academies, members of the Reserve Officer Training Corps, and members who volunteer for assignment to a mobilization category in the Individual Ready Reserve. The maximum amount of SGLI coverage for all Servicemembers is $400,000. Service personnel separated from active duty and the reserves have the right to convert their SGLI coverage to renewable term insurance coverage offered by the VGLI program. SGLI also offers FSGLI coverage for a Servicemember's spouse and children if the Servicemember is on active duty or a member of the Ready Reserve of a uniformed service. Maximum coverage for spouses is $100,000 or the amount of the Servicemember's SGLI, whichever is less. Unlike SGLI, spouses' premiums are age-based. All dependent children are insured for $10,000 at no charge.

The SGLI program is supervised by VA and administered, under a contractual agreement, by Prudential Insurance Company of America through the Office of Servicemembers Group Life Insurance (OSGLI). DoD collects premiums from members of each of the uniformed services and forwards the funds to VA. VA disburses those funds to Prudential for the payment of claims and administrative expenses. SGLI premiums also fund VA's discretionary expenses associated with supervision activities. The SGLI program is entirely self-supporting, except for any costs resulting from excess mortality traceable to the extra hazard of duty in the uniformed services. On July 1,

[2] *VGLI is a conversion option for SGLI insurance carried by Servicemembers. Prudential Insurance Company of America administers the program under a contractual agreement, which is supervised by VA. The financial operation of the program is handled by Prudential and is, therefore, not included in the Insurance budget.*

2014, the monthly SGLI premium rate increased to $.07 per $1,000 of insurance coverage from $.065 per $1,000 of insurance coverage.

TSGLI is a traumatic injury protection rider under SGLI that provides for payment between $25,000 and $100,000 (depending on the type of injury) to any member of the uniformed services covered by SGLI who sustains a traumatic injury that results in certain severe losses. The premium charged for this coverage is $1 per month from each Servicemember insured under SGLI. TSGLI also contains a retroactive provision that provides TSGLI coverage to Servicemembers who suffered a qualifying loss on or after October 7, 2001, and through and including November 30, 2005, with a benefit under TSGLI.

Administered Programs

The following five insurance programs operate in a similar manner. The maximum amount of basic coverage available under any of these programs is $10,000. However, under the NSLI, VRI, and VSLI programs, policyholders can purchase additional protection by electing to use their dividends to buy paid-up additional (PUA) insurance. Also, under the S-DVI program, supplemental coverage is available to policyholders who are eligible for waiver of premiums due to total disability.

United States Government Life Insurance – Trust Fund

USGLI was established in 1919 as a successor to the War Risk Insurance program. The program was closed to new issues on October 8, 1940, except for World War I Veterans who could apply for coverage until April 25, 1951. This program is self-supporting[3]. As of the end of 2019, the USGLI program will no longer have any policyholders since all insureds will have reached the policy maturity age resulting in the endowment of all remaining policies. The program will, however, continue to disburse insurance annuity benefits to beneficiaries.

National Service Life Insurance – Trust Fund

NSLI was created on October 8, 1940, to handle the insurance needs of World War II service personnel. Policies were issued from 1940 until April 25, 1951. The program is self-supporting, except for the cost of claims traceable to the extra hazards of service in the armed forces.

Service-Disabled Veterans' Insurance - Public Enterprise Fund

S-DVI was established on April 25, 1951, and is still open to new issues. S-DVI is open to Veterans separated from service, under other than dishonorable conditions on or after April 25, 1951, who are approved for service-connected disability ratings of zero percent or greater. Because S-DVI insures Veterans with service-connected disabilities at standard premium rates, it requires an annual subsidy from the VI&I account. S-DVI policyholders who are eligible for waiver of premiums can purchase up to an additional $30,000 in coverage at standard rates, based on their current age. No waiver of premiums can be granted on the supplemental coverage.

[3] *Authority for the payment of administrative expenses out of excess earnings in these funds is contained in the annual appropriations bill. This budget assumes that the payment from excess earnings will continue.*

Veterans' Reopened Insurance – Public Enterprise Fund
Policies in the VRI program were issued during a re-opening of the NSLI program from May 1, 1965, through May 2, 1966. This program made life insurance available to certain World War II and Korean Conflict Veterans who met the eligibility requirements. By law, the VRI program is entirely self-supporting, and funds are transferred annually from the VRI fund to the general operating expenses account to cover the cost of operations.

Veterans' Special Life Insurance - Trust Revolving Fund
VSLI was established in 1951 to meet the insurance needs of Veterans who served during the Korean War and the post-Korean War period. Individuals separating from service between April 25, 1951, and January 1, 1957, had 120 days to apply for VSLI. This program is self-supporting.

Highlights by Account (dollars in thousands)				
	2017 Actual	2018 Current Estimate	2019 Request	2020 Request
Obligations				
USGLI	$694	$325	$92	$0
NSLI	809,855	735,931	643,454	548,520
SDVI	157,361	168,610	175,850	180,020
VRI	26,976	23,700	20,460	17,250
VSLI	201,870	202,648	195,618	190,529
SGLI	769,785	793,650	793,650	793,650
VI&I	113,791	128,958	112,852	117,730
Total obligations	**$2,080,331**	**$2,053,822**	**$1,941,976**	**$1,847,699**
Budget authority (gross)				
USGLI	$694	$325	$92	$0
NSLI	809,841	735,931	643,454	548,520
SDVI	159,489	$182,958	$171,122	180,020
VRI	8,132	$6,240	$5,130	4,210
VSLI	118,328	$99,330	$87,530	76,860
SGLI	769,797	793,670	793,670	793,670
VI&I	114,779	126,958	112,852	117,730
Total budget authority (gross)	**$1,981,061**	**$1,945,411**	**$1,813,850**	**$1,721,010**
Outlays (gross)				
USGLI	$1,084	$880	$222	$80
NSLI	902,607	811,795	742,194	666,290
SDVI	153,568	168,478	175,820	179,990
VRI	29,991	29,565	23,940	20,340
VSLI	217,292	237,611	224,658	221,339
SGLI	769,785	793,652	793,650	793,651
VI&I	113,759	128,958	112,852	117,730
Total outlays (gross)	**$2,188,085**	**$2,170,939**	**$2,073,336**	**$1,999,420**
Offsetting collections				
USGLI	$4	$17	$13	$0
NSLI	50,563	59,780	50,630	43,540
SDVI	159,489	182,958	171,122	180,020
VRI	7,844	6,240	5,130	4,210
VSLI	118,328	99,330	87,530	76,860
SGLI	769,797	793,670	793,670	793,670
VI&I	6,254	6,620	6,480	6,390
Total offsetting collections	**$1,112,281**	**$1,148,615**	**$1,114,575**	**$1,104,690**

Highlights by Account

(dollars in thousands)

	2017 Actual	2018 Current Estimate	2019 Request	2020 Request
Budget authority (net)				
USGLI	$690	$308	$79	$0
NSLI	759,278	676,151	592,824	504,980
SDVI	0	0	0	0
VRI	0	0	0	0
VSLI	0	0	0	0
SGLI	0	0	0	0
VI&I	108,525	120,338	106,372	111,340
Total budget authority (net)	**$868,493**	**$796,797**	**$699,275**	**$616,320**
Outlays (net)				
USGLI	$1,080	$863	$209	$80
NSLI	852,031	752,015	691,564	622,750
SDVI	-5,921	-14,479	4,698	-30
VRI	21,857	23,325	18,810	16,130
VSLI	96,963	138,281	137,128	144,479
SGLI	-12	-18	-20	-19
VI&I	107,505	122,338	106,372	111,340
Total outlays (net)	**$1,073,501**	**$1,022,325**	**$958,761**	**$894,730**
Number of lives insured				
USGLI	123	30	0	0
NSLI	223,862	185,900	149,226	116,851
SDVI	244,600	245,416	247,808	249,731
VRI	8,697	7,062	5,656	4,465
VSLI	91,675	83,230	74,316	65,602
SGLI	2,222,500	2,245,500	2,245,500	2,245,500
FSGLI	2,782,000	2,810,000	2,810,000	2,810,000
VGLI	431,517	433,000	433,600	433,700
VI&I	2,632	2,800	2,860	2,930
Total number of lives insured	**6,007,606**	**6,012,938**	**5,968,966**	**5,928,779**
Dividends				
USGLI	$63	$0	$0	$0
NSLI	44,779	36,265	30,364	26,160
VRI	1,904	1,650	1,480	1,360
VSLI	29,223	24,730	19,750	16,530
Total Dividends	**$75,970**	**$62,645**	**$51,594**	**$44,050**

Note: The table totals may differ from OMB MAX totals due to rounding.

Filipino Veterans Equity Compensation Fund

Program Description

The Filipino Veterans Equity Compensation (FVEC) Fund was established under the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 (P.L. 110-329) to make payments to eligible persons who served in the Philippines during World War II. The release of a one-time, lump-sum payment to eligible World War II Filipino Veterans was subsequently authorized and appropriated by Congress in the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). These payments are made from the FVEC Fund, originally resourced with a $198,000,000 appropriation (available until expended) established for this purpose.

In 2009, $82,438,000 was obligated, and by the third quarter of 2010, it was evident that obligations would exceed the original appropriation. The Department of Veterans Affairs (VA) concluded that an additional $67 million would be sufficient to meet the most likely final financial obligation needs of the fund. Congress provided authority to transfer up to $67 million in unobligated balances from bid savings from the Major Construction account for 2010 or prior years in section 901, P.L. 111-212. P.L. 114-223, Division A, Title II, section 241 prohibited VA from transferring any amount from the FVEC Fund to any other account in the Treasury of the United States.

To consider a claim for this one-time, lump-sum payment, the Veterans Benefits Administration had to receive an application from an eligible Filipino Veteran for this benefit no later than February 16, 2010, which was one year from the date the legislation was enacted. Claims had to be made by the Veteran; no other parties were eligible to file a claim for this benefit. In the event an eligible Veteran dies after applying for the benefit, but before receiving the payment, the payment may be made to his surviving spouse. No other family members may receive this payment.

Eligibility

Those eligible for the program include the following:

- Persons who served before July 1, 1946, in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the Armed Forces of the United States;
- Members of the organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States; and
- Persons who served in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945.

All persons must have been discharged or released from service under conditions other than dishonorable.

Payments
Eligible Veterans who are *not* United States citizens receive a one-time payment of $9,000 irrespective of where they reside.

Eligible Veterans who *are* United States citizens will receive a one-time payment of $15,000 irrespective of where they reside.

Filipino Veterans Equity Compensation - Status of Funds ($000s)					
Fiscal Year	Appropriation	Transfer	Obligations	EOY Balance	Outlays
2009	$198,000	$0	$82,438	$115,562	$82,438
2010	$0	$67,000	$113,131	$69,431	$113,131
2011	$0	$0	$10,099	$59,332	$10,099
2012	$0	$0	$1,659	$57,673	$1,659
2013	$0	$0	$1,080	$56,593	$1,080
2014	$0	$0	$558	$56,035	$558
2015	$0	$0	$177	$55,858	$177
2016	$0	$0	$51	$55,807	$51
2017	$0	$0	$84	$55,723	$84
2018 Estimate	$0	$0	$78	$55,645	$78
2019 Estimate	$0	$0	$69	$55,576	$69

All original claims were adjudicated by the end of September 2011. Estimated obligations for 2018 and 2019 reflect historical experience and the number of pending appeals. As of September 2017, 11 appeals were pending with VBA and the Board of Veterans' Appeals, and VA paid $84 thousand for thirteen appeals granted in 2017. Obligations include funds that were returned to the FVEC appropriation due to cancelled or returned checks. VA estimates that eight additional appeals will be granted by the end of 2018 for estimated obligations of $78 thousand; and seven appeals will be granted in 2019, for estimated obligations of $69 thousand.

Administration of the Fund
Section 1002 of P.L. 111-5 also required the submission of specific information in the annual budget submission of the Department:

> *(k) Reports- The Secretary shall include, in documents submitted to Congress by the Secretary in support of the President's budget for each fiscal year, detailed information on the operation of the compensation fund, including the number of applicants, the number of eligible persons receiving benefits, the amounts paid out of the compensation fund, and the administration of the compensation fund for the most recent fiscal year for which such data is available.*

Administration of Filipino Veterans Equity Compensation Fund					
Claim Type	Payment	Claims Processed	Claims Paid	Claims Denied	Obligations ($ in millions)*
Total		42,755	18,980	23,775	$226**
Filipino Citizen	$9,000		9,670		$87
U.S. Citizen	$15,000		9,310		$139

*From 2009 through September 2017
** Obligations include $16.9 million in returned checks and other financial accounting adjustments.

All FVEC appeals processing for VBA is centralized at the Manila Regional Office (RO) in the Philippines. As of September 29, 2011, all initial claims had been adjudicated. Since inception of the program, 42,755 claims have been processed. Of this total, 18,980 claims have been granted, and 23,775 have been denied. Just over half (50.9 percent) of the claims awarded were to Filipino citizens at the one-time payment amount of $9,000. The remaining 49.1 percent of the claims were awarded to the Veterans who are United States citizens at the one-time payment amount of $15,000 in recognition of their service during World War II.

Although 18,980 claims have been paid as of September 2017, some Filipino Veterans believe their claims were improperly denied or that they did not receive a satisfactory explanation as to why their claims were denied. To address these concerns, the White House Initiative on Asian Americans and Pacific Islanders, in collaboration with the Office of Management and Budget and the Domestic Policy Council, created the FVEC Fund Interagency Working Group (IWG) in October 2012. The IWG was comprised of VA, the Department of Defense (DoD), and the National Archives and Record Administration (NARA), and was tasked with analyzing the process faced by Filipino Veterans in demonstrating eligibility for compensation in order to ensure that all applications receive thorough and fair review. This effort culminated in July 2013 with a report from each member of the IWG and resulted in increased transparency and accelerated the processing of appeals within the existing framework.

As a result of the IWG, VA created a special team to expedite the processing of FVEC appeals. In addition, VA created a standard notification letter for appellants requesting submission of all available service records and information. VA personnel also obtain copies of the Affidavit for Philippine Army Personnel (AGO Form 23) for appeals that are

submitted without a Form 23 from the Adjutant General. VA anticipates these steps will further expedite the processing of appeals for the appellants with advanced age by minimizing the turnaround time for service verification requests and hearing requests.

Veterans Benefits Administration

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General Operating Expenses, Veterans Benefits Administration

Appropriation Language

For necessary operating expenses of the Veterans Benefits Administration (VBA), not otherwise provided for, including hire of passenger motor vehicles, reimbursement of the General Services Administration for security guard services, and reimbursement of the Department of Defense for the cost of overseas employee mail, *$2,868,909,000: Provided*, That expenses for services and assistance authorized under paragraphs (1), (2), (5), and (11) of section 3104(a) of title 38, United States Code, that the Secretary of Veterans Affairs determines are necessary to enable entitled Veterans: (1) to the maximum extent feasible, to become employable and to obtain and maintain suitable employment; or (2) to achieve maximum independence in daily living, shall be charged to this account: *Provided further*, That, of the funds made available under this heading, not to exceed five percent shall remain available until September 30, *2020*. *(Military Construction and Veterans Affairs, and Related Agencies Appropriations Act, 2017.)*

Mission Statement

"To serve as a leading advocate for Veterans, Servicemembers, and their families, delivering with excellence Veteran-centered and personalized benefits and services that honor their service, assist in their readjustment, enhance their lives, and engender their full trust."

Veterans Benefits Administration's mission demonstrates VA's strong Core Values: **I**ntegrity, **C**ommitment, **A**dvocacy, **R**espect, and **E**xcellence ("I CARE") and Characteristics: Trustworthy, Accessible, Quality, Agile, Innovative, and Integrated. These values and characteristics define who we are, our culture, and how we care for Veterans, their families, and other beneficiaries.

Vision Statement

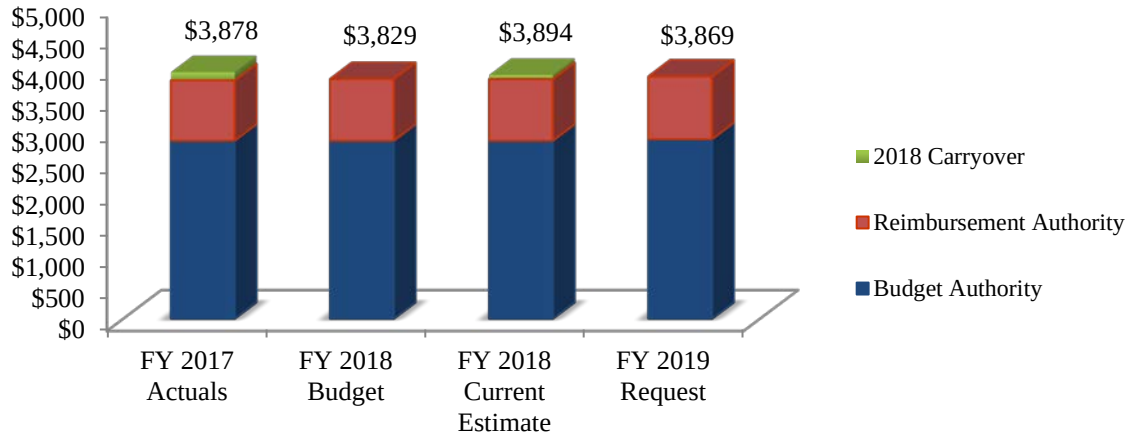
"To fulfill our Nation's promise to those who serve by delivering the benefits and services they have earned to enable full, independent, and productive lives."

VBA's vision is to be a Veteran-centric service organization which engages Servicemembers from the time they enter service, throughout their life, to the final tribute when their service is memorialized. VBA's integrated network of internal and external

partners deliver timely and high-quality benefits and services to Veterans, their families, and Survivors to support this lifelong engagement.

Summary of Budget Request

Summary of Budget Authority - Veterans Benefits Administration
($ in millions)



VBA's 2019 Budget Request reflects a sustained commitment to deliver benefits and exceptional services to Veterans, their dependents, and Survivors—both timely and with a high level of quality. This request includes $2.9 billion in discretionary General Operating Expense (GOE) budget authority and $1.0 billion in reimbursements from other VA appropriations for a total of $3.9 billion for administrative obligations. The GOE appropriation, along with reimbursements from the Compensation and Pensions appropriation, Readjustment Benefits appropriation, Credit appropriation, surplus earnings from certain insurance programs, and other miscellaneous accounts, provides for 23,692 FTE and the non-pay costs to support the administration of all non-medical benefits and support functions within VBA. These administrative resources will support the distribution of $116.9 billion in obligations for benefits and services to Veterans and other beneficiaries – and VBA is able to deliver those at an operating cost of about three cents for every dollar of benefits delivered.

The following chart summarizes VBA's total 2019 discretionary budget request, with subsequent sections providing an overview for each of the six lines of business:

Total VBA Summary Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2017	2018		2019	2019 - 2018
Discretionary	**Actuals**	**Budget Estimate**	**Current Estimate**	**Request**	**Increase(+) Decrease(-)**
FTE					
Direct	20,120	20,493	20,661	21,543	882
Management Direction and Support	2,288	2,228	2,151	2,149	-2
Total FTE	**22,408**	**22,721**	**22,812**	**23,692**	**880**
Obligations					
Personal Services (without overtime)	$2,180,692	$2,236,518	$2,256,684	$2,343,698	$87,014
Overtime	128,359	35,000	80,000	35,000	-45,000
Travel	30,546	29,555	29,555	30,065	510
Interagency Motor Pool	4,827	4,494	4,494	4,571	77
Transportation of Things	1,537	1,606	1,606	1,634	28
Rent, Communications & Utilities	170,894	169,747	169,747	172,870	3,123
Printing	2,247	3,762	3,762	3,826	64
Other Services	1,346,406	1,323,370	1,323,227	1,252,184	-71,043
Supplies and Materials	6,911	7,026	7,026	7,036	11
Equipment	4,753	15,761	15,761	16,023	262
Insurance Claims	855	2,002	2,002	2,036	34
Total Administrative Obligations	**$3,878,028**	**$3,828,840**	**$3,893,864**	**$3,868,944**	**-$24,920**
Reimbursements	-$964,593	-$984,841	-$984,764	-$1,000,035	-$15,271
Unobligated SOY	**-$130,052**	**$0**	**-$65,099**	**$0**	**$65,099**
GOE Carry Over	-$130,000	$0	-$65,000	$0	$65,000
Recycling	-$52	$0	-$99	$0	$99
Unobligated EOY	**$50,046**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$50,000	$0	$0	$0	$0
Recycling	$46	$0	$0	$0	$0
Unobligated Bal Expiring	$10,731	$0	$0	$0	$0
Transfer from BVA (Non-Add)	$10,000	$0	$0	$0	$0
Net Appropriation	**$2,844,160**	**$2,844,000**	**$2,844,000**	**$2,868,909**	$24,908
Rescission	**$12,000**	**$0**	**$0**	**$0**	$0
Total Appropriation	**$2,856,160**	**$2,844,000**	**$2,844,000**	**$2,868,909**	$24,908
Outlays (net)	**$2,632,357**	**$2,779,353**	**$3,040,294**	**$2,798,407**	**-$241,887**

Overall, the 2019 Budget Request for GOE continues 2018's current services budget of $2.9 billion and sustains the 550 FTE VBA brought on board during 2017 to support rating claims processing. Over the past year, VBA focused on realigning resources toward critical positions that directly impact Veterans. The 2019 Budget sustains the shift of 957 FTE in 2018 from "indirect" work to positions directly enhancing Veteran facing priorities.

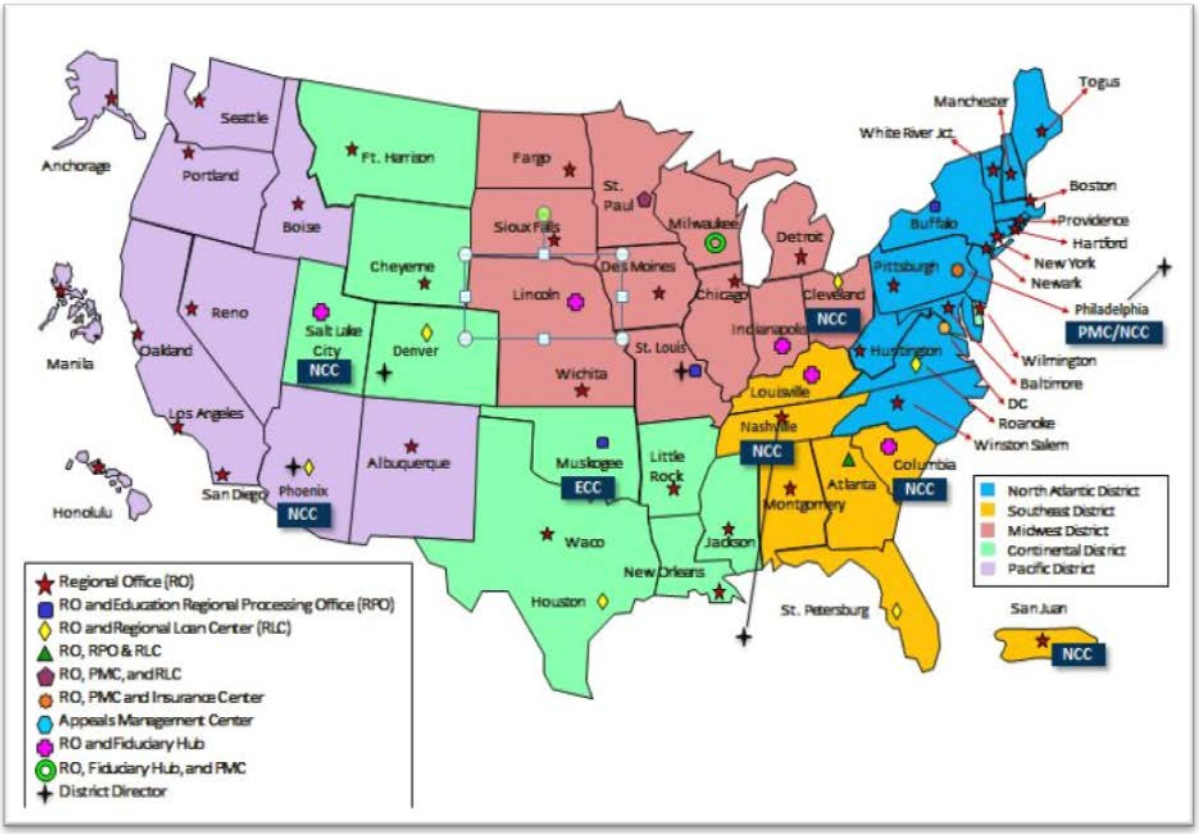
As a result of additional, direct FTE and consecutive record breaking claims processing years, appeals claims are on the rise leading to longer wait times for decisions. To combat this lengthy process, Congress passed legislation reforming the appeals process to streamline review and decisions. The 2019 Budget requests an additional $74 million to hire 605 appeals claims processors to minimize wait times for Veterans to receive the benefits they deserve. Additionally, as the VBA beneficiary population ages, with more claimants requiring fiduciaries to assist in managing their VA benefits, the 2019 Budget requests an additional $22 million to hire 225 fiduciary field examiners.

Furthermore, VBA is requesting a 1.7 percent increase for non-pay inflation, bringing the total 2019 GOE Budget Request to $2.9 billion. In addition, VBA is performing several reforms including reducing headquarters staff by 10 percent, increasing the employee/supervisor ratio from 10:1 to 15:1, and realigning 300 FTE from National Call Centers to direct labor positions in top performing Regional Offices (ROs) to focus on Veteran-facing priorities.

Program Descriptions, Highlights, and Major Accomplishments

VBA operates a national network of 56 ROs, three Pension Management Centers (PMCs), six Fiduciary Hubs, three Education Regional Processing Offices (RPOs), eight Regional Loan Centers (RLCs), the Philadelphia Insurance Center, and eight National Call Centers (NCCs) which are the main contact points for Veterans regarding VBA benefits and services.

While aligned in Districts, VBA applies an enterprise approach in serving Veterans and providing benefits via the following six distinct lines of business and the Benefits Assistance Service.



Disability Compensation

VBA oversees the delivery of disability compensation, a tax-free monetary benefit paid to Veterans with disabling conditions that are the result of a disease or injury incurred or

aggravated during active military service. Disability compensation rating claims are requests for benefits based upon the effects of disabilities caused by injury or disease, which VA typically decides by reviewing medical evidence. VBA provided disability assistance to more than 4.5 million Veterans and completed more than 1.2 million disability compensation claims in 2017, and has processed over a million claims for eight consecutive years. Veterans are currently waiting, on average, 259 fewer days for a decision than they were four years ago.

Pension, Dependency and Indemnity Compensation, Burial and Fiduciary Programs

VBA helps wartime Veterans, their families, and Survivors with financial challenges by providing supplemental income through Veterans Pension, Death Pension, and Dependency and Indemnity Compensation (DIC). Through the Fiduciary program VBA protects the benefits paid to our most vulnerable beneficiaries who, because of disease, injury, or infirmities of advanced age, are unable to manage their finances, including VA benefits. In 2017, VBA served over 483,000 Veterans and survivors receiving Pension totaling $5.8 billion, almost 394,000 spouses receiving DIC benefits of over $6.4 billion, and more than 211,000 Fiduciary beneficiaries. Additionally, the agency has made traction in reducing the DIC claims inventory from a peak of 19,100 to 11,200 a reduction of 41 percent.

Vocational Rehabilitation & Employment

The Vocational Rehabilitation & Employment (VR&E) Program assists Veterans and Servicemembers with service-connected disabilities to prepare for, obtain, and maintain suitable employment; start their own business; or receive independent-living services. This program served over 126,000 Veterans in 2017. Furthermore, it oversees their education and provides career counseling services to help guide career paths and ensure the most effective use of VA benefits. VR&E continues to champion student Veterans through the VetSuccess on Campus (VSOC) program, which places counselors on college campuses to assist student Veterans – today the program has grown to 94 colleges and universities.

Education

The Education Service administers various VA education programs that provide education and training benefits to eligible Active Duty, National Guard, and Reserve Servicemembers, Veterans, and dependents. A critical program for the VA, it provided approximately $13 billion in benefits to nearly 1 million beneficiaries for all education programs with reenrollment claims processed in an average of 8 days in 2017. VBA has provided $79 billion in Post-9/11 GI Bill benefits for over 1.8 million Veterans and dependents since the program began in 2009.

Housing Program

The Housing Program provides oversight of the VA Guaranteed Home Loan Program that guarantees home loans in varying amounts and ensures Veteran's rights are protected when purchasing a home under this program. Additionally, the Housing Program oversees administration of specially adapted housing (SAH) grants for certain severely disabled Servicemembers and Veterans so they can adapt or acquire suitable housing. Since 2009, VBA has saved 683,540 Veterans and their families from foreclosure through the Home Loan Guaranty Program, saving taxpayers $22.1 billion. In 2017, the Housing Program had a record breaking year of serving Veterans; it guaranteed 740,389 loans totaling $188.7 billion, which was 4.95 percent more than 2016. It also approved a record 1,926 SAH grants, an increase of nearly one percent over the previous year.

Insurance Service

The Insurance Service administers life insurance programs that provides financial security and peace of mind for Servicemembers, Veterans, and their families, providing more than $1.2 trillion in coverage. In 2017, it paid over $2 billion dollars in benefits, including nearly 140,000 disbursements to insureds and beneficiaries in an average of 4.4 days at 98.4 percent accuracy.

VBA At Work

On June 10, 2017, the St. Petersburg RO held a disability claims workshop as part of VBA's outreach programs. The outreach session provided an opportunity for an estimated 100 Veterans and family members in attendance to file a claim for disability benefits, submit medical documents, receive updates on existing claims and appeals, and ask questions about the claims process. The workshop enhanced VBA's relationship with Veterans in the local area as evidenced by comment cards with an average rating of 4.9 out of 5 points. One Veteran remarked on their survey, "This outreach clinic was just what I needed."

Additional Business Support:

Benefits Assistance Service

The Benefits Assistance Service (BAS) advocates for Veterans, Servicemembers, and beneficiaries through outreach activities, Transition Assistance Programming (TAP), NCCs, and RO Public Contact Teams, to ensure they are knowledgeable and informed about accessing VA benefits and services. BAS serves as the coordinating body for all VBA outreach services conducting over 136,000 outreach hours, seeing nearly 4.6 million Veterans, family members, and beneficiaries in 2017. BAS also maintains oversight of all VBA Websites, which received over 61 million visits and over 6.7 million eBenefits users in 2017.

Appeals Management Office Realignment

In order to fully support the Secretary's appeals modernization initiatives and implementation of the new law, VBA realigned its appeals management policy and oversight of its national appeals operations under a single office, the Appeals Management Office (AMO) in January 2017. The realignment positions VBA to focus oversight of program operational work, standardize policies and procedures to facilitate consistent benefit delivery and higher customer satisfaction, and also increase the ability to make data-driven decisions. In addition, the realignment promotes accountability for appeals performance by having one VBA office responsible for policy development and implementation. The realignment also facilitates more effective cooperation between VBA and the Board of Veterans Appeals, and better serves Veterans by having the AMO focus exclusively on appeals policy and operational performance. As of September 2017, VBA reduced its inventory of pending appeals to 312,023, a 10.4 percent reduction from the 344,523 appeals pending at the beginning of 2017.

VA's Strategic Goals and Key Priorities

Over the past six years, VBA executed the largest transformation in its history by overhauling its paper-based claims process and replacing it with a fully digital operating environment in which all claims are processed and delivered electronically. It has established a framework for modernizing VA's culture, processes, and capabilities to put the needs, expectations, and interests of Veterans and their families first and ensure the timely delivery of benefits and services to Veterans, Servicemembers, their families, and Survivors. These advancements will help deliver on the Secretary's top five priorities:

VBA's concerted efforts to modernize its systems resulted in noted accomplishments in digitizing the claims workload, reducing the blocked call rate at call centers, and automating dependency claims through rules based processing. However, there is still more work to do. VBA is focused on addressing challenges associated with the appeals process to provide greater choices for Veterans and improving the timeliness of fiduciary initial appointments. Ultimately, the Secretary's, goal is to "turn the VA into the organization Veterans and their families deserve, and one that America can take pride in."

Greater Choice for Veterans:

Appeals Reform

Over the past year, VA worked collaboratively with its stakeholders and Congress to remedy the current appeals process to provide Veterans with a timely decision on their appeals, instead of the three-to-six-year wait time currently experienced, and greatly improve the efficiency of the appeals process. These efforts resulted in Congress' passage of the historic Veterans Appeals Improvement and Modernization Act of 2017, overhauling VA's existing claims and appeals process. This modernized system provides Veterans with clear options after receiving an initial decision on a claim, rather than one, to resolve any disagreements, and it provides Veterans with a timely resolution of their appeal. The new process empowers Veterans by providing them with the ability to tailor the process to meet their individual needs – a choice that was not available in the past. In 2019, VBA is requesting an additional 605 FTE, bringing the total workforce to 2,100 FTE to reduce VBA's notice of disagreement (NOD) inventory to less than 7,000. This reduction directly correlates with workload increases for supplemental claims and higher level reviews.

Harry W. Colmery Veterans Educational Assistance Act of 2017 (Forever GI Bill)

The Forever GI Bill amends Title 38, United States Code, to enhance the educational benefits administered by the Secretary. This is one of the most significant changes to the Post-9/11 GI Bill since its inception. The bill restores benefits and provides relief to Veterans who were affected by school closures since 2015; has special benefits for reservists, surviving dependents, and Purple Heart recipients; and makes education benefits available for life for Chapter 33 benefits. Since passage, VA has worked diligently to start implementing the changes that will impact Veterans, Servicemembers, and their families.

Modernize our Systems:

VA Schedule for Rating Disabilities

Since 1945, VA has routinely updated sections of VA Schedule for Rating Disabilities (VASRD) and in 2019 VBA will publish final regulations for 15 body systems. These revisions will better reflect modern medical science, clarify rating criteria and help VA

claims processors make more consistent. This will provide VA with a more accurate rating system and ensure that Veterans with service-connected diseases or injuries are compensated based on modern standards.

Previous accomplishments include publications of proposed rules in the Federal Register for the Gynecological/Breast body system, Organs of Special Sense (Eyes) body system, Skin body system, Hematologic and Lymphatic body system, Genitourinary body system, and Musculoskeletal body system.

Automatic Claim Establishment

By automatically scanning documents submitted by Veterans for both original and supplemental claims, Automatic Claim Establishment is able to extract data from and automatically establish and categorize claims for Veterans in VBMS without manual input from VBA employees. Auto-establishment is helping VBA decrease claims processing time by up to five days and free up VSR time to better serve Veterans. Over 8,300 claims have been auto-established to date since inception in May 2017.

Veterans Benefits Optimization Model

The objective of the Veterans Benefits Optimization Model is to develop integrated demand and capacity models that identify the inter-dependencies between VBA Lines of Business (LOBs) and determine the impact that resource decisions have on performance measurements. The models are scheduled to be introduced to VBA LOBs during the next programming cycle in 2018. Key features of the models include documenting the impacts of resourcing decisions between LOBs, especially the direct correlation that compensation production has on Appeals, Fiduciary, and Vocational Rehabilitation's demand. The models can be leveraged to forecast quantitatively the resource requirements necessary to achieve the 2018-2023 objectives, and more importantly measure the inter-dependencies and the impact of funding decisions in support of these objectives. At the beginning of June 2017, Office of Performance Analysis and Integrity (PA&I) joined the Veterans Benefits Optimization Model effort to strengthen PA&I's claims forecasting accuracy and quality by leveraging commercial market analytics consultation expertise. This is the first time the forecasting techniques have been assessed by an external party and will provide an objective assessment and recommendations to create a robust forecast that will be inclusive of important drivers such as changing Veteran demographics.

eBenefits

eBenefits is a joint Department of Defense (DoD) and VA initiative launched in October 2009 which enables Veterans to access information about their VA Benefits anytime and anywhere. In 2017, eBenefits surpassed 6.7 million issued credentials, totaling over 39.6 million visits by its users. These users have the ability to access over 64 self-service features to include, but are not limited to, checking the status of a disability claim which has over 86.3 million views since 2011; generating letters that verify benefits of which 19.3 million were generated since the functionality deployed in

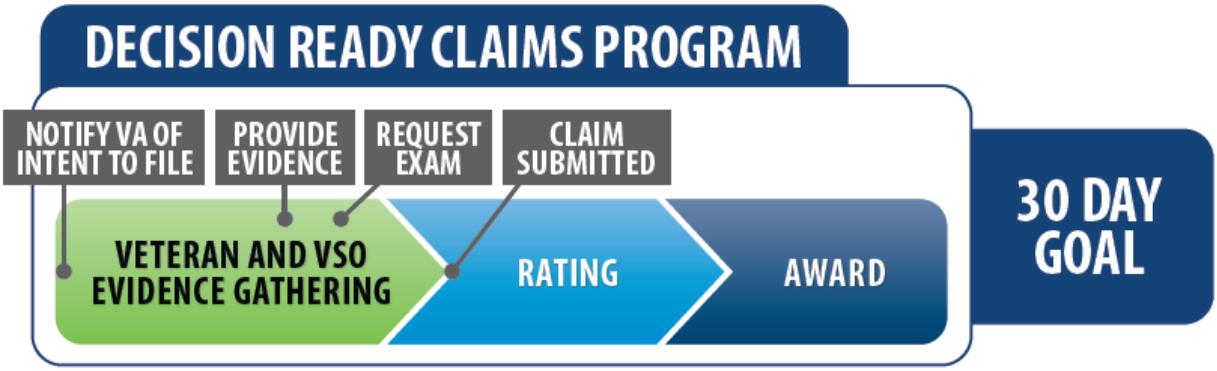
January 2011; ordering medical equipment, such as hearing aid batteries; and verifying education enrollment or home loan benefits. The home loan certificate of eligibility letter was released in January 2011 and has since generated a record 1.3 million letters.

Focus Resources More Effectively:

Decision Ready Claims

The Decision Ready Claims (DRC) initiative is designed to improve the timeliness of disability claims decisions. Veterans can submit their supplemental claim under DRC, with the help of accredited VSOs, who certify that all supporting medical evidence (e.g. medical exam, military service records, etc.) is included with the claim at the time of submission to VA. VBA will provide a claims decision within 30 days of the date of receipt.

The first phase of the rollout was at the St. Paul, Waco, and Houston ROs in June 2017 and was made available nationwide in 2017. As of September 2017, there were a total of 231 DRC submissions, which were completed in an average of 9.3 days. The goal is for DRC to comprise 4 percent of all disability compensation claims in 2018, and 25% in 2019. VA is currently promoting the DRC program through social media efforts, email communication, and continued collaboration with our VSO partners. We also have been using our Change Management Agents within the local ROs to be stewards for the DRC program in their communities.



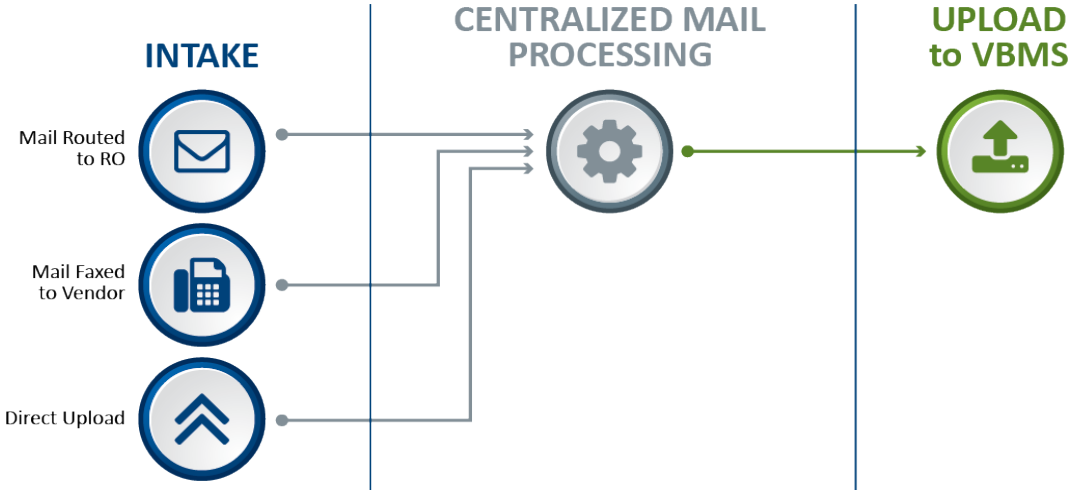
Paper Extraction

VBA began digitizing inactive paper claim records to improve processing time and save money for storage needs, extracting over 1.6 million inactive files from over 40 ROs. In 2019, VBA will realize $3 million in cost avoidances and projects significant savings as a result of a decreased need for office space and storage over the next 10 years.

Centralized Intake

VBA initiated this process change to lessen the time it takes to process mail. It centralizes and digitizes all incoming claims, no matter how they are sent to VA, and

enables the digital operating environment in VBMS. Since inception, VBA has scanned more than 3 billion images and reduced the average mail processing time for ROs to just over five business days from a peak of 55 business days in early 2015.



<u>Improve Timeliness of Services:</u>

Fiduciary Program

The Fiduciary Program ensures protection of VA's most vulnerable beneficiaries and oversight of the fiduciaries who serve them. In many cases, the appointment of a fiduciary is necessary to release withheld retroactive benefits to the beneficiary. The Fiduciary Program experienced a 73-percent increase in the number of beneficiaries from 122,271 in 2011 to over 211,282 in 2017. VA conducts a field examination prior to initial appointment of a fiduciary, which includes any subsequent new fiduciary, to ensure the physical and financial welfare of the beneficiary and monitor performance of the fiduciary. During 2017, the program completed 89,000 field examinations, an 8-percent increase from 2016.

In 2019, VBA will allocate an additional 225 FTE, bringing the total workforce to 1,335 in the field to meet the program's oversight responsibilities in order to avoid delays in the initial appointment of fiduciaries and the scheduling of follow-up field examinations.

Rules Based Processing System

As a subset of non-rating claims, VBA's 2017 Agency Priority Goal focused on decreasing inventory to 100,000 or fewer dependency claims. VBA achieved its goal, on February 14, 2017 and reduced the dependency claims inventory from its a peak of 270,507 in August 2014 to 86,300 as of September, 2017. VBA has also developed a Rules-Based Processing System (RBPS) to automate dependency claim submission and payment through self-service features. Now, one in four Veterans submit their request

to add or change their dependency status online and 65 percent of the dependency claims filed through RBPS are automatically processed and paid within two days.

National Work Queue

The National Work Queue (NWQ) deployed to all 56 ROs in 2016 and is designed to improve the overall production capacity by prioritizing and distributing paperless disability compensation and pension claims in accordance with existing RO capacity to address Veteran's claims as quickly as possible regardless of the Veteran's place of residence. Claims are moving through the claims process faster than before NWQ—on average, claims are ready for decision eight days faster. Planned updates include incorporating all non-rating pension end products and key functionality to incorporate VBA priorities such as appeals workload distribution.

National Call Centers

As part of Secretary's commitment to improve choice and access for Veterans, VBA has focused efforts to identify and implement improvements within its NCCs to enhance the level of service we provide to Servicemembers, Veterans, Survivors, and dependents. VBA is transforming its eight NCCs and National Pension Call Center model to provide consistent, accurate, and courteous service across multiple access channels and to increase point-of-interaction resolution options for all agents, regardless of the method of contact. The multi-channel model approach provides traditional and interactive contact including live phone agents, online, enhanced self-service through the system, e-mail, and live chat. Live agent support, to provide the information and assistance with the delivery of benefits and services, is provided by the NCCs to Veterans across time zones from 8:00am - 9:00pm Eastern Standard Time. This model will enable VBA to provide enhanced world-class service to those who seek assistance in applying for, or obtaining information about, VA benefits and services.

At the end of 2017, VBA's blocked call rate was zero percent, an improvement from the 2015 level of 59 percent, with more than 5 million calls answered. In addition to increasing access for assistance with VBA benefits and services, VBA's NCCs have also continued to improve the level of service provided to our customers. The J.D. Power overall customer satisfaction score for 2017 was 797 out of 1,000 index points, which exceeds the J.D. Power Government Benchmark of 765 by 32 points.

Suicide Prevention:

Operation S.A.V.E. Suicide Prevention Training is being conducted nationwide by all VBA employees to help us identify Veterans in need of assistance. This is another step VBA is taking in Getting to Zero Veteran suicides.

VBA At Work

During a natural disaster, VA's first priority is ensuring the safety and well-being of the Veterans we serve. Despite the widespread devastation brought by Hurricanes Harvey, Irma, and Maria, VA continued to deliver benefits and services in affected communities.

VBA took extra steps to get information and benefits to Veterans by establishing outreach coordinators at shelters in Houston and Dallas to offer benefits assistance, working to assist Veterans who receive paper checks get access to their money if their mail cannot be delivered, and reaching out to seriously disabled Veterans who previously had their home Specially Adapted to determine if additional assistance is needed. Additionally, Education Service worked to ensure continued payment to students attending schools that were closed.

Over 5,500 VA staff and over 500,000 Veterans live within the areas impacted in Texas, Puerto Rico, Florida, Louisiana, Georgia, Alabama, and South Carolina. Despite incredible devastation in those areas of the country, VBA employees continued the mission to provide Veterans with benefits while also juggling personal needs. VBA is a proud organization that cares so much about each other and those we serve.

Key Outreach Initiatives

In order to support the modernization framework outlined by the Secretary's top five priorities, VBA is committed to conducting outreach, the gateway to informing our nation's heroes about VA benefits, services, and programs. The BAS office proactively provides information and benefits counseling to Veterans, Servicemembers, and beneficiaries who may be eligible to receive benefits and to ensure individuals are fully informed about and receive assistance in applying for those benefits.

BAS ensures VBA outreach responsibility is carried out by:

- Coordinating outreach with the Veterans Health Administration, the National Cemetery Administration, VA Department Offices, and other federal and non-federal agencies
- Maximizing the integration and efficient coordination of outreach activities, messaging and materials to improve information flow, service delivery and ultimately the interactive experience of Veterans with VA
- Improving the Veteran experience through increased access channels and outreach in rural and remote areas
- Leveraging all available digital platforms to empower Veterans and promote consistency in all VA outreach efforts across the enterprise

In 2017, VBA completed over 136,000 hours of outreach at over 50,000 events, such as Rolling Thunder, NASCAR, Veteran Service Officer Conferences, Association of the United States Army (AUSA), Enlisted Association of the National Guard of the United States (EANGUS), and National Guard Association of the United States (NGAUS) to continually engage more than 4.6 million Veterans, family members and beneficiaries annually. VBA is also actively engaged at military installations, educating Servicemembers about benefits and services available as they transition from military service and in communities across the country to increase employment opportunities for Veterans and their families.

Military To Civilian Transition

VA now has a dedicated workforce focused on providing benefits briefings and other transition activities to support the military-to-civilian transition. Approximately 250,000 Servicemembers are expected to transition from the military to civilian life annually over the next four years.

Through the VOW contract, VA has trained more than 300 VA Benefits Advisors worldwide to provide full-time transition support to over 300 military installations. VA benefits advisors are responsible for delivering the mandatory VA Benefits Briefings I and II to 100 percent of Servicemembers. In addition, the Benefits Advisors support the DoD components of Transition GPS, Military Life Cycle, Capstone events and provide individual assistance to Servicemembers and dependents on all VA benefits and services. VBA remains committed to continued improvements in supporting transition, and will go beyond many of the transition-related provisions of the VOW Act to include adapting a holistic military-to-civilian transition approach to build responsive and predictive resources for Servicemembers versus a "basket of benefits" and single point-in-time support.

Warrior Training Advancement Course

VBA At Work

Does WARTAC really have an impact on separating Service members or VBA? Sarah Francis, WARTAC graduate and Nashville Regional Office employee, believes so. "Transitioning out of the military is a challenging task regardless of branch or rank. The WARTAC program and a little determination have made it possible for my family and me to confidently transition out of the military after almost 6 years of active duty in the Marine Corps."

VBA is leveraging a strategic partnership with the DoD to hire Veterans through the Warrior Training Advancement Course (WARTAC), a formal joint skill-bridge program to train Servicemembers and hire them as entry level claims processors at VA upon separation. This program significantly reduces the costs VBA must allocate for hiring and training new employees, as VBA does not incur the costs for salaries or travel of the students. Approximately 610 Servicemembers have been hired since the start of the program in 2014. In 2017, approximately 385 Servicemembers were trained and VA is on track to meet the goal to train 400 WARTAC students during 2019. Based on the program's success as noted by an 88 percent hire rate, it will expand to nine locations and host a class in Germany in 2018.

Overview of VBA Workload

The following sections provide a summary of the VBA workload, budget authority, and FTE projections, which are discussed in detail in each specific business line chapter.

Disability Compensation

Overall, the 2019 Budget Request for GOE budget authority of $2 billion dollars is consistent with the Current Estimate. The GOE appropriation for Disability Compensation supports VBA efforts to continue processing record numbers of Veteran claims, and an additional 605 FTE to deploy the new appeals process and reduce the inventory of Veterans waiting on appeals claims decisions. The disability compensation rating claims workload increases as more than one million transitioning Servicemembers will become Veterans over the next four years. Concurrently, production on claims which do not require a disability rating decision but directly impact benefits, such as dependency and burial claims, are expected to increase significantly as well.

Therefore, it is critical that in 2019 VBA continue to maximize the gains achieved through the modernization enhancements and programs such as the digital operating environment, auto establishment, and DRC. The resources required to maintain the record levels of claims processing as well as push forward with the Secretary's priorities are detailed throughout this document. The following table provides a summary of the workload associated with the budget request.

Projected Compensation Workload and FTE Requirements	2016 Actual	2017 Actual	2018 Estimate	2019 Estimate
Compensation Direct Labor FTE	12,988	13,783	14,054	14,662
Rating Receipts Compensation Claims	1,132,965	1,194,935	1,252,075	1,296,791
Rating Production Compensation Claims	1,122,718	1,237,834	1,263,286	1,309,556
Year-end Inventory Compensation Claims	352,529	309,630	298,419	285,654

Compensation & Pension Legacy Appeals Workload	2016 Actual	2017 Actual	2018 Estimate	2019 Estimate
Notice of Disagreement Receipts	173,829	160,144	152,579	51,053
Appeals Resolutions by VBA	110,595	121,687	133,856	147,241
Certification of Substantive Appeals to the Board*	88,441	99,190	107,529	116,639
Pending Inventory	344,523	312,023	282,693	256,094

**Certifications include both original certifications as well as remands returned to the Board for a final decision*

Pension, Dependency and Indemnity Compensation, Burial, and Fiduciary Programs

Overall, the 2019 Budget Request for Pension, Dependency and Indemnity Compensation, Burial, and Fiduciary Programs GOE budget authority of $328.3 million supports the administrative costs to deliver benefits to the most vulnerable beneficiaries. VBA is striving to implement streamlined and automated processes in these programs to provide timely and accurate benefit decisions.

VBA's Fiduciary Program experienced a 73 percent growth in the number of beneficiaries from 2011 to 2017. The number of beneficiaries is projected to grow as VBA continues to process a record number of claims annually and the beneficiary population ages. However, staffing has not kept up with the needs of the program. With the additional 225 FTE, the fiduciary program expects to complete 43,200 field examinations and reduce the amount of time to complete an initial appointment.

In 2017, the Burial Program provided a one-time payment for 218,842 burial claims. Much of this success is attributable to increased automation and a July 2014 rule change which enabled VBA to make automated burial payments upon notice of death. As a result of the automated processing, VBA now makes payments to eligible surviving spouses within 54 days, down from the previous average of 198 days.

In addition, the DIC Program provided monthly benefits to 394,000 surviving spouses and dependent children of Veterans whose death was related to military service. VBA reduced its DIC inventory by 41 percent from the peak of 19,100 in March 2012 to 11,200 in September 2017; improving DIC timeliness by 105 days from a peak of 182 days to 77 days while maintaining 99 percent accuracy.

The following table provides a summary of the workload associated with the budget request.

Projected Pension and DIC Claims Workload and FTE Requirements	2016*	2017	2018 Estimate	2019 Estimate
Pension, DIC, & Burial Direct Labor FTE	2,223	1,249	1,189	1,189
Total Receipts	**153,915**	**145,172**	**145,581**	**146,822**
Pension Claims	93,992	81,638	78,547	76,104
DIC Claims	59,923	63,534	67,034	70,718
Total Production	**150,089**	**148,560**	**146,399**	**147,760**
Pension Claims	93,057	85,056	78,910	76,519
DIC Claims	57,032	63,504	67,489	71,241
Total Year-end Inventory	**24,578**	**21,190**	**20,372**	**19,434**
Pension Claims	13,408	9,990	9,627	9,212
DIC Claims	11,170	11,200	10,745	10,222

*FY 2016 Direct FTE includes Fiduciary FTE

Fiduciary Program Workload Completed	2017	2018	2019
Direct Labor FTE	1,062	1,110	1,335
Initial Appointment Field Examinations	58,500	52,300	56,400
Follow-up Field Examinations	27,200	33,900	43,200
Follow-up Alternate Field Examinations	8,500	12,300	15,200
Percentage Initial Appointment	62.1%	53.1%	49.1%
Total Field Examinations	**94,200**	**98,500**	**114,800**
Accountings	45,700	46,800	47,900

Education

Overall, the 2019 Budget Request for GOE budget authority of $215 million for the Education Program supports the administrative costs to provide reliable and essential services to Veterans and others using VA education benefits to ensure their economic competitiveness. In addition, the request reflects an increase of $6.3 million, which includes $5.7 million and 50 FTE to implement the Forever GI Bill. VBA also assesses Veteran educational outcomes and the impact on lifelong economic success. Continuous high-level interest in VA education programs requires VBA, more than ever, to provide efficient and effective services to beneficiaries that enable them to meet education, training, and employment objectives. VBA's understanding of service delivery has expanded, and VBA has significantly improved education claims processing timeliness and accuracy, paying $13 billion to over 1 million beneficiaries for all education programs and processing reenrollment claims in an average of 8 days in 2017. The following table provides a summary of the workload associated with the budget request.

Projected Education Workload and FTE Requirements	2016	2017	2018 Estimate	2019 Estimate
Direct Labor FTE	1,647	1,455	1,753	1,803
Total Claims Completed	4,114,961	3,783,088	4,133,588	4,484,088
Average Days to Process Original Claims	17	25	28	28
Average Days to Process Supplemental Claims	7	9	14	14
Compliance Reviews	5,435	5,155	5,030	5,030
Calls Processed at Call Center	2,755,580	2,554,530	3,193,162	2,809,983

Housing

The 2019 Budget Request includes $156.5 million in reimbursement authority from credit accounts and $18.2 million in budget authority to fund the discretionary portion of the Housing Program. VBA guaranteed 740,389 home loans in 2017. Outreach efforts have broadened program popularity and pushed purchase loan originations higher. The unique no down payment feature and no mortgage insurance requirement are also continuing to attract new borrowers.

In 2017, VBA and its partnering loan servicers assisted 96,139 Veterans avoid foreclosure, a one percent decrease from 2016. By avoiding these foreclosures, nearly $2.7 billion in claim payments to servicers was also avoided. To assist our clients earlier in the default process, VA has delegated more loss-mitigation authority to private-sector loan servicers. This authority enables servicers to help our clients receive the most advantageous resolution option based on their circumstances. Additionally, servicers are required to report all data electronically, which results in a paperless process, while also facilitating VA's oversight responsibilities. Electronically reported data allows VA to more effectively manage the portfolio of VA-guaranteed loans, resulting in better service to our clients. The following table provides a summary of the workload associated with the budget request.

Projected Housing Workload and FTE Requirements	2016	2017	2018 Estimate	2019 Estimate
Direct Labor FTE	820	771	820	820
Total Guaranteed Loan Volume	713,041*	740,389**	589,533	566,588
Total Purchase Loans	446,948	380,437	372,467	380,885
Total Refinance Loans	266,093	359,952	217,066	185,703
Total Loan Amount	$181,786,472,798	$188,699,461,266	$161,263,441,174	$157,480,852,328

*The 2016 guaranteed loan volume as reported in the Annual Financial Statements was 713,041; however, due to program administered system reports, the recognized loan volume is 705,474 and total loan amount is $179B. Purchase loan volume is 353,002 and refinance volume is 352,472.

**The 2017 guaranteed loan volume as reported in the Annual Financial Statements was 685,735; however, due to program administered system reports, the recognized loan volume is 740,389 and total loan amount is $189B as pulled on the 2nd business day of the new year. Purchase loan volume is 380,437 and refinance volume is 359,952.

Vocational Rehabilitation and Employment

The 2019 Budget Request for GOE budget authority of $257.6 million for the VR&E program is a $59.3 million decrease from the Current Estimate. This is a direct result of favorable pricing of the new Transition Assistance Program (TAP) contract which provides the required level of support at a considerably lower cost. VBA will continue to provide outreach to Servicemembers in order to assist in their transition and entrance into one of VR&E's five tracks leading toward achievement of their rehabilitation goals. The five tracks are Re-Employment, Rapid Access to Employment, Self-Employment, Employment through Long Term Services, and Independent Living Services. Additionally, VR&E offers educational and vocational counseling services to transitioning Servicemembers within six months of discharge.

VR&E is involved in early intervention to support successful reintegration by physically placing Vocational Rehabilitation Counselors (VRCs) at Joint VA/DoD Integrated Disability Evaluation System (IDES) locations. Currently, VR&E services are located at 71 military installations domestically with 145 counselors allocated to the program. Services range from comprehensive rehabilitation evaluations to determine abilities, skills, and interests for employment purposes to support services to identify, obtain, and maintain employment. By physically placing VRCs at IDES locations, benefits delivery and timely response to the needs of transitioning Servicemembers is being enhanced as more Servicemembers are anticipated to use VA benefits. This counseling also assists Servicemembers using Post-9/11 GI Bill benefits to make informed career and academic choices. By the end of 2019, this initiative will have supported an estimated 21,000 transitioning Servicemembers since implementation in 2012. The following table provides a summary of the workload associated with the budget request.

Projected VR&E Workload and FTE Requirements	**2016**	**2017**	**2018 Estimate**	**2019 Estimate**
Direct Labor FTE	1,377	1,381	1,442	1,442
Actual Participants	137,097	132,218	144,661	149,747
Increase in Actual Participants (over previous year)	4%	-4%	9%	4%
Veterans Entering a New Plan for Rehabilitation (over previous year)	29,341	28,708	32,348	33,966
VR&E New Claims	112,155	107,200	121,307	126,159
Increase in VR&E New Claims (over previous year)	27%	-4%	13%	4%
Positive Outcomes	14,350	15,528	TBD	TBD

Insurance

The 2019 Budget Request for GOE budget authority of $1.1 million for the Insurance Service which is a $225 thousand increase from the Current Estimate. The workload associated with maintaining and processing insurance benefits for the World War II and

Korean War era programs is declining in line with the advancing age of the policyholders. However, the workload trend for programs that serve disabled Veterans has been increasing. This upward trend is projected to continue partly as a result of the new presumptive conditions that expanded eligibility criteria. In addition, the Insurance Center established an outreach unit in 2011 that contacts recently separated Veterans whose disabilities would prevent them from purchasing life insurance in the private sector. This outreach effort contacted a total of 27,911 Veterans in 2017, averaging over 2,300 Veterans per month.

Continuing the focus on improving the Veteran Experience, the Insurance Center functions in a fully operational electronic workflow environment. The increased processing efficiencies resulting from this system are a key element to maintaining high levels of client satisfaction. VBA continues to provide world-class service through its toll-free telephone service and continues to enhance its current alternative means for Veterans and their representatives to reach VBA, including e-mail, the IVR system, and the self-service Website. The following table provides a summary of the workload associated with the budget request.

Projected Insurance Workload and FTE Requirements	**2016**	**2017**	**2018 Estimate**	**2019 Estimate**
Insurance Direct Labor FTE	289	283	293	292
Death Claims	107,810	100,830	93,160	86,490
Loans and Cash Surrenders	38,879	38,857	38,290	37,800
Telephone Calls Answered	569,890	546,537	524,620	522,230
S-DVI & VMLI Applications	35,460	30,690	36,350	35,980
All Other Insurance Maintenance Actions	361,830	402,718	325,930	297,790
Veterans Contacted through Outreach	26,839	27,911	27,000	27,000

VBA Initiative Investments

VBA continues to invest in cross-cutting programs. The 2019 request will continue to support investments that focus on the Secretary's priorities such as modernization, improving timeliness, and focusing resources more effectively.

2019 Investments Request VBA Cross-Cutting Investments (000s)				
Initiative Name	**2018 Estimate**		**2019 Request**	
	FTE	**$**	**FTE**	**$**
Veterans Benefits Management System	41	35,704	41	36,212
Veterans Claims Intake Process/Centralized Mail	34	142,835	34	129,455
National Work Queue	22	3,220	22	3,222
Veterans Opportunity to Work Act / Veterans Employment Initiative	0	111,011	0	51,398
TOTAL OBLIGATIONS	**97**	**$292,770**	**97**	**$220,286**

FTE Tables

The following tables display the estimated allocation of FTE in 2017 by grade and location and the estimated distribution of all grades from 2017 through the 2019 budget request.

Analysis of FTE Distribution Headquarters/Field		
2017 HQ Actual	**2017 Field Actual**	**Total**
22	40	62
85	123	208
288	232	520
615	1,956	2,571
116	5,057	5,173
38	4,134	4,172
0	2,333	2,333
24	2,951	2,975
5	76	81
9	2,644	2,652
1	1,057	1,058
0	472	472
0	119	119
0	12	12
0	0	0
0	0	0
1,203	**21,205**	**22,408**

Employment Summary-FTE by Grade				
Grade	**2017 Actual**	**2018 Estimate**	**2019 Request**	**Increase/ Decrease**
SES	62	63	66	3
GS-15	208	210	210	0
GS-14	520	536	547	11
GS-13	2,571	2,600	2,557	(43)
GS-12	5,173	5,426	5,497	71
GS-11	4,172	5,267	5,043	(224)
GS-10	2,333	2,186	2,388	202
GS-9	2,975	2,414	2,783	369
GS-8	81	65	74	9
GS-7	2,652	1,956	2,717	762
GS-6	1,058	1,121	1,138	17
GS-5	472	788	499	(289)
GS-4	119	166	159	(7)
GS-3	12	13	14	1
GS-2	0	1	0	(1)
GS-1	0	0	0	0
Total	**22,408**	**22,812**	**23,692**	**880**

Net Changes

The following table displays the net change from the 2018 President's Budget Request to the 2019 GOE appropriation request for the VBA discretionary account.

Net Change Veterans Benefits Administration 2019 Summary of Resource Requirements (dollars in thousands)		
	BA	**FTE**
2018 President's Budget	$2,844,000	22,721
Forever GI Bill FTE	$0	91
2018 Enacted	**$2,844,000**	**22,812**
2019 Savings		
Scanning	-$15,723	
WARTAC	-$5,900	
Transition Assistance Program (TAP)	-$61,500	
Subtotal	**-$83,123**	
2019 Current Services Increases		
Payraise Assumption deduction (0%)	0	
Non-pay Inflation (1.7%)	12,010	
2019 Total Current Services	**$12,010**	22,812
2019 Additional Investments		
Appeals Claims Processors	74,000	605
Fiduciary Examiners	22,022	225
Forever GI Bill FTE	0	50
Total additional investments	**$96,022**	**880**
2019 Total Budget Authority Request	**$2,868,909**	**23,692**

*Forever GI Bill FTE will be funded internally by VBA

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Disability Compensation

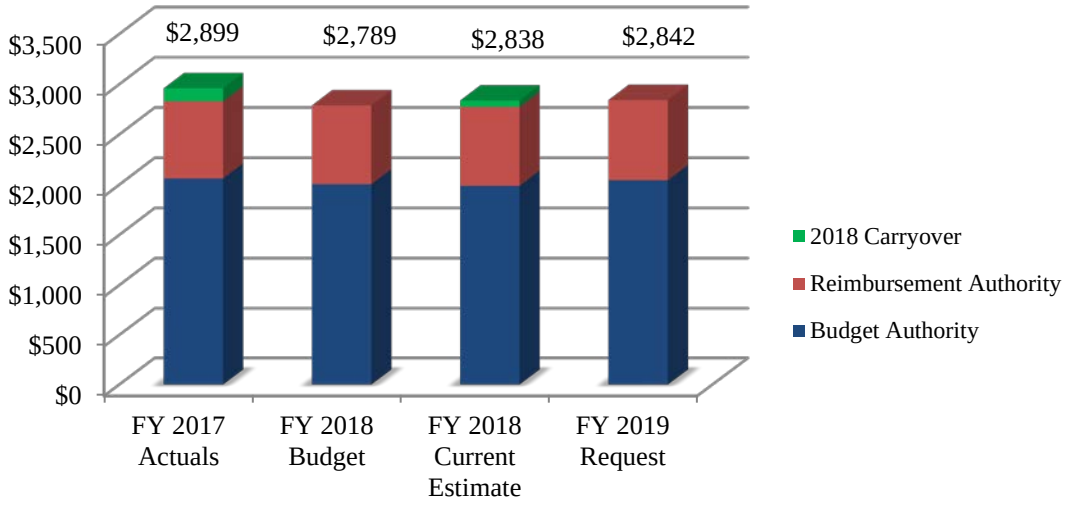
Mission

The Disability Compensation Program provides monthly, tax-free payments to Veterans, their families, and survivors in recognition of the effects of a disabling condition due to disease or injury incurred or aggravated as a result of military service.

Summary of Budget Authority

2019 Budget Authority Request: $2.0 billion
Change over 2018 Estimate: +$55.7million / 2.7 percent

Summary of Budget Authority - Disability Compensation
($ in millions)



Summary of Budget Request

VA requests $2.0 billion in budget authority to fund discretionary portions of the Disability Compensation Program to include administrative expenses for 16,155 FTE, which represents an increase of 608 FTE from the 2018 current estimate dedicated to working appeals claims.

Disability Compensation Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2017	2018		2019	2019 - 2018
Discretionary	**Actuals**	**Budget Estimate**	**Current Estimate**	**Request**	**Increase(+) Decrease(-)**
FTE					
Direct Compensation	13,783	13,977	14,054	14,662	608
Management Direction and Support	1,560	1,550	1,493	1,493	0
Total FTE	**15,342**	**15,527**	**15,547**	**16,155**	**608**
Obligations					
Personal Services (without overtime)	$1,486,858	1,507,449	$1,511,546	$1,571,814	$60,268
Overtime	109,954	26,399	71,399	$26,410	-$44,989
Travel	19,161	21,866	21,866	$22,237	372
Interagency Motor Pool	3,395	2,643	2,643	$2,688	45
Transportation of Things	1,103	833	833	$847	14
Rent, Communications & Utilities	118,104	120,849	120,849	$122,904	2,054
Printing	1,581	2,211	2,211	$2,248	38
Other Services	1,150,168	1,090,633	1,090,633	$1,076,494	-14,138
Supplies and Materials	4,694	3,580	3,580	$3,640	61
Equipment	3,325	11,070	11,070	$11,258	188
Insurance Claims	671	1,857	1,857	$1,888	32
Total Administrative Obligations	**$2,899,013**	**$2,789,389**	**$2,838,485**	**$2,842,430**	**$3,944**
Reimbursements	-$768,703	-$785,819	-$785,886	-$799,257	-$13,371
Unobligated SOY	**-$130,052**	**$0**	**-$65,099**	**$0**	**$65,099**
GOE Carry Over	-$130,000	$0	-$65,000	$0	$65,000
Recycling	-$52	$0	-$99	$0	$99
Unobligated EOY	**$50,046**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$50,000	$0	$0	$0	$0
Recycling	$46	$0	$0	$0	$0
Unobligated Bal Expiring	$10,731	$0	$0	$0	$0
Transfer from BVA (Non-Add)	$10,000	$0	$0	$0	$0
Net Appropriation	**$2,061,035**	**$2,003,570**	**$1,987,500**	**$2,043,172**	**$55,672**
Rescission	**$12,000**	**$0**	**$0**	**$0**	**$0**
Total Appropriation	**$2,073,035**	**$2,003,570**	**$1,987,500**	**$2,043,172**	**$55,672**
Outlays (net)	**$1,887,630**	**$1,984,492**	**$2,230,420**	**$2,021,245**	**-$209,175**

Dollars may not add due to rounding in this and subsequent charts.

Changes from Original 2018 Estimate

Personal services are estimated to increase $45 million for surge capability for overtime claims processing support. VBA is also proactively realigning 10 percent of VBA's FTE in Central Office to Regional Offices (ROs) to work directly impacting claims and meeting Veteran facing priorities.

Changes from 2018 Current Estimate to 2019 Request

Total obligations reflect a net increase of $3.9 million from the 2018 current estimate. The 2019 request includes 605 appeals claims processors, additional funding for contract medical exams, and a projected 1.7 percent increase for non-pay inflation.

Program Description

Compensation Service oversees the delivery of disability compensation, a tax-free monetary benefit paid to Veterans with disabling conditions that are the result of a disease or injury incurred or aggravated during active military service, which VA typically decides by reviewing medical evidence.

In 2019, VA will complete a projected 1.3 million disability compensation rating claims, with the average number of days pending of 77 days, average number of days to complete of 107 days, and an inventory of claims pending more than 125 days at 59,000. In 2017, VA completed more than 1.2 million disability compensation rating claims, with an average of 92 days pending, and 119 days to complete. For comparison purposes, on average, Veterans are currently waiting 259 fewer days for a decision than they were four years ago.

VBA's ability to complete more than 1 million disability compensation rating claims per year over the last three years is the direct result of VBA's sustained investment in systems and processes such as the Veterans Benefits Management System (VBMS), the National Work Queue (NWQ), Fully Developed Claims (FDCs), Challenge Training, Veterans Claims Intake Program (VCIP), Centralized Mail Operations, and Disability Benefits Questionnaires (DBQs). Further information on these efforts is provided later in the chapter. VBA continues to drive its business processes to improve the efficiency of its digital operating environment in which claims are centrally received, automatically established, and managed and routed nationally, while employing the necessary training and quality review mechanisms.

VBA is committed to continued improvements in providing timely service to Veterans, exemplified by the introduction of the Decision Ready Claims (DRC) initiative explained later in the chapter. This will increase overall Veteran satisfaction by improving claims processing timeliness and accuracy.

Workload

In 2019, VBA will continue to prioritize Veterans and their families first. VA strives to complete all rating claims in less than 125 days. However, the following are examples of when a claim may take longer than 125 days to complete:

- Veterans claim new conditions before VA makes decisions on their earlier claimed issues
- Veterans submit new additional evidence for pending claims late in the process

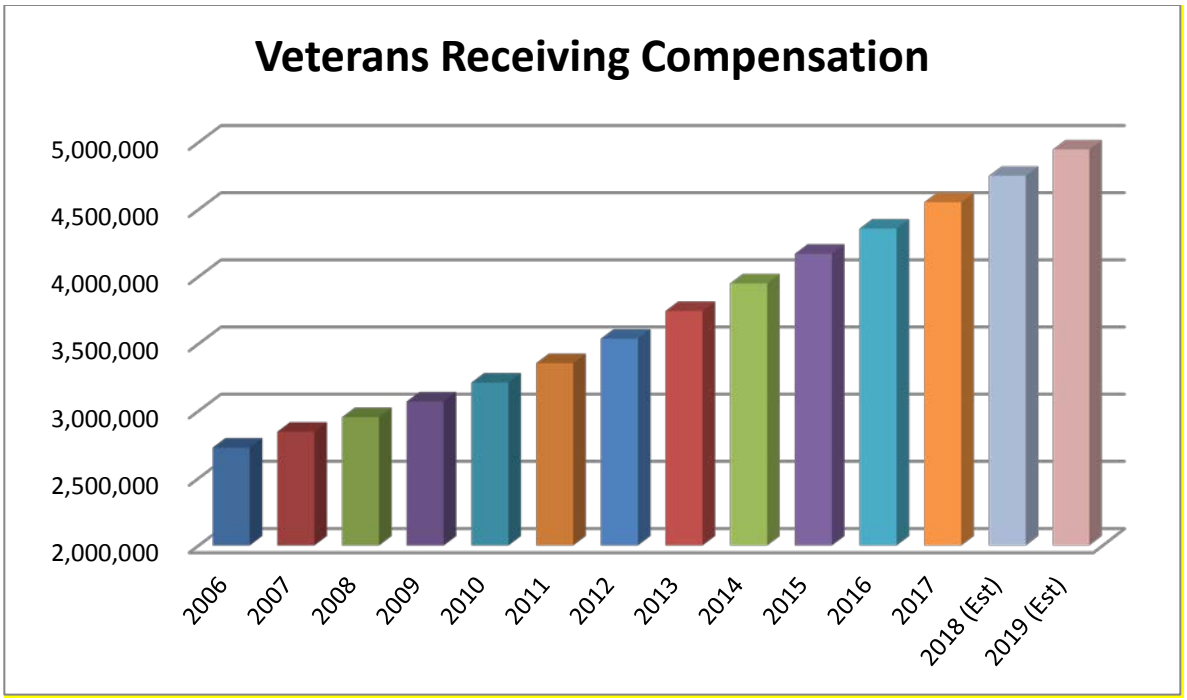
- Veterans ask VA to reschedule their medical examinations for personal reasons, such as travel, living overseas, etc.
- VA identifies additional disabilities that the Veteran did not claim that are related to service-connected disabilities
- VA identifies additional benefits, such as adapted housing or a total evaluation based on the inability to maintain gainful employment as a result of service-connected disabilities, that are unclaimed but intertwined with VA's decisions
- Claims that involve complex conditions such as those due to radiation exposure to Camp Lejeune Contaminated Water, or from Veterans located outside the United States

The following tables provide a summary of the VBA compensation workload and direct FTE projections:

Projected Compensation Workload and FTE Requirements	**2016**	**2017**	**2018 Estimate**	**2019 Estimate**
Compensation Direct Labor FTE	12,988	13,783	14,054	14,662
Rating Receipts Compensation Claims	1,132,965	1,194,935	1,252,075	1,296,791
Rating Production Compensation Claims	1,122,718	1,237,834	1,263,286	1,309,556
Year-end Inventory Compensation Claims	352,529	309,630	298,419	285,654

VBA also continues to track and report on the combined compensation, pension, and survivors (e.g., Dependency and Indemnity Compensation) rating-related workload. The following chart provides a summary of the total VBA disability decision workload (referred to as all "rating-related claims") and FTE projections with the combined totals for compensation, pension, and DIC claims. Per the chart below, high levels of production are continuing and expected to increase as receipts continue to increase. Production is expected to continue to outpace receipts resulting in the year-end inventory decrease. This will help lower the average days to complete a claim.

Projected Compensation and Pension Benefits Workload and FTE Requirements	**2016**	**2017**	**2018 Estimate**	**2019 Estimate**
Compensation and Pension Direct Labor FTE	15,211	16,094	16,353	17,186
Receipts	1,286,880	1,340,107	1,397,656	1,443,613
Production	1,272,807	1,386,394	1,409,685	1,457,316
Year-end Inventory	377,107	330,820	318,791	305,088

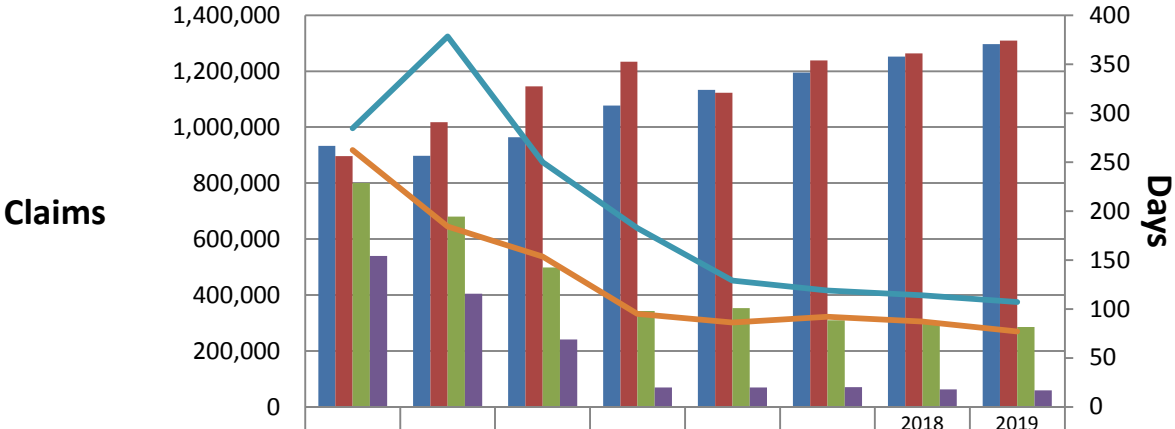


As of November 2017, the projected U.S. Veterans population was approximately 20 million people. In 2019, VA expects supplemental claims from Veterans to account for 74 percent of the total disability compensation rating claims received with the balance consisting of 25.5 percent original claims and 0.5 percent other. There will be an increase in the number of compensation beneficiaries requiring award adjustments due to dependency changes; requests for ancillary benefits, such as automobiles for those with impaired movement, clothing allowances, and specially adapted housing; requests for eligibility certifications for determining entitlement to benefits and services from other agencies; program reviews; and an increase in supplemental claims and higher level reviews resulting from VA's change in appeals processing. Historically, VBA has found that rating claims received and completed is a valid indicator for overall demand.

Compensation Claim Types

VBA assigns credits for various types of work performed by claims processors. These work credits assist in monitoring the workload, i.e., tracking and reporting on claims, as well as monitoring individual and RO performance. This work is aggregated into the following categories:

- Compensation Rating Claims – Claims filed by Veterans for benefits based upon the effects of disabilities, due to diseases or injuries incurred or aggravated during active military service. These claims filed by Veterans traditionally require a rating decision. (Note: Claims from survivors are administered by the Pension and Fiduciary Service)

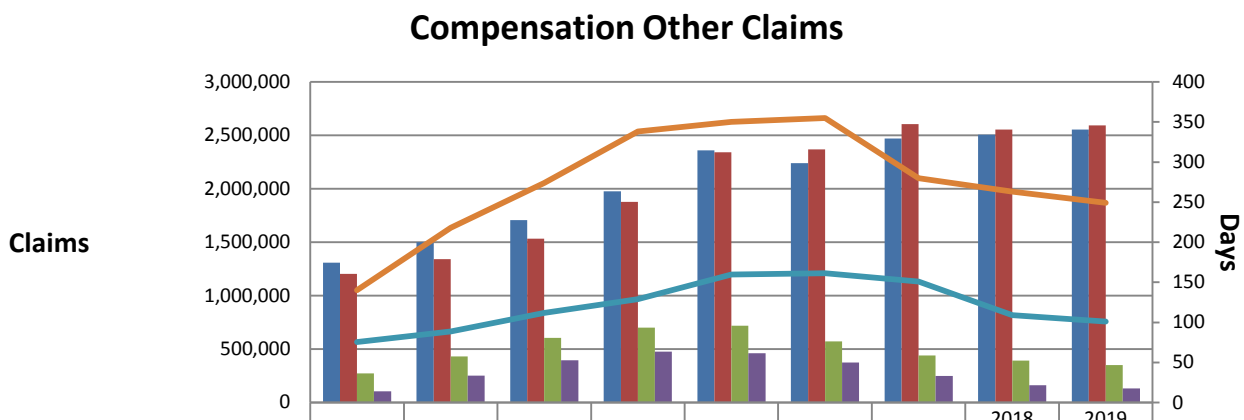


	2012	2013	2014	2015	2016	2017	2018 (est)	2019 (est)
Received	933,265	897,398	963,834	1,077,428	1,132,965	1,194,935	1,252,075	1,296,791
Production	895,818	1,017,515	1,145,607	1,233,907	1,122,718	1,237,834	1,263,286	1,309,556
Year-end Inventory	800,651	680,534	498,761	342,282	352,529	309,630	298,419	285,654
Inventory over 125 days	539,925	404,384	240,443	69,745	69,118	70,965	62,554	59,088
Average Day to Complete	284	378	250	183	129	119	114	107
Average Day Pending	262	184	153	95	86	92	87	77

- Compensation Non-Rating Claims – Involves the modification of benefits based upon additional ancillary factors. Such modifications, including adjustments for dependents, usually occur when Veterans are receiving benefits.

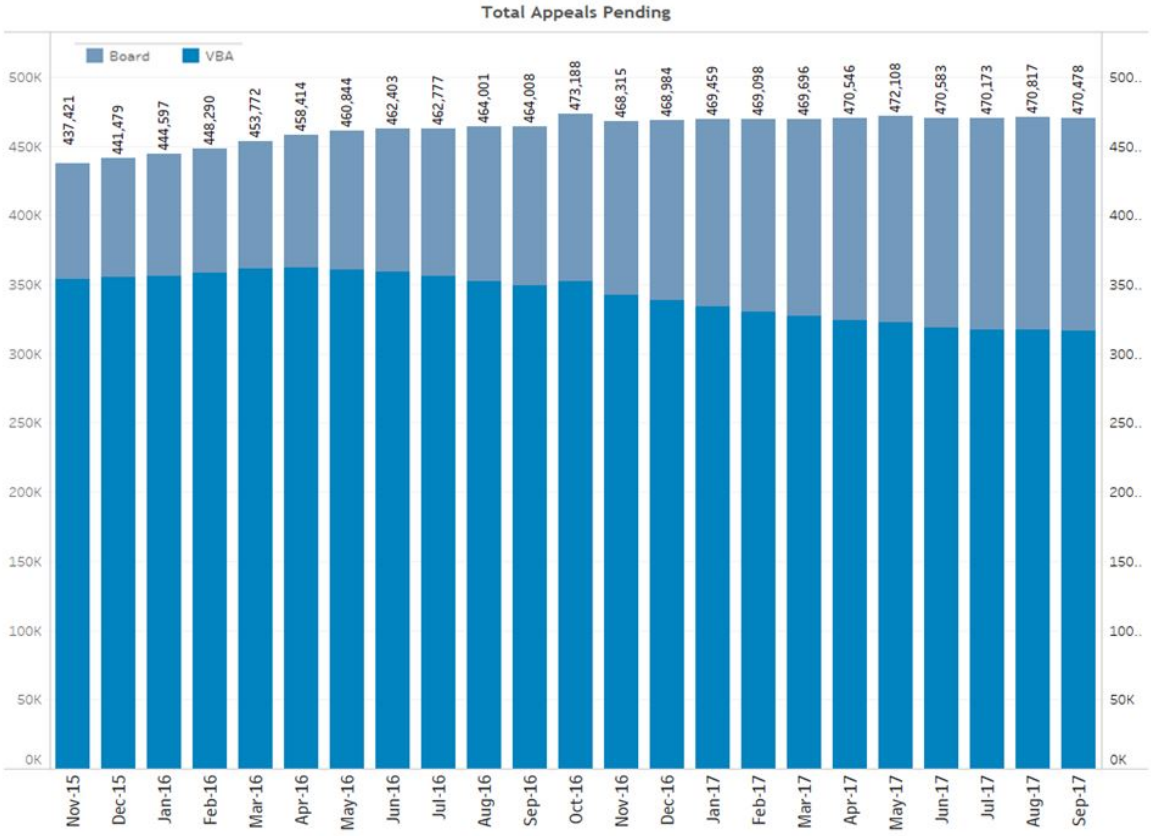
- Compensation Controlled End Products – Includes the review of claims folders under the provisions of current regulations, instructions, directives, or procedures; review of radiation cases; and temporary 100 percent disability evaluation reviews. This category also includes other controlled work received that does not affect entitlements or require any adjustment to monetary benefits, such as responding to correspondence.

- Compensation Non-Rating Other End Products – Includes program benefit claims for Veterans' children due to spina bifida or other birth defects and other special issues; reviews of historical awards of amyotrophic lateral sclerosis, exposure to environmental hazards or mustard gas; requests for basic eligibility of vocational rehabilitation and employment (VR&E) or dependents educational assistance; social security verification; and continued eligibility to Individual Unemployability. This category also includes other controlled work from requests for release of information under the Freedom of Information Act and Privacy Act.



	2011	2012	2013	2014	2015	2016	2017	2018 (est)	2019 (est)
Received Total	1,309,138	1,500,209	1,707,497	1,974,997	2,360,939	2,239,317	2,471,297	2,505,528	2,554,821
Production Total	1,204,168	1,341,973	1,534,607	1,878,452	2,342,662	2,367,585	2,603,616	2,554,194	2,593,950
Year-end Inventory	273,902	432,138	605,028	701,573	719,850	572,246	439,927	391,261	352,132
Inventory over 125 days	105,119	251,646	394,240	475,673	461,794	375,019	250,204	162,027	131,009
Average Day to Complete	76	89	112	129	160	161	151	109	101
Average Day Pending	140	218	274	338	350	355	280	263	249

Appeals Reform and Workload



VBA has worked collaboratively with the Board of Veterans' Appeal (Board), Veterans Service Organizations (VSOs), advocacy groups, congressional staff, and other key stakeholders to design a new appeals process in an effort to improve the delivery of benefits and services to Veterans and their families. These efforts have resulted in Congress' passage of the historic Veterans Appeals Improvement and Modernization Act of 2017, enacted on August 23, 2017. Public law 115-55 is the most significant statutory change to affect VA appeals in decades and provides much-needed comprehensive legislative reform to ensure Veterans receive timely and quality decisions on their claims and appeals. The new law overhauls VA's current appeals process and provides Veterans, their families, and their survivors with increased choice in handling disagreements with VA's decisions.

This modernized system that VA is working aggressively to develop, will provide Veterans with improved claims decision notices, clearly defined start and end points for early resolution of disagreements, and protections that preserve a Veteran's effective date for benefits. The new process empowers Veterans by providing them with the ability to tailor the process to meet their individual needs – a choice that is not available in the legacy appeals process. In the new process, Veterans can pursue one of three different lanes to try to resolve their disagreements with a VA decision. One lane for review of the same evidence by a higher-lever adjudicator at the RO, one lane for submitting new and relevant evidence with a supplemental claim at the RO, and one lane for Veterans to appeal directly to the Board, eliminating the steps required by the old process in order to receive a Board review. Furthermore, the robust effective date protections built into the law enhance Veterans' rights and ensure that Veterans and their advocates cannot make a wrong turn in making their selection. The new process improves transparency by clearly defining VBA as the claims agency and the Board as the appeals agency in VA.

VA is presently working to implement this new legislative framework and fully expects to implement the new claims and appeals process by February 2019; however, it is also committed to addressing the inventory of legacy appeals. In 2019, VBA will add an additional 605 FTE dedicated to working appealed claims. In addition, effective November 1, 2017, VBA launched a new program, the Rapid Appeals Modernization Program (RAMP). This program provides eligible Veterans with pending disability compensation appeals in VBA with the voluntary option to participate in the new process during the implementation period. VBA will also use the program to test certain assumptions relied on in development of the comprehensive plan for implementing the modernized system. Appeals that cannot be converted to the new process under RAMP will be worked under the legacy process. VBA will use several internal metrics to track the progress of RAMP receipts and claims production to provide continual feedback on any staffing needs. Tracking the opt-in percentage will allow for forecasting of the reduction of the legacy appeals inventory, as well as ensure adequate resources are directed towards RAMP claims. In addition, tracking the distribution of elections among the new process lanes, claims processing timeliness, and individual employee productivity will inform VBA as to appropriate work credit, workload capacity, and processing timeliness for the new framework cases. Reviews and analyses of these metrics will provide future capacity estimates as well as support the formulation of production standards under full implementation of appeals reform.

By February 2019, all requests for review of VA decisions issued after the applicability date of the law will be processed under the new process. However, a significant number of legacy appeals will remain in the system pending a final resolution. Nevertheless, appellants who receive a Statement of the Case (SOC) or supplemental SOC (SSOC) in the legacy process after the applicability date of the legislation will also have the opportunity to opt-in to the new process. Therefore, VBA is removing the Notice of Disagreement (NOD) and Substantive Appeal to the Board timeliness performance measures. These measures are no longer indicative of VBA's performance in processing legacy appeals, because so few new appeals will enter VBA's legacy process after the applicability date, and many legacy pending appeals will be converted to the new process, either through RAMP or the SOC and SSOC opt-in features. Rather VBA will focus operationally on the reduction and elimination of its legacy appeals inventory. In addition, because VBA expects to continue receiving remands from the Board in the legacy process until all eligible appellants opt-in to the new process or all legacy appeals are finally resolved, VBA will continue to focus operationally on processing Board remands.

As part of an effort to streamline and improve performance in legacy appeals processing, in January 2017, VBA realigned its administrative appeals program under the Appeals Management Office (AMO). The realignment identified a single office responsible for overseeing VBA's appeals processing and resulted in increased accountability for appeals performance. Further, the realignment has also resulted in better communication and cooperation between VBA and the Board. This effort was part of VBA's multi-pronged approach to modernize VA's appeals process for Veterans through legislative reform, increased resources, technology, process improvements, and increased efficiencies. 2017 was a key turning point for appeals modernization with accomplishments on many fronts.

As of September 2017, the total workload of compensation and pension appeals pending in VBA and the Board combined consisted of 470,478 appeals, an 8-percent increase since November 2015 as the chart above illustrates. These appeals are pending at various stages of the multi-step appeals process, which divides jurisdiction of appeals between VBA and the Board. As of September 2017, the inventory of compensation appeals pending action by VBA was 312,023, while the inventory of appeals pending with the Board was 150,776. The inventory of compensation appeals pending in VBA is further broken down by the various multi-step processing stages as follows: As of September 2017 there were:

- 208,460 NODs pending
- 39,377 substantive appeals to the Board (Form 9) pending
- 32,468 appeals pending a response from the appellant to VA's SOC
- 31,718 Board remands pending

Furthermore, VBA personnel schedule Board hearings that are conducted by the Board either in person or by video at the RO. During 2017, the Board conducted 10,675 video hearings and 4,627 travel board hearings.

The workload table below reflects VBA's forecasted impact of the implementation of the legislation, the legislative opt-ins, and the increased appeals resources of 605 FTE on the reduction of VBA's compensation and pension legacy appeals inventory in 2019.

Compensation & Pension Legacy Appeals Workload	2016 Actual	2017 Actual	2018 Estimate	2019 Estimate
Notice of Disagreement Receipts	173,829	160,144	152,579	51,053
Appeals Resolutions by VBA	110,595	121,687	133,856	147,241
Certification of Substantive Appeals to the Board*	88,441	99,190	107,529	116,639
Pending Inventory	344,523	312,023	282,693	256,094

*Certifications include both original certifications as well as remands returned to the Board for a final decision

2017 Accomplishments:

- As of September 2017, VBA reduced its compensation appeals inventory to 312,023 pending appeals, a 9-percent reduction from the 344,523 appeals pending at the beginning of 2017. This includes a reduction of 21,172 pending NODs from 229,632 to 208,460 during 2017, and a reduction of 10,464 substantive appeals to the Board pending from 49,841 to 39,377 during 2017.
- As of September 2017, VBA resolved 121,687 compensation appeals in 2017, which represents 11,092 or 10 percent more appeals resolutions in 2017 compared to 2016.

Future Plans/Goals for 2018 and 2019:

- VA initiated an 18-month implementation plan for the new process immediately after the new law was enacted. VA will use this period to promulgate regulations, establish procedures, create materials and train personnel, implement information technology system changes, and conduct outreach in order to implement the new law. Due to the magnitude and scope of the statutory changes, VA has established a detailed plan to guide the implementation of the new legislation. VA is using a governance structure to oversee and document appeals modernization implementation and using project management experts to institute key project management tools and deliverables. To track implementation progress, the plan includes timelines, interim goals and milestones, reporting requirements, and established deadlines to ensure timely execution. VA submitted the initial comprehensive implementation plan to Congress and the Comptroller General on November 22, 2017, as required the Veterans Appeals Improvement and Modernization Act of 2017, and is available online at https://benefits.va.gov/benefits/docs/90-Day-Plan-CMR-PL-115-55.pdf.

- Implementation of the Veterans Appeals Improvement and Modernization Act of 2017, and addressing the legacy appeals inventory, remain a priority for 2018 and 2019.

Once the new system goes into effect in 2019, VA will reallocate resources and maximize efficiency in appeals processing. VA will allocate available resources to meet the timely processing goals in the new system and the remaining resources to process legacy appeals. Furthermore, VA will continue to engage and collaborate with all stakeholders and capitalize on feedback received in order to better serve Veterans.

Highlights and Performance Measures

VBA's 2019 Disability Compensation Program request is aligned to initiatives that support modernizing VA and improving services to Veterans based on the Secretary's Priorities.

Appeals Reform will enable Veterans with "Greater Choice" by creating more options for the Veteran in filing appeals/claims. Many of the initiatives involve "Modernizing Systems," with the most significant being the VA Schedule for Rating Disabilities (VASRD) regulation updates and Auto Establishment (AE) of claims described in the VCIP section below. Numerous initiatives also support efforts to "Focus Resources More Efficiently" including AE, centralized intake, appeals reform, and DRC. "Improve Timeliness" is a major focus for many aspects of the Compensation program, mainly DRC, AE, performance standards revision, NWQ, National Call Centers (NCC) improvement, and non-rating/dependency claims processing. The NCC Improvements and Community Outreach efforts support the very important "Suicide Prevention" mission.

Decision Ready Claims

As part of VA's continued efforts to improve Veterans' experience with the disability claims process, VA has developed the DRC initiative – an extension of Fully Developed Claims. DRCs are claims for disability compensation submitted with the help of accredited VSOs, who certify that all supporting evidence (e.g. medical exam, military service records, etc.) is included with the claim at the time of submission to VA. Currently, DRC claims are limited to supplemental claims for increase of an existing disability benefit, with plans to increase the type of claims that can be submitted in future years. Veterans who choose to submit their claim under DRC can expect to receive a decision within 30 days from the time VA receives the claim. DRCs enable VBA to focus resources on reducing claims pending over 125 days as well as improving timeliness.

2017 Accomplishments:

- VBA implemented the first phase of the national DRC rollout at the St. Paul, Waco, and Houston ROs starting May 1, 2017. National implementation of the DRC initiative was rolled out to all ROs by September 1, 2017.

Future Plans/Goals for 2018 and 2019:

- VBA plans to complete 4 percent, or nearly 48,000 claims, of the overall disability compensation claim inventory under the DRC initiative in 2018.
- VBA plans to complete 25 percent, or nearly 300,000 claims, of the overall disability

compensation claim inventory under the DRC initiative in 2019.

Rating Schedule Modernization

In 2009, VBA was directed to revise and update the 15 body systems contained in the VASRD, 38 CFR Part 4, under the authority of Title 38 USC § 1155.

VBA held workgroups and forums that were attended by the public, VSOs, and the medical community in order to receive input on its regulations for the 15 VASRD body systems. The update of these regulations will incorporate current medical science and econometric earnings loss data to VASRD. This will provide VA with a more accurate rating system and ensure that Veterans with service-connected diseases or injuries are compensated based on modern standards.

2017 Accomplishments:

- VBA published the Endocrine (November 2017) and Dental/Oral (August 2017) body systems final rule in the Federal Register

Previous Accomplishments:

- VBA published the Gynecological/Breast body system proposed rule in the Federal Register (February 2015)
- VBA published the Organs of Special Sense (Eyes) body system proposed rule in the Federal Register (June 2015)
- VBA published the Skin body system proposed rule in the Federal Register (August 2016)
- VBA published the Hematologic and Lymphatic body system proposed rule in the Federal Register (August 2015)
- VBA published the Genitourinary body system proposed rule in the Federal Register (July 2017)
- VBA published the Musculoskeletal body system proposed rule in the Federal Register (August 2017)

Future Plan/Goal for 2018 and 2019:

- VBA will complete updates to all 15 body systems as final regulations in the rating schedule by the end of 2019.

National Quality Assurance (QA)

VBA has a rigorous national QA program, that perpetually focuses on improving decision accuracy of claims and measures all elements of compensation claims processing accuracy. Compensation Service dedicates approximately 7 percent (968 FTE) of its workforce towards

quality efforts. QA is working towards driving improved national accuracy. The new Quality Management System (QMS) database, which QA began using for Systematic Technical Accuracy Reviews (STAR) as well as local reviews in 2017, will bring a more granular focus on the correlation of these quality elements for more tailored feedback and training.

2017 Accomplishments:

- Conducted comprehensive accuracy reviews of the adjudication of disability compensation claims at all ROs. These resulted in 62,173 RO rating issues reviewed with an accuracy of 94.3 percent, and 12,060 RO authorization claims reviewed with an accuracy of 87.29 percent, for the current 12-month cumulative. Additionally, 562 AMO rating issues were reviewed with a 95.0 percent accuracy rate.
- Completed 155,810 In-Process Reviews (IPR) via Quality Review Teams (QRT) in 2017 to assist in identifying and correcting claim errors. These efforts have enabled VBA to address areas that require clarification in policies and procedures.
- Implemented new QMS database that enables the capture of all quality data to include results of IPRs, Individual Quality Reviews (IQRs), and STAR.

Future Plans/Goals for 2018 and 2019:

- Redesign the national rating quality checklist to match the local rating quality checklist for reporting quality on the various stages of the claim, i.e., development, rating, and promulgation, as VBA continues into the NWQ environment and multiple ROs work various cycles of the same claim.
- Full implementation of QMS to include Special Focused Reviews (SFRs), site visit reviews, consistency studies, and skill certification tests. QMS data will be used to reflect accuracy at the national, RO, and individual employee levels and assist with the identification of training opportunities.
- Complete at least 175,000 IPRs per year. Analysis has shown a correlation between IPRs at this level and increased accuracy of rating claims.
- Administer 36 consistency studies each year to support effective pre-testing, training, and post-testing on error trends, special issues, and changes in law, procedure, or policy.
- Complete a work credit measurement study and update VBA work-rate standards to assist in assessing productivity, effectiveness, budget preparation, staffing needs and alignment, and efficient use of resources.

Contract Medical Examinations

Beginning in 2017, VA was granted the discretion to expand the Contract Medical Disability Examination (MDE) program across as many ROs as the Secretary considers appropriate, and is now rolled out nationally. The main purpose of this expanded contract exam authority is to provide timely disability exams for Veterans residing in both the U.S. and abroad to supplement VHA's internal Compensation and Pension (C&P) exam capacity.

2017 Accomplishments:

- Contractors completed approximately 47 percent of all disability examinations as of September 2017. VBA provided disability examinations requests/reviews for 491,678 Veterans and Servicemembers through 56 ROs and various military bases in support of Integrated Disability Evaluation System (IDES) across the United States.

Future Plans/Goals for 2018 and 2019:

- In 2018, VBA plans to complete over 1.7 million contract medical exams for over 700 thousand Veterans and over 1.8 million exams for almost 800 thousand Veterans in 2019.
- VBA will use the customized quality review database for tracking contract examination quality data. This data will be used to implement improvements in the exam process and hold vendors accountable for performance.
- VBA will evaluate the performance of contract vendors by reviewing a statistically valid sample of examinations at the 95 percent confidence level with a 5-percent margin of error.

Disability Benefits Questionnaires and Web Operations

DBQs are standardized medical examination forms designed to capture essential medical information for purposes of determining entitlement to disability benefits. DBQs provide specific responses to questions focused on the evaluation criteria contained in VASRD to accelerate and streamline the disability claims adjudication process by enhancing the capability to collect the required medical evidence to adjudicate a claim.

DBQs make examination reports easier and less time consuming and allows Veterans the choice to have their disability exams completed by their private medical providers. DBQs help eliminate the largest category of examination challenges that delays claims processing, examinations that contain insufficient information to rate the claim. The MDE Quality and Program Management Office staff conducts required audits of private provider DBQs submitted by Veterans with their claims. These reviews and audits also align with a VA Office of Inspector General recommendation in the Follow-Up Audit of VBA's Internal Controls over Disability Benefits Questionnaires (Report #14-02384-45).

2017 Accomplishments:

- Completed 3,623,903 DBQs
- The use of DBQs assisted VHA in improving the overall accuracy of completed C&P examinations to 95 percent

Future Plans/Goals for 2018 and 2019:

- In 2018, VBA plans to complete 3.7 million DBQs, and 3.8 million DBQs in 2019
- Convert the four remaining legacy examination worksheets into DBQs
- Continue DBQ outreach to healthcare providers and VSOs

Training and Skills Certification

The training staff is responsible for providing the national training curriculum to RO personnel on the claims process. They maintain online training material for individual self-paced training needs, as well as conduct onsite training as identified by quality assurance team analysis. They also provide onsite assistance to train on special topics, such as the new DRC program.

Challenge Training

Challenge training focuses on providing new Veterans Service Representatives (VSRs) and Rating Veterans Service Representative (RVSRs) employees with the technical skills required for claims development and decision-making. Challenge training provides the tools necessary to empower employees to serve Veterans effectively and efficiently. The training goes through every aspect of being a VSR and RVSR, from start of a claim to finish, including actual claims work with the guidance of instructors.

Warrior Training Advancement Course (WARTAC)

WARTAC is a skill-bridge education and employment opportunity for Wounded Warriors and transitioning Servicemembers to complete a national-level VBA training program while still on active duty. Servicemembers completing the program are afforded employment opportunities as VSRs or RVSRs.

WARTAC training is the same as VSR or RVSR Challenge training for newly-hired or promoted employees. In 2017 2,205 trainees (1,627 VSRs and 578 RVSRs) graduated from Centralized Challenge and 383 Servicemembers from WARTAC training. In 2019, VBA plans to train 1,700 VSRs and 692 RVSRs for a total of 2,392.

Because WARTAC students are active duty Servicemembers who are trained at their military installation, Compensation Service does not incur salary or travel costs for the students as compared to Challenge training, resulting in a cost savings of over $5.9 million. In 2018, VBA expanded WARTAC to be delivered overseas with the first session held in Germany in October 2017. In 2019, VBA plans to train approximately 400 Servicemembers.

Skills Certification Program

Public Law 110-389, Section 225 requires that the SECVA provide a skill certification examination for employees and managers who are responsible for processing claims for C&P benefits. The Skills Certification Program is an essential element in meeting VBA's strategic goal of achieving a high-performing workforce. Currently, VBA administers certification testing to VSRs; RVSRs; DROs; QRSs; and Coaches at Veterans Service Centers (VSCs), Pension Management Centers (PMCs), and the AMO. Skills certification testing is mandatory for all compensation claims processors at or above the journeyman level and their supervisors. Certification validates competency, enhances job proficiency, and encourages professional development, which improves timeliness with faster and more accurate decisions.

In 2017, Compensation Service administered a total of 12 skill certification tests, 10 for VSCs and 2 for PMCs. A total of 5,265 employees were tested during 2017. Of these, 3,781 obtained certification. VBA provided enhanced training opportunities and individual feedback regarding each employee's strengths and opportunities as demonstrated through the certification test, successfully preparing personnel to retake the test. In 2019, Compensation Service will administer a total of 10 tests for VSCs to include VSRs, RVSRs, DROs, QRSs, and Coaches, and 6 tests for PMCs to include VSRs, Senior VSRs, and RVSRs.

VSO Training, Responsibility, Involvement, and Preparation of Claims (TRIP) Portal

The TRIP program is designed to enhance VA's service to Veterans and the timeliness of claims processing through a nationwide partnership between VA and all accredited VSOs. This online training program provides VSOs with essential VBA claims processing policy and procedure requirements to support their regular VSO activities. Successful completion of training permits access to VBA claims processing related applications. VBA is incorporating DRC training for VSOs into the TRIP portal.

Private Medical Records (PMR) Program

This program reduces the time it takes VBA to obtain records from private healthcare providers. Contractors contact the medical providers and upload the records into the claimant's VBMS eFolder in an average of 11 days or less. The program enables VA staff to focus on more complex claim activities, which improves claims processing time by cutting as much as 29 days from the traditional development process. To date the PMR program has retrieved records from approximately 300 thousand different private healthcare providers.

The program makes every effort to protect Veteran data, proactively identifying and monitoring both external/internal risks that may comprise Veterans data. The PMR program office works with identified resources and stakeholders wherever feasible and practical to mitigate any risk that offers potential loss or compromise of Veteran data. Risks are summarized and shared with program stakeholders to ensure program transparency. The program office also conducts annual site audits and regular program procedural audits to ensure security protocols are followed further minimizing the risks of data compromise.

2017 Accomplishments:

- VBA received responses to over 160,000 requests for medical records.
- The average days to process a request was 11 days, better than the program's 12 day-goal and improving the timeliness of service.
- The success rate in obtaining private treatment records or a response to close out a request ranged from 85 to 90 percent, a notable achievement given VBA does not pay for medical records like other government agencies.

Future Plans/Goals for 2018 and 2019:

- Automate medical records referrals for PMCs using Centralized Mail workflow to eliminate end user intervention and improve medical records retrieval timeliness.
- Expected number of PMR requests is estimated to be 217,500 in 2018 and 271,900 in 2019.
- Support VHA's Choice Program in offering best practices for retrieving medical records.

Veterans Claims Intake Program

Document conversion supports VBA's digital operating environment for claims and evidence, which populates VBMS with digital images for upload into Veterans' eFolders.

This budget request provides for VCIP's centralized mail document scanning and intake services contracts (i.e. mail portal, fax, direct upload, independent validation and verification and post scan storage services) enabling the management of Veterans' claims-related source materials. The contractors receive, control, and convert claims and evidence source materials into standardized, indexed, and searchable electronic images and data; store the duplicate paper source material; then populate the digital images into VBMS, which is part of VBA's system of records. This request enables VCIP to support VBA as it continues to modernize business processes and capabilities and improve the Veteran's experience.

2017 Accomplishments:

- Released Auto Establishment (AE) in March 2017. AE is an automatic process taking traditional paper compensation claims (VA Form 21-526EZ) received through the Intake Processing Center, via fax, USPS, or Direct Upload through the Centralized Mail portal also known as the Digitized Mail Handling Service. Since inception through September 2017, AE has successfully automatically established 8,399 claims.
- Completely removed claims folders and VR&E Counseling Evaluation Rehabilitation (CER) folders from 43 locations as part of the Full Service Shipping/File Bank Extraction process

Future Plans/Goals for 2018 and 2019:

- In 2018, VBA will complete the extraction and conversion of all files extracted from ROs as part of the File Bank Extraction process.
- In 2018, VBA will complete the extraction of files from the Records Management Center (RMC) in St. Louis, MO, and initiate the scanning of those records. In 2019, VBA will complete scanning of the records extracted from the RMC.
- In 2018, VBA will automate the processing of Veteran designations of Powers of Attorney by processing VA Forms 21-22 automatically in an extension of the AE project.
- In 2018, VCIP will also deploy the initial phase of the Centralized Benefits Communications Management (CBCM) initiative. The initial phase of CBCM is centralized printing and mailing for all VBA disability compensation related correspondence that is currently printed and mailed locally at each RO. In 2019, VBA will build on this initial groundwork by expanding CBCM, applying Veteran communications preferences, enabling centralized electronic delivery of communications, further reducing print costs, and modernizing how VBA interacts with Veterans and claimants.
- In 2018, VBA will automate ordering of official military personnel files upon receipt of a claim or Intent to File document through the Centralized Intake process.

Centralized Mail Operations

Centralized Mail was deployed in May 2014 and assists VBA in transitioning from a manual, paper-based operation to a fully digital operating environment. Additionally, Centralized Mail processing increases operational efficiency at the VSCs and PMCs by eliminating activities such as paper handling, sorting, triage, shipping to the scanning vendor, and storage. Under Centralized Mail, mail-processing times decreased from a high of 55 business days to less than four business days on average.

2017 Accomplishments:

- In 2017, over 5.1 million Veteran packets have been processed through the Centralized Mail portal.
- Fax lines for VA's PMCs were connected to VA's Centralized Mail vendors, enabling immediate electronic receipt and conversion of faxes.
- VA expanded its Direct Upload capability to allow VSOs to submit DRCs. As of September 2017, 231 DRCs were submitted. The current claims processing timeliness for these DRC submissions is 9.3 days.

Future Plans/Goals for 2018 and 2019:

- Integrate Vets.gov for the receipt and mail processing of claimant submissions through the Vets.gov public facing portal

Pre-discharge Redesign

VBA's goal is to ensure that Servicemembers who are within 180 to 90 days from military separation and wish to file a claim with VA for service-connected disability benefits receive the upfront and timely assistance in doing so. VBA partners with DoD to provide medically-discharged Servicemembers with a single set of disability examinations and a single-source disability rating that may be used by both departments in executing their respective responsibilities. The Benefits Delivery at Discharge (BDD) and Quick Start programs have historically provided transitional assistance to separating or retiring Servicemembers and engaged Servicemembers in the claims process prior to discharge.

VA redesigned its pre-discharge program to enable Servicemembers to receive disability benefit decisions, in most cases, the day after their discharge. The redesigned program went into effect October 1, 2017. Since then, pre-discharge claims are distributed through NWQ to all VBA ROs. Prior to this change the claims were distributed only to the rating activity sites that were processing these types of claims. As of September 2017, the Disability Rating Activity Site (DRAS) had 346 FTE.

- BDD - Since October 2017, pre-discharge claims are distributed to all VBA ROs through NWQ. In addition, the filing deadline was changed to 90 days, rather than 60 days, in order to enable VBA to schedule and complete all of the medical examinations that are necessary to prepare the disability compensation claim decision prior to the Servicemember's discharge from military service.

- Quick Start - As part of the redesign, VBA discontinued the Quick Start program and instead will fill the gap by using the new DRC program in addition to the FDC or traditional claim processes as appropriate after separation.

- IDES - VA and DoD continue to collaborate on ways to improve efforts to develop a single set of medical examinations that will be used to evaluate service-related disabilities and evaluate Servicemembers under the IDES program. Continued efforts are being made to improve partnerships and to support our Nation's wounded, ill, and injured Servicemembers.

2017 Accomplishments:

- BDD claims were completed in an average of 89.6 days following discharge, compared to 126.7 days the previous year, an improvement of 29 percent. A total of 32,681 claims were completed in 2017 as compared to 29,241 in 2016.
- Quick Start claims were completed on average in 108.7 days, which is 24.4 less days

than the previous year. It is noted that the program will be eliminated, because VBA has developed FDC and DRC as more efficient processes.

- IDES claims were completed on average in 81 days, which exceeded the goal of 100 days for 2017. VBA awarded a total of 20,310 claims during 2017 that were paid within 25 days after discharge from military service.
- The DRAS is now entirely paperless and able to transfer electronic files securely between DoD and VA with Joint Legacy Viewers able to search both VA and DoD health records during the claim adjudication process.

Future Plans/Goals for 2018 and 2019:

- Complete the claim within one day of discharge
- Continue to work with DoD and other stakeholders to automatically receive all available Service Treatment Records electronically upon the establishment of the pre-discharge claim
- For more information on VA's pre-discharge programs visit:

  http://www.benefits.va.gov/predischarge/.
  https://www.youtube.com/watch?v=F-0VE0ncd_c

Non-Rating Claims Initiative

Rating claim decisions often open access to other VA benefits and services and involve the review of medical evidence because Veterans seek benefits based upon the lasting effects of disabilities caused by diseases or injuries incurred or aggravated during active military service. Claims for additional benefits generally do not require another rating decision and are, therefore, tracked and managed in the non-rating claim categories. As VBA completes more rating claims and adds more Veterans to our disability compensation and pension rolls, VBA also receives more non-rating claims. VBA completes almost twice as many non-rating claims as rating claims. VA completed 10 percent more non-rating work in 2017 (2,603,616) than 2016. In 2017, approximately 2,800 FTE supported non-rating activities. In most cases, FTE completing non-rating workload are not exclusive to that area of work but are cross-trained in rating workload activities as well.

Examples of the non-rating claims VBA receives include:

- Adjusting awards based on changes for dependents
- Deciding whether certain individuals qualify as Veterans based on their Character of Discharge (COD)
- Adjusting awards based on changes to Veterans' eligibility for benefits (e.g., incarceration for a felony or return to active duty)
- Determining eligibility for a Veteran and/or beneficiary to ancillary benefits, such as

Special Housing Adaptation, Specially Adapted Housing, Automobile Adaptive Equipment, and Survivors' and Dependents' Educational Assistance

2017 Accomplishments:

- Completed over 2.6 million compensation non-rating and administrative action end products
- Decreased non-rating inventory from its peak in March 2015 of 823,210 down to 439,927 in September 2017—an improvement of 47 percent, due in part to the launch of non-rating workload distribution in NWQ

  Under the second-year of a two-year Agency Priority Goal plan, VBA reduced dependency claims inventory from 226,000 to 86,547 (C&P combined) (13 percent ahead of projections of 100,000), completing over 501,371 dependency claims during the year

Future Plans/Goals for 2018 and 2019:

- Continue to expand non-rating NWQ workload distribution in 2018
- Continue to improve the Rules-Based Processing System (RBPS) by reducing claims off-ramped to manual processing and improving initial data quality of submissions

National Work Queue

NWQ enhances efficiency of claims processing by improving the claims timeliness through a national paperless workload distribution mechanism. With 99.7 percent of its pending disability compensation claims inventory converted to digital format in VBMS, the NWQ functionality gives VBA the ability to assign any claim from any one of its 56 ROs. VBA can more evenly distribute the workflow among offices, expedite and improve the claim process, increase productivity, and improve consistency and quality. It also gives VBA insights used to improve processes and accuracy at the national level by providing more visibility into the claims process, something that was impossible prior to VBMS and NWQ. NWQ staff currently has 23 employees supporting the continued sustainment, development, and testing of NWQ. NWQ employees analyze the workload at the offices on a daily basis, constantly reviewing rules to align to the goals established as well as to the current workload.

2017 Accomplishments:

- Improved assignment of work tool at the station level and improved workload management metrics to capture rework that helped to obtain 92 average days pending (ADP) currently for rating disability claims as of September 2017. Claims development is initiated faster than before; currently it takes 8 days to initiate development, an improvement of 11.7 days since June 2016. The time it takes to make a decision is currently 3 days, an improvement of 15 days since December 2016.

- Incorporated over 315,000 VBMS non-rating end products with an ADP of 357 days into NWQ on April 8, 2017. Since then the non-rating inventory has decreased to 245,361 claims with an ADP of 202 days in September 2017 – 23 percent inventory reduction and 43 percent ADP reduction in six months. The ADP of dependency claims were 119 days in September 2017 – an improvement of 82 days since April 8, 2017.
- Provided authorized end-users the ability to bypass the VSO review process when requested by VSOs and the ability to capture metrics that show the reasons for claims bypassing the VSO process.

Future Plans/Goals for 2018 and 2019:

- The next NWQ phase will include mechanisms for other key VBA priorities such as appeals workload distribution
- Incorporation of all non-rating pension end products in NWQ during 2018
- Release of non-rating deferral functionality during 2018, giving the following efficiency gains:
    - Improvement of rework and deferrals on RO production and timeliness in all lifecycles
    - Data to identify training needs based on RO and individual deferral trends
    - Ability to monitor corrective and oversight actions to reduce rework and deferrals

Rules-Based Processing System

RBPS currently automatically processes approximately 65 percent of all claims submitted online resulting in rapid adjustments to Veterans claims. The system allows for automated rules-based adjustments of compensation awards based on dependency changes. For the Veteran, RBPS is extremely valuable, shrinking a process that took months for many Veterans down to just a few days. When a Veteran adds or removes dependents from his or her disability compensation award, RBPS reviews dependent information for errors and/or factors that would prevent the automatic adjustment of their award. If no factors or errors exist, RBPS adjusts their awards, generates an award letter, and pays the Veteran within 1-2 days if they are owed payments retroactively. If not, Veterans see the increase in their next monthly check.

RBPS is a critical tool to reduce dependency claims inventory and improve dependency claims timeliness. Because of its ability to process claims without manual intervention and in very short times, increasing dependency submissions to RBPS means that VBA staffing does not have to scale linearly with claims timeliness improvements or volume increases. RBPS has maintained a 65 percent processing rate using 35 FTE, to monitor daily system functioning and address critical system defects.

2017 Accomplishments:

- RBPS processed over 140,000 dependency adjustments in 2017 within 1-2 days, allowing VBA to redirect staff processing dependency claims to other tasks (approximately 9,500 days of processing time)

Future Plan/Goal for 2018 and 2019:

- Expand RBPS to increase the percentage of dependency claims filed online through eBenefits and increased claims automatically processed in 1-2 days to over 65 percent

National Call Center

VBA is transforming the model of its eight NCCs (Columbia, SC; Cleveland, OH; Nashville, TN; Philadelphia, PA; Phoenix, AZ; Salt Lake, UT; San Juan, Puerto Rico; and St. Louis, MO) and National Pension Call Center (Philadelphia, PA) to provide multiple access channels and increased point-of-interaction resolution options. The multi-channel model provides traditional and interactive care including live phone agents, online, e-mail, and live chat.

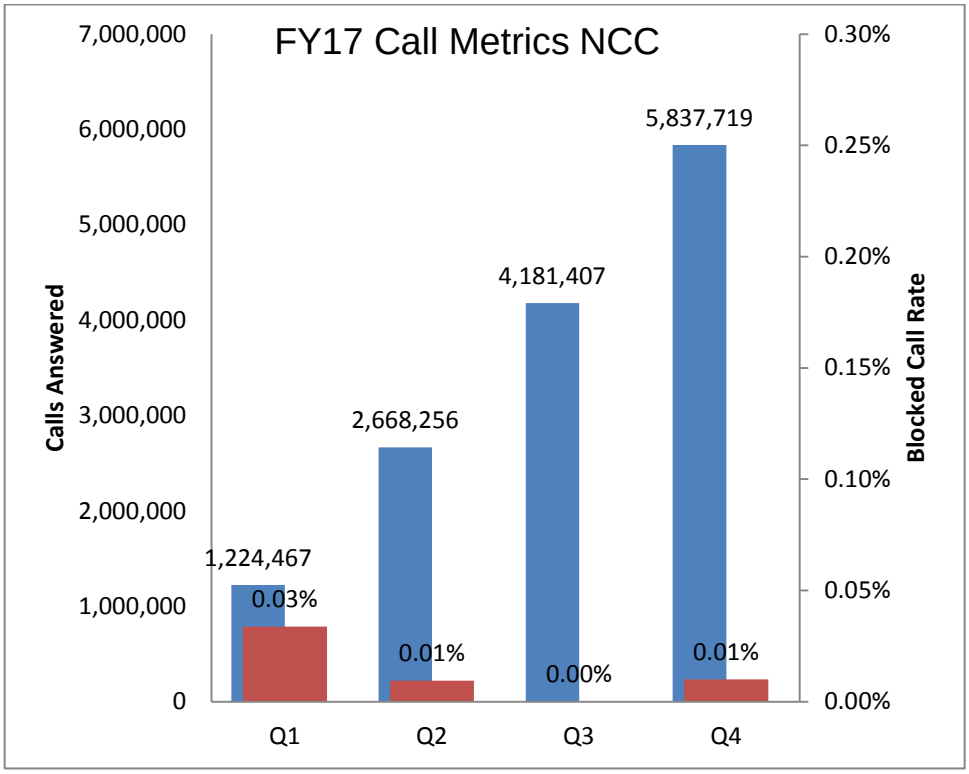
The call centers deliver benefits and services to Veterans across time zones from 8:00 am - 9:00 pm Eastern Time. If a Veteran calls after normal business hours, he or she can access some information and self-service features through a speech directed language interactive voice response (IVR) system. Callers also receive information on accessing benefit information and assistance via our eBenefits or Vets.gov online channels. Additionally, the IVR system provides callers with the business hours for the call center and information on how to submit an online inquiry through the Inquiry Routing and Information System (IRIS), which is available 24 hours a day seven days a week. This model will allow VBA to provide enhanced world-class service and increase choices for those who seek assistance in applying for, or obtaining information about, VA benefits and services.

Using the Customer Relationship Management/Unified Desktop, agents capture core demographic and contact history information that is available to all agents. This modernization of systems helps create efficiencies within the call flow process and ensures a positive Veteran experience. Agents are also able to use enhanced technology to verify receipt of evidence and information that was submitted in support of a pending claim and/or appeal. Agents can access the eFolder to check for submitted documents and the centralized mail portal to review documents that are pending upload to the appropriate eFolder. As a result of these enhancements, agents can verify document receipt with Veterans, which eliminates repeat calls and unnecessary organizational hand-offs.

External J.D. Power & Associates (JDPA) overall customer satisfaction score has increased by 134 index points since the inception of the program in March 2010. The NCC's overall customer satisfaction score for 2017 has increased to 797, and it exceeds the JDPA Government Benchmark of 765 by 32 index points. However, this score is under the 845 JDPA Private Benchmark – which is the metric by which this Administration is measuring government. JDPA measures multiple service attributes such as:

- Knowledge of the representative;
- Representative's concern for your needs;
- Courtesy of the representative;
- Ease of navigating the phone system; and
- Promptness in speaking to a person

NCC has maintained a blocked call rate of zero percent and an abandoned call rate of less than 5 percent, as shown by the chart below.



- The blocked call rate for 2017 was zero percent, down from 39.58 percent in 2016
- The abandoned call rate for 2017 is 3.44 percent, down from 18.79 percent in 2016
- The NCC answered 1,653,578 more calls in 2017 than 2016

2017 Accomplishments:

- Over 5.0 million calls answered by the NCCs and Pension Call Center. The top call types are as follows: status of claim 31 percent, general status 26.3 percent, correspondence and forms 14 percent, payments 9 percent, update information 9.4 percent, and appeals 6 percent. In addition, the NCC answered over 56,000 chats.
- VBA implemented the necessary technology enhancements to allow agents to

manage multiple simultaneous chat sessions, which will serve to increase chat efficiency and effectiveness.

- The IRIS response center answered over 50,000 e-mail messages, and agents processed an average of 1,000 privacy act requests a week at point-of-call implemented for dependency claim initiation at all NCCs and the Pension Call Center.
- Initiated all dependency claims at point-of-call. Agents are also able to submit some dependency claim types for immediate processing by using the Customer Relationship Management/Unified Desktop to submit data to the RBPS for immediate claim action. On average, agents initiated over 500 claims per week.
- Implemented a robust Work Force Management (WFM) System to provide VBA with schedule forecasts based upon historical contacts, specific period review data, and staffing allocation. The WFM system assists VBA in appropriately scheduling resources to meet the call volume the NCCs and Pension Call Center receive.

Future Plan/Goal for 2018 and 2019:

- Implement process improvements within the chat platform to align the chat access channel with our current service hours of operation and structure to load balance Veteran contacts across agent access channels (phone, email, and live chat) as well as our primary self-service access channel, eBenefits

VBA *At Work*

In an article from the Charleston, SC based newspaper, the Post and Courier, (http://www.postandcourier.com/opinion/letters_to_editor/letter-va-efficiency/article_f3425a12-601e-11e7-bf7b-eb814d91ef2f.html), a Veteran stated that he was thrilled with the service he received when he called the Philadelphia NCC, saying the agent was outstanding and extremely helpful in explaining issues that he was confused about.

"I recently had a somewhat urgent need for benefits documentation from the Veterans Administration. I called the VA RO in Columbia and was put on hold for less than a minute. A very professional and knowledgeable representative verified my identity and clarified the specific details of my request. The document was faxed to me in five minutes and a hard copy was received in two days. Things are changing at the Veterans Administration."

Benefits Assistance Service

The Benefits Assistance Service (BAS) supports Veterans, Servicemembers, and beneficiaries through outreach activities, the Transition Assistance Program, NCCs, and RO Public Contact Teams, to ensure they are knowledgeable and informed about accessing VA benefits and services.

Homelessness

VBA aims to help eliminate Veterans' homelessness by providing outreach and referral services targeted to reach homeless Veterans and those at risk of becoming homeless; prioritizing processing of homeless and at risk Veterans' claims for benefits; and designing programs to help Veterans avoid foreclosure. VBA also has a homeless shelter program that assists nonprofit organizations in purchasing foreclosed properties at a discounted rate for the purpose of housing homeless Veterans. VBA works with VHA to refer Veterans and their family members to housing and healthcare programs. VBA also works with federal and nonfederal partners that assist individuals experiencing homelessness. VBA has 20 full-time Homeless Veteran Outreach Coordinators (HVOCs) at the ROs with the highest homeless Veteran populations, and a Homeless Veterans Claims Coordinator (HVCC) at every RO.

HVOCs also may serve as Justice Involved Veteran Coordinators (JIVC) and assist Veterans in prisons and jails or involved in Veteran Treatment Courts (VTC). JIVCs work closely with the Veteran Justice Outreach coordinators as well as the Health Care for Reentry Veteran coordinators at VHA. For more information on those programs, visit these Websites:

- https://www.va.gov/homeless/vjo.asp
- https://www.va.gov/homeless/reentry.asp

HVOCs conduct outreach at shelters, attend community events and stand-downs (see http://www.va.gov/homeless/events.asp for details). For more information on VA's Homeless Veteran programs and resources please visit our Website: https://www.va.gov/HOMELESS/index.asp. A Fact Sheet on key program information can also be found at: http://benefits.va.gov/BENEFITS/factsheets/limitedincome/Homeless.pdf.

2017 Accomplishments:

- VBA conducted 8,955 hours of outreach targeted to homeless and at risk Veterans and their families at 1,599 events with 110,203 attendees.
- ROs made 735 contacts with homeless shelters; 888 contacts to homeless agencies; and received or made referrals to the Department of Labor and Homeless Chronic Mental Illness (HCMI) for 116 homeless Veterans. In addition, VBA worked with 5,071 Veterans who sought assistance from VBA by coming to an RO or an out-based VBA location.
- As of September 2017, VBA averaged 116 days to complete a homeless Veteran compensation claim, as compared to 101 in 2016, 129 in 2015, and 152 in 2014. VBA decided 12,760 homeless compensation claims in 2014; 15,083 in 2015;

28,486 in 2016; and 37,281 in 2017 which represents an increase of 31 percent.

Future Plans/Goals for 2018 and 2019:

- Develop a formula to determine the amount of outreach that must be part of each RO's plan to address homelessness and justice-involved Veteran needs based on the Department of Housing and Urban Development's annual report, VTCs and jails, homeless Veteran claims, and referrals to and from federal and nonfederal partners.
- Keep HVCC role as an additional duty, specify in the RO plan to address homelessness and justice involved Veteran needs.
- Mandate that homeless Veterans be contacted within five days of receiving claim.
- Have all homeless claims distributed through NWQ for rating and promulgation cycles.
- Expedite justice involved claims – adjustment to benefits, reduction for incarceration, reinstatement, and COD decisions.
- Use Telebenefits to reach Veteran Treatment Courts.
- Use claims clinics to assist with homeless and justice involved claims.
- Develop data sharing system with VHA (and CoCs) to identify Veterans with pending claims faster and to remove the homeless flash when appropriate.

Key Outreach Initiatives

Title 38 U.S.C. Section 6301 defines outreach as the act or process of reaching out in a systematic manner to proactively provide information, services, and benefits counseling to Veterans, Servicemembers, and beneficiaries who may be eligible to receive benefits under the laws administered by the Secretary, to ensure that individuals are fully informed about, and receive assistance in applying for benefits. BAS ensures VBA outreach responsibility is carried out by:

- Coordinating outreach with the VHA, NCA, VA Department Offices, and other federal and non-federal agencies.
- Improving the Veteran experience through increased access channels and outreach in rural and remote areas.
- Leveraging all available digital platforms to empower Veterans and promote consistency in all VA outreach efforts across the enterprise.
- Participating at events such as Rolling Thunder, VSO Conferences, AUSA (Association of the United States Army), EANGUS (Enlisted Association of the National Guard), and NGAUS (National Guard Association of Unites Stated) to continually engage more than one million Veterans annually.

2017 Accomplishments:

- VBA completed over 136,000 hours of outreach at over 50,000 events, seeing nearly 4.6 million Veterans, family members, and beneficiaries. VBA conducts outreach to reach all Veterans.

- VBA conducted targeted outreach for special emphasis groups to include 23,655 elderly, 2,396 former Prisoners of War, 93,977 minority, 36,729 Native American, 29,786 rural and 26,628 women Veterans.

Future Plans/Goals for 2018 and 2019:

- Increase eBenefits users to 7.2 million by 2019

Military To Civilian

VA collaborates with DoD, Labor, Homeland Security, Education, Small Business Administration, and Office of Personnel Management to carry out the 2011 requirements of the VOW Act to Hire Heroes Act (P.L. 112-56) and VEI Task Force recommendations to prepare separating, retiring, or demobilizing/deactivating Servicemembers for their transition to Veteran status.

VA has a dedicated, contracted workforce of more than 300 trained Benefits Advisors, who provide benefits briefings and other transition activities to support the military-to-civilian transition (MCT) at approximately 300 military installations. Approximately 250,000 Servicemembers are expected to transition from the military to civilian life each year over the next four years.

VA Benefits Advisors are responsible for delivering the mandatory VA Benefits Briefings I and II to 100 percent of Servicemembers. In addition, the Benefits Advisors support the DoD components of Transition GPS, Military Life Cycle, Capstone events and provide individual assistance to Servicemembers and dependents on all VA benefits and services. Notably, VA consistently receives above 95 percent customer satisfaction rates in learning for both "brick and mortar" and the virtual curriculum from Servicemembers participating in course assessments.

2017 Accomplishment:

- 1,690,342 Veterans were part of the VA Benefits Briefing I and II

Future Plans/Goals for 2018 and 2019:

- Efforts are underway to conduct a post-separation TAP evaluation of recently separated Veterans. This will likely focus on a participant's ability to understand and access VA benefits and support services, it also includes an overall assessment of how well TAP prepares the Servicemembers for the MCT.

Collaboration with Outside Resources to Improve Timeliness

Collaboration and communication with Veterans and strategic partners are priorities for VBA. Stakeholders include any Veteran, dependent of a Veteran, interest groups, and State and City governments. Partners include the VHA, NCA, the Board, DoD, Social Security Administration (SSA), and VA-recognized VSOs at the National, State, and local levels.

These partnerships help increase efficiencies and reduce duplication. For instance, VBA is collaborating with DoD to improve data-sharing processes that will allow for more timely receipt of electronic Service Treatment Records for separating and retiring Servicemembers which will allow for a disability compensation claim to be processed faster. VBA is also working with SSA to electronically receive important supporting information, such as medical records and other relevant evidence. VBA is collaborating with the VSOs to increase the volume of disability claim submissions, particularly those that are fully developed and submitted electronically through the eBenefits portal.

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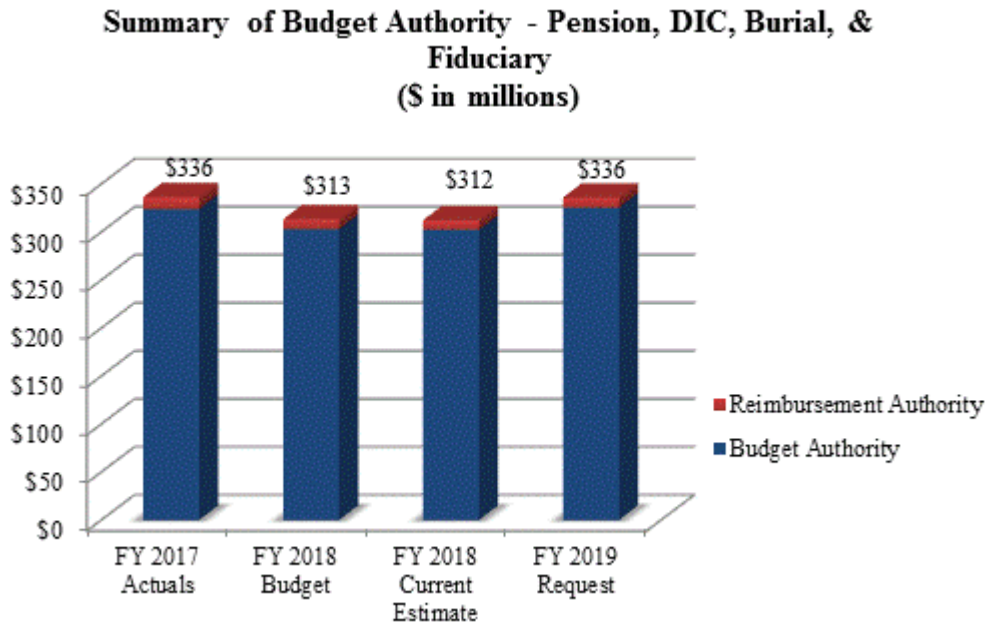
Pension, Dependency and Indemnity Compensation, Burial, & Fiduciary Programs

Mission

VA's Pension Program provides supplemental income for qualifying wartime Veterans and their survivors. In order to be eligible for pension benefits, a beneficiary must be at least 65 years of age and have served at least one day during a wartime period with at least 90 days of active duty. The Dependency and Indemnity Compensation (DIC) Program provides supplemental income for survivors of Veterans who died as a result of their service-connected disabilities. The Burial Program provides financial assistance for the dignified burial of Veterans. The Fiduciary Program protects beneficiaries who, as a result of injury, disease, the infirmities of advanced age, or by reason of being less than age 18, are unable to manage their VA benefits.

Summary of Budget Authority

2019 Budget Authority Request: $325.3 million
Change over 2018 Estimate: $23.2 million / 7.7 percent



Summary of Budget Request

VA requests $325.3 million in budget authority to fund discretionary portions of the Pension, DIC, Burial, and Fiduciary Programs to include the administrative expenses for 2,762 FTE, a net increase of 225 FTE over 2017 actuals. These FTE will primarily be used to process initial appointments and follow up field examinations.

Pension, DIC, Burial, & Fiduciary Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2017	2018		2019	2019 - 2018
Discretionary	**Actuals**	**Budget Estimate**	**Current Estimate**	**Request**	**Increase(+) Decrease(-)**
FTE					
Direct Pensions	1,132	1,071	1,071	1,071	0
Direct Fiduciary	1,062	1,110	1,110	1,335	225
Direct Burial	117	118	118	118	0
PenFid Direct FTE	**2,311**	**2,299**	**2,299**	**2,524**	**225**
Management Direction and Support	264	247	238	238	0
PenFid FTE	**2,575**	**2,546**	**2,537**	**2,762**	**225**
Obligations					
Personal Services (without overtime)	$244,182	$249,051	$248,193	$270,655	$22,462
Overtime	9,342	2,000	2,000	2,000	0
Travel	3,767	2,029	2,029	2,063	34
Interagency Motor Pool	520	857	857	871	15
Transportation of Things	111	253	253	257	4
Rent, Communications & Utilities	18,341	17,471	17,471	17,768	297
Printing	246	381	381	388	6
Other Services	58,601	38,496	38,496	39,151	654
Supplies and Materials	749	1,019	1,019	1,036	17
Equipment	496	1,692	1,692	1,721	29
Insurance Claims	63	52	52	53	1
PenFid Administrative Obligations	**$336,418**	**$313,301**	**$312,442**	**$335,963**	**$23,521**
Reimbursements	-$12,549	-$10,347	-$10,347	-$10,624	-$277
Net Appropriation	**$323,869**	**$302,954**	**$302,095**	**$325,339**	**$23,243**
PenFid Appropriation	**$323,869**	**$302,954**	**$302,095**	**$325,339**	**$23,243**
Outlays (net)	**$307,675**	**$287,812**	**$286,997**	**$309,078**	**$22,081**

Dollars may not add due to rounding in this and subsequent charts.

Changes from Original 2018 Estimate

Personal services are estimated to decrease $858 thousand as a result of VBA's proactive approach to realigning 10 percent of VBA's FTE in Central Office to Regional Offices (ROs) to work directly on impacting claims and meeting Veteran facing priorities.

Changes from 2018 Current Estimate to 2019 Request

Total obligations reflect an increase of $23.5 million. The 2019 request includes costs related to the additional 225 fiduciary FTE and a projected 1.7 percent increase for non-pay inflation. Other services are estimated to increase $654 thousand and include the expansion of Pension claims into the Veterans Benefit Management System (VBMS), Scanning and Centralized Mail, and National Work Queue (NWQ). Upfront scanning and NWQ investments will provide the continued support of electronic claims processing activities to include document intake, conversion, mail handling, and elimination of paper at the source. Incorporating Pension claims into these processes will allow VBA to leverage automated business processes for effective management of resources and ultimately efficient processing of Pension claims.

Program Description

VA helps Veterans and their families cope with financial challenges by providing supplemental income through the Veterans Pension benefit, DIC, and burial allowances while also providing oversight for VA's most vulnerable beneficiaries of which almost 65 percent receive Veteran or survivor benefits.

VBA employs approximately 1,020 pension employees in the Pension Management Centers (PMCs) located in Philadelphia, PA; Milwaukee, WI; and St. Paul, MN. Approximately 700 of these employees are Veterans Service Representatives (VSR) and Rating Veterans Service Representatives (RVSR) who are responsible for developing, adjudicating, and promulgating pension claims and delivering benefits to Veterans and their survivors. In 2017, more than 148,500 claims were developed, adjudicated, and promulgated by these employees with a processing time of 69 days. This is an improvement from the 79 day processing time in 2016.

Additionally, there are 305 employees functioning as Supervisors, Assistant Supervisors, Claims Assistants (CA), capture unit staff, Rating Quality Review Specialists (RQRS), and Authorization Quality Review Specialists (AQRS). The Supervisors and Assistant Supervisors are responsible for directing the work and ensuring all workload is processed timely and efficiently according to employee performance standards. The CAs are responsible for reviewing claims material and establishing claims in the system as well as file and mailroom duties. The capture unit staff is responsible for scanning all claims that contain Federal Tax Information into the Legacy Content Manager and the RQRSs and AQRSs are responsible for reviewing pending and completed work to ensure overall accuracy.

Dedicated Quality Review Teams (QRTs) at each PMC evaluate decision accuracy of the PMCs and individual employees, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. The QRTs are comprised of 53 Quality Review Specialists across three PMCs and are trained by national quality assurance staff to ensure local reviews are consistently conducted according to national standards. The

QRTs ensure the claims submitted by Veterans and their survivors are efficiently and accurately adjudicated and have directly contributed to the overall accuracy rate of more than 95 percent for all claims. Additionally, this high accuracy rate was sustained from 2016 to 2017.

VBA employs 1,048 fiduciary employees in the Fiduciary hubs located in Columbia, SC; Louisville, KY; Indianapolis, IN; Lincoln, NE; Milwaukee, WI; and Salt Lake City, UT. There are 491 employees operating as Field Examiners (FE). FEs conduct field examinations for beneficiaries who VA has determined are unable to manage their VA benefits. Of these employees, 286 are Legal Instrumental Examiners (LIEs). LIEs perform administrative duties that include finalizing field examinations, releasing any retroactive benefits due, auditing accountings, and processing cases involving potential misuse of funds. During fiduciary field examinations, FEs conduct face-to-face interviews and must obtain signature(s) when appointing a fiduciary. There are 83 Fiduciary Service Representatives (FSRs) responsible for promulgating competency decisions. LIEs, FSRs, and FEs work to ensure benefits to Veterans and their survivors are received timely and are protected from misuse. Additionally, there are over 200 employees functioning as Supervisors, Assistant Supervisors, Management Analysts (MAs), Quality Service Representatives (QSRs), and Program Support Assistants (PSAs). The Supervisors and Assistant Supervisors are responsible for ensuring all workload is processed timely and efficiently according to employee performance standards. The MAs are responsible for analyzing workload and identifying workload trends. The PSAs are responsible for taking in and establishing workload into the system as well as file and mailroom duties. The QSRs are responsible for reviewing pending and completed work to ensure overall accuracy.

The employees located at the eight National Contact Centers answer inquiries on general benefits such as compensation, pension, survivor, and other benefits provided by VBA. Additionally, these employees processed more than 162,000 first-notice-of-death (FNOD) and intent-to-file notifications. This provides Veterans and other beneficiaries with timely and personal means of submitting these notifications. The contact center employees process FNODs and establish intent-to-file notifications as part of the phone call with the claimant. In these instances the processing and establishment time is zero days.

The National Contact Centers provide multiple access channels and increased point-of-call resolution options for call center agents. As part of the Secretary's timeliness priority, agents will begin to do simple initial processing activities at the point of call. In addition, the Computer Telephony Integration (CTI) is being piloted. CTI will capture and auto populate Veteran data on the agent desktop after a Veteran enters their information into the Interactive Voice Response (IVR) system. This will increase efficiency in the Identification Protocol process. In 2018 and 2019, the pilot will increase efficiency in the Identification Protocol process and allow for optimal customer service to our nations Veterans and beneficiaries.

VBA employs over 50 employees in Pension and Fiduciary (P&F) Service located in VA Central Office. P&F Service personnel work on numerous projects, some of which

include updating policies and procedures, reviewing the impact of legislation, responding to congressional and field inquiries, and conducting quality assurance. P&F Service personnel ensure consistent guidance is delivered to employees in the PMCs and Fiduciary hubs while consistently maintaining open communication with the PMC and Fiduciary hub employees to ensure benefits to Veterans are processed correctly and timely.

Quality assurance is also conducted by P&F Service, which uses VBA's Systematic Technical Accuracy Reviews (STAR) quality assurance methodology to identify training gaps and ensure that any error trends are identified quickly and corrected. P&F Service reviews a random sampling of cases to determine whether the decision made and the payment provided to the claimant is correct. In the event that P&F Service identifies a deficiency, the PMCs must correct the error. Based on the findings of these quality reviews, P&F Service issues improved guidance and provides specific training to ensure claims are processed accurately and consistently across the PMCs.

P&F Service conducts site visits to PMCs to provide a thorough hands-on review of all operational elements of the claims process in order to improve workload management and ensure consistency of operations and compliance with VBA policies and procedures. Once the site visit concludes, the PMC is provided a list of best practices, commendable items, and challenges that must be addressed.

Pension for Veterans and Survivors

Pension for Veterans is a needs-based benefit program for wartime Veterans who are age 65 years or older or have a permanent and total non-service-connected disability or are in receipt of Social Security benefits, and who have limited income and net worth. Based on financial need and eligibility requirements, this benefit may provide a single Veteran up to $13,166 annually in 2018. Veterans who are more seriously disabled may qualify for pension at increased housebound rates (up to $16,089 annually in 2018) or aid and attendance rates (up to $21,962 annually in 2018). In addition, surviving spouses and dependent children of deceased wartime Veterans are eligible for monthly pension benefits if they meet the net worth and income requirements. Based on financial need, this benefit may provide a surviving spouse up to $8,830 annually in 2018. Surviving spouses may also qualify for pension at the increased housebound rate (up to $10,792 annually in 2018) or aid and attendance rate (up to $14,113 annually in 2018) for a more serious disability.

DIC and Parents DIC

DIC benefits are provided to two categories of survivors. VA provides monthly benefits to surviving spouses (basic monthly rate of $1,283 in 2018) and dependent children in recognition of the economic loss caused by a Veteran's death during military service, or subsequent to discharge from military service, as a result of a service-connected disability. VA also pays these benefits to the survivors of a Veteran whose death is not service-connected but who was rated by VA as being totally disabled due to a service-connected disability for a specified period of time immediately preceding death. In addition to the DIC Program for surviving spouses and dependent children, surviving dependent parents

of a Servicemember or Veteran whose death is service-connected may be eligible for parents' DIC if they meet certain income requirements.

Burial

VA's Burial Program provides a one-time payment for the burial of a Veteran. The amount of the benefit varies depending upon whether the death was service-connected or non-service connected and whether the Veteran died in a VA facility. The benefit will generally cover a portion of the actual cost of the funeral and burial expenses up to the maximum amount prescribed by law, and may include a plot allowance and an allowance for the cost of transporting the deceased to the place of burial. For more information regarding burial allowances please see 38 U.S.C. 2307, 38 CFR 3.1704, 38 CFR 3.1704(b), 38 U.S.C. 2302 and 38 CFR 3.1705.

VBA At Work

VBA expanded the automated burial process on October 17, 2015 to include the payment of the plot benefit, if the Veteran is not buried in a State or National Veterans Cemetery. Since deployment, VBA has paid 96,247 automated burial payments to eligible surviving spouses. This means that each eligible surviving spouse was paid automatically within six days of the notice of the Veteran's death without filing a claim.

Fiduciary

VA's Fiduciary Program provides oversight for VA's most vulnerable beneficiaries who are unable to manage their VA benefits. VA's role is to conduct oversight of beneficiaries to ensure their well-being, and appoint and conduct oversight of fiduciaries who manage their benefits. The appointment of a fiduciary via field examination is one of the most critical tools VBA uses to protect beneficiaries and conduct oversight of fiduciaries. A field examiner conducts a face-to-face visit to personally view the beneficiary's home environment to ensure the physical and financial welfare of the beneficiary, assess the adequacy of the living situation, evaluate the needs and wants of the beneficiary and dependents, ensure the beneficiary is living to the standard that his/her income affords, and monitor the performance of the fiduciary.

In addition, VA conducts follow-up field examinations, with target timelines of 120 days of the scheduled date, on one-to-three-year intervals, depending upon the beneficiary's situation, to ensure that the fiduciary is properly managing the beneficiary's VA funds and ensuring the beneficiary's well-being. Fiduciary hubs prioritize initial appointment field examinations to expedite the delivery of any retroactive benefits and ensure beneficiaries are protected.

The Fiduciary Program served more than 211,282 beneficiaries in 2017 represented in all VA benefit categories. Over 50 percent of beneficiaries in the Fiduciary Program are age 80 or older. Upon appointment by VA, a fiduciary is authorized to receive direct payment of a beneficiary's VA benefits and to disburse funds to creditors and the beneficiary according to the best interest of the beneficiary. In 2017, fiduciaries received almost $3.1 billion in VA benefit payments on behalf of the beneficiaries they serve.

Over the last several years, VBA has taken steps to improve the efficiency of, and protections afforded by, VA's Fiduciary Program by developing training tools for Fiduciary Program personnel and enhancing the processes and procedures for identifying and addressing fiduciary misuse of VA benefits. In addition, VBA continues to enhance the Beneficiary Fiduciary Field System (BFFS), which is VBA's information technology system used for managing the Fiduciary Program caseload, deployed in May 2014. BFFS improves reporting processes to enhance workload management capabilities, integrates an automated field examination report generator, and enhances fiduciary misuse monitoring. VBA designed this system to provide more usable data to identify trends and allow review of caseload information to realign resources, improve timeliness, and reduce travel costs. BFFS 3.7 and 3.8 release plans include training documents, help-line, Fiduciary Program Guide articles and continued support to ensure end-users adopt major updates and the system continues to meet and exceed the need of the Fiduciary Program.

Workload

In 2019, VBA will continue to place the needs, expectations, and interests of Veterans and their families first. VBA expanded its deployment of upfront income verification to include original live and survivors pension claims, using Federal tax information from the Internal Revenue Service (IRS) and Social Security Administration (SSA), at each of its PMCs. VBA is working to expand this process to include all other pension claims, such as reopened pension claims and pension benefit adjustments and anticipates implementation of this expanded process by the end of calendar 2018. This exchange of data between relevant agencies allows VBA to reduce reliance on self-reported information, improve program integrity, reduce improper payments, reduce claimant burden, and position the Pension Program for automated rules-based processing.

VBA reduced its Veterans pension inventory by 72 percent from the peak of 36,000 in June 2013 to approximately 9,900 in 2017. The reduction in Veterans pension inventory is anticipated to continue until Gulf War Veterans begin to meet the statutory age requirement.

The following table provides a summary of the VBA pension and DIC rating workload and FTE projections. This summary includes data for only those pension and DIC claims considered to be part of VBA's overall disability claims inventory (i.e., "rating claims").

Projected Pension and DIC Claims Workload and FTE Requirements	2016*	2017	2018 Estimate	2019 Estimate
Pension, DIC, & Burial Direct Labor FTE	2,223	1,249	1,189	1,189
Total Receipts	**153,915**	**145,172**	**145,581**	**146,822**
Pension Claims	93,992	81,638	78,547	76,104
DIC Claims	59,923	63,534	67,034	70,718
Total Production	**150,089**	**148,560**	**146,399**	**147,760**
Pension Claims	93,057	85,056	78,910	76,519
DIC Claims	57,032	63,504	67,489	71,241
Total Year-end Inventory	**24,578**	**21,190**	**20,372**	**19,434**
Pension Claims	13,408	9,990	9,627	9,212
DIC Claims	11,170	11,200	10,745	10,222

*FY 2016 Direct FTE includes Fiduciary FTE

Pension claim receipts are expected to decrease in 2019 due to past trends in the pension workload over the past few years. DIC claim receipts are expected to slightly increase because of the expansion of Veterans' service-connected conditions associated with service in Vietnam.

Pension Management Center Workload

PMC workload is aggregated into the following categories:

- Veterans Pension Claims – pension claims filed by Veterans, including claims for pension at the aid and attendance or housebound rates
- DIC – claims filed for Dependency and Indemnity Compensation
- Survivors Pension Claims – pension claims filed by survivors, including claims for pension at the aid and attendance or housebound rates
- Burial Claims – claims for burial, funeral, plot, and transportation allowances
- Accrued Benefits – any money VA owes the Veteran or beneficiary but did not pay prior to his/her death
- Other Pension Non-Rating Claims – this includes claims that require benefit adjustments based upon dependency and/or income changes, other changes in circumstances, and program reviews initiated by VBA
- Pension Controlled End Products – the end product system is the primary PMC workload monitoring and management tool to conduct specials reviews and/or correct a previous erroneous action. Correct use of the end product system facilitates proper control of pending workloads, and appropriate work measurement credit. End Products are organized in either a series or group and include a set of numbers, i.e., Veterans Pension is controlled by using the 120 series and includes 120 through 129

- Pension Other – combination of workload from Veterans, survivors, and internal sources that is not included in the regular pension non-rating claims, e.g., correspondence and Privacy Act/Freedom of Information Act requests

Pension Management Center - Receipts	2016	2017	2018 Estimate	2019 Estimate
Pension Rating Claims (Includes Reopened Claims)	93,992	81,638	78,547	76,104
Dependency and Indemnity Compensation (Includes Reopened Claims)	59,923	63,534	67,034	70,718
Original Survivors Pension Claims	49,893	46,830	47,255	47,255
Burial Claims (Non-Add to Other Pension Non-Rating)	187,199	200,028	200,602	205,331
Accrued Benefits (Non-Add to Other Pension Non-Rating)	17,189	17,094	17,018	16,847
Pension Non-Rating Claims	402,245	438,646	438,157	446,627
Pension Controlled End Products	125,012	119,981	124,180	124,966
Pension Other End Products	69,430	78,936	81,958	81,400

Pension Management Center - Production	2016	2017	2018 Estimate	2019 Estimate
Pension Rating Claims (Includes Reopened Claims)	93,057	85,056	78,910	76,519
Dependency and Indemnity Compensation (Includes Reopened Claims)	57,032	63,504	67,489	71,241
Original Survivors Pension Claims	49,582	54,923	48,701	48,701
Burial Claims (Non-Add to Other Pension Non-Rating)	180,875	218,842	203,707	206,110
Accrued Benefits (Non-Add to Other Pension Non-Rating)	16,397	16,764	18,456	18,069
Pension Non-Rating Claims	394,467	465,166	445,994	450,736
Pension Controlled End Products	125,205	119,817	124,474	124,967
Pension Other End Products	74,191	73,734	82,846	81,532

Fiduciary Program Workload

As fiduciary hubs complete more initial appointment field examinations the number of pending follow-up field examinations will continue to grow.

VA has not been able to properly oversee all beneficiaries and initial appointment and this was reflected in follow-up field examinations metrics (see VBA-10). However, VBA is taking action to address this important priority. Fiduciary hubs cancel an average of 3,600 initial appointment field examinations and 12,000 follow-up field examinations each year due to death of the beneficiary. It is anticipated that the length of time between field examination visits will continue to increase with current resource levels, therefore an additional 225 FTE has been requested to ensure adequate and timely processing of initial appointment and follow-up field examinations. Fiduciary hubs prioritize initial appointment field examinations to expedite the delivery of any retroactive benefits and ensure beneficiaries are protected.

Employees work to identify and complete all pending misuse matters, including final misuse determinations, debt establishment, and benefit reissuance. VBA recognizes that fiduciary misuse of benefits can cause financial hardship for beneficiaries and has taken additional steps to identify and address fiduciary misuse, to include requiring fiduciaries to submit detailed financial documents, emphasizing the identification and reporting of

misuse allegations to fiduciary field personnel, and aggressively pursuing recoupment of VA benefits in all cases of misuse.

Fiduciary hubs are not currently meeting performance standards for initial appointment and follow-up field examinations and the backlog of follow-up field examinations will continue to grow and timeliness will suffer without additional resources. Beneficiaries face increased risk of financial exploitation and misuse of benefits. The Fiduciary program protects the benefits paid to our most vulnerable beneficiaries who are unable to manage their VA benefits. The number of beneficiaries is projected to increase approximately 6 percent each year.

An additional 225 FTE is requested for the Fiduciary hubs in 2019. The workload table shows the overall improvement in processing of field examinations. The Fiduciary hubs will have the capacity to process approximately 16,500 additional field examinations with the additional 225 FTE. Additionally, the 225 FTE will help ensure that the fiduciaries who manage the VA funds of these vulnerable beneficiaries have the level of oversight necessary to ensure funds are being used in the beneficiaries' best interests and are not being misused.

Fiduciary Program Workload Completed and FTE Requirements	**2017**	**2018**	**2019**
Direct Labor FTE	1,062	1,110	1,335
Initial Appointment Field Examinations	58,500	52,300	56,400
Follow-up Field Examinations	27,200	33,900	43,200
Follow-up Alternate Field Examinations	8,500	12,300	15,200
Percentage Initial Appointment	62.1%	53.1%	49.1%
Total Field Examinations	**94,200**	**98,500**	**114,800**
Accountings	45,700	46,800	47,900

Performance Measures

The 2019 requested resource level supports the following performance measures which drive continuous improvement and accountability for Veterans:

- Percentage of Original and Reopened Pension Claims Inventory Over 125 Days - this represents the number of original or reopened pension claims that have been awaiting a decision for more than 125 days
- Percentage of DIC Claims Inventory Over 125 Days - this represents the number of Dependency and Indemnity Compensation claims that have been awaiting a decision for more than 125 days
- Average Days to Complete Original Survivors Pension Claims - this represents the number of days to complete a decision on a pending original survivors pension claim

- Overall Customer Satisfaction Index Score - the overall satisfaction index score is a measure of customer satisfaction on a 1,000-point scale
- Pension Call Center Client Satisfaction Index Score - the Voice of the Veteran Call Center Satisfaction Research Program's overall satisfaction index score is used to track customer satisfaction with the Veteran's call center experience
- Average Days to Complete Initial Fiduciary Appointment Process - average days from receipt date to completion date for the initial appointment of a fiduciary to include finalization of incompetency, face-to-face field examination, and release of any withholdings
- Average Days to Complete Fiduciary Follow-up Field Examinations - average days from receipt date to completion date for follow-up field examinations

Highlights

VBA's 2019 P&F request is aligned to the Secretary's top priorities, a framework to put the needs, expectations, and interests of Veterans and their families first.

- In 2016, VA paid greater than $5.1 billion in pension benefits to over 490,000 Veterans and survivors. In 2017, over 478,000 Veterans and survivors received VA pension benefits amounting to $5.8 billion.
- In 2017, VA paid over $6.4 billion in DIC benefits to over 394,000 survivors
- VBA reduced its DIC claims inventory by 41 percent from the peak of 19,100 in March 2012 to 11,200 in 2017 and improved DIC timeliness by 105 days from a peak of 182 days to 77 days while maintaining 99 percent accuracy
- In 2017, VBA completed over 218,853 burial claims, an increase from the 180,875 burial claims completed in 2016. The average days to process a burial claim decreased from 198 days in 2013, due to automation, to 54 days in 2017, a reduction of 144 days or 72 percent.
- In 2017, VBA paid almost $3.2 billion in benefits to over 211,000 Compensation, Pension, DIC, and Insurance beneficiaries unable to manage their benefits
- In the Fiduciary Program, there were 233,500 beneficiaries served in 2016 and almost 211,282 served in 2017

VBA At Work

Mae is the 77 year old surviving spouse of a deceased World War II Navy Veteran. Mae submitted a claim for survivors pension benefits with the assistance of a third party. Upon the receipt of this claim by Ms. Selene White, a Veterans Service Representative in the St. Paul PMC, identified that there was critical information missing that would be needed to grant benefits. In standard protocol, Ms. White advised the surviving spouse of the information needed to complete the claim. Due to the level of complexity of the required information, Ms. White also initiated telephone contact with the surviving spouse and her fiduciary to confirm receipt of the development letter and to provide her assistance. Ms. White obtained all information and clarification needed to complete the claim. Ms. White's initiative and willingness to go above and beyond the standard requirements resulted in the surviving spouse receiving a retroactive payment of nearly $14,000.

Modernize Our Systems

Dedicated resources for training and development improves the overall employee experience by providing the knowledge management (KM) portal, skills certification testing, and standardized training. Resources support:

- The VBA KM portal, an integrated system that provides VBA staff with a single source for the laws, regulations, policy guidance, and procedures that govern benefit programs. It also allows for quick updates by program staff to ensure that the PMCs have the most current guidance. The improved access to policy and procedures provided by KM have allowed the PMCs to reduce the average days to process all claims while maintaining an overall quality rating of just above 95 percent.
- The skill certification program, an essential element in achieving a high-performing workforce that process claims for Veterans' and their survivors' with a high level of accuracy. A tangible result of VBA's focus on this element is the sustained 95 percent accuracy rate since 2015. Skill certification testing can take up to six hours and is used to measure employees' skill levels, enhance job proficiency, and encourage professional development. The testing is mandatory for journey-level employees serving in the VSR, RVSR, Decision Review Officer, Quality Review Specialist, and Coach positions at the PMCs. In 2017, 277 PMC employees completed the skill certification test, of which 210 passed the test and obtained certification, a 76 percent pass rate. The PMC's Quality Review Specialists must recertify annually. Claims processors and coaches must recertify every two years.

- P&F Service developed a standardized training curriculum that all three PMCs will use to train their new VSRs and to provide annual training to their current VSRs and VCEs. Standardized training promotes consistency across the nation and P&F Service uses a competency-based training model that will be organized into eight phases. The standardized training was finalized and released to employees in October 2017. VBA anticipate the training curriculum will provide clear and concise standardized training in the PMCs; assist in achieving greater claims processing consistency and accuracy; and provide appropriate tools to VSRs, VCEs and AQRSs in preparation for skills certification testing.
- In 2017, 196 FEs took centralized training and journey-level self-study courses. These training courses include technical training on the Fiduciary Program, field examination techniques, and methods for enhancing customer service. VBA developed and deployed a new LIE training to 101 employees in 2017. This curriculum contains 17 hub instructor-led training lessons, and eight P&F Service virtual instructor-led training lessons. These courses include technical instruction on the Fiduciary Program, accounting audits, field examination processing, and misuse procedures.

Focus Resources More Efficiently

Stakeholders include any Veteran, dependent, and survivor. Partners include VA-recognized Veterans Service Organizations and other VA and Federal Government agencies, such as the Veterans Health Administration, the National Cemetery Administration, the Board of Veterans' Appeals, the Department of Defense, IRS, and SSA.

The following programs will help to focus resources more efficiently:

- VBA employees request and receive electronic copies of claimants' SSA disability records to decide benefit claims through SSA-Government Services Online, a secure electronic messaging system. This improves physical security of claimants' medical records and results in a 75-percent reduction in end-user processing time.
- VBA shares data with SSA and IRS to verify income for its needs-based benefit programs. This collaboration resulted in a completion of over 85,000 original claims in 2017. The use of upfront verification has permitted VA to no longer require beneficiaries to submit annual eligibility verification reports which resulted in upwards of 50,000 cases per fiscal year.
- A periodic post-award auditing (PAA) process, based on a statistically valid sample of applicable claims, replaced the income verification match annual process in March 2017. This new PAA process will reduce the number of claims selected for audit, schedule matches periodically, increase the screening of claims through filters, compress due process, and use electronic and automated processes. PAAs are scheduled each quarter in May, September, and December. Please see the volume stats below.

	Veteran Pension	Survivor Pension	Parents DIC	Total
Cases Read	499	493	8	1,000
Cases Selected	496	490	7	993
Total Rejected	3	3	1	7

- VBA initiated up-front scanning of claims documentation for all claims received by PMCs. Up-front scanning allows for more efficient processing of claims by removing the burden of transferring paper claims throughout the PMC. Up-front scanning also ensures all claims data is securely maintained electronically.
- The Improper Payments Act of 2012 requires Federal agencies making awards and payments to match against several Federal databases, including the SSA Death Master File. Automatic awards suspense ensures VBA does not continue to pay benefits to Veterans and surviving spouses who are deceased. In 2017, VBA suspended more than 105 thousand awards automatically using this process and avoided $121 million in improper payments as well as the need to recoup those benefits.
- By the end of the calendar year 2017, the PMCs will start processing claims assigned by NWQ. This is a system for national workload management that assigns claims based on individual RO's production capacities and national prioritization rules. The system is expected to ensure timely processing and prioritization of claims by allocating work based on capacity and prioritization.

Improve Timeliness of Service

VA continuously works to improve the overall experience and service to Veterans and survivors. Through automation, burial allowances are paid quickly and the application process is more efficient.

VBA expanded the automated burial claims process in October 2015 to include plot payments for Veterans not buried in a State or National Veterans Cemetery. The automated burial process provides payment of both burial and plot benefits to the survivor of record at the time of first notification of the Veteran's death. This increased functionality will allow VBA to expedite the full delivery of burial entitlements to survivors shortly after the Veteran's death, and reduce the number of claims VBA must manually adjudicate. Burial benefits are paid within six days of the notification of the Veteran's death without the need for an application for these benefits.

P&F Service made the application process easier for Veterans applying for Pension benefits and survivors applying for burial benefits. Veterans Pension applicants can now find form 21P-527EZ and survivor applicants for burial benefits will now find form 21P-

530 available at Vets.gov. The online application process will guide the claimant through an interview process requesting the same information as the form itself. When the claimant submits his/her application, Vets.gov will generate the form and directly upload it to the Centralized Mail portal.

VBA At Work

A Field Examiner (FE) for the Milwaukee Fiduciary Hub was contacted by a Detective of the Vernon Parish Sheriff's Office when a Veteran was found wandering the streets, confused and in poor health. The Detective asked if there was anything the VA could do to assist as there were allegations the Veteran's son was stealing the Veteran's money, to include his monthly VA benefits. The FE immediately reviewed the VA systems and saw the Veteran was in receipt of 100 percent service-connected disability compensation. He contacted the Southwest Louisiana Veterans Home and was able to secure a room for the Veteran. He also worked to connect the Detective, the Oceans Behavioral Clinic where the Veteran had been taken when he was picked up, and the Southwest Louisiana Veterans Home so everyone could work together for the safety and welfare of the Veteran. He then worked on obtaining a medical statement regarding the Veteran's inability to manage his financial affairs. The Southwest Louisiana Veterans Home was appointed as the Veteran's fiduciary. Authorities arrested the Veteran's son for allegedly stealing $40,000 of the Veteran's money, and the case is currently awaiting trial. The FE's quick action helped get the Veteran placed in a secure environment where he is now protected and receiving the care he deserves. The VA Fiduciary Program's ability to have employees out in the community who can provide immediate assistance to Veterans and other beneficiaries is truly one of the things, which makes the VA Fiduciary Program life changing.

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Education

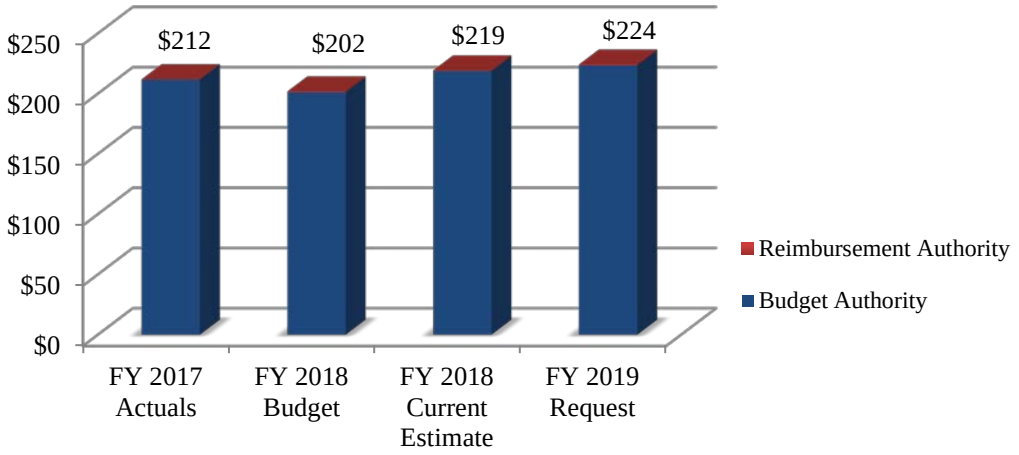
Mission

The Education Program provides educational assistance programs to Veterans, Servicemembers, National Guard and Reserve members, and eligible dependents by providing financial assistance, generally in the form of monthly benefit payments, as mandated in Titles 38 and 10, United States Code.

Summary of Budget Authority

2019 Budget Authority Request: $223.5 million
Change over 2018 Estimate: $4.8 million / 2.2 percent

Summary of Budget Authority - Education
($ in millions)



Summary of Budget Request

VA requests $223.5 million in budget authority to fund discretionary portions of Education Service to include administrative expenses for 1,964 FTE. Total budget authority and offsetting collections will fund obligations of $224.0 million. This request will provide sufficient funding and staffing levels for Education Service to continue providing access to and timely and accurate delivery of education benefits.

Education Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2017	2018		2019	2019 - 2018
Discretionary	**Actuals**	**Budget Estimate**	**Current Estimate**	**Request**	**Increase(+) Decrease(-)**
	Obs	**Obs**	**Obs**	**Obs**	
FTE					
Direct	1,591	1,662	1,753	1,803	50
Management Direction and Support	183	167	161	161	0
Total FTE	**1,774**	**1,829**	**1,914**	**1,964**	**50**
Obligations					
Personal Services (without overtime)	$153,806	$162,652	$180,088	$184,355	$4,267
Overtime	7,771	6,000	6,000	6,000	0
Travel	3,006	1,429	1,429	1,453	24
Interagency Motor Pool	377	335	335	341	6
Transportation of Things	75	197	197	201	3
Rent, Communications & Utilities	13,298	11,179	11,179	11,369	190
Printing	176	621	621	632	11
Other Services	32,406	17,798	17,798	18,101	303
Supplies and Materials	564	735	735	748	12
Equipment	355	822	822	836	14
Insurance Claims	51	40	40	41	1
Total Administrative Obligations	**$211,885**	**$201,811**	**$219,247**	**$224,077**	**$4,830**
Reimbursements	-$196	-$603	-$603	-$613	-$10
Net Appropriation	**$211,690**	**$201,207**	**$218,643**	**$223,463**	**$4,820**
Total Appropriation	**$211,690**	**$201,207**	**$218,643**	**$223,463**	**$4,820**
Outlays (net)	**$201,317**	**$191,349**	**$207,931**	**$204,431**	**-$3,500**

Dollars may not add due to rounding in this and subsequent charts.

Changes from Original 2018 Estimate

This reflects an increase of 91 FTE to implement the Harry W. Colmery Veterans Educational Assistance Act of 2017 (Forever GI Bill). Additionally, VBA is realigning 10 percent of Central Office FTE to Regional Offices (ROs) to directly support claims and Veteran facing priorities resulting in a net change of $17.4 million.

Changes from 2018 Current Estimate to 2019 Request

Total obligations reflect an increase of $4.8 million, which includes $4.2 million and 50 FTE to successfully implement the Forever GI Bill, and a projected 1.7 percent increase for non-pay inflation.

Program Description

VA education benefits may be used for licensing and certification exams and on-the-job training programs, as well as at Institutions of Higher Learning (IHLs) or non-college degree programs. VA assists Veterans and Servicemembers with academic and career goal decisions regarding individual entitlements through the following resources: the GI Bill Comparison Tool, GI Bill Feedback System, the joint VA/Department of Defense (DoD) eBenefits portal, and the Education Call Center (ECC): 1-888-GIBILL1 (1-888-442-4551).

Education benefits are administered by 1,293 claims processors, supervisors, and support staff at three Regional Processing Offices (RPO): Buffalo, NY; Muskogee, OK; and St. Louis, MO. Upstream Clerks, Veterans Claims Examiners (VCEs), and Senior Veterans Claims Examiners (SVCEs) perform functions fundamental to delivering education benefits. SVCEs and VCEs review, collect, and adjudicate claims to determine entitlement to benefits administered by VA and other agencies. VCEs also analyze matters affecting Veterans and dependents, school officials, and others relative to rights and benefits, evidence submission, claims disposition, and all subsequent actions.

VBA employs 163 staff in the Compliance & Liaison (C&L) division to audit IHLs and ensure nearly $13 billion in benefits are paid properly. C&L staff is based out of Atlanta, GA; Buffalo, NY; Muskogee, OK; and St. Louis, MO; and performs over 5,000 compliance surveys annually. C&L also serves as the liaison between schools, training facilities, and VA; provides training to School Certifying Officials (SCOs); and oversees 50 contracts with State Approving Agencies (SAAs) to, among other things, coordinate compliance work and review program approvals.

The ECC located in Muskogee, OK, employs 312 staff who respond to an average of 2.7 million calls each year, and consistently exceed J.D. Power certified call center benchmarks. The ECC answers calls from Veterans, dependents, and school officials in regards to the various education programs. Staff consists of 272 agents who answer the majority of calls from Veterans and their dependents. The agents are well versed on all education programs and are able to provide information from basic program eligibility to detailed information pertaining to the specific caller. These agents also assist with upstream processes for all offices, thus improving the overall Veteran experience. The remaining 40 agents are Education Case Managers (ECMs) who are cross-trained to process education claims and assist callers with complex questions regarding benefits, an important element of VBA's objective for first call resolution. The ECC also maintains a dedicated hotline for SCOs to quickly reach an ECM to discuss student certification and enrollment.

VBA employs 105 staff in the Education Service Central Office. In addition to developing and implementing policy, procedures, and legislation, the staff responds to congressional and external inquiries and provides strategic oversight ensuring seamless integration of operations, policy, and training. This has helped achieve consistency in service delivery. At a national level, Education Service brokers cases between RPOs to

optimize resources, minimize variances in timeliness, and ensure Veterans, Servicemembers, and dependents' claims are addressed timely regardless of jurisdiction. In 2017, approximately 67,000, or 1.8 percent of total claims, were effectively processed through brokering.

Workload

In 2017, Education Service processed over 3.7 million claims and is projected to process over 4.1 million in 2018. In 2019, over 4.4 million claims will be processed for over 1 million eligible Veterans, Servicemembers, and dependents within 28 days for original claims and 14 days for supplemental claims. Their collective efforts ensure the successful execution of nearly $13 billion in benefit payments.

In 2019, VBA will continue to place the needs, expectations, and interests of Veterans and their families first. Workload projections are listed below.

Projected Education Workload and FTE Requirements	**2016**	**2017**	**2018 Estimate**	**2019 Estimate**
Direct Labor FTE	1,647	1,591	1,753	1,803
Total Claims Completed	4,114,961	3,783,088	4,133,588	4,484,088
Average Days to Process Original Claims	17	25	28	28
Average Days to Process Supplemental Claims	7	9	14	14
Compliance Reviews	5,435	5,155	5,030	5,030
Calls Processed at Call Center	2,755,580	2,554,530	3,193,162	2,809,983

Estimates may change based on program participation changes resulting from the Forever GI Bill

Performance Measures

Since 2015, Education Service has collected data on claim volume and processing times to improve standardization, timeliness, and service. The 2019 requested resource level supports the following performance measures which drive continuous improvement and accountability for Veterans and other education beneficiaries.

- Average Days to Complete Original Education Claims - The average number of days to process an initial application for education benefits
- Average Days to Complete Supplemental Education Claims - The average number of days to process subsequent claims for education benefits after eligibility is established
- Education Call Center Client Satisfaction Index Score - The score measures client satisfaction on a 1,000-point scale (2017 satisfaction score was 847)

Highlights

Education Service provides outreach to Veterans regarding educational benefits and Servicemembers at key points during their military career. This ensures Veterans have the requisite knowledge to maximize access to earned benefits and assistance in planning for transition to civilian life.

This request fully supports Education Service's focus on a holistic approach of business processes, performance, and integration across VBA. Legislative changes have been instrumental in improving the education program. For example, Public Law 114-228, the Department of Veterans Affairs Expiring Authorities Act of 2016, authorizes VA to continue to treat a course of education as approved for up to 18 months following the withdrawal of recognition of an accrediting agency by the Secretary of Education, so that beneficiaries have time to complete the program without losing time and benefits, or continue to receive benefits while searching for a new school. Public Law 114-315, the Jeff Miller and Richard Blumenthal Veterans Health Care and Benefits Improvement Act of 2016, contains 15 provisions that impacted the education program, including one that amended the criteria for determining the expiration date for surviving spouses under the Marine Gunnery Sergeant John David Fry Scholarship.

VBA at Work

The following was received from an Air Force Veteran highlighting his use of the VA Education Program:

After retirement from the Air Force, I was not able to find employment other than driving a school bus. Education was the answer - I used my Montgomery GI Bill and completed my Bachelor's degree in 2011. The remaining benefits were converted to the Post-9/11 program. I applied to the University of New Hampshire Graduate School and was accepted. My Master's degree was awarded in November 2015. Now I have a Bachelors and a Master's degree, which is something we never could possibly have afforded without the GI Bill. While I was at school the VA also provided the housing allowance that was such a tremendous help to us. Although my wife worked, her salary did not provide what we needed to live on, but the housing stipend was the stop gap that made the difference. I just wanted to say thank you for all that the VA has provided for us over these years. I have never taken this for granted and feel especially privileged to have been a recipient of the education programs that have brought us so much.

The Harry W. Colmery Veterans Educational Assistance Act of 2017, the Forever GI Bill, amended Title 38, United States Code, and expanded and enhances access to the Post-9/11 GI Bill among other education benefits. In particular, it restored benefits to Veterans who were affected by school closures since 2015; extended special benefits for reservists, surviving dependents, and Purple Heart recipients; and eliminated the expiration date for Post-9/11 GI Bill benefits. In addition, it establishes a High Technology Pilot Program to enhance benefits for the Veteran.

Several Forever GI Bill provisions require the performance of work or oversight that is not currently supported by existing Education Service Information Technology systems making manual intervention and processing necessary for implementation and benefit delivery. The Forever GI Bill authorizes VA to restore entitlement to GI Bill beneficiaries as the result of school closures, but this process requires a thorough review to determine eligibility. Similarly, the STEM Scholarship and Vet Tech Pilot require additional resources to ensure proper implementation and processing. The STEM Scholarship has no less than seven criteria beneficiaries must satisfy for eligibility, and includes a cap on both individual assistance and on the total amount of benefits VA can pay. The processing of claims and monitoring of funds involves individual case management to ensure proper program administration. Vet Tech also features statutory performance targets for payments to providers and additional oversight of said providers because of the contract VA will have entered into with them. This work cannot be performed via automation.

These examples highlight some of the elements affecting resources that VA is working through to implement the Forever GI Bill. Additionally, VA expects increased claims due to the expansion of the Yellow Ribbon program, and Post-9/11 GI Bill benefits at the 100 percent level for up to 36 months to Reservists and Purple Heart recipients. These changes cannot be absorbed with existing resources without impacting timeliness targets. In consideration of additional claims, Education Service will leverage temporary FTE to continue the timely delivery of Veteran and beneficiary payments.

The original Montgomery GI Bill has long been considered a success by historians, politicians, and economists for the impact it had on the post-war economy and capital investments in our “Greatest Generation”. This legislation contains 34 sections covering educational, vocational, and disability benefits to support Veterans and others as identified above. Education Service will deliver the benefits of this law as quickly and seamlessly as possible.

In 2017, VBA processed over 3.7 million education claims at an accuracy rate of 99 percent. Of these, original claims were processed on average in 24.7 days and supplemental claims were processed on average in 8.6 days which met the 9 day goal. Variances in average days to process original claims from 2016 to 2017 were due to the following factors:

- Atlanta RPO realignment – Realignment of the Atlanta RPO resulted in increased workload at the remaining RPOs.

- The Imaging Management System Centralized installation – Contributed to approximately 1,385 fewer claims completed per day which impacted all RPOs. Additionally, Education Service lost three weekends that would have traditionally been used to provide employees with overtime to process claims (one for each RPO implementation).
- Special projects - Initial Active Duty for Training (IADT)/DoD project and the ORM Proceeds project added approximately 40,000 files needing reviews.
- During the fall peak enrollment period from August to October 2017, RPOs received an increase in education claims.
    - Pending inventory was higher for 2017 compared to 2016 (approximately 24 percent). Last year during the fall peak enrollment period there were 108,000 claims pending vs. 143,000 this year.

Education Service continues to focus on improving Veterans' experience as described below.

Greater Choice for Veterans

Education Service is enhancing access for Veterans, Servicemembers, and dependents applying for education benefits through online applications such as Vets.gov and the GI Bill Feedback System, which started in 2014. Both are designed with mobile users in mind and simplify the experience for a diverse Veteran population. In 2019, VA projects a continued increase over the prior year estimate of 100,000 views to the GI Bill Feedback System. Since inception 9,069 complaints have been submitted; 8,830 have been closed; and 239 remain active.

CareerScope, another online tool, allows Veterans and Servicemembers to assess readiness for post-secondary education and training, or the need for remedial preparation. Through CareerScope, Veterans are able to consider their vocational and academic aptitudes to make informed decisions regarding suitable career paths. In 2017, 48,025 assessments were initiated of which 45,813 were completed. The projected number of assessments for 2019 is 65,000 with a 90 percent completion rate.

In addition, Education Service is leveraging social media. In 2017, the GI Bill Facebook page received over 1.2 million views and over 90,000 interactions (likes, comments, or shares). Since 2016, follower count increased by 4.2 percent, from 96,000 to nearly 100,000.

Facebook Live and "Office Hours" features have been used for interactive Question and Answer sessions enabling Subject Matter Experts (SMEs) to connect real-time with students affected by school closures and natural disasters, providing a human-centric customer service experience. Through social media, SMEs respond on average to 200-500 questions/comments weekly requiring extensive knowledge of Chapters 30, 31, 32, 33, 35, and 1607. A recent Facebook Live event featuring representatives from VA and Veterans Service Organizations (VSOs) was viewed more than 15,000 times. In 2019, Education Service plans to continue these strategies to promote the Forever GI Bill. Since

enactment in August 2017, Education Service has observed an increase of over 2,100 followers.

Focus Resources More Efficiently

Collaboration and communication with stakeholders and strategic partners is essential to efficient use of resources. Stakeholders include Veterans, Servicemembers, National Guard and Reserve members, and eligible dependents. Partners include educational institutions, training establishments, SAAs, VSOs, Congress, the Departments of Defense, Homeland Security, Health and Human Services, Commerce, Labor, Education, and other entities. To the extent practicable, VA works with these entities to increase efficiencies and avoid duplicative efforts.

VBA continues to work with stakeholders to ensure education benefits are paid timely and accurately. In particular, VBA leverages partnerships with Federal agencies, as well as SAAs, VSOs, and other groups to improve outreach and transparency in educational opportunities for Veterans and Servicemembers; streamline the Veteran's experience; and increase operational efficiency. In 2017, Education Service worked with SAAs to finalize a more equitable funding allocation model which is being fully implemented in 2018. Also, Public Law 114-315 requires compliance surveys be completed biennially at schools and facilities with 20 or more students in receipt of GI Bill benefits. However, VA and SAAs will continue to focus on surveys to schools and training facilities that have not been surveyed in several years and those that show a history of errors. SAAs assist VA in completion of surveys and in partnership we have a goal to complete 5,030 surveys in 2018.

Education Service has accommodated changes to various public laws, and with the chapter 33 Long Term Solution (LTS) and other supporting applications has had enormous success in automating chapter 33 benefits supplemental claims. Education Service is migrating the legacy Benefits Delivery Network (BDN) system to the LTS and Financial and Accounting System (FAS), an online application that provides fiscal and accounting transaction processing for Chapters 30, 32, 33, 35, 1606, and 1607.

Oversight and Enforcement Activities

In 2017, 5,155 compliance surveys of approved schools were completed to monitor compliance with Title 38, U.S. Code. VBA continuously reviews these surveys to refine programmatic guidance, provide VA policy information to schools, and take corrective actions.

In an effort to improve compliance procedures a new web-based application using the Salesforce platform was designed and implemented for managing compliance surveys. This centralized application is used by both VA and SAA contract partners for entry, tracking, storage, and analysis of compliance survey data. As a cloud computing platform, this new application allows employees to perform a survey electronically and be more mobile rather than relying on hand carrying and tracking paper files. The

application continues to be developed to include digital approval of facilities to provide Veterans with educational opportunities. The system will eliminate paper mailing of approximately 20,000 approval packages. Each approval submitted by either the SAA or VA, depending on the type of location of facility, is necessary for beneficiaries enrolled at an institution to receive GI Bill benefits. This feature of the application will move VA from paper to a centralized electronic system, standardizing approvals for quality control. In addition to providing the automation of facility approval process and managing the compliance survey data, two new provisions from Public Law 114-315 concerning new centralized reporting and facility type survey allocations will be implemented within the application. These enhancements will streamline processes to ensure Veterans and dependents are paid in a timely manner. Currently beneficiaries cannot get paid for a program that has not been approved and uploaded into Education Service systems by the C&L staff. The average number of days is 16 and this Salesforce based platform will reduce average processing time from 16 days to 2 days, significantly impacting Veteran education payments.

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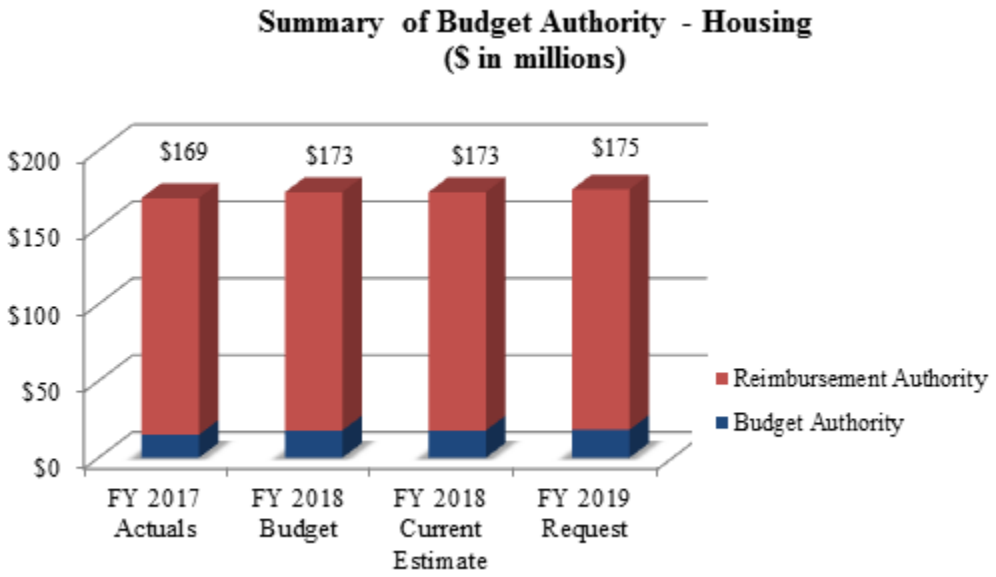
Housing

Mission

The Housing Program maximizes Veterans' and Servicemembers' opportunity to obtain, retain, and adapt homes by providing a viable and fiscally responsible benefit program in recognition of their service to the Nation.

Summary of Budget Authority

2019 Budget Authority Request: $18.2 million
Change over 2018 Estimate: + $334,000 / 1.9 percent



Summary of Budget Request

VA requests $155.9 million in reimbursement authority from credit administration accounts, $587 thousand in reimbursements from the United States Department of Agriculture (USDA), and $18.2 million in budget authority to fund the discretionary portion of the Specially Adapted Housing (SAH) program. Administrative funding includes $155.4 million for the Veterans Housing Program and $1.1 million for the Native American Housing Program. This request will provide sufficient funding and staffing levels of 907 FTE to continue administering programs that guarantee home loans and provide SAH grants for certain severely disabled Servicemembers and Veterans.

Housing Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2017	2018		2019	2019 - 2018
Discretionary	**Actuals**	**Budget Estimate**	**Current Estimate**	**Request**	**Increase(+) Decrease(-)**
FTE					
Direct	771	820	820	820	0
Management Direction and Support	90	87	87	87	0
Total FTE	**861**	**907**	**907**	**907**	**0**
Obligations					
Personal Services (without overtime)	$97,908	$101,278	$101,278	$101,278	$0
Overtime	270	50	50	50	0
Travel	1,742	1,737	1,737	1,770	33
Interagency Motor Pool	196	399	399	406	8
Transportation of Things	101	143	143	146	3
Rent, Communications & Utilities	6,800	6,020	6,020	6,135	114
Printing	66	74	74	75	1
Other Services	61,607	62,302	62,306	63,857	1,551
Supplies and Materials	241	432	432	440	8
Equipment	156	520	520	530	10
Insurance Claims	18	17	17	17	0
Total Administrative Obligations	**$169,105**	**$172,970**	**$172,974**	**$174,703**	**$1,729**
VA Housing Administration Reimbursement	-$153,799	-$154,548	-$154,548	-$155,935	-$1,388
USDA Portfolio Work Reimbursement	-$306	-$576	-$580	-$587	-$7
Total Reimbursements	**-$154,105**	**-$155,124**	**-$155,128**	**-$156,522**	**-$1,394**
Net Appropriation	**$15,000**	**$17,846**	**$17,846**	**$18,181**	**$334**
Total Appropriation	**$15,000**	**$17,846**	**$17,846**	**$18,181**	**$334**
Outlays (net)	**$14,754**	**$17,553**	**$17,553**	**$17,882**	**$329**

Dollars may not add due to rounding in this and subsequent charts.

Changes from Original 2018 Estimate

This reflects an increase of $4 thousand from the original estimate for reimbursements from USDA. VBA and USDA have entered into an Interagency Sharing Agreement, which allows USDA to use VBA's property management and disposition processes.

Changes from 2018 Current Estimate to 2019 Request

Total obligations increase $1.7 million from the 2018 current estimate. The 2019 request includes a projected 1.7 percent increase for non-pay inflation and an increase of $7 thousand in reimbursements from USDA. Other services increase to ensure systems continue to operate at maximum capacity to avoid default and confirm proper loan valuation. This request reflects the resources required to successfully deliver services at their current level.

Program Description

VA helps Servicemembers, Veterans, and eligible surviving spouses become homeowners. As part of our mission to serve, we provide home loan guaranty benefits and other housing-related programs such as SAH to help buy, build, repair, retain, or adapt a home for personal occupancy.

VBA employs approximately 707 employees in the Honolulu Regional Office (RO) and eight Regional Loan Centers (RLCs) located in Atlanta, GA; Cleveland, OH; Denver, CO; Houston, TX; Phoenix, AZ; Roanoke, VA; St. Paul, MN; and St. Petersburg, FL who execute the policy guidance as received by VA Central Office (VACO).

Construction & Valuation and SAH

The Construction and Valuation (C&V)/SAH Division is comprised of VA Staff Appraisers, Valuation Officers, Loan Specialists, and SAH Agents. Members of C&V are spread geographically. C&V's primary function is to provide assistance and administration of the VA Home Loan Program as it relates to real estate appraisals. This consists of providing oversight to the Lender Appraisal Processing Program (LAPP), appraisal technical support for the Loan Management Section (foreclosure), and SAH. LAPP lenders review appraisals and issue Notices of Value which contain the opinion of reasonable value used in part to determine the amount of guaranty for a VA-guaranteed loan and set out any conditions needed for the property to meet VA Minimum Property Requirements.

SAH Agents deliver the SAH grant benefit to Veterans by meeting with Veterans at their existing or desired future residence to provide an overview of the grant process. SAH staff members assess the residences and provide hands on guidance and suggestions for incorporating home modifications to improve mobility and promote independence. The primary focus of the grant program is to provide safe and reliable options for getting in and out of the home, provide accessible bathroom and shower facilities, and ensure the home has adequate space in passage ways (doors, open areas, hallways, etc.) to ensure accessible entry and exit to and from the home. Other adaptations can be incorporated based on the Veteran's disability.

After identifying the needs of the Veteran, SAH staff provides guidance and oversight for new or existing home construction to ensure the completion of required adaptations. SAH staff provides project management during active construction projects and serves as a liaison between the Veteran and the contractor completing the construction. SAH staff completes the project by conducting final field reviews to assess the outcome of the project and ensure the Veteran's unique mobility needs were addressed.

Loan Production

The Loan Production (LP) Staff includes Loan Production Officers and Loan Specialists. The LP staff at each RLC provides Veterans obtaining VA loans critical support to ensure access and use of the VA-guaranteed loan benefit. LP staff assists in the application process by ensuring valid Certificates of Eligibility (COE) are issued for any Veteran interested in using a VA loan. COEs are used by mortgage lenders to verify eligibility for the VA Home Loan Program. In addition to verifying eligibility, LP staff assist mortgage lenders and Veterans with any loan qualification or underwriting questions, and in unique cases, LP staff fully underwrite loans as well. Post-

origination, LP staff engages in comprehensive audits and loan reviews to ensure that VA external stakeholders have the proper guidance and documentation to originate loans and assist Veterans, while also ensuring that Veterans are not overcharged or paying disallowable fees.

Loan Administration

The Loan Administration (LA) Staff includes Loan Administration Officers, Servicing Officers, and Loan Specialists or Loan Technicians. The LA staff is responsible for all activities involving VA-guaranteed loans after origination until the loan is paid in full or terminated. Once a VA-guaranteed home loan becomes 61 days delinquent, servicers are required to report the event to VA; continue to work with the borrower to consider loss mitigation options or alternatives to foreclosure; and report updates on the status of the loan to VA. VA loans are reviewed during default to ensure that servicers have provided adequate servicing and explored all appropriate options to reinstate the loan or avoid foreclosure.

Veteran borrower and servicer inquiries are addressed on current and delinquent loans. Cases are reviewed to provide additional assistance to Veteran borrowers on an exception basis by serving as an intermediary between the Veteran and servicer. In many instances, Veterans are contacted to offer financial counseling and discuss loss mitigation options.

VBA employs 113 staff in the Housing Program Central Office. In addition to updating policies and procedures, proposing legislation, responding to congressional and field inquiries, and conducting quality assurance, VACO staff operations are comprised of the following: Loan and Property Management, Loan Policy and Valuation, and Oversight. Staff includes Loan Specialists; Realty Specialists; Appraisers; an Actuary; a Math Statistician; and Supervisory, Programmatic, and Support personnel who work on numerous projects in addition to managing operational requirements.

Loan and Property Management

Loan Management serves as the primary resource for the RLCs and industry partners regarding VA policy and the servicing of delinquent VA-guaranteed home loans. Loan Management is responsible for policy and procedures, regulations, legislative proposals, and VA Loan Electronic Reporting Interface (VALERI) issues for the servicing of VA-guaranteed home loans.

Property Management serves as the primary resource for VA-guaranteed home loans that are ultimately unsuccessful in foreclosure prevention, and that may be conveyed to VA by the mortgage servicer. VA contracts out key property management functions to maximize return on investment to the Government and minimizes the time properties are held in inventory to include: preparing, listing, marketing, selling properties, and satisfying all title transfer requirements. The program has authority to offer VA-backed financing of VA-acquired properties. The VACO Property Management team is responsible for regulations, policies, and legislative proposals to ensure consistent operations. In 2017, VBA managed approximately 6,122 properties.

Loan Policy and Valuation

Housing's Loan Policy and Valuation Staff develops regulations, policies, and procedures relating to the eligibility of Veterans for VA-guaranteed loans, guaranty of loans, making of

direct loans, approval of private mortgage lenders to make guaranteed loans on an automatic basis, and oversight of the appraisal of loans. This staff researches regulations and statutes, analyzes market trends, and reviews standing policy to ensure the program remains current with conventional mortgage and lending industry standards.

The Loan Production Policy Division provides oversight of the loan origination process. This includes the entitlement and eligibility determination for potential program participants and development of policy for VA-guaranteed loan options. This division also manages the policy direction for the Native American Direct Loan program.

The Construction and Valuation Policy Division provides oversight of the appraisal program to ensure program participants are purchasing homes that meet market value. Division activities include management of the overall Fee Appraiser, Staff Appraisal Reviewer, and Lender Appraisal Processing programs.

VA provides grants to Servicemembers and Veterans with certain permanent and total service-connected disabilities to help purchase or construct an adapted home or modify an existing home to accommodate a disability. SAH policy staff is responsible for regulations, policies, procedures, and legislative proposals regarding this benefit. Three grant programs exist: the SAH grant, the Special Housing Adaptation (SHA) grant, and a Temporary Residence Assistance (TRA) grant that may also be available to SAH/SHA eligible Veterans.

Oversight

Loan guaranty internal controls and risk management activities are managed through systematic oversight of program operations, field employees, and private sector partners. In addition, the VACO staff perform the following key internal control and oversight functions:

- Contract Assurance Property Management and Portfolio Loan Staff – conduct oversight of VA's contracted property management and portfolio loan service provider
- Lender/Servicer Monitoring Unit Staff – conduct Lender Audits and Servicer Audits
- Quality Assurance: Loan Systematic Technical Accuracy Review (LoanSTAR) Staff – conduct accuracy reviews for all key VA Home Loan Program functional areas (e.g., Loan Production, Loan Administration, C&V, and SAH)

In general, VACO staff conduct oversight through the VALERI application to ensure servicers are in compliance with VA regulations and policies. Additionally, VA conducts post-audits of the servicing of guaranteed loans to ensure compliance with VA regulatory requirements.

Workload

In 2019, VBA will continue to place the needs, expectations, and interests of Veterans and their families first. The mortgage banking industry has focused on automation of the lending process in recent years. In addition to program administration, this request will provide the necessary resources to maintain parity with the industry. Resources will focus on software solutions such

as VALERI to help VA stay competitive and remain a choice for Veterans in the home loan market.

VA's portfolio has more than doubled since the 2008 housing bubble. In 2008, loan guarantees totaled approximately 200 thousand. In 2016, that number increased to more than 700 thousand. In 2017 guaranteed loans exceeded 740 thousand, servicing over 2.9 million total loans since 2008. Our portfolio estimates sustainable growth in purchase loans even as VA expects to see a sharp decline in refinance loans.

Projected Housing Workload and FTE Requirements	**2016**	**2017**	**2018 Estimate**	**2019 Estimate**
Direct Labor FTE	820	771	820	820
Total Guaranteed Loan Volume	713,041*	740,389**	589,533	566,588
Total Purchase Loans	446,948	380,437	372,467	380,885
Total Refinance Loans	266,093	359,952	217,066	185,703
Total Loan Amount	$181,786,472,798	$188,699,461,266	$161,263,441,174	$157,480,852,328

*The 2016 guaranteed loan volume as reported in the Annual Financial Statements was 713,041; however, due to program administered system reports, the recognized loan volume is 705,474 and total loan amount is $179B. Purchase loan volume is 353,002 and refinance volume is 352,472.

**The 2017 guaranteed loan volume as reported in the Annual Financial Statements was 685,735; however, due to program administered system reports, the recognized loan volume is 740,389 and total loan amount is $189B as pulled on the 2nd business day of the new year. Purchase loan volume is 380,437 and refinance volume is 359,952.

Performance Measure

The 2019 requested resource level supports the following performance measure which drives continuous improvement and accountability for Veterans. VA conducts outreach to Veterans, private-sector loan servicers, and other industry stakeholders to ensure we remain at the forefront of the industry in offering home retention options and alternatives to foreclosure.

- Default Resolution Rate (DRR) - The DRR targets are set based on national mortgage and economic trends in the housing industry. VA continuously monitors these trends and adjusts performance targets accordingly. VA will continue to leverage the Web-based servicing application, VALERI, to track data on VA guaranteed home loans, and to provide proactive default and foreclosure avoidance assistance to Veteran borrowers who are behind on their VA guaranteed mortgage payment.

  http://www.benefits.va.gov/homeloans/servicers_valeri.asp

Highlights

VBA's 2019 Housing request is aligned to the Secretary's top priorities, a framework to put the needs, expectations, and interests of Veterans and their families first.

In 2017, VBA continued success in achieving its mission of helping Veterans obtain homes with their home loan benefit and retain homes in times of default. The 2017 guaranteed loan workload of 740,389 loans was a record-setting year for total loan volume and a 4.95 percent increase from 2016. In addition to the record-setting numbers of Veterans achieving home ownership, VBA and its partnering loan servicers were able to assist a record 96,139 Veterans and their families with an alternative to foreclosure, 2016 was a record year and in 2017 that success was maintained.

The VA Home Loan benefit has expanded through issuing a record volume of COEs. The COE is used to verify that a Veteran and/or Servicemember is eligible to use the VA Home Loan Program. VA received a record 1,116,239 automated COE requests, an increase of 3.9 percent over the 1,074,130 requests received in 2016. A record 722,444 COEs were automatically issued in 2017, a 3.39 percent increase over the 698,725 COEs automatically issued in 2016.

VBA At Work

SAH grants assist many Veterans, but in this unique situation, an SAH grant was able to improve the last remaining months of a Veteran diagnosed with Lou Gehrig's disease. The Veteran's spouse indicated that prior to the SAH grant and home adaptations, her husband was confined to a small section of their tri-level house, and could no longer interact with family or enjoy the outdoors on his own. The SAH grant was used to install an accessible deck, vertical platform lifts, and widen doorways so the Veteran could have a sense of independence and navigate some of his favorite areas of the home.

Greater Choice for Veterans

VBA personnel provide exception-based servicing to Veterans and their families in default on their VA home loans. They identify and provide Veteran borrowers with home retention solutions to avoid foreclosure and potential homelessness. In 2017, VBA helped 96,139 Veterans and their families avoid foreclosure, maintaining one of the lowest foreclosure rates in the industry. VBA's exception-based servicing resulted in nearly $2.7 billion saved in potential claim payments in 2017. Purchase volume has increased at an average rate of 10 percent over the course of the last four years. VA loans offer an extraordinary opportunity for Veterans because of lower interest rates, lower monthly payments, no or low down payments, and no private mortgage insurance.

VA home loans are provided by private lenders, such as banks and mortgage companies. VA guarantees a portion of the loan, enabling the lender to provide Veterans with more favorable loan terms. Lenders and real estate agents are essential partners in helping deliver the home loan

benefit. They educate Veterans on the VA Home Loan Program and articulate its advantages when they commence the home-buying process. Loan servicers provide the first line of assistance in finding ways to resolve borrower defaults.

Modernize our Systems

Essential to VBA's achievements in assisting Veteran borrowers in retaining their home after experiencing a loan default is VALERI, a modernized, robust, and paperless oversight and servicing system. The VALERI servicer Web portal is the primary means of communicating with VBA to report events, submit documents and appeals, perform revisions, and loan cancellations. VBA provides status and feedback on Veteran loans through reports in the portal. VALERI improves VBA's program oversight capability and reduces the cost to the Government for the servicing and liquidation of VA loans in default.

Since the onset of the mortgage crisis in 2008/2009, VBA has leveraged VALERI to assist over 683,540 borrowers in default avoid foreclosure, which in turn saved over $22.1 billion in potential claim payments. This comprehensive and robust system enables VBA to track those most at risk for loan default, which is a key measure to prevent Veteran homelessness. VALERI annually impedes more than 90,000 Veterans and their families from losing their homes, saving an estimated $2.7 billion in claim payments.

Another system to serve Veteran borrowers is the Appraisal Management System/Automated Valuation Model (AMS/AVM). To ensure Veterans and taxpayers that VA loans have received the proper loan valuation, AMS/AVM provides an in-depth risk assessment of every completed appraisal. Over 666,000 were completed in 2017, allowing employees to focus on and research high-risk appraisals and to increase the quality of appraisals and appraisers. This request mitigates risk and impacts the ability of AMS/AVM to process and analyze over $100 billion in annual total loan value.

Focus Resources More Efficiently

VBA outreach efforts to educate Veterans and industry partners include Webinars and social media platforms thus resulting in clear and consistent messaging of how the VA Home Loan Program can be used by Veterans and/or Servicemembers. Overall, VA market share of the mortgage industry continues to grow, indicating that our outreach and communication efforts are reaching the desired audience as reported in industry source data obtained on a quarterly basis. Purchase loan market share increased from 1.4 percent in 2005 to approximately 7.5 percent in 2017.

Collaboration and communication with Veterans and strategic partners are priorities for VBA. Stakeholders include Veterans, Servicemembers, eligible surviving spouses, and members of the Reserves and National Guard. Partners include Congress, Veterans Service Organizations, state and county Veterans representatives, the housing finance industry, homebuilders, real estate agents, and fee personnel.

Employees and fee personnel such as appraisers, inspectors, and management brokers are also

critical to providing Veterans with quality and timely service. For instance, VA maintains a fee panel of appraisers nationwide. This creates tremendous efficiencies because VA can hire appraisal services for Veterans on an as-needed basis, in any part of the country, without having to maintain full-time personnel.

A business process redesign is underway for SAH to improve the Veterans experience by decreasing grant processing times to enhance Veteran relationship management and strengthen the exchange of information with corporate systems. The quality of the SAH grant program will be improved by increasing reporting, monitoring, and oversight capabilities. The recommendations and assistance from the roadmap and the business process redesign will ensure that the new/redesigned application is compliant with the Secretary's priorities.

Improve Timeliness of Service

In 2017, VBA continued its efforts to improve timeliness by implementing a national toll-free number for loan origination and eligibility inquiries. Every call received by a Veteran, stakeholder, or partner is now routed to the next available loan specialist for assistance. Before implementing this change, the home loan program had a blocked call rate in the double digits and after implementation the blocked call rate is at zero percent. The call workload is also distributed more efficiently across RLCs. This change also provides vital information to Veterans and program stakeholders quicker.

The COE national work queue effectively distributed a record 1,116,239 automated COE requests, an increase of 3.9 percent. While experiencing a record volume of COE applications, the average COE processing time remained below three business days, ensuring prompt service to all Veterans, stakeholders, and partners. Timely processing of COEs is critical to ensure that real estate transactions are closed on time, otherwise Veterans may miss closing dates and experience increased fees and charges as a result.

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Vocational Rehabilitation and Employment

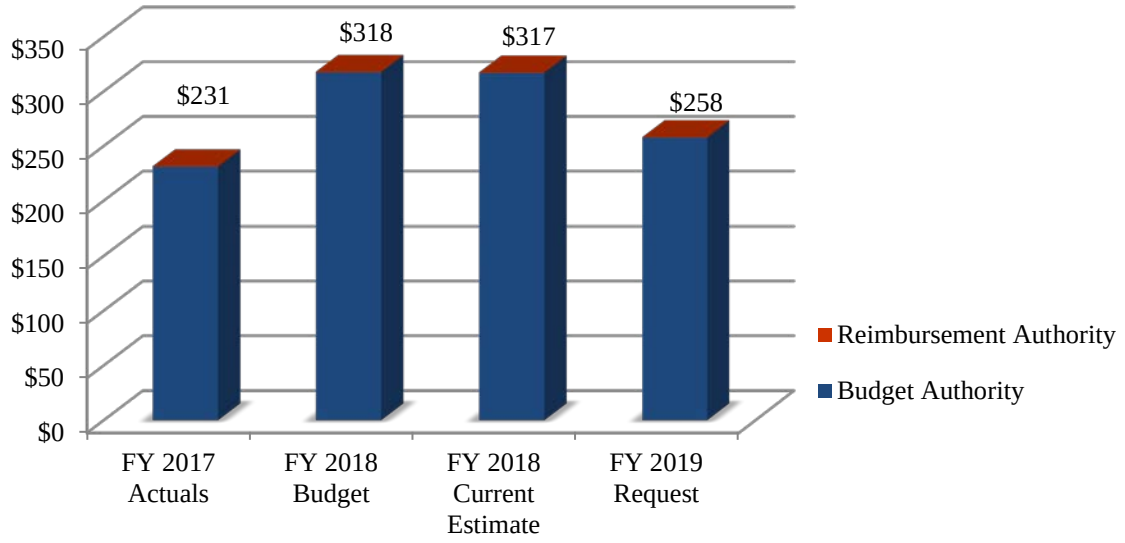
Mission

The Vocational Rehabilitation and Employment (VR&E) Program provides and administers comprehensive services and assistance to enable Veterans and Servicemembers with service-connected disabilities and employment handicaps prepare for, find, and maintain suitable employment. For Veterans with service-connected disabilities so severe that they cannot immediately consider work, the VR&E Program offers services to improve their ability to live independently as possible in their homes and communities.

Summary of Budget Authority

2019 Budget Authority Request: $258.0 million
Change over 2018 Estimate: -$59.3 million / -18.7 percent

Summary of Budget Authority - Vocational Rehabilitation & Employment
($ in millions)



Summary of Budget Request

VA requests $257.6 million in budget authority to fund discretionary portions of the VR&E Program to include administrative expenses for 1,589 FTE. This request is a decrease of $59.3 million below the 2018 level.

Vocational Rehabilitation and Employment Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2017	2018		2019	2019 - 2018
Discretionary	**Actuals**	**Budget Estimate**	**Current Estimate**	**Request**	**Increase(+) Decrease(-)**
FTE					
Direct	1,381	1,442	1,442	1,442	0
Management Direction and Support	159	152	147	147	0
Total FTE	**1,540**	**1,594**	**1,589**	**1,589**	**0**
Obligations					
Personal Services (without overtime)	$171,160	$186,439	$185,832	$185,832	$0
Overtime	996	500	500	500	0
Travel	2,826	2,404	2,404	2,450	46
Interagency Motor Pool	334	255	255	259	4
Transportation of Things	147	180	180	183	3
Rent, Communications & Utilities	11,640	11,692	11,692	11,891	199
Printing	164	461	461	469	8
Other Services	43,244	113,543	113,543	53,973	-59,570
Supplies and Materials	573	1,031	1,031	1,048	18
Equipment	345	1,374	1,374	1,398	23
Insurance Claims	45	36	36	37	1
Total Administrative Obligations	**$231,472**	**$317,916**	**$317,309**	**$258,040**	**-$59,268**
Reimbursements	-$389	-$395	-$395	-$396	-$1
Net Appropriation	**$231,083**	**$317,521**	**$316,914**	**$257,644**	**-$59,270**
Total Appropriation	**$231,083**	**$317,521**	**$316,914**	**$257,644**	**-$59,270**
Outlays (net)	**$219,529**	**$297,286**	**$296,532**	**$244,762**	**-$51,770**

Dollars may not add due to rounding in this and subsequent charts.

Changes from Original 2018 Estimate

Personal services are estimated to decrease $607 thousand as a result of VBA's approach to realign 10 percent of Central Office FTE to Regional Offices (ROs) to directly support claims and Veteran facing priorities and goals.

Changes from 2018 Current Estimate to 2019 Request

Total obligations reflect a decrease of $59.3 million, which is primarily attributed to favorable pricing of the new Transition Assistance Program (TAP) contract which provides the required level of support at a considerably lower cost. This also includes a projected 1.7 percent increase for non-pay inflation.

Program Description

VR&E assists Veterans and Servicemembers with service-connected disabilities and barriers to employment prepare for, obtain, and maintain suitable employment by enabling their education and providing career counseling. For Veterans with an employment handicap so severe that they cannot immediately consider work, VR&E helps them obtain independent living services. The VR&E Program is the only federally mandated program established to provide Veterans with service-connected disabilities with comprehensive vocational rehabilitation benefits potentially leading to employment.

VR&E employs nearly 1,000 Vocational Rehabilitation Counselors (VRCs) and delivers service through a network of over 360 office locations. VR&E's service delivery model supports Veterans where they are located and includes operations at 56 ROs and the National Capital Region Benefits Office, approximately 142 out-based offices, 71 Integrated Disability Evaluation System (IDES) installations, and 94 VetSuccess on Campus (VSOC) schools/sites.

Eighty percent of the Direct Service Delivery Staff (DSDS) are VRCs or Counseling Psychologists, whose primary role is to provide comprehensive individualized services to Veterans, Servicemembers, and dependents. Both of these positions have education requirements of a Master's degree or higher in Rehabilitation Counseling or a related field with at least 30 hours of specific coursework. In addition to specific educational requirements, over 600 VRCs maintain the professional credential of Certified Rehabilitation Counselor (CRC). DSDS also maintain several other professional certifications, including Certified Veterans Rehabilitation Counselor, Licensed Professional Counselor, and National Certified Counselor. Services that DSDS provide include counseling, individualized case management, employment services, comprehensive rehabilitation services, and independent living services.

VR&E counselors work with Veterans to develop an individualized development plan following one of five tracks:

- **Reemployment** – for Veterans who served in active military service or in the national guard or reserves, and are now returning to employers for whom they worked, prior to going on active duty
- **Rapid Access to Employment** – for individuals ready to seek employment after separation and have the necessary skills to be competitive
- **Self-Employment** – for individuals who have job skills to start a business
- **Employment through Long-term services** – provides an extended period of training and rehabilitation services to ensure that Veterans acquire the skills necessary to obtain and maintain suitable employment
- **Independent Living (IL)** – IL plans are designed to enable an individual to achieve maximum independence in daily living and, whenever possible, increase the

individual's ability to participate in an extended evaluation to explore the potential to return to work

Based on the track each participant pursues, VR&E works to help them achieve a "positive outcome," defined as Veterans who either achieved a rehabilitation plan goal, pursued higher education, obtained suitable employment, or became employable through the VR&E Program. In 2017, there were 15,528 positive outcomes. This included:

- 10,460 Employment Rehabilitations
- 779 Educational Rehabilitations
- 889 Independent Living Rehabilitations
- 2,814 Maximum Rehabilitation Gains/Employable
- 586 Maximum Rehabilitation Gains/Employed

In developing individualized plans, counselors assess Veterans' interests, skills, and abilities as well as labor market information. Counselors provide training in activities of daily living, personal adjustment counseling, and support services. Veterans can receive education or vocational training for up to 48 months under the educational assistance benefit.

VR&E Employment Coordinators (ECs) are located in ROs and are charged with helping Chapter 31 Veterans find employment. ECs currently assist approximately 8,000 Veterans, at any given time, actively seeking employment in job ready status. ECs provide training to Veterans regarding effective techniques to prepare resumes for both the private sector and federal job placement. In addition, they provide sample resumes and resources to translate military experience into terms better understood in the civilian job market.

The Non-Paid Work Experience (NPWE) program provides Veterans who experience difficulty obtaining suitable employment due to lack of work experience, an opportunity to gain valuable skills, often directly related to positions they are seeking long-term. This program also provides eligible Veterans the opportunity to obtain training and practical job experience concurrently. The NPWE program serves as a major "tool in the toolbox" for ECs and VRCs. Establishing effective working relationships with federal, state, and local governments under NPWE results in positive placement of Chapter 31 Veterans into suitable careers.

The VR&E Program employs 66 FTE in the VA Central Office (VACO), consisting of the Executive Leadership Team (ELT), vocational rehabilitation professionals, management and program analysts, and program support staff. Approximately 70 percent of VR&E Program staff are employed as either a VRC or Counseling Psychologist. While the majority of the staff is located at VACO, two teams are based in Nashville, TN and Orlando, FL.

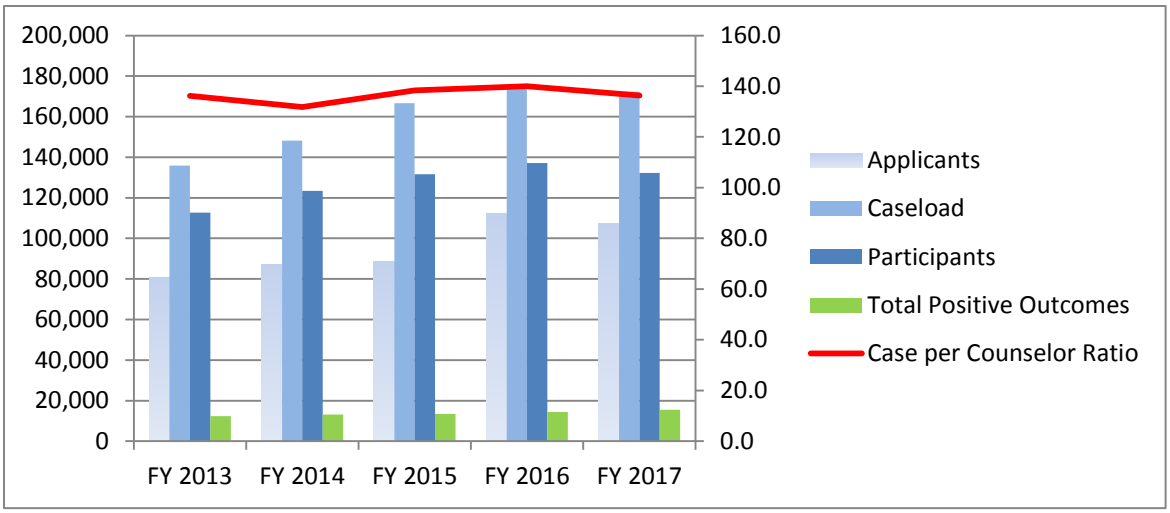
VBA *At Work*

A service-connected disabled Veteran who served honorably in the U.S. Navy was found entitled to VR&E services. He expressed interest in a number of fields that involved uplifting the lives of others in some meaningful way. With the assistance of his VRC, the Veteran identified based on his interest, aptitudes, and abilities that a career in the field of Education satisfied this requirement. He was provided Chapter 31 services which included a comprehensive evaluation and assessment, an individualized plan to assist him with overcoming his barriers to employment gaining the skills to successfully perform the job, counseling, and case management support. As the Veteran was completing his VR&E plan, he received support in pre- and post-employment services that led to accepting a job related to his vocational goal. He has now been promoted to a position of higher authority, and states VR&E services directly contributed to his employability and positive outcome.

Workload

The VR&E Service budget request is aligned to VA's priorities, a framework for modernizing VA's culture, processes, and capabilities to put the needs and expectations and interests of Veterans and their families first. While workload has continued to grow, VR&E achieved increased outcomes and is moving forward with future plans and goals in order to continue providing consistent service delivery.

VR&E Counseling Workload and Program Outcomes
Fiscal Year 2013 to 2017



Based on 1,000 Counselors in FYs 2013-2017

Category	2013	2014	2015	2016	2017
VR&E New Claims	80,812	87,094	88,439	112,155	107,200
Caseload	135,815	148,229	166,511	173,606	172,323
Participants	112,659	123,383	131,607	137,097	132,218
Total Positive Outcomes	12,418	13,106	13,476	14,350	15,528
Case per Counselor Ratio[1]	136.2	131.8	138.3	140.0	136.4

[1] Case per counselor ratio was previously reported as an end of the fiscal year snapshot. The ratio has been revised to report a rolling average for the fiscal year. The "Increased VR&E Counseling Capability: VR&E Growth and Workload Fiscal Year 2013 to 2017" chart and associated table have been updated to reflect this change for FY 2013-2017.

Sources: VA Annual Benefits Reports, FY 2013 through 2017 and VR&E Workload Management Reports

In 2017, VR&E's rolling average counselor caseload ratio was 136.4. Based on this period, participation has increased by over 17 percent since 2013; therefore we project the ratio will trend upward in conjunction with disability compensation claims processing.

Online Application Capability

The eBenefits Enterprise Veterans Self Service (EVSS) provides an automated interface for eligible participants to apply for Chapter 31 and Chapter 36 counseling services. In 2017, 71,037 applicants utilized EVSS and 37,219 applicants submitted paper applications. This resulted in a total of 108,256 Chapter 31 services applications. Additionally, 12,182 Veterans applied for Chapter 36 services through EVSS.

The following chart summarizes VR&E workload and FTE projections:

Projected VR&E Workload and FTE Requirements	2016	2017	2018 Estimate	2019 Estimate
Direct Labor FTE	1,377	1,381	1,442	1,442
Actual Participants	137,097	132,218	144,661	149,747
Increase in Actual Participants (over previous year)	4%	-4%	9%	4%
Veterans Entering a New Plan for Rehabilitation (over previous year)	29,341	28,708	32,348	33,966
VR&E New Claims	112,155	107,200	121,307	126,159
Increase in VR&E New Claims (over previous year)	27%	-4%	13%	4%
Positive Outcomes	14,350	15,528	TBD	TBD

Performance Measures

The 2019 Budget request supports the following performance measures designed to drive continuous improvement and achieve optimal outcomes for Veterans. In 2018, VA revised VR&E's performance measures to align with agency goals and priorities.

- Class Achievement Rate (formerly Class Persistence Rate): Percentage of Veterans who after six years obtain a positive outcome and the number of Veterans persisting in their enrollment, measured against all Veterans in their year

group (class). The Class Achievement Rate is designed to measure efforts to keep Veterans actively engaged in the program and working toward achieving a positive outcome.

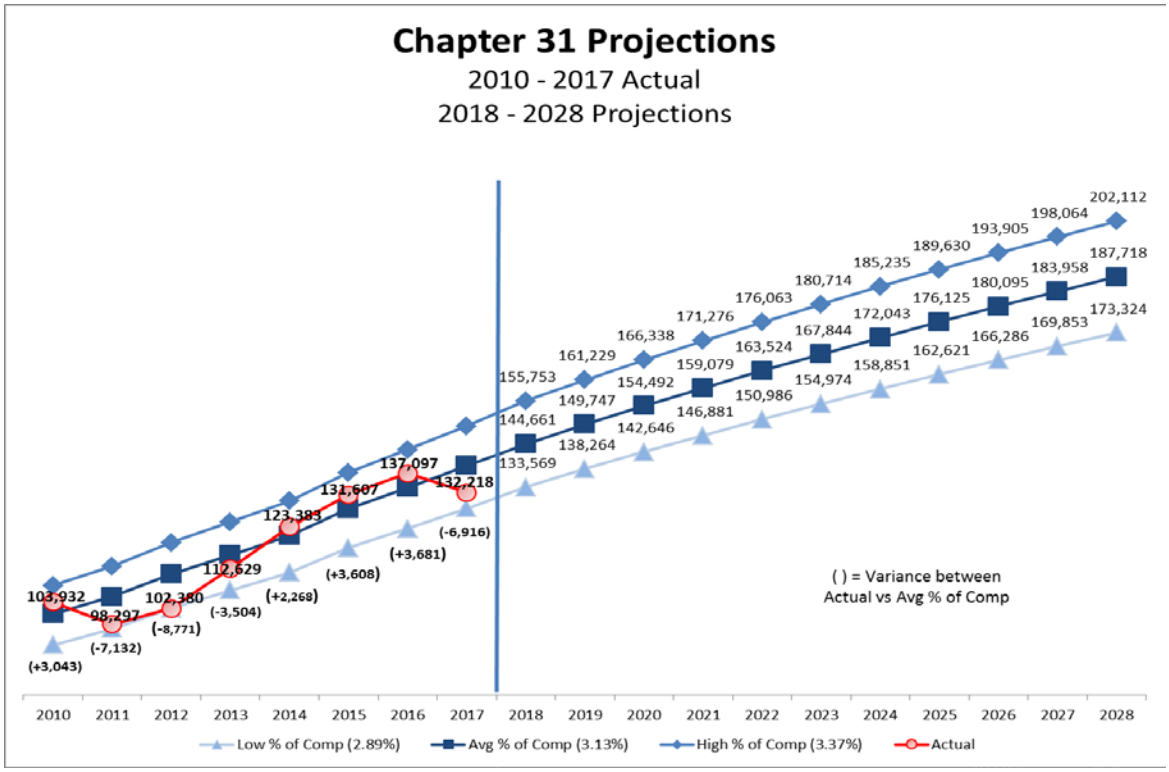
- Veterans' Satisfaction with the VR&E Program: Based on the Overall Satisfaction (OSAT) score captured in the J.D. Power & Associates (JDPA) Voice of the Veteran Continuous Measurement Survey. Note that while VBA will no longer externally report on this measure in 2019, it will still be tracked internally.

Over 1,000 VRCs assisted 15,528 Veterans in achieving a positive outcome in 2017.

Highlights

Consistent with the Secretary's priorities, the VR&E Program is taking steps to modernize in order to more effectively meet the needs of Veterans and VRCs. For example, of over 132,000 program participants in 2017, 15,528 Veterans achieved a positive outcome, an 8.2 percent improvement from 2016.

Driven by the reduction in the compensation claims backlog, the number of VR&E participants has steadily increased as more Veterans become eligible for and apply for Chapter 31 benefits and services. As the number of participants grows, VR&E will maximize resources available to improve the Veteran experience.



Greater Choice for Veterans

VR&E provides individualized vocational rehabilitation for eligible Veterans through services based on employment or IL goals. Veterans may receive personal educational and career counseling to assist in choosing an appropriate career path, training, and employment services which are all based on personal interests, aptitudes, and abilities.

Self-Employment Business Plan Review

The Self-Employment Business Plan Review allows VA to reinforce and support the self-employment program, which provides opportunities for Veterans with small businesses. Self-employment is one of the five tracks of services available under VR&E, and greatly assists Veterans pursuing self-employment by developing solid business plans and providing expertise needed for success in their pursuits.

CareerScope

CareerScope, an online career assessment tool, allows Veterans to take a computerized test that promotes transition planning. Both the Veteran and a VR&E counselor review the results as an integral part of the counseling and evaluation process. Results provide the counselor and the Veteran a basis for selecting educational objectives and career goals based on the individual interests and aptitude, which informs an individualized rehabilitation plan. In 2017, over 49,000 assessments were completed, an increase of over 20 percent compared to 2016.

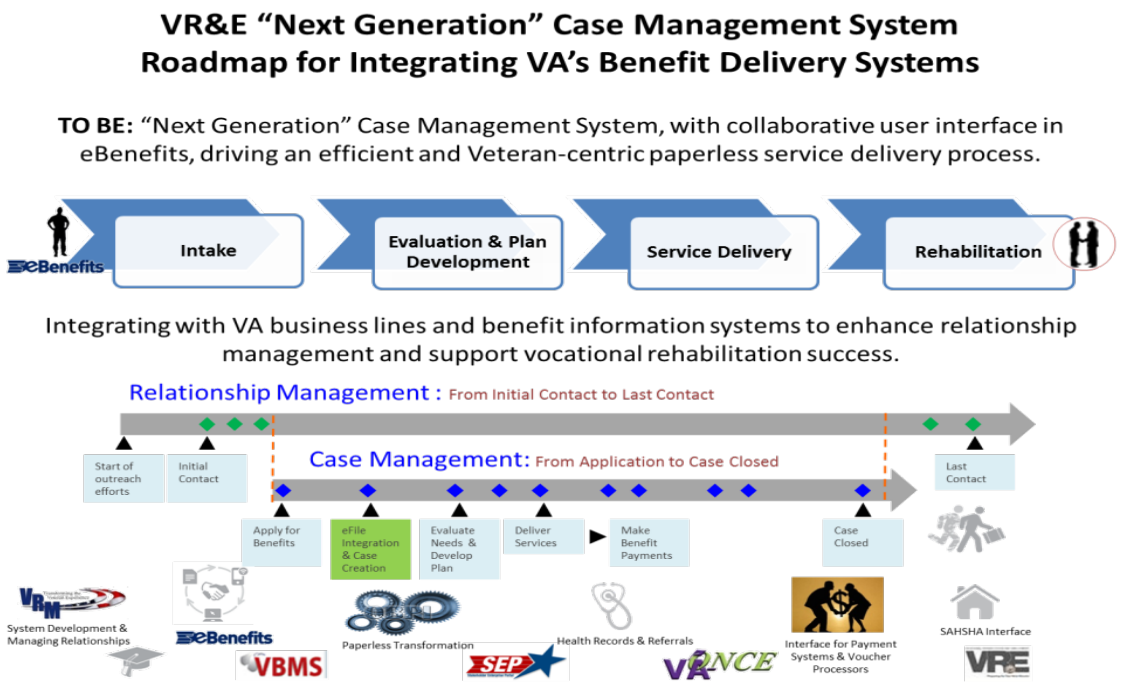
Modernize our Systems

VR&E's modernization efforts include pursuit of a digital and paperless environment, as well as new technology.

VR&E Case Management System (VRE-CMS)

VRE-CMS replaces VR&E's 20 year old legacy system, Corporate WINRS (CWINRS). This system will transition legacy paper-based VR&E processes to the Microsoft Dynamics© Customer Relationship Management platform, while leveraging existing VA information technology (IT) applications and processes. VR&E anticipates a production pilot of the Minimum Viable Product (MVP) in 2018.

As VR&E implements these changes, counselors will be able to manage workload more efficiently and effectively, allowing more time to provide high-quality counseling and employment services to VR&E participants. Once VRE-CMS is deployed to the field case documentation will be stored in the VBMS eFolder. Additionally, these efforts will centralize Veteran-specific information.



Increased Use of VR&E Tele-Counseling

Secure video teleconferencing technology is enabling VRCs to remotely counsel Veterans who have busy schedules, live in rural locations, or face transportation challenges. Tele-counseling reduces the need for VRCs and Veterans to travel and improves access to VR&E services.

As this technology matures, VR&E will explore opportunities to increase participation for all 1,000 VRCs and at all VBA ROs. A pilot studying Tele-counseling for initial appointments between the applicant and the VRC first started with three VRCs in early 2017 at the St. Petersburg RO. After initial success, the pilot was expanded to an out-based office adding three VRCs from that location. The initial pilot period ended in the fall of 2017, but the pilot will be extended and expanded for 2018 to include an RO in each District. The outcomes and best practices resulting from these pilots will inform VR&E business processes by increasing efficiency and Veteran engagement.

VR&E Officer's Technical Training Conference

In 2019, VR&E will continue to provide training to Vocational Rehabilitation and Employment Officers (VREO) to ensure a seamless paper to digital transition. Funding will provide for training materials to inform attendees about VR&E's major transformation efforts such as VRE-CMS, Centralized Mail, VBMS e-Folder, Counseling/Evaluation/Rehabilitation (CER) Folder Scanning, Competency Based Training System (CBTS), VSOC/IDES, and National Contracting and Leadership Development. Training will continue to expound upon the ways in which VREOs will support the transition to new digital programs, and will prepare managers and staff to use new resources to expedite entitlement decisions, rehabilitation planning, and job-ready positive outcomes. As a result, Veterans will experience improved service delivery.

Focus Resources More Efficiently

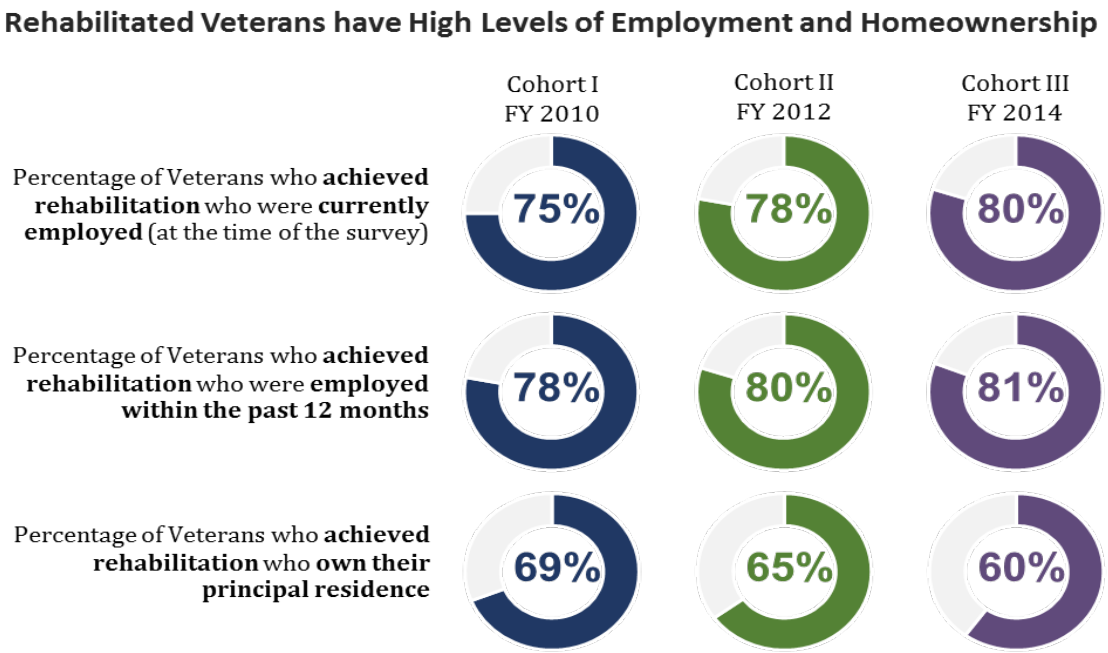
The VR&E Program focuses resources by working with the Office of Field Operations to implement staffing recommendations to meet workload requirements, training for field staff, and applying results from pilots and studies to improve programs and services.

Competency Based Training System (CBTS)
VR&E is planning a national deployment of the CBTS in 2019. This system will deliver empirically researched and industry benchmarked competency assessments to experienced counselors. This supports VBA's touchpoints of improving the employee and the Veteran experience by targeting training to the individual employee's needs, and allowing employees to provide the highest level of counseling and employment services, while promoting local and national leadership and professional development opportunities for employees. This will provide a direct positive impact to Veterans, as Veterans will receive standardized services from well-trained and competent employees.

Longitudinal Study
VBA continues to execute the congressionally mandated 20-year VR&E Longitudinal Study of Veterans who began VR&E programs in 2010, 2012, and 2014. Reports are submitted to Congress annually on the long-term benefits of participating in the Chapter 31 Program. VR&E will continuously analyze trends among Veterans receiving services and improve and adapt services to their changing needs. As VR&E follows the three cohorts over time, more data will be available on the long-term outcomes of Veterans and key programmatic and demographic factors influencing these outcomes.

Over time, the longitudinal study will allow for more robust comparison across all three cohorts, and as the cohorts mature and more participants re-enter the program after discontinuation or after having achieved rehabilitation, analyses can assess how entering the program more than once may influence long-term outcomes. A "rehabilitated" Veteran is one who successfully completes the rehabilitation program plan and is equipped with the required skills and tools needed to obtain and maintain suitable employment or gain independence in daily living. Veterans are considered rehabilitated once suitable employment has been maintained for at least 60 days.

The primary focus of the VR&E Longitudinal Study is on the long-term employment and standard of living outcomes for VR&E participants after they exit the program. As shown in the figure below, Veterans who have achieved rehabilitation report high levels of employment and homeownership.



Collaboration and communication with Veterans and other stakeholders, as well as strategic partners are priorities for VBA. Stakeholders include Veterans, Servicemembers, Guard and Reserve members, and dependents of certain Veterans. Partners include the Veterans Health Administration (VHA); Department of Labor; Small Business Administration; Office of Personnel Management; Department of Defense (DoD); education, training, and rehabilitation facilities; General Services Administration; Social Security Administration; Internal Revenue Service; Congress; and Veterans Service Organizations.

Through VR&E, VBA continues to partner with federal and state agencies, the private sector, and other organizations to increase efficiencies and avoid duplication of efforts. VR&E works on the Interagency Care Coordination Committee (IC3) with the goal to harmonize programs, reduce confusion, and simplify processes for wounded, ill, and injured Servicemembers transitioning between DoD and VA health care, benefits, and services. VR&E partners with service-based government, non-profit, private sector, and community organizations to facilitate Veterans' adjustment to the workplace, enhance self-awareness, and connect Veterans to employers.

Client Relations Team

The Client Relations Team (CRT), formerly named the Veteran Advocacy Assistance Team (VAAT), was established in 2015 to respond to incoming VR&E Veteran-related inquiries. Inquiries are received from a wide range of internal and external sources, including Congressional leaders and Veterans. This increase in inquiries is related to greater transparency and a focus on prompt Veteran service delivery. In 2017, the CRT responded to over 5,000 inquiries.

VetSuccess On Campus Program

The program is expanding to from 94-to-105 campuses nationwide and currently

supports a population of nearly 78,000 Veterans. By realigning resources from the IDES initiative, VA was able to reallocate 5 IDES counselors to support a small expansion of the VSOC program in 2018. With the new Forever GI Bill, the VSOC program was codified to provide educational and vocational counseling services for individuals at institutions of higher learning. VSOC provides outreach and transition services to Veterans during their transition from military service to college. VSOC eases the transition and ensures the coordinated delivery of benefits and services to Veterans, Servicemembers, and their eligible dependents. The mission of the VSOC VRC is to liaise with VA certifying officials, perform outreach, and communicate with Veterans ensuring their health, education, and benefit needs are met. This enables Veterans to stay in college to complete their degrees and enter career employment.

This effort transforms the way VA supports Veterans with a service delivery method that is convenient for them. It improves the way VA provides services to Veterans, allowing VA employees to explore and coordinate VA benefits for individual Veterans while they are on campus. It assists Veterans in using all benefits available to them to stay in college through the completion of their degree program, and to pro-actively deal with medical or other barriers to retention. Helping Veterans complete degree programs and enter career employment improves the quality of Veterans' lives and further combats homelessness and poverty caused by unemployment or underemployment.

The data below reflects the number and nature of contacts made by VSOC Counselors in 2017. We have served over 43,000 student Veterans, Servicemembers, and dependents in 2017.

Type of Contact	**Number of Contacts**	**Percentage**
New	14,684	34.05%
Returning	28,444	65.95%
Total	43,128	

Reason for Visit/Contacts*	**Number of Times Reason Selected**	**Percentage**
Outreach Follow-Up/ Referral	20,936	25.29%
Education Services (Apply/Compare/Inquiry)	17,711	21.39%
CH31 Inquiry	11,563	13.97%
Financial Aid/Debt Management Assistance	10,106	12.21%
Professional Counseling	8,052	9.73%
Accommodations & Mentor/Tutor Assistance	4,535	5.48%
Employment Services/ Work Study	4,410	5.33%
Medical Referral	2,941	3.55%
VA Claims Assistance	2,536	3.06%
Total	**82,790**	

*More than one reason for a visit may be selected

VR&E will continue to identify and assess the most effective outcomes from the VSOC program. In 2019, a follow-up from the 2017 VSOC training conference is planned to provide consolidated in-person training to include a learning objective on program outcomes and updated data collection efforts, as well as to equip them with the necessary knowledge and skills to meet the needs of the Veterans they serve. This planned event will discuss the development of campus-based Veteran mentoring programs, promote the importance of public and private partnerships beyond the campus, explore various challenges related to persistence and graduation, and share best practices to enhance the Veteran experience. This training will provide a direct positive impact to Veterans, as it will equip VSOC Counselors with the tools and knowledge to provide timely, quality, and seamless services to Veterans on campus. Veterans, in turn, will experience improved graduation rates, employment outcomes, and post-military adjustment.

Integrated Disability Evaluation System program

VR&E services are located at 71 military installations with 145 counselors directly dedicated to the IDES program. Services range from comprehensive rehabilitation evaluations in order to determine abilities, skills, and interests for employment purposes to support services to identify, obtain, and maintain employment. By physically placing VRCs at IDES locations, benefits delivery and timely responses to the needs of transitioning wounded, ill, and injured Servicemembers are enhanced. This counseling also assists Servicemembers using Post-9/11 GI Bill benefits make informed career choices.

The IDES/VR&E initiative transforms the way VA supports wounded, ill, and injured Servicemembers and Veterans with service-connected disabilities and their families to ease the stress of transitioning to civilian life. Early intervention helps combat homelessness and financial challenges caused by the loss of income between the transition from military service and the time it takes to obtain civilian employment. Integrating the VR&E program early into the IDES process allows Servicemembers and their families to smoothly transition into civilian life, better adapt, and work with their service-connected disabilities. It improves the quality and timeliness of VA benefits delivery by beginning the process of developing a new career that is uniquely appropriate for each Servicemember during the transition process. VR&E estimates about 21,000 transitioning Servicemembers will be supported through this initiative in 2018 and 2019. For 2019, VR&E estimates nearly 21,000 participants will continue to be supported in this initiative.

Commission on Rehabilitation Counselor Certification (CRCC)

In 2019, VBA will continue to strengthen its partnership with the Commission on Rehabilitation Counselor Certification (CRCC), by encouraging the continued attainment of the CRC credential for VR&E counselors eligible for certification or renewal. This initiative, begun in 2017, allows eligible VR&E counselors the ability to request reimbursement/sponsorship for application and renewal fees. VBA will also continue collaborative efforts with VHA Employee Education System (EES) to offer CRC accreditation and continuing education (CE) to VHA users and to offer just-in-time CRC verification forms and CEs to all VHA and VBA employees.

These efforts demonstrate VA's commitment to the rehabilitation counseling community. Counseling education will allow VA staff to provide world-class rehabilitation benefits and services to Veterans. These partnerships will ensure that Veterans are provided care from well-equipped counselors with knowledge in disability awareness, career counseling, IL, and ethical standards.

Voice of the Veteran

VA's Voice of the Veteran initiative was implemented to reinstitute VA's customer satisfaction research programs. This initiative provides leadership and stakeholders with robust Veteran-centric data on program enrollment, service delivery, and program exit survey responses to make effective decisions.

The program identifies critical-to-customer metrics and quantifies the importance of RO Veteran touchpoints based on feedback. Continuous feedback and briefings to VR&E leadership provide comprehensive analysis of survey results and data-driven recommendations to support action plans to improve overall service delivery to Veterans. In addition, these briefings:

- Provide continuous transparent, timely, and actionable feedback
- Assist in identifying, documenting, and disseminating best practices throughout the field and other offices
- Use results as a vehicle to celebrate successful interactions and experiences

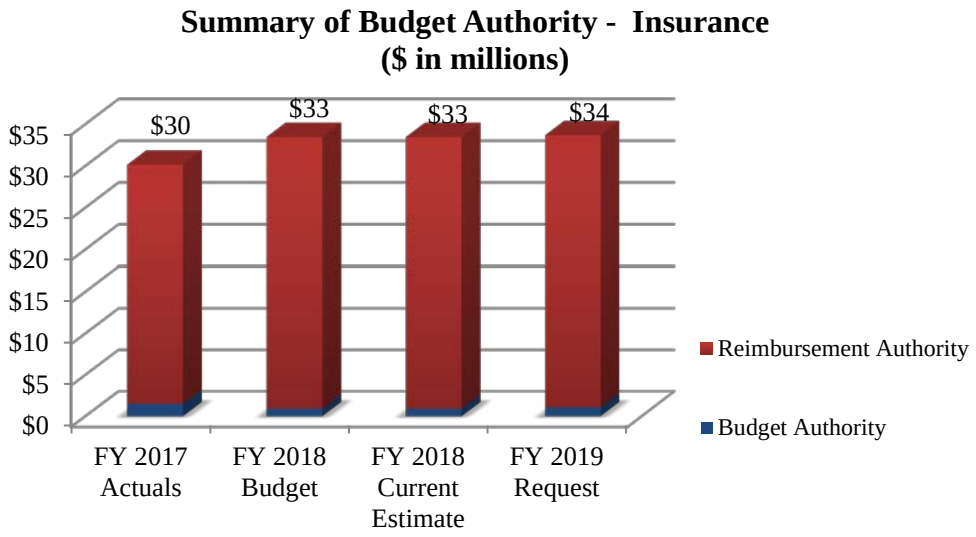
Insurance

Mission

The Insurance Program provides high-value life insurance to our Nation's Veterans, Servicemembers, and their beneficiaries in an accurate, timely, and courteous manner.

Summary of Budget Authority

2019 Budget Authority Request: $1.1 million
Change over 2018 Estimate: + $155,000 / 17.2 percent



Summary of Budget Request

VA requests $1.1 million in budget authority to fund the Veterans' Mortgage Life Insurance (VMLI) Program as well as projects and activities not directly associated with reimbursable programs. Expenses related to the projects and activities funded include the payroll expenses for Insurance direct employees assigned to other VA business lines or organizations to support non-Insurance specific improvement efforts such as the Electronic Health Records Modernization project team and Plain Language teams, which are training teams focused on teaching techniques for writing clearly and concisely for target audiences. Total budget authority and offsetting collections will fund obligations of $33.7 million in FY 2019. This request will enable the Insurance Program to continue administering valuable life insurance benefits programs to Servicemembers, Veterans, and their families. This request funds administrative expenses for 315 FTE who maintain

insurance accounts, answer toll-free insurance inquiries, process new insurance applications, perform outreach activities to disabled Veterans, pay insurance policy loans and cash surrender requests from policyholders, and pay life insurance death benefits to beneficiaries. Benefits are provided in an accurate and timely manner, while achieving high client satisfaction ratings of 95 percent or higher.

Insurance Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2017	2018		2019	2019 - 2018
Discretionary	**Actuals**	**Budget Estimate**	**Current Estimate**	**Request**	**Increase(+) Decrease(-)**
FTE					
Direct	283	293	293	292	-1
Management Direction and Support	33	25	25	23	-2
Total FTE	**316**	**318**	**318**	**315**	**-3**
Obligations					
Personal Services (without overtime)	$26,777	$29,648	$29,648	$29,712	$64
Overtime	27	51	51	40	-11
Travel	45	90	90	91	1
Interagency Motor Pool	5	5	5	5	0
Transportation of Things	0	1	1	1	0
Rent, Communications & Utilities	2,711	2,535	2,535	2,803	269
Printing	14	14	14	14	0
Other Services	381	598	598	608	10
Supplies and Materials	91	229	229	124	-106
Equipment	76	282	282	280	-2
Insurance Claims	8	0	0	0	0
Total Administrative Obligations	**$30,135**	**$33,454**	**$33,454**	**$33,679**	**$225**
Reimbursements	-$28,652	-$32,552	-$32,552	-$32,622	-$70
Net Appropriation	**$1,483**	**$902**	**$902**	**$1,057**	**$155**
Total Appropriation	**$1,483**	**$902**	**$902**	**$1,057**	**$155**
Outlays (net)	**$1,452**	**$861**	**$861**	**$1,009**	**$148**

Dollars may not add due to rounding in this and subsequent charts.

Changes from 2018 Current Estimate to 2019 Request

Total obligations reflect a net increase of $225 thousand which includes a projected 1.7 percent increase for non-pay inflation. Increases are anticipated for postage expenses (included in Rent, Communications, & Utilities) with the addition of new postage meters that provide data to improve the tracking accuracy of mail counts and costs specifically related to Insurance mail and postage.

In 2019, Insurance will be able to maintain high client satisfaction ratings of 95 percent or higher on insurance services delivered and process over 124,000 disbursements in four days or less with 99 percent accuracy. In addition, Insurance will continue to answer over

520,000 calls within an average wait time of 20 seconds or less, which is a 35 percent improvement from the response time of 31 seconds in 2016.

	2016	2017	2018 Estimate	2019 Estimate
Calls Answered	569,890	546,537	524,620	522,230
Average Speed of Answer	31 seconds	16 seconds	20 seconds	20 seconds

Program Description

VA offers life insurance coverage at competitive premium rates for Veterans. The Insurance Program provides Veterans with life insurance benefits that may not be available from the private insurance industry due to lost or impaired insurability resulting from military service. In addition, the Insurance Program provides universally available life insurance benefits to Servicemembers and their families, as well as traumatic injury protection insurance for Servicemembers. The Insurance Program also provides Servicemembers the option to convert to either permanent plans or renewable term insurance policies after separation from service. Benefits and services are provided at the lowest achievable administrative cost of approximately $0.03 per $1.00 of Insurance benefits disbursement.

The Insurance Program employs nearly 300 direct employees in one central location in Philadelphia, PA. Direct employees include Insurance Operation personnel such as: Claims Examiners who process over 30,000 insurance applications/waiver claims and 100,000 death claims a year; Insurance Specialists who handle over 500,000 incoming calls annually to the Insurance Customer Service Center; Clerks who image all incoming applications/correspondence for processing within approximately two hours of receipt; Policy Service Technicians that assist in processing over 300,000 maintenance actions a year; and Specialists that provide outreach efforts to approximately 27,000 disabled Veterans annually, to inform them of their potential insurance options. Other direct employees include an Internal Control Staff that review 100 percent of employee-generated disbursements prior to release and monitor system generated disbursements. This staff is a major factor in Insurance's ability to achieve the nearly 100 percent accuracy rate for Insurance disbursements. Insurance direct employees also include Program Management Staff, who function in the following areas: Insurance leadership, strategic planning and budget, accounting, performance management, legal, actuarial, training, policy and procedures, business system support, and program oversight. The co-location of the Insurance Program Management Staff and its' operating divisions contributes to the Insurance Program's ability to provide quick responses to emerging issues and ensures that all Insurance personnel are continuously working toward the same organizational goals and missions.

The following Veteran-centric programs add the peace of mind of financial security for Servicemembers' and Veterans' beneficiaries upon the insured's death:

- Servicemembers' Group Life Insurance (SGLI) provides up to $400,000 of life insurance coverage to Servicemembers that can be converted to Veterans' Group Life Insurance (VGLI) or to a permanent life insurance policy with any of VA's participating commercial insurance companies after the Servicemember's separation from duty. Full-time coverage is available for:

    - Commissioned, warrant, and enlisted members of the Army, Navy, Air Force, Marine Corps, and Coast Guard
    - Commissioned members of the National Oceanic and Atmospheric Administration and the Public Health Service
    - Cadets or midshipmen of the four United States Service Academies
    - Ready Reservists scheduled to perform at least twelve periods of inactive training per year
    - Members of the Individual Ready Reserves (IRR) who volunteer for assignment to a mobilization category

- Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI) provides short-term financial assistance to traumatically injured Servicemembers to lessen the economic burden on them and their families during an often extensive recovery and rehabilitation process. All Servicemembers who have SGLI coverage are automatically covered by TSGLI. It is not optional coverage. TSGLI coverage applies to active duty members, reservists, funeral honors duty, and one-day muster duty.

- Family Servicemembers' Group Life Insurance (FSGLI) coverage is available only for members insured under the SGLI program and provides life insurance coverage to spouses and dependent children of:

    - Active duty Servicemembers
    - Members of the Ready Reserve of a uniformed service

- VGLI provides for the conversion of SGLI coverage to a lifetime renewable term insurance policy after a Servicemember's separation from service. Coverage is available for the following members:

    - Full-time SGLI insureds who are released from active duty or the Reserves
    - Ready Reservists who have part-time SGLI coverage, and who, while performing active duty or inactive duty for training for a period of less than 31 days, incur a disability or aggravate a pre-existing disability that makes them uninsurable at standard premium rates
    - Members of the IRR and Inactive National Guard

- SGLI Disability Extension provides up to two years of free SGLI coverage for insured Servicemembers who are totally disabled at the time of separation. To be considered totally disabled, the Servicemember must have a disability that prevents gainful employment, or have one of the following conditions, regardless of employment status:

    - Permanent loss of use of both hands
    - Permanent loss of use of both feet
    - Permanent loss of use of both eyes
    - Permanent loss of use of one hand and one foot
    - Permanent loss of use of one foot and one eye
    - Permanent loss of use of one hand and one eye
    - Total loss of hearing in both ears
    - Organic loss of speech (lost ability to express oneself, both by voice and whisper, through normal organs for speech - being able to speak with an artificial appliance is disregarded in determination of total disability).

- Service-Disabled Veterans Insurance (S-DVI) provides life insurance coverage to disabled Veterans who may not be able to obtain coverage from the commercial life insurance industry due to their service-connected disabilities. In order to be eligible for S-DVI, a Veteran must have:

    - Received other than a dishonorable discharge
    - Been released from active duty after April 25, 1951
    - Received a VA rating for a new service-connected disability within the last two years
    - Applied for the insurance within two years from the date they are notified that VA service-connection has been established

    The Veteran does not need to have a 100 percent rating to be eligible. Veterans who receive a new rating of even zero percent are eligible for the coverage.

- VMLI is mortgage protection insurance that can help families of severely disabled Servicemembers or Veterans pay off their home mortgage in the event of death. Veterans must apply for VMLI before their 70th birthday. VMLI is only available to Servicemembers and Veterans with severe service-connected disabilities who:

    - Received a Specially Adapted Housing grant to help build, remodel, or purchase a home, and
    - Have the title to the home, and

    - Have a mortgage on the home

- United States Government Life Insurance, National Service Life Insurance, Veterans' Special Life Insurance, and Veterans' Reopened Insurance provide life insurance coverage to Veterans of World War I, World War II, and the Korean War. These programs are closed to new issues.

Workload

In 2019, VBA will continue to place the needs, expectations, and interests of Veterans and their families first. Workload projections are listed below.

Projected Insurance Workload and FTE Requirements	2016	2017	2018 Estimate	2019 Estimate
Insurance Direct Labor FTE	289	283	293	292
Death Claims	107,810	100,830	93,160	86,490
Loans and Cash Surrenders	38,879	38,857	38,290	37,800
Telephone Calls Answered	569,890	546,537	524,620	522,230
S-DVI & VMLI Applications	35,460	30,690	36,350	35,980
All Other Insurance Maintenance Actions	361,830	402,718	325,930	297,790
Veterans Contacted through Outreach	26,839	27,911	27,000	27,000

As mentioned above, four of the six life insurance programs administered by VA no longer issue new policies. Workload associated with those programs (e.g., Death Claims, Telephone Calls Answered, and Insurance Maintenance Actions) will continue to decline in 2018 and 2019 with the advancing age of the policyholders and the decline in the total policies in force.

The remaining two insurance programs administered by VA still issuing new policies are S-DVI and VMLI. Workload for the S-DVI and VMLI applications includes the processing of applications for insurance and S-DVI waiver of premiums. The applications associated with S-DVI are projected to change in line with the number of compensation claims processed. The S-DVI Program is open to Veterans approved for new service-connected disability ratings of zero percent or greater.

Other Insurance workload includes loans and cash surrenders, which are projected to remain relatively stable in 2018 and 2019. The number of Veterans contacted through outreach efforts is also estimated to remain relatively stable for 2018 and 2019.

Performance Measures

The 2019 requested resource level supports performance measures which drive continuous improvement and accountability for Veterans. The Insurance Program measures client satisfaction through its toll-free Insurance Customer Service Center, e-mail, the Interactive Voice Response (IVR) system, social media, and the Insurance self-service Website. The IVR system is the VA telecommunications equipment that allows callers to

speak to an Insurance representative during business hours or access policy information at any time of the day.

- **Rate of High Client Satisfaction Ratings on Insurance Services Delivered**

  VA surveys a total of 370 randomly selected Veterans and beneficiaries per month based on the type of Insurance service received. The monthly surveys consist of a series of statements/questions pertaining to the service provided and clients are asked to rate each of the statements based on a five-point scale. The results from the surveys are tabulated on a monthly basis and serve as a good indication of the satisfaction level of Veterans and beneficiaries in the Insurance Program.

  VA will implement the following actions to maintain high client satisfaction ratings of 95 percent or higher on insurance services delivered to beneficiaries in 2019:

  - Take action on customer survey responses to the question, "How can we improve our service?"
  - Conduct refresher training on specific topics for direct customer service employees when poor customer survey results indicate there is a need
  - Partner with Human Resources to increase staffing levels when we are not meeting our performance targets due to low staffing levels

Highlights

VBA's 2019 Insurance request is aligned to the Secretary's top five priorities, a framework to put the needs, expectations, and interests of Veterans and their families first and ensure the timely delivery of benefits and services.

Greater Choice for Veterans

The Insurance Program provides greater choice by calling disabled Veterans to inform them of their insurance options, with a special emphasis on contacting severely disabled Veterans whose disabilities would prevent them from purchasing life insurance in the private sector. This outreach effort contacted a total of 27,911 Veterans in 2017, averaging over 2,300 Veterans per month. A total of 10,486 Veterans obtained VGLI or SGLI Disability Extension in 2017, as a direct result of the Insurance outreach program, 37.6 percent of those contacted were granted insurance coverage.

Over the past three years, Veterans have requested the option to have VGLI premium payments automatically deducted each month from a bank account. In August 2016, the Insurance Program implemented this new service for VGLI members. Since inception through September 2017, there were 18,538 VGLI Auto Pay enrollments. VBA anticipates that this initiative will improve customer experience and reduce coverage

lapses due to non-payment or under-payment of premiums. VGLI members can access this service through the VGLI self-service Website, setting up the recurring deduction without any need to contact the customer service center.

Modernize Our Systems

The Insurance Program upgraded from a digital telephone line trunked system to a new Web-based, Voice-Over Internet Protocol Cloud technology. This new technology allows for a more stable telephone service and self-service environment. In addition, it allows for more fluid continuation of operations planning by allowing agents to receive incoming calls through their computer and connected headset. The newer platform has more robust reporting and monitoring systems that allows for projecting customer traffic, real-time monitoring, and customer recordings to train and assess quality.

The Insurance Program functions in a paperless environment. Documents from Veterans and other clients are scanned into the imaging system within approximately two hours of receipt. These imaged documents, along with the nearly 25 million existing images, are immediately available at every workstation in the Insurance Center.

The Insurance Program is continuing to expand its online applications by providing improved functionality and easier access to information and benefits. Veterans can now log in and view their policy information using the same user ID and password they use for eBenefits. Additionally, the online application for S-DVI has been updated. Veterans can also use their eBenefits login when applying for S-DVI to have their personal information pre-filled in the application. The updated application has a modern, user friendly interface which makes it easy for Veterans to complete and submit applications quickly.

The Insurance Program worked in partnership with the uniformed services and the Defense Manpower Data Center (DMDC) to create the SGLI Online Enrollment System (SOES), an online application for active Servicemembers to manage their SGLI coverage and beneficiary elections. SOES is accessed through the DMDC MilConnect portal, which uses the DoD Self-Service (DS Log-on) or Common Access Card (CAC). Navy began using SOES in April 2017, followed by Air Force in August 2017 and Army in October 2017. When fully deployed across all military branches by the end of 2018, SOES will replace the current paper process. SOES will increase efficiency by reducing errors inherent to the current paper process and the time needed by the branches to complete and file paper forms.

Focus Resources More Efficiently

The Insurance Program focuses resources by adjusting staffing levels as needed to efficiently meet emerging workload requirements. The Insurance Program uses an internal rating scale to prioritize projects and determine where resources will be assigned. The rating scale considers the project's impact on Veterans, whether or not it is a required service or product, its impact on employees, the projected frequency of use and number of

users of the project, its value to the Insurance Program, strategic alignment, and time sensitivity.

The Insurance Program also focuses its resources by collaborating with its partners to effectively and efficiently provide benefits and services to insureds, their families, and beneficiaries. Partners include the Department of Defense (DoD); the individual uniformed service branches; the SGLI Advisory Council; the Prudential Insurance Company of America (the parent company of the Office of Servicemembers' Group Life Insurance (OSGLI)); and 10 insurance companies that serve as converters, eight of whom are also re-insurers for the SGLI Program.

Examples of joint efforts include:

- Conducting a comprehensive review of the TSGLI Program with DoD and the uniformed services. This effort has involved extensive research, site visits, and analysis with inter-organizational teams to improve the program.

- Partnering with the uniformed services and DMDC to develop, test, and implement the SOES, an online application for active Servicemembers to manage their SGLI coverage and beneficiary elections

The cooperative and productive relationships between the Insurance Program, DoD, and Prudential ensure Veterans, Servicemembers, and their families with SGLI, FSGLI, and TSGLI policies receive compassionate and timely service during their greatest times of need.

VBA At Work

VA Insurance began using the GovDelivery email service to contact Veterans approaching the expiration of their eligibility to apply for S-DVI. The pilot was successful as evidenced by an 18-percent increase in applications in 2016 and is now an ongoing initiative. VA Insurance won the 16th annual Government Customer Service Excellence Award for Technical Excellence due to the success of this initiative.

VA Insurance launched a similar effort aimed at recently separated disabled Servicemembers. Insurance piloted this initiative by contacting Veterans via GovDelivery emails that were released in mid-2017. The use of this email outreach allowed VA Insurance to contact eligible Veterans in a timelier manner and reduced the outreach inventory by 43 percent in 2017.

Improve Timeliness of Service

The focus of the Insurance Program is to provide high–value insurance to Veterans, Servicemembers, and their beneficiaries. The program processes disbursements, which include death claims, loans, and cash surrenders, in four work days or less at 99 percent accuracy and less than a 0.02 percent erroneous payment rate. Applications and correspondence are processed in three work days and four work days, respectively.

The Insurance Program's timely benefits processing is reflected in the monthly customer survey responses. Customer surveys solicit feedback and input on products and services that would enhance the customer's experience. The Insurance Program releases surveys each month to measure customer satisfaction in nine product areas including: Correspondence, Cash Surrender, Loan, Telephone, Waiver, Insurance Application, VMLI, Death Claims, and Beneficiary and Option. Customer comments are analyzed to identify emerging performance trends, ensure appropriate follow-up, and identify program areas for improvement.

Employees in the Insurance Customer Service Center complete requested actions at the time of a Veteran's call when possible. This improves overall timeliness of service delivery because calls are often worked immediately, not referred for processing by another employee. The teleservice customer satisfaction survey for October 2016 through September 2017, reported a 94 percent high customer satisfaction rate, due in part to this signature service. The Insurance Program received a strong customer satisfaction score of 81 on a scale of 100 from the American Customer Satisfaction Index (ACSI) in 2016. ACSI is an independent survey that scores customer satisfaction for more than 300 companies and Federal and local government agencies. The customer service index score of 81 is well above the Government average of 64, and higher than the Life Insurance industry average score of 77. The final score is based on favorable responses to questions of customer satisfaction compared to customer expectations. Another ACSI survey of the Insurance Program will be conducted in 2018.

The Insurance Program continuously studies methods to improve timeliness of services and benefits. One example is a fax integration system that will sweep incoming faxes directly into the Insurance imaging system and automatically create electronic workflow tasks. Fax integration will ensure no faxes are ever lost and requests will be processed quickly.

Suicide Prevention

All Insurance Program employees are trained annually on suicide prevention, a top VA priority. Employees in the Insurance Customer Service Center are trained in both technical and soft skills, and remain vigilant to identify callers at risk for suicide. Employees follow specific procedures to assist individual callers who are at risk for suicide, including referral to the crisis hotline. The Insurance Program is committed to VA's Getting to Zero Campaign to end Servicemember and Veteran suicide.

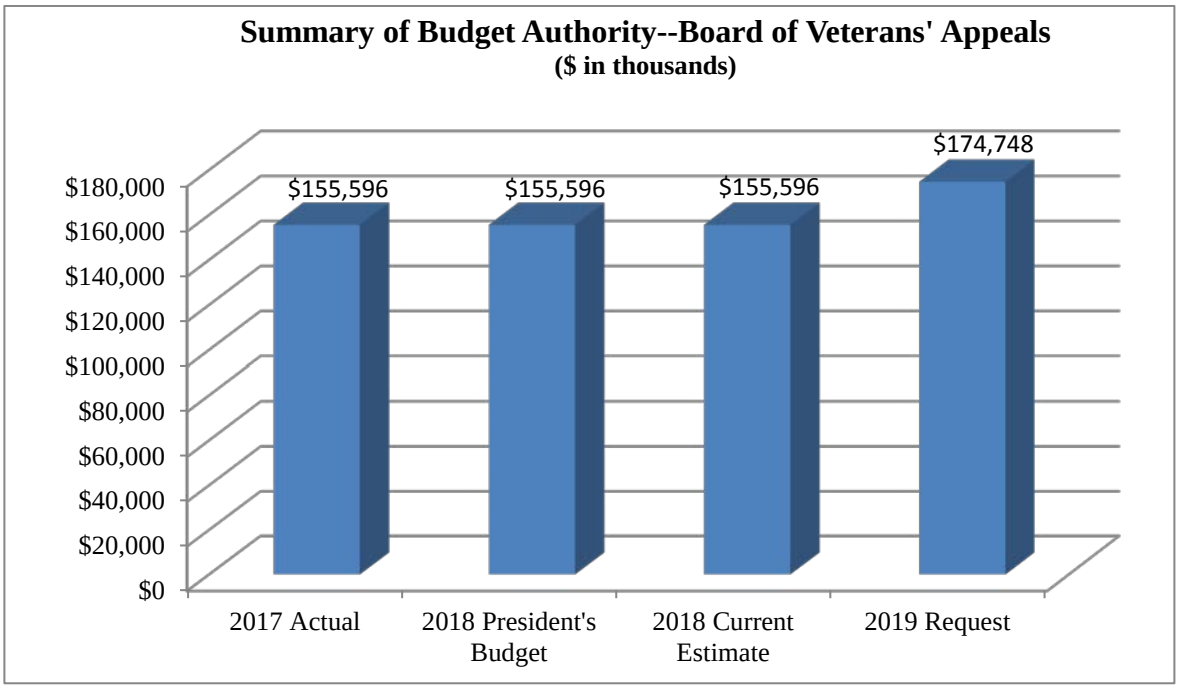
Board of Veterans' Appeals

2019 Appropriation Language

For necessary operating expenses of the Board of Veterans' Appeals (Board), $174,748,000 of which not to exceed 10 percent shall remain available until September 30, 2020.

Mission, Vision, and Values

The Board is the component of the Department of Veterans Affairs (VA or the Department) responsible for making final decisions on behalf of the Secretary for claims for Veterans' benefits that are presented to the Board for appellate review. The Board's mission is to conduct hearings and decide appeals properly before the Board in a timely manner. In addition to fulfilling its statutory mission, the Board's vision is to be the best in customer service for our Nation's Veterans and a great place to work. The Board remains committed to VA's Core Values: Integrity, Commitment, Advocacy, Respect, and Excellence.



Budget Highlights

In 2019, the Board is requesting $174,748,000 in budget authority, which is $19,152,000 above the 2018 President's Budget. In 2018, the Board's total obligation estimates are $171,206,000, which includes carryover funds of $15,610,000 from 2017 which were available as a result of hiring plans falling short of original goals that year[1]. Because personnel drive service to Veterans through appellate decisions, the Board intends to utilize these carryover funds for personnel costs in 2018. By utilizing the 2017 carryover, the Board's 2018 full-time equivalent (FTE) level is estimated at 1,105 in 2018, approximately 140 of which are funded with carryover from 2017. The $19,152,000 increase in budget authority in 2019 will allow the Board to continue to fund the additional staff hired in 2018 with carryover funds, and enable the Board to adjudicate and process legacy appeals while implementing the Appeals Improvement and Modernization Act of 2017.

The Veterans Appeals Improvement and Modernization Act of 2017, enacted August 23, 2017, will provide more options and decisions to Veterans. The Board intends to utilize its increase in budget authority in 2019 to better position the Board to implement a new appeals system and reduce the pending inventory of appeals. Additional information on the new appeals system can be found at https://benefits.va.gov/benefits/appeals.asp.

After assessing various options, and collaborating with our partners, we crafted two mechanisms for opt-ins, as described in the Veterans Appeals Improvement and Modernization Act of 2017, to address the issue of proactively reducing the legacy appeals inventory by offering Veterans the option to select the new process. One such mechanism for opt-in addresses decisions made during the 1 year period prior to the effective date of the law. The second mechanism/opt-in would apply whenever a statement of the case (SOC) or supplemental statement of the case (SSOC) is issued, after the effective date of the law, regardless of whether the legacy appeal has previously been to the Board and remanded. VA would notify Veterans of the new process when issuing an SOC or SSOC, and offer the ability to make an election into the new system during specified time periods.

Summary of Budget Request

The Board requests budget authority of $174,748,000 in 2019 to support its operations, which is an increase of $19,152,000 over the 2018 President's Budget. This request, of which 86 percent will be applied to personnel costs, allows the Board to continue to fund the staff in 2019 that were hired and funded with carryover funding in 2018.

As part of the Appeals Modernization effort, the Board will be refocusing resources to improve the timeliness of service to Veterans by exploring a test-of-concept project in

[1] Due to the impact of the 2017 government wide hiring freeze, the Board was unable to meet hiring targets and projected an end-of-year unobligated balance of $25.6M. This amount exceeded BVA's carryover authority of $15.6 million. To maximize resources and ensure no funding lapsed in the Department, the Board transferred $10.0 million to Veterans Benefits Administration (VBA), General Operating Expenses, for the purposes of addressing appeals at the VBA level. This transfer was consistent with VA's 2017 appropriation language.

2018, with possible full implementation in 2019 to streamline case review business processes, reorganize responsibilities, and implement a bold new solution. The primary goal of the test-of-concept project and the potential contract is to insource or outsource a large majority of the case review process to reduce the administrative work currently conducted by decision-writing attorneys, which pulls them from their primary role of drafting appeals' decisions. This test and potential contract should allow decision-writing attorneys to refocus the weight of their effort on writing draft decisions to assist the Board's Veterans' Law Judges, who make appellate decisions to service Veterans. The Board is presently in the process of finalizing a performance work statement and conducting market research to understand the cost and availability of services. The Board intends to utilize existing staff for the test of concept project, and currently do not foresee any additional costs for this effort.

In the current dynamic environment, the Board is leveraging changes including upgraded technology, partnering with Veterans Service Organizations (VSO) and other stakeholders, streamlining functions, and reallocating personnel to better meet this mission. The Board also continues its enterprise-wide Appeals Modernization Information Technology (IT) initiatives to better serve Veterans and their families and provide timely and quality appeals decisions. As a part of Appeals Modernization, VA requested $2,500,000 in the OIT account to develop and optimize paperless functionality in VA appeals processing. This effort is part of the Board's multi-pronged approach to provide the best possible appeals process for Veterans through legislative reform, increased FTE, technology, and other process improvements.

Program Highlights

The Board conducts hearings and issues decisions for Veterans and family members who have filed appeals on VA benefit claims decisions and have pursued their appeals to the Board level. The Board adjudicates appeals covering all areas of Veterans benefits, including: service connection, increased disability ratings, total disability ratings, pension, insurance benefits, educational benefits, home loan guaranties, vocational rehabilitation, waivers of indebtedness, fee basis medical care, and dependency and indemnity compensation. A majority of the Board's appellate workload concerns appeals for Veteran's disability compensation and/or pension benefits, which are initiated at VBA, and a smaller percentage of the Board's workload arises from the National Cemetery Administration (NCA) and Veterans Health Administration (VHA).

As of November 30, 2017, there were 468,138 benefits-related appeals pending in the Department at various stages in the multi-step appeals process, which divides responsibility between the AOJ and the Board – 313,134 were in the AOJ's jurisdiction and 155,004 were within the Board's jurisdiction. The Veterans Appeals Improvement and Modernization Act of 2017 provides an 18-month implementation period before becoming effective. VA is actively engaged in implementing the legislation. Once effective, this legislation will impact the appeals workload as it will provide a more efficient appeals process for Veterans, with opportunities for early resolution of disagreements.

The legacy VA appeals process, which is set in law, is a complex, non-linear process that is unique from standard appeals processes found in other judicial systems. It has multiple processing steps, most of which occur at the agency of original jurisdiction (AOJ) (VBA, NCA, or VHA). The process takes too long, as there is no defined endpoint or timeframe; is too complex, as Veterans do not understand the process; and involves continuous evidence-gathering and readjudication that delays the Department in reaching a final decision. VA's legacy appeals process essentially contains another claims process, as new contentions and evolution of a condition are picked up as part of the appeal, rather than initiated as a new claim.

Workload

The Board continues to face rapidly growing appeals inventory, projected to increase by 31 percent, from 153,513 pending appeals at the end of 2017 to 201,816 pending appeals by the end of 2019. Each year since 1996, the volume of appeals received by VBA equated to 9 to 15 percent of the total claims VBA completed in those years. Notably, as VBA has become more productive with claims decision output over the past 7 years, appeals volume has grown proportionately as VA's historical appeal rate has remained constant, with approximately 11 to 12 percent of all claimants initiating an appeal and 4 to 5 percent completing an appeal to the Board.

Table 1
Board of Veterans' Appeals - Workload Estimate

	2017 Actual	2018	2019
		PROJECTIONS	
Board Full Time Equivalent (FTE)	840	1,105	1,025
Start of Year (SOY) Appeals Inventory (from date of certification (Form 8) in field)	115,847	153,513	165,660
Appeals Received (Case Receipts)	90,327	93,180	116,639
Appeals Decided	-52,661	-81,033	-80,483
End of Year (EOY) Appeals Inventory (from date of certification (Form 8) in field)	153,513	165,660	201,816

Board Initiatives

The Board continues to leverage opportunities to implement changes to enhance efficiencies in its operations in order to provide better service to Veterans. The Board is continuing to actively pursue several business process improvements aimed at streamlining the complex appeals adjudication process in order to improve service to Veterans and their families. Such initiatives include: (1) engaging internal and external stakeholders in

streamlining the appeals adjudication process; (2) maximizing available hearing resources for Veterans; and (3) leveraging technology to better modernize appeals processing.

With regard to engaging internal and external stakeholders, the Board continues to work closely with other offices in VA, such as VBA and VHA, to improve training for adjudicators and clinicians to reduce errors in the claims/appeals process. The Board continues to strengthen its collaborative relationships with VBA by regularly communicating with different areas within VBA to include Compensation Service, Pension and Fiduciary Service, the Appeals Management Office (AMO), and regional offices to discuss challenges and opportunities in a variety of areas including hearings, quality assurance, process improvements, and remands to enhance service to Veterans.

The Board also partners with other components of the Department that process appeals, to include VHA, which provides expert medical opinions to the Board and administers medical examinations used as evidence in appeals and, in some situations, is the originating agency for claims on appeal. Additionally, the Office of General Counsel (OGC) provides legal opinions to the Board on questions of law and represents the Department on appeals filed with the United States Court of Appeals for Veterans Claims (CAVC). Finally, the Board partners with NCA and collaborates closely with VSOs, which represent 74 percent of Veterans (or other appellants) before the Board.

The Board continues to leverage technology and maximize the use of video teleconferencing (VTC) to conduct Board hearings. VTC hearings yield a number of important efficiencies for Veterans and the Board. In particular, VTC hearings can be scheduled more quickly and with more flexibility than Travel Board hearings, thereby reducing the time Veterans must wait for a Board hearing, while also saving costs through the reduction of travel. In addition, use of VTC allows the Board's Veterans Law Judges to leverage any down-time created if Veterans fail to appear for their hearings. In 2017, 64 percent of Board hearings were conducted by VTC. The Board will continue to encourage Veterans to elect VTC hearings, although it should be noted that ultimately Veterans have control over the type of hearing they receive (in-person vs. VTC).

The Digital Service at VA (DSVA) is working with the Board and VBA on the development of Caseflow as part of the Appeals Modernization Initiative. A suite of modern web-based applications designed to improve VA's management, tracking, and adjudication of appeals, Caseflow is integrated with the Veterans Benefits Management System (VBMS) to enable data consistency, enhance the speed and accuracy of appeals processing, and avoid duplication of IT components. Caseflow functionality will include: an appeals work queue for tracking appeals; Caseflow Certification, a tool to streamline the transfer of appeals from VBA to the Board and permit auto-activation of appeals; attorney-specific tools, including a document review tool called Caseflow Reader, and a Decision Builder; eFolder Express, providing a one-click download of the eFolder; Caseflow Dispatch, which places Board decisions in a work queue for VBA staff to facilitate work transfer; and all needs affecting the Board under the Veterans Appeals Improvement and Modernization Act of 2017. As a part of the DSVA initiative, the Department anticipates gaining future cost savings by being able to retire or "sunset" its outdated and

unsynchronized legacy system exclusively used for appeals processing, the Veterans Appeals Control and Locator System (VACOLS), which was created over 35 years ago.

While these business process improvements/initiatives will provide some assistance in streamlining the legacy appeals process, the Board would not have been able to keep up with the growing appeals workload without fundamental legislative reform. This legislative reform provides Veterans with a modernized process under which Veterans receive decisions on their appeals that are timely, transparent, and fair, as opposed to the legacy appeals process which has no predictable end and can continue for many years.

Proposed Legislation

Decisions of the Board: The Board proposes to define the term "reasons and bases" in 38 U.S.C. § 7104(d) (1) to mean a plausible statement of the reasons for the Board's ultimate findings of fact and conclusions of law. This proposal seeks to simplify the content requirements of Board decisions, making them more understandable to Veterans.

Board of Veterans' Appeals *Summary of Employment and Obligations* *(dollars in thousands)*					
		2018			
	2017	**Budget**	**Current**	**2019**	**Increase (+)**
	Actual	**Request**	**Estimate**	**Request**	**Decrease (-)**
Average Employment:	840	1,050	1,105	1,025*	-80
Central Office	836	1,046	1,101	1,021	-80
Field	4	4	4	4	0
Obligations:					
Personnel Services	113,926	152,195	152,505	150,530	-1,975
Travel	377	648	500	587	+87
Transportation of Things	80	122	40	40	0
Rents, Communications & Utilities	10,977	9,079*	9,134*	4,056*	-5,078
Printing & Reproduction	80	81	40	70	+30
Other Services	4,762	7,360	7,945	18,308	+10,363
Supplies & Materials	409	399	342	458	+116
Equipment	75	1,017	200	200	0
Insurance & Indemnities	136	305	500	500	0
Total Obligations	**$130,823**	**$171,206**	**$171,206**	**$174,748**	**$3,542**
Reimbursements	*0*	*0*	*0*	*0*	*0*
SOY Unobligated Balance (-)	*(3,250)*	*(15,610)*	*(15,610)*	*0*	*+15,610*
EOY Unobligated Balance (+)	*18,023*	*0*	0	*0*	0
*Transfer****	*10,000*	*0*	*0*	*0*	*0*
Budget Authority	**$155,596**	**$155,596**	**$155,596**	**$174,748**	**+$19,152**

*The Board projects to have approximately half of its staff on career ladders, resulting in increases in average salary.
**The lessor at 425 I St NW provided 28 months of rent abatement over the 10 year term of the lease. As such, the Board will receive the final 17 months of rent abatement between 2018 and 2020. The Board will not receive a bill for rent for 3 months 2018, 8 months in 2019, and 6 months in 2020.
**Transferred to General Operating Expenses, Veterans Benefits Administration for appeals claims processing.

The majority of the Board's budget (86 percent) will be allocated to labor costs. A majority of the Board's employees are on career ladders with step increases, meaning that even when the workforce remains constant, labor costs increase substantially.

Net Change

Board of Veterans' Appeals

2019 Summary of Resource Requirements

Dollar (dollars in thousands)

2018 President's Budget	**$155,596**
SOY Unobligated Balance	$15,610
2018 Total Obligations:	**$171,206**
2019 Current Services Adjustments:	
Benefits (2.0%)	$730
Non Pay Inflation (1.7%)	$318
Required Promotions/WIGI Increases	$8,696
Other Services – Case Review	$10,000
Rent Abatement (6 Months)	($4,434)
FTE Reduction	($11,768)
Subtotal	**$3,542**
2019 Total Budget Authority Request	**$174,748**

Analysis of FTE Distribution Headquarters/Field		
# of FTE	2017 HQ Actual	2017 Field Actual
EX	0	0
SES	4	0
SL	2	0
AL	95	0
GS -15	15	0
GS -14	243	0
GS -13	103	0
GS -12	71	0
GS -11	246	0
GS -10	0	0
GS -9	45	0
GS -8	0	0
GS -7	7	1
GS -6	1	3
GS -5	1	0
GS -4	3	0
GS -3	0	0
GS -2	0	0
GS -1	0	0
Total Number of FTE	**836**	**4**

Employment Summary – FTE by Grade			
2017 Actual	2018 Estimate	2019 Request	Increase (+) Decrease (-)
0	1	1	0
4	5	6	+1
2	1	0	-1
95	98	107	+9
15	25	25	0
243	299	315	+16
103	95	62	-33
71	282	319	37
246	238	129	-109
0	0	0	0
45	45	51	+6
0	0	0	0
7	7	1	-6
5	5	5	0
1	1	1	0
3	3	3	0
0	0	0	0
0	0	0	0
0	0	0	0
840	**1,105**	**1,025**	**-80**

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General Administration

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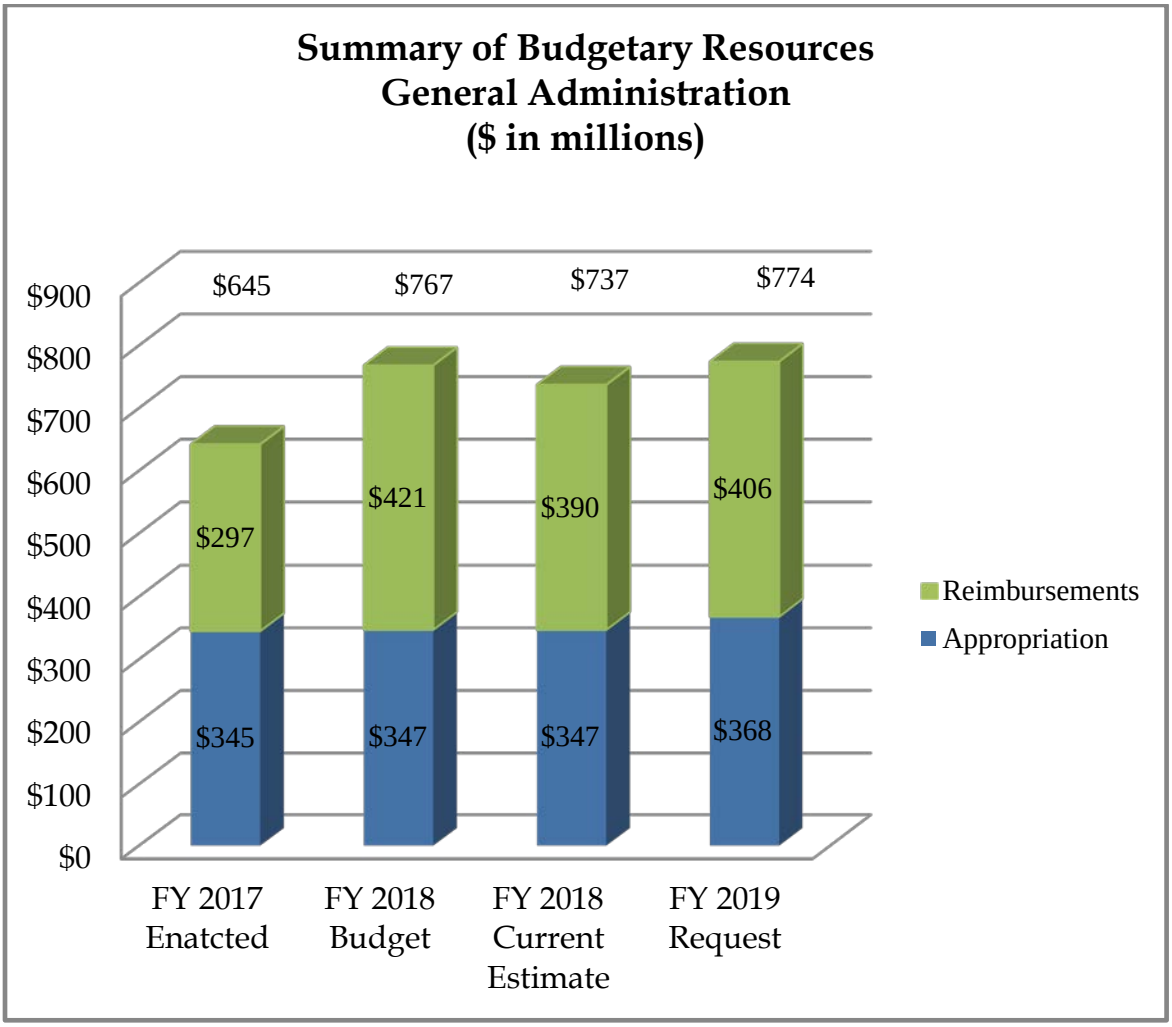
Summary of Budgetary Resources
General Administration
($ in millions)
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
$645
$767
$737
$774
$297
$421
$390
$406
$345
$347
$347
$368
FY 2017 Enatcted
FY 2018 Budget
FY 2018 Current Estimate
FY 2019 Request
Reimbursements
Appropriation

Appropriation Language

Departmental Administration

General Administration
For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of Department-Wide capital planning, management and policy activities, uniforms, or allowances therefor; not to exceed $25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, [$346,891,000] *$367,629,000*, of which not to exceed 5 percent shall remain available until September 30, [2019] *2020*: Provided, That funds provided under this heading may be transferred to "General Operating Expenses, Veterans Benefits Administration".

Program Description

The General Administration account provides funding for the Office of the Secretary (OSVA), seven Assistant Secretaries and three VA-level staff offices, all of which report directly to the Deputy Secretary.

The Office of General Counsel (OGC) serves as the Department's legal advisor and ensures that the Department faithfully executes all laws, regulations, and policies that the Secretary is responsible to administer.

The Assistant Secretary for Management (OM) provides executive leadership for the Department's budget, long range investment planning, financial management, and capital asset management. Offices that report directly to the Assistant Secretary include: the Office of Asset Enterprise Management, the Office of Budget, the Office of Finance, and the Office of Programming, Analysis and Evaluation.

The Assistant Secretary for Human Resources & Administration (HR&A) formulates and executes Departmental policies and programs concerning human resources management and labor relations, and equal employment opportunity (including timely and proper processing of EEO complaints). HR&A also oversees VA Central Office support services including space and building management, renovations, and audiovisual requirements.

The Office of Enterprise Integration (OEI) leads enterprise transformation and continuous improvement of Veterans' and employee experience through effective integration of people, processes, technology, innovations, and maturing organizational management capabilities. OEI supports the Secretary, Deputy Secretary, and Under Secretaries in the areas of strategic planning; policy management and analysis; business integration; transformation and innovation; program management; performance management; data analytics, and data governance.

The Assistant Secretary for Security and Preparedness (OSP) is an active Federal partner promoting VA continuity of operations in the event of an emergency ensuring minimal disruption of services to Veterans and their families. OSP leads the Department's law enforcement efforts and oversees the protection of its infrastructure. OSP also evaluates preparedness and develops training programs and exercises to enhance VA readiness.

The Assistant Secretary for Intergovernmental Affairs (OPIA) builds and maintains public confidence in the VA by positively enforcing its commitment and readiness to serve America's Veterans of all generations.

The Assistant Secretary for Congressional and Legislative Affairs (OCLA) executes the Department's congressional affairs program with Congress, and has overall responsibility for the plans, policies, goals, and direction of legislative and governmental affairs.

The Office of Acquisition, Logistics and Construction (OALC) oversees the resources, services and projects that comprise VA's capital facilities program, directs the Department's acquisition and logistics activities, and manages the Supply Fund.

The Veteran Experience Office (VEO) brings industry best practices to government to support VA's efforts to transform into a premiere customer service organization for Veterans, their families, caregivers, and survivors. VEO is equipped with four unique capabilities to look across the entire enterprise to identify customer experience problem areas, design service delivery improvements, and deploy solutions in partnership with the Administrations and Staff Offices based on the voice of the Veteran customer.

The Office of Accountability and Whistleblower Protection (OAWP) was established through Executive Order 13793 which consolidated prior functions and added responsibilities under OAWP. Congress codified this with the enactment of the VA Accountability and Whistleblower Protection Act of 2017 (Public Law 115-41). The Act also established an Assistant Secretary position to lead OAWP. This office is responsible for advising the Secretary on all matters of the Department relating to accountability, including accountability of employees of the Department, retaliation against whistleblowers, and such matters as the Secretary considers to affect public trust in the Department.

Departmental General Administration

Total Budgetary Resources

(dollars in thousands)

	2017 Actual	2018 Budget	2018 Current	2019 Request
Appropriation	$345,391	$346,891	$346,891	$367,629
Rescission				
Transfer				
Net BA	$345,391	$346,891	$346,891	$367,629
Start of Year Unobligated Balances	$6,671		$9,085	
Transfer on Unobligated Balances				
Total Direct Budgetary Resources	**$352,062**	**$346,891**	**$355,976**	**$367,629**
Reimbursements	**$296,678**	**$420,503**	**$390,067**	**$405,888**
Average Employment (FTE)	**2,525**	**3,016**	**2,937**	**3,035**

General Administration - Budget Authority

($ in thousands)

	2017 Actual		2018 Budget		2018 Current Est 2/3/		2019 Request	
	BA	FTE	BA	FTE	BA	FTE	BA	FTE
Office of the Secretary	$11,545	91	$15,020	87	$15,457	87	$16,673	92
Office of General Counsel	$87,776	553	$91,117	574	$92,402	574	$104,209	648
Office of Management	$67,814	249	$57,729	302	$60,779	306	$63,402	323
Office of Human Resources & Administration	$58,487	204	$67,887	257	$61,572	240	$62,172	240
Office of Enterprise Integration	$26,748	97	$27,967	127	$28,235	127	$28,416	127
Office of Operations, Security & Preparedness	$20,534	106	$22,034	122	$22,432	122	$24,559	132
Office of Public and Intergovernmental Affairs	$13,007	68	$12,663	86	$12,931	86	$12,969	86
Office of Congressional & Legislative Affairs	$5,482	43	$7,050	48	$7,179	49	$8,737	57
Office of Acquisition, Logistics and Construction	$45,424	223	$45,424	225	$45,904	225	$46,492	228
Office of Veterans Experience	$0	0	$0	0	$0	0	$0	0
Office of Accountability and Whistleblower Protection	$8,574	28	$0	0	$0	0	$0	0
Total Budget Authority 1/	**$345,391**	**1,662**	**$346,891**	**1,828**	**$346,891**	**1,816**	**$367,629**	**1,933**

1/ Numbers may not add due to rounding
2/ Gen Ad 2018 total Current Estimate is 2018 PB with internal adjustments between offices for Gen Ad Budget Consolidation and COHR realignment
3/ 2018 FTE exclude 10 FTE (8 FTE for OCLA and 2 FTE for OALC) supported by carryover funding.

General Administration - Reimbursements

($ in thousands)

	2017 Actual		2018 Budget		2018 Current Est 2/		2019 Request	
	RA	FTE	RA	FTE	RA	FTE	RA	FTE
Office of the Secretary	$3,871	24	$3,932	26	$3,932	26	$4,333	28
Office of General Counsel	$16,519	115	$17,267	125	$18,242	132	$18,855	133
Office of Management	$33,538	5	$58,239	10	$57,107	16	$56,806	16
Office of Human Resources & Administration	$129,513	402	$93,151	124	$131,367	422	$133,943	422
Office of Enterprise Integration	$5,500	5	$5,500	5	$5,500	5	$5,500	5
Office of Operations, Security & Preparedness	$15,403	16	$62,413	41	$45,137	16	$63,403	16
Office of Public and Intergovernmental Affairs	$3,381	0	$1,886	0	$1,886	0	$1,886	0
Office of Congressional & Legislative Affairs	$0	0	$0	0	$0	0	$0	0
Office of Acquisition, Logistics and Construction	$29,986	166	$49,422	254	$49,088	252	$43,364	230
Office of Veterans Experience	$58,967	130	$60,432	182	$60,432	154	$60,432	154
Office of Accountability and Whistleblower Protection	$0	0	$68,261	421	$17,366	98	$17,366	98
Total Reimbursements 1/	**$296,678**	**863**	**$420,503**	**1,188**	**$390,057**	**1,121**	**$405,888**	**1,102**

1/ Numbers may not add due to rounding
2/ 2018 Current Estimate is updated from 2018 PB

Summary of Budget Request

In 2019, VA is requesting $367.6 million and 3,035 FTE for the General Administration account. This FTE request includes 1,933 direct funded FTE and 1,102 reimbursable FTE. These funds will ensure management oversight, accountability and process improvements throughout the Department.

Highlights of the General Administration staff office requests for 2019 include:

- $16.7 million in budget authority and 120 total FTE to support operations within the Office of the Secretary. The Office of the Secretary provides executive leadership for all programs to transform VA into a Veteran-centric organization that delivers care and benefits for Veterans. The request includes $1.2 million to support the Department's modernization effort to better service Veterans by changing the way we think and operate to competitively serve Veterans while being good stewards of taxpayer dollars.

- $104.3 million in budget authority and 781 total FTE for the Office of General Counsel. The request includes $11.6 million to support OGC's continuing efforts to address an expanding legal workload, including an increasing number of cases before the United States Court of Appeals for Veterans Claims and to improve the timeliness of publishing regulations for VA's legislative and regulatory programs.

- $63.4 million in budget authority and 339 total FTE for the Office of Management. The request will support priorities and initiatives designed to improve business practices, enhance financial oversight, and strengthen internal controls and transparency within the Department. The budget request includes $1 million for continuing work in support of the Financial Management Business Transformation (FMBT) initiative. It also includes $800 thousand for the Manpower Management Office, and funds to improve data driven analysis and long range programming capabilities for the Department.

- $62.2 million in budget authority and 662 total FTE for the Office of Human Resources and Administration. The request will support programs concerning human resources management and labor relations. It will also support central services which include building management, renovations, and audiovisual requirements.

- $28.4 million in budget authority and 132 total FTE for the Office of Enterprise Integration. The request will support VA modernization initiatives and to expand existing capabilities in business architecture, enterprise risk management, data analytics, performance management, performance improvement, and innovation.

- $24.6 million in budget authority and 148 total FTE for the Office Operations, Security, and Preparedness for a variety of mission critical activities, including the continued refinement and development of the Department's continuity programs

through crisis management exercises, evaluation and training. The request includes an additional $2 million for increased staffing for investigations and for the VA Integrated Operations Center. In addition, the request includes $58 million in reimbursement authority in 2019 for the Next Generation PIV initiative which will continue Department's effort to bring improved PIV cards and credentials access across VA enterprise.

- $13.0 million in budget authority and 86 total FTE for the Office of Intergovernmental Affairs. The request provides for continued outreach, enhancing VA's partnership with Tribal Governments, and sustaining an Office of New Media intended to educate and empower Veterans and their families.

- $8.7 million in budget authority and 57 FTE for the Office of Congressional and Legislative Affairs (OCLA). The request reflects a consolidation of congressional activities and personnel from Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) into OCLA. The realignment of $1.3 million from VHA and VBA is a result of VA's modernization effort. The budget request supports an increasing workload, and enables OCLA to become more proactive in advancing congressional communications and legislative outreach. It will also continue and expand efforts to form and improve relationships and communications with Washington, DC based associations representing state and local governments and elected officials.

- $46.5 million in budget authority and 458 total FTE for the Office of Acquisition, Logistics, and Construction (OALC). The request supports activities to improve contracting and acquisitions and VA's Facilities Transformation initiatives by: increasing the role of project management at the regional and local levels; integrating facilities management functions to maximize life-cycle performance; expanding facility assessment and planning capability; leveraging technical expertise for minor design, construction and leasing; and increasing VA's return on investment.

- $60.4 million in reimbursable authority supporting 154 FTE for the Veterans Experience Office (VEO). The request supports VEO's continued efforts to modernize the Department to provide premier customer service to Veterans, family members, caregivers and survivors. Modernization, accountability, and access continue to be the cornerstones of the key VEO initiatives. Specifically, accountability initiatives include Call Center Modernization, Transactional Measurements, and Veterans Experience Feedback tool. Access Initiatives include Veterans Families Advisory Committee, Vets.gov, and MyVA 311.

- $17.4 million in reimbursable authority to support 98 FTE for the operation of the Office of Accountability and the Whistleblower Protection (OAWP). OAWP is responsible for advising the Secretary on all matters of the Department relating to accountability of employees in the Department, retaliation against whistleblowers, and such matters as the Secretary considers to affect public trust in the

Department. Mission requirements include those mandated by law (e.g. toll-free number, hotline/email access, tracking, etc.).

Net Change General Administration 2019 Summary of Resources Requirements ($ in thousands)		
2018 President's Budget		**$346,891**
2018 Current Service Adjustments		
Payraise (0%)		$0
Non Pay Inflation (1.7%)		$1,963
	Subtotal	**$1,963**
Initiatives/Programmatic Changes		
Court and Legal workload increases		$11,600
Staff for investigations and VA OICs		$2,000
Realignment of funds from VHA and VBA for consolidation of congressional FTE		$1,349
Oversight of VA Modernization efforts		$1,170
Financial Management Business Transformation training		$1,000
Establish Manpower Office		$800
Staff for Programming		$500
OALC Minor Construction Land Management		$356
	Subtotal	**$18,775**
2019 Request		**$367,629**

Employment Summary - FTE by Grade				
General Administration Grade	2017 Actual	2018 Current	2019 Request	Increase (+) Decrease (-)
SES	96	112	115	3
GS-15	252	293	302	9
GS-14	821	955	986	31
GS-13	557	648	670	22
GS-12	231	269	278	9
GS-11	303	353	365	12
GS-10	6	6	7	1
GS-9	95	111	115	4
GS-8	34	39	41	2
GS-7	87	101	105	4
GS-6	16	19	20	1
GS-5	12	14	14	0
GS-4	10	12	12	0
GS-3	3	3	3	0
GS-2	1	1	1	0
GS-1	1	1	1	0
Total Number of FTE	**2,525**	**2,937**	**3,035**	**98**

Analysis of FTE Distribution - Headquarters/Field		
General Administration Grade	2017 HQ - Actual	2017 Field - Actual
SES	53	43
GS-15	140	112
GS-14	456	365
GS-13	309	248
GS-12	128	103
GS-11	168	135
GS-10	3	3
GS-9	53	42
GS-8	19	15
GS-7	48	39
GS-6	9	7
GS-5	7	5
GS-4	6	4
GS-3	2	1
GS-2	1	0
GS-1	1	0
Total Number of FTE	**1,402**	**1,123**

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Office of the Secretary

Mission

The Office of the Secretary provides executive leadership and strategic direction for all VA programs, including efforts to transform the Department into a continuously improving world-class organization, ensuring that the Department cares for Veterans over a lifetime, from the day the oath is taken until the day they are laid to rest.

Summary of Budget Request

($ in 000)	**2018**	**FTE**	**2019**	**FTE**
Immediate Office of the Secretary				
Budget Authority:	**$12,135**[1]	**68**	**$12,952**	**71**
Special Staff Offices				
Center for Faith-Based and Neighborhood Partnerships	$640	4	$749	5
Center for Minority Veterans	$1,196	7	$1,379	8
Center for Women Veterans	$ 886	5	$1,080	6
Office of Survivors Assistance	$600	3	$513	2
Special Staff Offices Budget Authority:	**$3,322**	**19**	**$3,721**	**21**
Reimbursement				
Office of Employment Discrimination Complaint Adjudication	$3,932	26	$4,333	28
Total Resources	**$19,389**	**113**	**$21,006**	**120**

[1]/ 2018 includes direct budget authority for the realignment of the Regulation & Management Office and Speechwriters and Protocol Office

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Program Description

Office of the Secretary

Provides executive leadership and strategic direction for all VA programs. Its organization includes the immediate Office of the Secretary, the Special Staff Offices, and the Support Offices to fulfill its duties and responsibilities.

The VA's **Office of the Secretary** (OSVA) consists of the Office of Support-Mission Operations, the Office of Protocol, the Office of Strategic Engagement, the Executive Secretariat, and the Advisory Committee Management Office. Additionally, within this component are strategists, advisors and operations managers who carry out and execute Secretarial priorities including developing strategies for transformation, policies, budgets, organizations, communications and external relations – in short, providing critical oversight of strategic programs and initiatives and supporting Department operations.

The **Office of Support-Missions Operations** provides administrative, logistical, budget, and operational support for the Office of the Secretary and its subsidiary offices. Those services include:

- Executive mission support (i.e. arranging official travel and associated support for the Secretary, Deputy Secretary, Chief of Staff and others as required; and coordination of transportation, security, protocol activities, and equipment).
- Provides administration and logistics support: develops and manages the OSVA budget, and manages and maintains OSVA property and expendable supplies.
- Provides human resources guidance and coordinates with Veterans Affairs Central Office (VACO) Human Resources to provide personnel services.

The **Office of Protocol** provides protocol and executive services to the Office of the Secretary, Office of the Deputy Secretary, and Office of the Chief of Staff. Those services include:

- Directing and organizing special ceremonies and events for VACO that involves the executive leadership.
- Escorting dignitaries visiting the executive leadership.
- Providing and organizing related protocol services to include photography and media services for VIP visitors.
- Providing advice and guidance to VACO and field facilities on protocol matters as they relate to visitors, both foreign and domestic, ceremonies and other special events.

The **Office of Strategic Engagement** coordinates and monitors all integrated communications activities across the Department and facilitates engagements with key audiences to achieve effects consistent with VA's interests, policies, and objectives. The office advises VA leadership on communications and engagement strategy and serves as primary advisor on all matters related to coordinated internal and external communications. Activities include: synchronizing and coordinating Department

communications plans; providing guidance on messaging and overall communications activities and priorities; and synchronizing and coordinating crisis communications actions and special projects and initiatives.

The **Executive Secretariat** staff controls and coordinates the preparation, staffing and dissemination of correspondence directed to the Secretary and Deputy Secretary, oversees all administrative operations of the Immediate Office of the Secretary and the Special Staff Offices, as well as correspondence and administrative policies for the Department.

The **Advisory Committee Management Office** (ACMO) coordinates and oversees policy implementation for VA's 24 federal advisory committees. ACMO is responsible for establishing clear goals, standards, and uniform procedures for advisory committee activities, ensuring advisory committee actions comply with the provisions of the Federal Advisory Committee Act. ACMO ensures that advisory committee meetings are open to the public and, as appropriate, announced in the Federal Register.

Special Staff Offices

The **Center for Faith-based and Neighborhood Partnerships** (CFBNP) serves as VA's principal office to develop partnerships and provide relevant VA program and services information to faith-based and community organizations (FBCOs) across the Nation; and to expand its participation in VA programs in order to better serve the needs of Veterans, their families, and survivors. The Director serves as the liaison with the White House Office of Faith-Based and Neighborhood Partnerships.

The following strategic priorities are implemented through the CFBNP outreach plan:

- Provide FBCOs with tools and resources about VA programs and services.
- Disseminate to FBCOs comprehensive community-based VA's Veteran suicide prevention and mental health resources.
- Connect FBCOs with housing and VA Homeless Programs.
- Connect FBCOs with VA programs and services to promote hope, help and resilience for Veterans experiencing mental health concerns and/or condition.

The **Center for Minority Veterans** (CMV) was established in 1994 by Public Law 103-446. Title 38, United States Code (USC), Section 317 reflects the current responsibilities of the CMV. The Director serves as principal advisor to the Secretary on the adoption and implementation of policies and programs affecting minority Veterans. CMV serves as an advocate for minority Veterans by conducting outreach activities to promote the awareness and use of VA benefits and services.

The Center's activities include:

- Making recommendations to the Secretary, the Under Secretary for Health, the Under Secretary for Benefits, and other Department officials for the establishment or improvement of programs for which minority Veterans are eligible.
- Promoting the use of benefits authorized by this title by minority Veterans and the conduct of outreach activities to minority Veterans, in conjunction with outreach activities carried out under chapter 77 of this title [38 USC § 7701 etseq.].
- Consulting with, and providing assistance and information to, officials responsible for administering federal, state, local, and private programs that assist Veterans, to encourage those officials to adopt policies that promote the use of those programs by minority Veterans.
- Advising the Secretary when laws or policies have the effect of discouraging the use of benefits by minority Veterans.
- Conducting and sponsoring appropriate social and demographic research on the needs of Veterans who are minorities and the extent to which programs authorized under Title 38 USC meet the needs of those Veterans, without regard to any law concerning the collection of information from the public.
- Publicizing the results of medical research, which are of particular significance to minority Veterans.
    - The term "minority Veterans" includes individuals who are:
        - Asian American;
        - Black/African American;
        - Hispanic/Latino;
        - Native American (including American Indian, Alaska Native, and Native Hawaiian); or
        - Pacific-Islander American
- Providing support and administrative services to the Advisory Committee on Minority Veterans provided for under section 544 of this title.

The **Center for Women Veterans** (CWV) was established by Public Law 103-446. The Director serves as principal advisor to the Secretary on matters related to policies, legislation, programs, issues, and initiatives affecting women Veterans. CWV serves as an advocate for a cultural transformation (both within VA and in the general public) in recognizing the service and contributions of women Veterans and women in the military, and in raising awareness of the responsibility to treat women Veterans with dignity and respect.

The Center's activities include:

- Identifying and recommending effective VA policies, practices, programs, and related activities for women Veterans and disseminating information internally and to the public.
- Communicating with women Veterans and their families on VA benefits and services in a proactive and timely manner.
- Educating external organizations on VA's benefits and services, to improve its advocacy for women Veterans.

- Collaborating with other federal, state and local agencies, Veterans Service Organizations (VSO), faith-based and community partners to provide information on women Veterans.
- Providing support to the Secretary's Advisory Committee on Women Veterans (ACWV), including coordinating annual briefings and publishing of a biennial report outlining recommendations, concerns, and observations on VA's delivery of benefits and services to women Veterans.

The **Office of Survivors Assistance (OSA)** was established by Public Law 110-389, Title II, Section 222. The OSA Director serves as the principal advisor to the Secretary on all policies, programs, legislative issues, and other initiatives affecting surviving family members of deceased Service members and Veterans. OSA serves as a resource regarding all benefits and services furnished by the Department to survivors of deceased Veterans.

OSA's activities include:

- Building and maintaining collaborative partnerships with local, state, tribal and federal agencies as well as VSOs, faith-based and community organizations and other stakeholder groups to increase awareness of benefits and services available to surviving family members.
- Advocating for the needs of survivors in the policy and programmatic decisions of VA.
- Making appropriate referrals to VA administrations and staff offices to ensure survivors receive eligible benefits and services.
- Communicating with surviving family members on VA benefits and services in a proactive and timely manner.
- Developing innovative outreach opportunities to reach survivors who are eligible but are not receiving benefits.

Support Offices

The **Office of Employment Discrimination Complaint Adjudication** (OEDCA) was established by Public Law 105-114, Title I, Section 102. OEDCA is an independent office responsible for issuing final agency decisions and orders on the substantive merits of employment discrimination complaints filed by employees and applicants for employment. Final agency decisions and orders are rendered in a fair and impartial manner and are based on evidence contained in the investigation report and, if applicable, the hearing transcript and exhibits provided by an Equal Employment Opportunity Commission (EEOC) appointed administrative judge. OEDCA is also responsible for determining equitable relief and issuing final agency decisions on a complainant's entitlement to compensatory damages, attorney's fees, and costs where the complainant is a prevailing party.

Funding for this office is provided through reimbursement by the customers it services.

The **Office of Small and Disadvantaged Business Utilization** (OSDBU) was established by Public Law 95-507, Section 221(k). OSDBU serves as the Department's advocate for the participation of Service-Disabled Veteran-owned small businesses, Veteran-owned small businesses, small business concerns, small disadvantaged businesses, women-owned small businesses, and historically underutilized businesses in VA contracts and subcontracts. OSDBU works closely with VA program offices and contracting activities to ensure maximum practical opportunity for small businesses in the Department's procurements. The Executive Director serves as the Department's principal liaison to the Small Business Administration, and in matters relating to the Department's socioeconomic acquisition program, and is a liaison with the Department of Commerce, General Service Administration, and the Office of Federal Procurement Policy.

OSDBU activities include:

- Conducting procurement reviews, training acquisition officials, counseling entrepreneurs, participating at small business experts stakeholder outreach events, performing to stakeholder community, distributing informational materials that describe how to do business with the Department and sharing acquisition information with small businesses and VSOs.
- Negotiating, establishing, and helping to manage the Department-wide procurement goals as well as reporting on the progress toward accomplishing these goals.
- Reviewing the effectiveness of current policy, procedures, and plans for enhancing use of small businesses in future departmental requirements and recommending improvements.
- Verifying the eligibility of Veteran-owned small businesses for participation in the Veterans First contracting program.

Funding for OSDBU is provided through VA's Supply Fund.

Budget Highlights

- The Budget requests an additional $1,170,000 to support Secretarial priorities outlining the Department's modernization effort. The plan provides a map to fundamentally change the way we think and operate to competitively serve our Veterans, their families, caregivers, and survivors while being good stewards of taxpayer dollars.

- The Budget includes an annual employment of 120 FTE and total obligation authority of $21,006,000 to support operations of the Office of the Secretary, which includes CMV, CWV, CFBNP, OSA, and OEDCA. This request is comprised of $16,673,000 in budget authority and $4,333,000 in reimbursable authority.

- Within the total obligation authority, an average employment of 92 FTE, and budget authority of $16,673,000 to support the operations of the Office of the Secretary.

- $4,333,000 in total recoveries to support 28 FTE and its operations. Recoveries are comprised of reimbursements from VHA, NCA, OIG, VBA and OIT. The budget authority of $52,000 represents the Staff Office's share of the operational costs related to OEDCA.

Office of the Secretary ***Summary of Employment and Obligations*** ***(dollars in thousands)***					
		2018			
	2017 Estimate	Budget Estimate	Current Estimate	2019 Estimate	Increase/ Decrease
FTE	115	113	113	120	7
Obligations:					
Personal services	$18,591	$18,300	$18,737	$20,054	$1,317
Travel	$479	$304	$304	$448	$144
Transportation of things	$0	$0	$0	$	$
Rents, communications, and utilities	$0	$0	$0	$	$
Printing and reproduction	$23	$17	$17	$17	$
Other services	$1,272	$270	$270	$375	$105
Supplies and materials	$99	$61	$61	$100	$39
Equipment	$25	$0	$0	$12	$12
Total obligations	**$20,489**	**$18,952**	**$19,389**	**$21,006**	**$1,617**
Reimbursements (OEDCA)	($3,871)	($3,932)	($3,932)	($4,333)	($401)
Reimbursements (VACI)				$0	$0
SOY Carry over (-)	($5,300)	$0	$0	$0	$0
EOY Carry over (+)	$227	$0	$0	$0	$0
Total budget authority	**$11,545**	**$15,020**	**$15,457**	**$16,673**	**$1,216**

- The 2019 personal services request of $20,054,000 provides funding for 120 FTE.

- A total of $952,000 of the request is for travel, supplies and materials, other services and equipment.

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General Counsel

Mission

The Office of General Counsel (OGC) supports the mission and priorities of the Department of Veterans Affairs by providing sound legal expertise, representation, and as needed, critical problem-solving skills and risk-management advice to the Secretary and other senior VA leaders. As the Department's in-house law office, OGC serves as a full business partner to senior VA leaders and ensures the just and faithful execution of the laws, regulations, and policies that the Secretary has responsibility for administering, thereby enabling the Department to accomplish its mission of service to our Nation's Veterans.

OGC plays a pivotal role in supporting the Secretary's priorities of Greater Choice, to Modernize Systems, Focus Resources, and Improve Timeliness, and Suicide Prevention.

OGC's clients include the Secretary of Veterans Affairs, Deputy Secretary, Chief of Staff, the Veterans Health Administration (VHA), the Veterans Benefits Administration (VBA), the National Cemetery Administration (NCA), and other components of the Department. Secondary stakeholders include Congress, Federal courts, Federal agencies, Veterans Service Organizations, and the Veterans the Department serves.

Summary of Budget Request

To fulfill its requirements to provide legal support to the Secretary and the Department, especially regarding the critical Veteran-focused practice areas of employee accountability; access to health care; procurement; acquisition and construction of facilities, including leasing; and timely resolution of Veterans' claims and appeals, to include working with the Veterans Benefits Administration and Board of Veterans Appeals to improve the claim adjudication process, OGC's 2019 budget request includes the following resources

- In 2019, OGC requests direct budget authority of $104.2 million and 648 FTE, and $18.9 million in reimbursable authority and 133 reimbursable FTE, to provide legal support and representation to the Secretary and the Department.

($ in 000)	2018	FTE	2019	FTE
Office of General Counsel	$92,402	574	$104,209	648
Total Budget Authority	**$92,402**	**574**	**$104,209**	**648**
Reimbursement				
MSCA	5,622	54	5,885	54
Credit Reform	2,899	20	3,015	21
Supply	9,496	56	9,704	56
Debt Management Center	225	2	251	2
Total Reimbursement	**$18,242**	**132**	**$18,855**	**133**
Total Obligational Authority	**$110,644**	**706**	**$123,064**	**781**

Distribution of Resource Requirements over OGC Product Lines

Product Lines:	2017	FTE	2018	FTE	2019	FTE
Budget Authority						
Employment Law	$ 29,947	186	$ 40,245	250	$ 47,441	295
CAVC (Appeal of BVA Decisions)	$ 15,939	99	$ 17,386	108	$ 21,710	135
Tort Claim Adjudication	$ 12,075	75	$ 8,049	50	$ 8,362	52
Administrative Law	$ 5,313	33	$ 4,507	28	$ 4,342	27
Health Law	$ 4,830	30	$ 4,024	25	$ 4,181	26
Benefits Law	$ 4,347	27	$ 4,185	26	$ 4,181	26
Ethics	$ 3,059	19	$ 2,737	17	$ 2,895	18
Management & Operational Support	$ 5,958	37	$ 5,473	34	$ 4,664	29
Contract Law	$ 14,348	87	$ 15,291	92	$ 16,137	96
BA	$ 4,991	31	$ 5,795	36	$ 6,433	40
Supply	$ 9,357	56	$ 9,496	56	$ 9,704	56
Reimbursement Authority						
Collections	$ 5,560	56	$ 5,848	56	$ 6,136	56
Loan Guaranty	$ 2,838	19	$ 2,899	20	$ 3,015	21
Total Resource Requirements	$ 104,214	668	$ 110,644	706	$ 123,064	781

Program Description and Accomplishments

OGC fulfills its mission to be a full business partner by delivering nationwide coverage of legal services to the Department through its subject-matter and geographically-focused legal teams based at Central Office and throughout the country. These essential, high-quality legal services to the Department include representation before administrative and judicial forums, formal and informal legal advice, ethics advice and counseling, legislative drafting and advocacy, legal program administration, rulemaking, training, and liaison with external parties.

OGC is made up of Law Groups, District Offices, and National Practice Offices strategically located throughout the country and at VACO to best meet the needs of the Department. Ten District Chief Counsel Offices, three National Practice Groups, a Government Ethics Specialty Team, a National Practice Tort Law Group, and a DC-based Law Group representing the Secretary concerning Veterans' benefits appeals at the U.S. Court of Appeals for Veterans

Claims support VA's operations outside of Central Office. The Central Office legal staff is made up of six Law Groups focused on specific practice areas and an office providing management and operational support to all components of OGC.

OGC's practice of law is varied and over the past seven years OGC has undertaken efforts to realign its legal services to capture efficiencies, resulting in the following ten "product lines." Within each product line are a number of legal-specific areas or "product categories."

Product Lines

Employment Law - legal support includes legal representation, legal review, legal operational advice, and legal policy advice in the following product categories:

1. Hearings and/or settlement of employment litigation matters nation-wide.
2. Expedited review of proposed disciplinary charges and advice to Department management in VACO and across the nation on actions taken under the Department of Veterans Affairs Accountability and Whistleblower Protection Act of 2017 (the Act).
3. Employee disciplinary actions appealed to the Merit Systems Protection Board, including expedited removal authority cases.
4. Employee complaints of discrimination or harassment taken to the Equal Employment Opportunity Commission (EEOC).
5. Title 38 employee actions, including reporting personnel to the National Practitioner Data Bank and State licensing boards, and disciplinary matters before Disciplinary Appeals Boards.
6. Litigation with the Office of Special Counsel, including stays, sought under the whistleblower protection provision of the Act, of accountability actions taken against employees who claim to be whistleblowers.
7. Labor management issues taken before the Federal Labor Relations Authority.
8. Technical assistance and policy drafting assistance related to employment law legislation.
9. Employee requests for representation by the Department of Justice.
10. Inspector General and criminal investigations.
11. General employment issues (includes Office of Special Counsel investigations, pay and leave policy issues, etc.).
12. Labor-management relations, including arbitrations.

Representation before the Court of Appeals for Veterans Claims - includes:

1. The U.S. Court of Appeals for Veterans Claims (CAVC) is a federal court with exclusive jurisdiction to provide judicial review of final decisions by the Board of Veterans' Appeals (BVA).
2. OGC represents the Department before the CAVC when BVA decisions are appealed. Approximately 8-10% of all BVA decisions are appealed to the CAVC.

Contract Law - legal support includes legal representation, legal review, legal operational advice, and legal policy advice in the following product categories:

1. Litigation against the Department pursuant to contract.
2. Procurement (includes construction, supply, and service contracts).
3. Expanded sharing of medical facilities, equipment, and information.
4. Construction, acquisition and disposition of real property (includes leases and land acquisitions by/for VA, and easements on land owned by VA, but does not include real property acquired in the administration of the loan guaranty program, which is covered under the Benefits product line above), and energy matters.
5. Enhanced-use leases of real property.
6. Compliance with environmental, historic preservation, and occupational safety laws.

Tort Claim Adjudication - includes the following product categories:

1. OGC investigates and adjudicates administrative tort claims filed against the Department for injuries alleged to have resulted from VA-provided health care (medical malpractice).
2. OGC investigates and adjudicates non-health care related claims involving VA property/employees.

Administrative Law - legal support includes legal representation, legal review, legal operational advice, and legal policy advice in the following product categories:

1. Disclosure of information (e.g. Congress, Touhy, FOIA, Privacy Act).
2. Electronic discovery of Department records in litigation matters across product lines.
3. Federal Advisory Committee Act (FACA).
4. Administrative Procedures Act (APA).
5. Organization/reorganization of VA and its component parts.
6. Authorized use of appropriated funds and other fiscal matters.
7. Federal Records Act.
8. Paperwork Reduction Act.
9. Laws prohibiting discrimination in programs receiving Federal financial assistance (e.g., title 6 of the Civil Rights Act of 1974, title 9 of the Education Act, as amended, and Section 504 of the Rehabilitation Act, as amended).
10. Operational activities supporting legal services.

Health Law - legal support includes legal representation, legal review, legal operational advice, and legal policy advice in the following product categories:

1. Access to care, including eligibility issues.
2. Issues relating to the administration and management of a health care system.
3. Patient safety.
4. Bioethics.
5. Commitment of mentally disturbed/impaired Veterans to VA health care facilities.
6. Medical Research.
7. Canteen Service operations.
8. Final agency decisions on patent and copyright matters.
9. Administration of the General Post Fund.
10. Acceptance of gifts to VA.
11. Non-profit research corporations (issues related to incorporation and management of these corporations).

Benefits Law - legal support includes legal representation, legal review, legal operational advice, and legal policy advice in the following product categories:

1. Burial benefits.
2. Appointment and removal of fiduciaries.
3. Compensation, Pensions, and Survivors' Benefits.
4. Vocational Rehabilitation and Education.
5. Attorney fees for claimant representation.
6. Accreditation of claimants' representatives, to include attorneys and claims agents.
7. National Service Life Insurance and Servicemembers' Group Life Insurance.

Ethics - legal support includes legal review, legal operational advice, and legal policy advice in the following product categories:

1. Advice to Department leadership and employees related to Government Ethics questions and issues.
2. Ethics training.
3. Review of Department Public Financial Disclosure.
4. Review of Department Confidential Financial Disclosures.

Collections - includes legal review, legal operational advice, and legal policy advice in the following product categories:

1. Assistance to the Department in the collection of debts owed to the United States by liable third parties, insurers, and Veterans.
2. Assistance to the Department in the collection of revenue pursuant to probate or bankruptcy.

Loan Guaranty - includes legal review, legal operational advice, and legal policy advice in the following product categories:

1. VBA's Loan Guaranty Program, including review of title to the Secretary under foreclosure, Specially Adapted Housing Grants, approvals for use of the Department's Guaranteed Loan program for purchase of a unit in a multi-unit property, and eviction.

Recent Accomplishments

New VA Accountability and Whistleblower Protection Policies

- OGC worked in close collaboration with the House and Senate Committees on Veterans' Affairs to ensure that the Accountability and Whistleblower Protection Act of 2017 (the Act) afforded VA the authorities needed to take timelier and more effective accountability actions against employees who engage in misconduct or poor performance.
- OGC played a leading role in drafting implementation policies and training attorneys and human resources specialists across VA about the Act, the policies, and the processes supervisors and managers must use when proposing and deciding actions under the new authorities.
- OGC attorneys vigorously defended actions on appeal to the Merit Systems Protection Board and in collateral challenges through labor arbitrations and EEO complaints.
- OGC continues to play a critical role in defending actions taken under the new authority and establishing positive precedent which will shape use of the authority in the future.

Expanded Access to Health Care and Choice of Health Care Providers

- Greater Choice – OGC closely collaborated with VHA on the administration of the Choice Program, helping VHA develop a Choice provider agreement for purchasing community care making it easier and more efficient for VA to purchase care and services for Veterans - of particular importance to VHA's ability to provide home health services and hospice care.
- OGC worked extensively with OCLA to provide technical assistance on various pieces of Choice Program legislation.
- OGC spearheaded the development of the draft Veteran Coordinated Access & Rewarding Experiences (CARE) Act, the Administration's comprehensive legislative proposal for the future of community care.
- Faster Care for Veterans Pilot Program - In response to the Faster Care for Veterans Act of 2016, OGC provided successful legal support, including when the effort was challenged before the Government Accountability Office (GAO), to establish an 18-month pilot program for mobile scheduling of primary care, specialty care, and mental health appointments.

- Community Care Network (CCN) Contract - VA is now in the evaluation stage following its Request for Proposals for the Community Care Network to provide health care services on a regional basis. OGC's support for this effort has been ongoing and the "Care in the Community" program and contracting directly facilitates the Secretary's priority of expanding access to and choice of providers for Veterans receiving care in their own communities.

- Patient-Centered Community Care Contracts – OGC successfully ensured proper execution of necessary modifications to TriWest Healthcare Alliance and HealthNet Federal Service IDIQ contracts to add requirement found in the Choice Act and provide eligible Veterans access to care when the VA cannot provide such care within its own facilities.

- Capital Improvements, Consolidations, and Reuse - OGC provided key assistance in negotiating and drafting for the first donation project executed under the "Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016" (a/k/a the "CHIP IN Act" (Public Law 114-294)). As a result, VA will receive a new, privately-constructed ambulatory care clinic in Omaha, Nebraska, at an estimated savings of $30 million to VA.

Suicide Prevention

- OGC was integral to the development and implementation of VA's initiative to provide urgent mental health care to servicemembers with other-than-honorable discharges. OGC worked closely with VHA mental health and emergency care providers as well as Member Services to translate guidance into policy and other actionable guidance for VA facilities/providers.

Contributions to VA Research Efforts

- OGC negotiated 912 Cooperative Research and Development Agreements (CRADAs), 711 Confidentiality Agreements, and 92 research sub awards facilitating cutting-edge research studies such as precision medicine (genomics), late-stage cancer trials, personalizing prosthetic systems, mental health matters (i.e. suicide) and many other fields of medical research.

Veterans' Access to Legal Services

- Through both VA programs and community partnerships with non-VA providers, the Department has increased Veteran access to legal services. For our most vulnerable Veterans, the inability to access legal services is strongly tied to Veteran homelessness.

- OGC attorneys have worked closely with VHA to increase the number of Veterans Treatment Courts, which enable Veterans with legal issues to gain access to VA benefits and allow judges to craft alternatives to incarceration and focus on drug treatment with VA providers, given the unique challenges affecting Veterans. VA OGC has also been instrumental in establishing Medical-Legal Partnerships (MLPs) in VHA facilities, which encourage care delivery collaboration between medical and legal practitioners. In less

than 18 months, OGC personnel have facilitated an increase in MLPs from 5 to 23, operationalized and led a Taskforce to focus on grassroots, expedited growth of MLPs, trained at least 40 VA sites that have expressed an interest in establishing a new MLP, facilitated an increase in the number of known legal clinics in VA facilities from 78 to 165, and promoted the need for increased Veteran access to legal aid in VA facilities.

Capital Improvements, Consolidations, and Reuse

- OGC collaborated with VA program offices and with Congress to draft innovative legislation to allow for up to five pilot strategic collaborations with third party entities, known as the "Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016" (a/k/a the "CHIP IN Act" (Public Law 114-294)). The legislation was enacted in December 2016. OGC then provided key assistance in negotiating and drafting for the first donation project executed under the Act. Under this first project, VA will receive a new, privately-constructed ambulatory care clinic in Omaha, Nebraska through the combined use of VA and private sector funds, at an estimated savings of $30 million to VA.

VA Super Construction Projects

- OGC has a team working with the VA program office in implementing the legislation regarding super construction projects. Super construction projects are defined in 38 U.S.C. § 8103(e) as those medical facility construction projects involving a total expenditure of more than $100 million. The legislation requires VA to work with an appropriate federal entity, i.e. the United States Army Corps of Engineers (USACE), to provide full project management services for super construction projects. OGC has been instrumental in helping to ensure a smooth working relationship between the agencies to help make this partnership a success.

- OGC played a significant role in drafting the processes and procedures established in the Enterprise Program Management Plan (EPgMP) – a handbook governing the framework for USACE's support of VA's super construction program.

- OGC provides legal guidance and reviews on Interagency Agreement orders for each specific super construction project, administrative contracting officer delegations, and authorization issues that arise.

Loan Refunds

- The loan refund is a foreclosure avoidance tool. It is used when the Secretary purchases a defaulted loan so that a Veteran has one last chance to retain his/her home before foreclosure. OGC reviews refunds to ensure that the loans are legally transferred to the Secretary and analyzes legal risks associated with the loan transfers.

- In 2016, OGC determined that before efficiencies could be implemented, its subject matter experts (SMEs) needed a uniform policy and additional expertise. As such, OGC joined with the Veterans Benefits Administration Loan Guaranty Service (LGY) and developed cross-training for SMEs. OGC also helped LGY develop its 2017 loan refund

policy guidance to stakeholders. These efforts have led to significantly shorter review periods for OGC, going from 199.25 days in 2015 to 6.51 days in 2017.

Budget Highlights

In 2019, OGC requests budget authority of $104.2 million and 648 direct FTE, and $18.9 million in reimbursable authority and 133 reimbursable FTE, to provide critical legal support and representation necessary for the Department to meet the Secretary's priorities.

Summary of Employment and Obligations—Analysis

Summary of Employment and Obligations (dollars in thousands)					
		2018			
	2017 Actuals	Budget Estimate	Current Estimate	2019 Request	Increase (+) Decrease (-)
Average Employment:					
VA Central Office (VACO)	**205**	**186**	**186**	**199**	**13**
VACO Based Law Groups	168	152	152	170	18
Management & Operational Support	37	34	34	29	-5
Operations outside of VACO	**463**	**513**	**520**	**582**	**62**
DC Based Office assigned to representation before the CAVC	99	101	108	135	27
District Based Chief Counsel Offices	237	236	236	266	30
National Practice Offices	127	176	176	181	5
Total	**668**	**699**	**706**	**781**	**75**
Obligations:					
Personal Services	$100,020	$101,294	$101,969	$114,559	$12,590
Travel	939	1,624	1,624	1,551	-$73
Transportation of Things	25	78	78	114	$36
Rents, Communications & Utilities	625	933	933	976	$43
Printing and Reproduction	4	25	25	15	-$10
Other Services	2,366	3,057	4,642	4,777	$135
Supplies and Materials	176	253	253	251	-$2
Furniture and Equipment	52	1,100	1,100	802	-$298
Insurance Claims	7	20	20	20	$0
Total Obligations	**$104,214**	**$108,384**	**$110,644**	**$123,064**	**$12,420**
Reimbursements (-)	-$16,519	-$17,267	-$18,242	-$18,854	$611
SOY YEAR UNOBLIGATED BALANCE (-)	0	0	0	0	$0
EOY YEAR UNOBLIGATED BALANCE (+)	81	0	0	0	$0
Total Budget Authority	**$87,776**	**$91,117**	**$92,401**	**$104,210**	**$11,809**

Explanation of increases and decreases:

The 75 additional FTE address new and increasing demands for legal services regarding personnel law actions taken under the Department of Veterans Affairs Accountability and Whistleblower Protection Act of 2017 and the anticipated increase of appeals from Board of Veterans' Appeals decisions, discussed below, as well as new and ongoing multi-billion dollar procurement actions.

- Benefits Appeals – FTE increases in the Board of Veterans' Appeals (BVA) has led to a significant increase in appeals reaching the Court of Appeals for Veterans Claims (CAVC). Historically between 8 – 10 % of BVA decisions become workload for OGC's Court of Appeals Litigation Group (CALG) as appeals before the Court. In calendar year 2017, CALG has seen a significant rise in the monthly receipt of new CAVC appeals (380 in July; 588 in November).

  OGC's budget request provides for additional attorneys to address the additional cases before the Court. These resources will help Veterans obtain resolution of benefits appeals sooner, prevent sanctions from CAVC for missed filing deadlines, and minimize the risk of inadequately briefed appeals.

- Accountability - The Department of Veterans Affairs Accountability and Whistleblower Protection Act of 2017 contained provisions to facilitate removal of employees failing to meet expectations of conduct or performance. OGC has seen an increase in the number of actions being proposed under the new authority, enabling actions to proceed which would not previously have been taken. The first years of a new statute are critical to developing positive case precedent, which will guide future use. This budget request will allow OGC to address the growing accountability and personnel workload. Additionally, Departmental focus on proper use of settlement agreements has resulted in more cases proceeding to hearing and consequently increasing OGC's workload and average hours per case.

  The 2019 budget request will allow OGC to successfully implement the new law and mitigate impacts in other practice areas including Health Care Law (supporting VHA and its programs such as Choice), Benefits Law (supporting VBA and Claims and Appeals Modernization), and Information Law (supporting release of information to Congress and the public (e.g. Freedom of Information Act)).

Changes from Original FY 2018 Budget

Changes from 2018 President's Budget Request (dollars in thousands)			
	2018		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Average Employment	699	706	7
Obligations:			
Personal Services	$101,294	$101,970	$676
Travel	$1,624	$1,624	$0
Transportation of things	$78	$78	$0
Rents, communications & utilities	$933	$933	$0
Printing and reproduction	$25	$25	$0
Other services	$3,057	$4,642	$1,585
Supplies and materials	$253	$253	$0
Furniture and equipment	$1,100	$1,100	$0
Insurance claims	$20	$20	$0
Total Obligations	**$108,384**	**$110,645**	**$2,261**

- Personnel Services is higher than the original estimate due to higher reimbursable FTE funding.

- Other services account was higher than the original request as a result internal reallocations to pay for human resources support services from the Veterans Service Center.

Summary of Workload Indicators

Summary of Workload Indicators						
	FY17 (Actuals)		**FY18 (Projected)**		**FY19 (Projected)**	
Product Lines:	**Pending (@FY Start)**	**Received**	**Pending (@FY Start)**	**Received**	**Pending (@FY Start)**	**Received**
Employment Law	6,278	15,415	9,417	16,571	14,126	17,814
CAVC (Appeal of BVA Decisions)	5,151	9,918	10,469	9,918	15,787	9,918
Contract Law	7,554	8,288	6,799	8,371	5,439	8,455
Tort Claim Adjudication	3,713	3,766	4,270	3,762	4,697	3,758
Administrative Law	2,998	9,441	3,148	9,450	3,305	9,460
Health Law	1,187	7,823	1,186	7,831	1,185	7,839
Benefits Law	4,954	6,734	4,949	6,741	4,944	6,747
Ethics	722	9,595	721	9,605	721	9,614
Collections	30,721	15,938	30,690	15,954	30,383	15,970
Loan Guaranty	371	23,501	250	22,326	238	21,210
Column Totals	63,649	110,419	71,899	110,529	80,824	110,785
Overall Totals	FY17 Total :	174,068	FY18 Total :	182,428	FY19 Total :	191,609

Note: In prior submissions, OGC defined workload as the sum of cases pending at the start of the FY plus cases received throughout the year. In an effort to more accurately identify workload trends, we have refined our methodology to separately forecast received and pending cases.

Note: In prior submissions, OGC defined workload as the sum of cases pending at the start of the FY plus cases received throughout the year. In an effort to more accurately identify workload trends, we have refined our methodology to separately forecast received and pending matters. Additionally, the average amount of time required per matter varies amongst the product lines. For example, each employment law litigation matter may require upwards of 45 hours to complete. The hours required can also increase or decrease due to changes in policy or law, a prime example being OGC's average hours for employment law litigation increasing in FY18 due to policies implemented pursuant to the Accountability Act. Other matters may, on average, take far fewer hours to complete. OGC assesses the number of matters pending, the number of matters received, and the average number of hours required to complete the matter in determining workload.

Office of Management

Mission

The Office of Management provides Departmental leadership, stewardship, and oversight, with a vision for being a trusted advisor and partner in the goal of achieving budgetary, financial, long range investment planning and analysis, and capital asset management excellence. To support our primary customers including Congress, Office of Management and Budget, and the Department's three Administrations, Board of Veterans' Appeals, Office of Information Technology and staff offices, we will initiate actions that will continue to improve VA's ability to provide timely, reliable, accurate, quality and cost effective services. We will strive to increase business efficiencies through standardized processes, maintain effective stewardship over VA resources, increase accountability and transparency, and provide oversight of the Department's financial and business functions.

Summary of Budget Request

($ in 000)	**2018**	**FTE**	**2019**	**FTE**
Office of Finance	$37,896	186	$39,105	186
Office of Budget	7,072	39	7,641	44
Office of Asset Enterprise Management	8,262	56	8,308	55
Office of Programming, Analysis and Evaluation	3,002	16	3,778	23
Office of the Assistant Secretary	4,547	9	4,570	15
Total Budget Authority	**$60,779**	**306**	**$63,402**	**323**
Reimbursement:				
Office of Finance	$56,807	14	$56,506	14
Office of Asset Enterprise Management 1/	300	2	300	2
Total Reimbursement	**$57,107**	**16**	**$56,806**	**16**
Total Budgetary Resources	**$117,886**	**322**	**$120,208**	**339**

1/ Enhanced-Use Lease receipts.

- In 2019, Office of Management is requesting budget authority of $63.402 million and 323 FTE to support its mission which includes the highest priorities and initiatives to improve business practices, enhance financial oversight, and strengthen internal controls.

- Office of Management funding also includes $56.806 million from estimated reimbursements, which includes funding to support VA's enterprise wide effort to modernize the Financial Management System (FMS). Details on reimbursements can be found in the Budget Highlights section of this chapter.

Program Description and Accomplishments

The Office of Management (OM), under the leadership of the Assistant Secretary for Management, is a multifunctional organization responsible for directing business activity compliance, budgeting, financial management, long range data-driven program analysis, and capital asset management functions of the VA. The office is comprised of four organizational elements: the Offices of Finance, Budget, Asset Enterprise Management, and Programming, Analysis and Evaluation.

The Assistant Secretary for Management is the Chief Financial Officer (CFO). The functions of the Senior Real Property Officer (SRPO) and Chief Sustainability Officer (CSO) reside within OM.

Office of Finance:

The Office of Finance (OF), under the direction of the Deputy Assistant Secretary for Finance, is currently comprised of approximately 174 staff located in the Offices of Financial Solutions, Financial Policy, Financial Process Improvement and Audit Readiness, and Internal Controls. In addition, there are more than 600 staff at two of VA's Enterprise Centers: the Financial Services Center (FSC) in Austin, Texas, and the Debt Management Center (DMC) in St. Paul, Minnesota. Both of these Enterprise Centers are non-appropriated entities within VA's Franchise Fund.

OF establishes financial policy for all VA financial entities; provides guidance on all aspects of financial management; manages the Department's financial operations at the FSC and DMC; administers the management of VA's charge card programs; and is responsible for VA's financial reporting. OF also manages VA's conference tracking and reporting, which includes the responsibility for developing and delivering Congressionally mandated reports per Public Law 112-154, Section 707 and annual reports as prescribed by OMB Memorandums M-17-08 and monitoring and updating VA conference policies and procedures as required. OF provides financial systems support for maintenance and modification of VA's core accounting system, the Financial Management System, as well as a major effort to migrate from this legacy environment to a new modern commercial off the shelf (COTS) finance and acquisition solution. OF provides oversight of the implementation and support for the new VA Time and Attendance System (VATAS) and the new Conference Oversight and Reporting Knowledgebase (CORK). OF is responsible

for employee travel and relocation, processing payments to vendors, medical claims adjudication and payment processing, payroll processing, expanding electronic commerce and electronic data interchange capabilities, and developing and implementing long–range financial systems initiatives. OF provides Departmental leadership and assistance to VA Administrations and staff offices regarding financial process improvement and audit readiness, as well as remediating audit-related material weaknesses and significant deficiencies. OF also provides oversight of VA's internal control program as required by the Federal Managers' Financial Integrity Act (FMFIA) of 1982, and the internal controls portion of Office of Management and Budget Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (OMB Circular A-123). OF is also responsible for ensuring compliance with improper payments legislation as well as coordinating the Department-wide initiative on the prevention of fraud, waste, and abuse, in compliance with the Fraud Reduction and Data Analytics Act of 2015.
(*Refer to the Franchise Fund Enterprise Centers chapter for budget information on the FSC, DMC, and other Franchise Fund operations.)*

Recent Accomplishments

- Maintained unmodified (clean) audit opinion on VA's consolidated financial statements for the 19th consecutive year.

- Deployed a new time and attendance system, VATAS, to an additional 149,000 employees assigned to 70 stations in seven VISNs which now has over 284,000 active users. VATAS provides more effective and efficient management of payroll processes to meet Federal regulatory and compliance requirements. Additionally, it offers improved reporting that will enabling VA leaders to make more informed decisions.

- Maintained the 30 year old legacy core accounting system, the Financial Management System (FMS). A mainframe based application with 90 interfaces, FMS is relied upon by all of VA for financial transactions. FMS is a challenge to maintain due to age, and lack of manufacturer support, integration, and available expertise.

- Continued the major effort to replace FMS with a modern COTS Finance and Acquisition system. During the year, the program commenced a Business Process Re-engineering (BPR) effort that will continue through the fall of 2018. BPR will be leveraged to:
    - Document current systems architecture.
    - Identify opportunities to consolidate processes to improve efficiencies
    - Ensure the integration and standardization of processes across the Department.
    - Avoid extraneous costs by decommissioning legacy systems and processes.
    - Produce the requirements for changes to all or some portion of the approximately 200 systems and interfaces in the current financial and acquisitions ecosystems.

- Managed VA's compliance activities with regard to the Digital Accountability and Transparency (DATA) Act of 2014. The DATA Act presents a difficult challenge for VA due to the non-integrated, and outdated financial systems environment currently in use. VA will not be able to fully meet the letter of the DATA Act until we modernize our financial management systems. In addition, OF analyzed key requirements of the DATA Act and developed strategies and methodologies to comply where possible, while informing the modernization effort to ensure the selected FSSP is able to overcome obstacles upon implementation of the new system.

- Developed and implemented corrective actions to reduce improper payments and increased oversight and accountability to progressively work towards compliance with the Improper Payments Elimination and Recovery Improvement Act. Obtained Office of Inspector General and OMB approval to discontinue improper payments reporting for four programs that did not meet the threshold.

- Implemented an initiative to detect and prevent fraud, waste, and abuse and (1) established the VA Prevention of Fraud, Waste, and Abuse Advisory Committee, which will provide insight into best practices from the private and public sector; (2) partnered with Centers for Medicare & Medicaid Services (CMS) to replicate their investigation process and utilize their data to identify medical providers with performance issues; and (3) worked with Treasury to analyze VA's Choice program and diagnose gaps between VA and industry best practices.

- Improved tools and templates to guide VA through the annual internal controls assessment and Statement of Assurance Process to include development of a revamped Entity Level Internal Control Assessment tool and guidebook and also shifted the OMB Circular A-123, Appendix A approach from a cyclical, programmatic assessment method to a risk-based continuous monitoring approach. The new approach resulted in documentation of six business process cycle memos, documenting the lifecycle of financial transactions.

- Updated over 150 policy chapters in support of VA operations and financial processes. VA financial policies are reviewed on a continuous basis to ensure they provide accurate and clear guidance based upon current laws and regulations.

- Created a Department-wide notification system that alerts employees via email when policy changes occur.

- Redesigned the Agencies Financial Report (AFR) to improve readability, use visual depictions to increase awareness of the Secretary's priorities and goals, and cover major activities that have served Veterans. Significant events this year, including the considerable support VA provided to Veterans and their communities in response to hurricanes Harvey and Irma are examples.

- Developed a financial reporting mechanism that combines data from VA and Treasury systems allowing complex reconciliations and analysis in a more timely fashion.

Office of Budget:

The Office of Budget provides strategic and operational leadership in the development and execution of the Department's budget. The Office provides policy guidance, technical assistance, and Department-level oversight of all program budgets to ensure accuracy and consistency with policy, law, and regulation. The Office also provides the Department with an impartial forum to discuss and resolve budgetary issues to ensure Veterans' programs are carried out in an efficient and effective manner.

Recent Accomplishments

- Ensured the accurate and informed submission of VA's budget request to OMB and the President's Budget request to Congress, while serving multiple roles as coordinator, examiner, mediator, advisor, broker, and advocate**.**

- Successfully coordinated monthly budget execution reviews with the Administrations and staff offices. Reviews included an assessment of budget status, funds allocation, initiatives, performance, workload, risk assessments, budget adjustments and lessons learned, providing a comprehensive way to monitor the planning and execution of VA's budget.

- In order to achieve efficiencies and improve the overall management of the Gen Ad budget, the Department consolidated all core budget functions of the Staff Offices in the Office of Budget (OB) beginning in 2018. This initiative was a part of the Department's Modernization effort to reduce duplication of efforts, increase efficiencies, and improve the formulation and execution of VA's budgets. No additional resources were needed and the Department realized over $1 million in savings through the consolidation that could be redirected toward emerging Secretarial priorities in the Gen Ad account.

- Developed a Department-wide workflow tool to manage the publication of VA's Congressional Justification volumes in coordination with the Office of Management and Budget.

- Initiated a Department-wide Apportionment Management system to improve productivity and increase responsiveness to audit inquiries.

- Established the proof of concept for a Pilot Budget Database and completed the construction at a low cost using a VA-owned server space and technology. The development work also assisted VA's FMBT initiative, Office of Program Analysis and Evaluation, and the Data Act reporting efforts by providing data structures and a Common Budget Data Upload Sheet to serve all data mapping requirements.

Office of Asset Enterprise Management:

The Office of Asset Enterprise Management (OAEM) serves as VA's Departmental lead responsible for the corporate-level capital asset management function. This function includes serving as the principal policy office and business advisor regarding capital investment selection, via the Strategic Capital Investment Planning (SCIP) process, portfolio management and capital asset disposition. Additionally, OAEM provides guidance, standards, and technical expertise and adheres to sound business practices in supporting VA's strategic goals. Moreover, OAEM ensures compliance with all Federal real property and capital asset reporting and statutory requirements and produces a SCIP Long Range Capital Plan.

As part of its asset management activities, OAEM serves as the policy and program office for VA's Energy Management Program (EMP), helping ensure VA meets performance and reporting mandates in the areas of energy and water management, vehicle fleet management, and environmental management. Additionally, OAEM serves as the policy, program, and application office for VA's Enhanced-Use Lease (EUL) program.

Recent Accomplishments

- OAEM led efforts to participate in President's Infrastructure Initiative by developing VA-specific reforms that would advance mission goals and provide alternative means to invest in VA's infrastructure. OAEM, in collaboration with CFM, VHA, OGC, NCA and VBA collaborated to develop distinct proposals for innovative legislation and modernization for consideration by the President's Infrastructure Initiative. The new infrastructure initiatives that were collaboratively developed will provide flexibilities for VA to leverage existing assets to continue its efforts to reduce the number of vacant buildings its inventory and flexibilities to leverage VA assets for the construction of needed new facilities to serve Veterans. In addition, President's Infrastructure Initiative supports a proposal to increase the threshold level for Congressional approval of VA major medical facility leases to align with the General Services Administration lease threshold. This threshold increase would greatly benefit VA by streamlining VA's leasing process allowing VA to more quickly and efficiently deliver needed facilities to provide care and services to Veterans.

- VA is working towards the goal of high performing networks that take into account current and future services by integrating community care and VA-provided healthcare. OAEM, in collaboration with VHA, partnered with private sector healthcare experts to design an objective, integrated healthcare delivery approach looking at Veteran population, demand, and internal and external health care resources and capacity. A national infrastructure realignment strategy will follow and be used to inform VA's capital planning efforts and develop a nationwide investment/divestiture plan.

- OAEM initially developed the SCIP process for the 2012 budget process, and that process continues to be refined each year. The 2019 SCIP process provides an annual Department-wide long-range capital plan which identifies specific capital investments over a 10-year planning horizon. Funding and implementation of these investments would meet projected performance gaps and provide improved quality service and benefits delivery to Veterans. The SCIP process produces a defensible, data driven capital plan which demonstrates requirements consisting of over 4,500 projects requiring over $50 billion in capital requirements to address gaps in VA's infrastructure. Each year over 1,000 budget year capital projects contained in the long-range plan are submitted, reviewed, scored, prioritized, and considered for funding.

  OAEM continues to update and refine the SCIP process to ensure that the long range Action Plan reflects current the Secretary's priorities such as modernization of infrastructure. Additionally, efforts have been made to update SCIP to improve the agility of the capital programs to support investment needs and maintenance of existing infrastructure, increase execution flexibility, and lessen administrative burden on the field. Efforts to remove unnecessary administrative burden include elimination of the requirement for Business Cases in the NRM Program and utilizing Admin / VISN priority as the most significant input into SCIP scoring for all capital programs (major, minor, NRM, leasing).

  Finally, 2019 SCIP decision processes were re-aligned to support the Secretary's priorities which include modernization of VA's infrastructure and services; Veteran access to VA foundational services; support for delivery of care through community providers; and improvement of the condition of VA's extensive infrastructure.

- OAEM staff assists the SCIP Panel and Board with SCIP related activities, including scoring all business cases using decision criteria and weights established by Senior VA leadership. The scores assigned to individual projects allow VA to develop integrated and prioritized lists of capital projects for inclusion in the 2019 budget request. Additionally, OAEM continued to lead the Capital Program Requirements Management Process (CPRMP), a change control process that was implemented in 2014 to ensure any changes to VA construction projects are consistent with VA leadership direction and with existing and potential SCIP gaps. The Construction Change Control Process requires that sequential reviews take place for major construction projects scored and funded through the SCIP process to ensure that robust control mechanisms exist throughout project development execution. The approved SCIP business case serves as the control document for potential changes in project scope (space and programs) prior to submission of a budget prospectus to Congress. The budget prospectus serves as a controlling document once the project is included in a VA budget request. CPRMP guidance requires all major construction projects to be reviewed to ensure project scope is in line with the SCIP approved scope, prior to 35% and 95% design completion.

- OAEM is responsible for corporate management of VA's real property inventory. This includes collection and reporting of inventory and performance information on all buildings, structures, and land to the Federal Real Property Council, and other key internal and external stakeholders. OAEM is the key point of contact to respond to Office of Management and Budget (OMB), General Services Administration (GSA), Government Accounting Office (GAO), Congressional, and external media inquiries related to the state and usage of our real property assets. OAEM oversees maintenance and enhancements to data systems used to manage VA's real property portfolio. These systems, which include the Capital Asset Inventory (CAI) and SAT, provide reporting and analytical capabilities to support Departmental and external initiatives. OAEM continues to focus on creating system enhancements to better report and track lease progress. Since June 2015 when OAEM created its Lease Obligation accountability report, OAEM has seen over 75% of the issues identified in the report cleaned up as of the end of 2017. New CAI data fields/enhancements related to Intra-Agency Agreements space identification, Space Department categorization, and Lease Status changes were incorporated in 2016. A shared space tab was created to better account for and manages Intra-Agency space that is shared among VA organizations. Additionally, shared spaces are now at the floor level to better associate space to an existing VA tenant arrangement or to an external, non-VA tenant. Another major enhancement to CAI was to have VHA Space department listings simplified to reflect typical spaces, consolidate similar spaces, and rename space categories to better align with real operational use of space. As part of its annual data call to the field, OAEM also issued a comprehensive discrepancy report highlighting missing and questionable agreement data and calling for updated agreement information from the field.

- VA recently launched an initiative to address the vacant buildings it currently has in its real property portfolio. The effort focuses on 430 identified vacant buildings, with a goal of initiating disposal or reuse actions on these buildings within 24 months (~ June 2019). This effort brings together a number of on-going initiatives, such as Reduce the Footprint, engagement with GSA for property disposal, historic outleasing, and Enhanced-Use Leasing, into a single, centrally managed process. OAEM is leading the effort, with support from a number of VA offices, to push forward on reusing or disposing of these buildings. VA has already made great progress, initiating actions on more than 111 buildings by the end of 2017. In support of the initiative, VA provided quarterly updates to Congress and interested stakeholders to keep them informed of the progress.

  OAEM also led the effort to identify candidate properties for disposal or consolidation as part of the Federal Asset Sales and Transfer Act of 2016. In November 2017, OAEM, on behalf of VA, submitted approximately 15 projects, encompassing 107 buildings, 551 acres, and 2.3 million square feet to GSA and OMB for consideration. This submission was very aggressive and was the largest submission of executive branch agencies.

- The Energy Management Program (EMP) within OAEM coordinates agency-level policy and planning for energy and water management, environmental compliance, and vehicle fleet management. Through EMP programs, projects, and studies, VA is saving millions of taxpayer dollars on electricity, gas, and water costs, has reduced energy intensity by 3.6% between 2015 and 2016, and has decreased water intensity by 30%, since 2007. Through competitive utilities purchasing, VA has saved $239 million to date. Also through EMP, VA has awarded $404 million in needed infrastructure upgrades at 47 facilities using private-public partnerships that require no up-front appropriations and contribute towards increasing the reliability and resiliency of VA facilities. These projects, accomplished via energy savings performance contracts (ESPCs) and utility energy service contracts (UESCs), are expected to translate into $738 million of taxpayer savings over the life of the contracts ($29 million annually), reducing components of facility energy usage by an average of 28% and water usage by an average of 17%. ESPCs and UESCs allow energy services companies and utilities to install energy and water conservation measures at no upfront cost to VA. VA makes annual payments from the savings generated by the improvements over the life of contract. The pipeline of ESPC and UESC projects currently in development represents an additional $650 million in needed energy and water equipment and system upgrades. Through EMP, VA has implemented renewable and clean energy projects at over 100 VA facilities. These projects provide VA with more resilient, efficient, and cleaner power and saves VA money in utility costs. VA has installed alternative fueling stations (including compressed natural gas, ethanol, biodiesel, and electric vehicle charging stations) at 91 sites. As part of VA's commitment to promoting Veteran opportunities, many EMP-funded projects have been performed by service-disabled Veteran-owned small businesses, and Veteran-owned small businesses.

- VA currently procures the majority of necessary leased space to meet the needs of Veterans using delegated authority from the GSA. OAEM is the agency lead within VA on obtaining lease delegations for all leasing actions from GSA. OAEM has enhanced the review process to ensure complete and correct delegation requests are sent to GSA. OAEM's enhanced review process has sped up the delegations provided by GSA by over 30 days since implementation. To date, OAEM has facilitated the award of more than 1,000 individual lease delegation requests from GSA since July 2014. Last year OAEM established a single integrated SharePoint based review process called the Enterprise Lease Management Tool (ELMT). The ELMT has been further enhanced this year to provide automated notification both internally to Lease Contracting Officers and externally to GSA with updates to the review status of lease delegation requests. In addition, the ELMT was expanded to handle post-award requirements for lease delegations, where OAEM can verify and validate that the proper steps were followed to submit required documents to GSA. OAEM provided training to the field for the new post-award requirements, including the use of the ELMT to support the review. These enhancements have helped VA continue to manage and improve upon its GSA delegation program oversight.

- VA finalized long-term agreements for seven EULs in 2017. These EULs will provide a total of 244 new supportive housing units for Veterans. Each EUL housing project is structured to provide either permanent or transitional housing for homeless, at-risk, senior or disabled Veterans. In many cases, the housing is designed to also accommodate families of resident Veterans. VA continues to leverage the EUL program to support the Department's mission, operations and strategic goals, such as ending chronic Veteran homelessness. EUL continues to be an integral tool to help VA effectively manage its real property portfolio. Since 1991, VA executed a total of 99 EULs to develop supportive housing facilities, hospice centers, mental health facilities, office buildings, parking facilities, energy plants and childcare facilities. OM is currently in the process of completing 8 EULs that are under construction to deliver 508 housing units. VA is also working towards a goal of 5,000 housing units by 2020. VA continues pursuing draft legislation to expand the capabilities of VA's EUL program to allow VA to further repurpose vacant and underutilized properties, beyond supportive housing to reduce the financial burden to maintain these properties. If authorized, the proposed bill would expand VA's current EUL authority to allow a full range of uses consistent with VA's mission. This legislation it still a priority for the Department and would give VA more opportunities to engage the private sector and local governments to truly enhance the Department's use of currently underutilized property.

- In May 2017, OAEM completed the first of many homeless housing EULs on the grounds of the VA medical center in West Los Angeles. The EUL was for 54 units of housing for chronically homeless Veterans in Building 209. The 2015 Draft Master Plan for the Great Los Angeles Health Care System (GLAHCS) West LA Campus outlined a plan for providing a total of 1,200 units of supportive housing and OAEM is proceeding with executing the first phase of that plan consisting of approximately 490 units of housing to be delivered over the next five years, with the balance of housing to phased in over the next 10 years.

Office of Programming, Analysis and Evaluation:

The Office of Programming, Analysis and Evaluation (PAE) facilitates long range programming and provides data-driven, transparent, independent analysis to facilitate investment decisions by VA leadership, aligning resources to provide outcomes for Veterans. As part of its programming responsibilities, PAE evaluates and validates program requirements, 5-year resource projections, and multi-year programmatic trade-offs. PAE also conducts independent program analysis and evaluation, and independent cost estimates, as directed by senior leadership. PAE is comprised of two service areas: the *Programming Service* and the *Analysis and Evaluation Service*. PAE's mission is to improve service to our Veterans by enabling VA's leaders to make evidence-based decisions.

Recent Accomplishments

PAE contributed to the establishment of programming excellence; strategic resource allocation; and stewardship of VA resources with the following actions:

- Published the Department of Veterans Affairs Cost Analysis Policy in response to 2012 GAO audit findings.

- Allocated resources towards configuration and business re-engineering services to modernize how the Department conducts, documents, and manages resource allocation decisions for the 5-future year program.

- Performed a Life Cycle Cost Estimate on the Homeland Security Presidential Directive (HSPD)-12 program.

- Conducted an independent assessment of Office of Operations, Security, and Preparedness' (OSP) Security Investigations Center (SIC) Centralized Adjudication Facility (CAF) plan and associated cost savings data.

- Performed a Facility Condition Assessment Analysis to include a review of Non-Recurring Maintenance (NRM) and Maintenance and Repair (M&R) dollars.

- Developed a discrete-event simulation that models the operations of the VBA Claims Process.

- Reviewed and provided guidance from a cost perspective on over one hundred LRPs for VA upper management.

- Reviewed and assessed the Financial Management Business Transformation (FMBT) Life Cycle Cost Estimate (LCCE).

- The Analysis and Evaluation Service performed an exhaustive update of the Eliminate Veteran Homelessness (EVH) Cost Benefit Analysis (CBA).

- Developed a VA Healthcare Provider Optimization Model that promotes efficient resource allocation of healthcare providers and determines issues, model structure, data required, and capabilities within such a model.

- Participated in VA Modernization Integrated Project Teams (IPTs) to assist in planning and costing of the various programs involved.

Budget Highlights

The 2019 request of $63.402 million in budget authority (BA) will provide:

- The Office of the Assistant Secretary with $4.570 million to support 15 FTE to continue the current level of operations and to sustain efforts in critical Department wide initiatives underway in OM.

- The Office of Finance with $39.105 million to support 186 FTE (plus reimbursable authority for 14 additional FTE for a total of 200 FTE) to continue providing financial management services to the Department. The 2019 budget supports the following activities:

  - Financial Management System (FMS) Modernization - $10.8 million for dedicated subject matter experts (SMEs) to manage planning activities, develop systems requirements, and coordinate business process re-engineering to modernize VA's legacy FMS. The current software is 30 years old and imminent failure presents significant risk to VA. Should FMS fail or otherwise become inoperable, it would impact the Department's ability to execute its budget, pay vendors and Veterans, and produce financial statements.
  - FMBT Training - $1 million for comprehensive training for all Finance, DMC, and FSC staff on the new financial and acquisition system.

  The request also supports services for financial policy, analysis, statement preparation, reporting, systems support and maintenance, operations, charge card programs, financial process improvement, conference planning and execution, audit readiness, and leadership for remediation of audit-related material weaknesses and significant deficiencies. This budget authority will also provide resources to enhance financial skills of VA employees through certification and training.

- The Office of Budget with $7.641 million to support 44 FTE in the formulation and execution of VA's budget. This funding level allows for budgetary analysis and oversight for an increasingly complex budget. This request will allow the Department to make informed and cost-effective decisions in carrying out VA's mission in a transparent manner.

- The Office of Asset Enterprise Management with $8.308 million to support 55 FTE (plus reimbursable authority for 2 additional FTE through expected EUL proceeds for a total of 57 FTE) to continue providing services as the principal policy office and business advisor for investment selection and execution, portfolio management, and disposal of VA capital assets. The enhanced funding level request supports required additional staffing to provide management policy and oversight responsibility for Department facilities leases. OAEM will continue coordinating public-private ventures through the EU leasing program and

coordinating energy, environmental and fleet management efforts through oversight of the Department's implementation of energy and water conservation, renewable energy development, environmental compliance and management systems, and fleet utilization and efficiency at its facilities.

- The Office of Programming, Analysis and Evaluation with $3.778 million to support 23 FTE to: revise multi-year, functionally integrated requirements; conducting capability gap analyses; assess and prioritize program proposals with weighted criteria to measure achievement of strategic plan goals, objectives, and strategies; and identify options for trade-offs to inform the budget formulation. It will also support PAE's efforts to institute cost analysis requirements and strengthen VA's cost estimating and institutionalize cost-estimate driven program management. PAE's funding includes the following:

    - $0.8 million for an additional 5 FTE to establish initial operating capability for a new Manpower Management Office. This office will ensure adequate policy, guidance and oversight is in place to standardize manpower management across the Department and that manpower requirements are vetted through the Planning, Programming, Budgeting, and Execution processes.
    - $0.5 million for an additional 3 FTE to ensure compliance with the Department's Cost Policy, to review, analyze, evaluate Life Cycle Cost Estimates and conduct ad hoc independent cost estimates for major investments as a result of modernization efforts, and to begin implementation of a modern Resource Allocation Database to maintain prior, current, and future years resource and reprogramming decisions.

The 2019 budget includes $56.806 million in reimbursable authority as follows:

- OF with $49.0 million for financial and acquisition transformation and modernization. VA will migrate from its 30 year old legacy financial system to a modern COTS system. OF collects reimbursements from each VA Administration and staff office to support the effort.

- OF with $7.506 million, of which $2.4 million supports 4 FTE and expenses for the Grant Audit team, $2.7 million supports 10 FTE and expenses for the Stop Fraud Waste Abuse team, and $2.4 million is for contractor support associated with testing internal controls over VA's financial reporting.

- OAEM with $300,000 and 2 FTE from expected EUL receipts to support corporate-level capital asset management.

Summary of Employment and Obligations

Summary of Employment and Obligations (dollars in thousands)					
		2018			
	2017 Actual	**Budget Estimate**	**Current Estimate**	**2019 Estimate**	**Increase Decrease 2019 v 2018**
Average Employment	254	312	322	339	17
Central Office	185	235	217	234	17
Field	69	77	105	105	0
Obligations:					
Personal Services	$40,436	$44,917	$47,871	$49,987	$2,116
Travel	550	991	757	753	-4
Rents, Communications & Utilities	457	744	40	40	0
Printing & Reproduction	34	34	34	34	0
Other Services	46,487	69,069	76,326	69,252	-7,074
Supplies & Materials	112	180	122	130	8
Equipment	3	33	12	12	0
Total Obligations 1/	**$88,079**	**$115,968**	**$125,162**	**$120,208**	**-$4,954**
Reimbursements	*-33,538*	*-58,239*	*-57,107*	*-56,806*	301
SOY Unobligated Balance (-)	*-895*	*0*	*-7,276*	*0*	7,276
EOY Unobligated Balance (+)	*14,168*	*0*	*0*	*0*	0
Budget Authority	**$67,814**	**$57,729**	**$60,779**	**$63,402**	**$2,623**

1/ 2017 Actual and 2018 Estimate's total obligations include prior year carryover.

The net new budget authority for 2019 is $2.623 million and 17 FTE above the 2018 current estimate. This increase will allow OM to manage and implement programs efficiently, and deliver critical services more effectively. This request includes the following funding increases:

- $1 million for FMBT training.
- $0.8 million and 5 FTE to support a Manpower Management Office.
- $0.5 million and 3 FTE to improve data driven analysis and ensure compliance with the Department's Cost Policy.
- $0.323 million for non-pay inflation.
- OM's reimbursable authority primarily supports FMS replacement and strengthening audit controls.

Human Resources & Administration

Mission

The Office of Human Resources and Administration (HR&A) leads the development and implementation of human capital management strategies, policies, and capabilities that result in an accountable, skilled and engaged workforce that provides excellent customer services to Veterans and their families.

Summary of Budget Request

($ in 000)	2018	FTE	2019	FTE
Budget Authority:				
Office of the Assistant Secretary	$2,894	11	$2,922	11
Office of Management, Planning & Analysis	$8,166	45	$8,245	45
Office of Human Resources Management	$15,746	97	$15,899	97
Office of Administration	$30,913	68	$31,215	68
Office of Labor-Management Relations	$3,853	19	$3,891	19
Total Budget Authority	**$61,572**	**240**	**$62,172**	**240**
Reimbursement:				
Senior Executive Management	$6,324	28	$6,324	28
Office of Resolution Management	$47,668	296	$48,431	296
Human Resources Shared Services	$54,614	50	$55,712	50
Miscellaneous Reimbursements	$22,761	48	$23,476	48
Total Reimbursement	**$131,367**	**422**	**$133,943**	**422**

In 2019, HR&A requests budget authority (BA) in the amount of $62.2 million and 240 Full-Time Equivalent (FTE). Reimbursements in the amount of $133.9 million will allow for total HR&A obligations of $196.1 million. A total of 422 FTE will be required to support all reimbursable HR&A human capital capabilities.

Office of the Assistant Secretary (OAS)

The Assistant Secretary for Human Resources and Administration (AS/HR&A) provides oversight and strategic direction for VA's human resources policies, programs, and practices. In addition to serving as the Chief Human Capital Officer

(CHCO) and Equal Employment Opportunity (EEO) Director for the Department, AS/HR&A serves as the Designated Agency Safety and Health Official (DASHO) and is responsible for administration of the Occupational Safety and Health and Workers' Compensation Programs. The AS/HR&A also serves as VA's Dispute Resolution Specialist as required by Federal law and is responsible for Alternative Dispute Resolution policy and oversight.

Recent Accomplishments (OAS):

- Began efforts to restructure the HR&A workforce and build an improved organization designed to support and sustain HR excellence across the Department. This included realignments and reassignments to create the foundation for a HR Shared Services organization that strengthens HR&A capabilities to perform strategic human capital work focused on enterprise-wide integration, modernization, clear policies, and improved governance and accountability.

- Established a Human Resource Modernization team that developed and integrated an enterprise solution for HR capabilities that maximized the use of shared services and improved efficiency, effectiveness, and accountability while fostering stronger service to Veterans.

Management, Planning, and Analysis (MP&A)

MP&A is a new organization resulting from the consolidation of functions and resources from the HR&A Program Offices. MP&A provides mission support for strategic planning, programing, budget formulation and execution, acquisition and program management, and shared services to support VA's strategic goals and priorities. MP&A priorities focus on development of policy, practices, standard operating procedures, job aids, and training for financial management, program management, strategic planning, organizational performance, and the synchronized and integrated internal controls required to ensure compliance with statutory requirements.

MP&A additionally provides visibility and governance of HR&A functions, to include:

- Oversight of all funding sources – budget authority and reimbursable authority
- Government Accountability Office, Inspector General, and Office of Personnel Management (OPM) recommendations
- Risk Management
- Conference Certification
- Government Purchase Card Program Coordination
- Program/Project Management

Recent Accomplishments (MP&A):

- Increased efficiency and effectiveness through identification and documentation of financial management processes, controls, and stakeholders. MP&A has improved transparency and accountability by developing processes to plan and execute current and future year budgets, and consistently track and report on historical and current year budgets.

- Developed HR&A's reimbursable agreements, crafted HR&A's budget operating plans and successfully executed its budget responsibilities.

- Executed the 2017 Acquisition Plan and supported HR&A with Acquisition Package Development and Virtual Office Acquisition (VOA) inputs.

- Lead the development of 2019-2023 Capabilities Requirements Planning which provides guidance to Program Offices regarding requirements gap analysis.

- Developed the 2018-2019 Human Capital Operating Plan (HCOP) and integrated it into the VA operating plan while ensuring HCOP is aligned with VA Agency Strategic Plan, Agency Reform Plan, Human Resources Modernization, and the Accountability Act.

- Established metrics and targets/goals to measure HR&A Organizational Performance monthly, quarterly and annually, as well as managed Congressional inquiries for HR&A.

- Supported the Childcare Subsidy Program participation levels from 1,578 VA employees in 2016 to approximately 1,998 as of the end of 2017 -- a 26 percent increase.

Corporate Senior Executive Management Office (CSEMO):
Since its establishment in 2009, CSEMO has worked on behalf of the Secretary to ensure consistency, equity, and transparency of VA's Executive workforce. CSEMO provides a centralized approach to executive life-cycle management, including allocation and position management, selection and retention, assessment, compensation, performance management, and training and development for over 600 Senior Executive positions across the Department. VA executives are responsible for leading 170 VA medical centers, overseeing the distribution of billions of dollars of benefits to Veterans and 56 Regional Offices, ensuring Veterans have a final resting place in national, state or tribal cemeteries, and providing mission support in areas such as finance, human resources, information technology, acquisition, and legal services.

To successfully execute the personnel services required for VA's executives, 28 FTE are required. These FTE conduct staffing and hiring processes to include political appointments, Executive Resources Boards, compensation (pay setting), incentives and position management. They administer programs such as: Onboarding, Executive Coaching, Retirement Seminars, Performance Management and Strategic Leadership Courses (SLCs) in support of the Secretary's goal of becoming the employer of choice. Other major functions include: Management of the Presidential Rank Award Program, administering the VA Secretary's Honor Awards (Distinguished Career, Meritorious Service, Exceptional Service) for Senior Executives, and facilitating the merit staffing process for the Candidate Development Program.

Recent Accomplishments (CSEMO):

- Conducted minimum qualifications review of 4,754 applications; issued 56 vacancy announcements via USAJOBS, which included 3 national announcements for Medical Center Director positions in 27 locations; facilitated 42 Executive Resources Boards (ERB); and executed 204 hiring actions, a 17% increase over 2016 and a 300% increase over 2015. The breakdown of the 2017 actions included 34 reassignments, 58 competitive appointments, 2 transfers, 5 Candidate Development Program (CDP) appointments and 3 reinstatements; 27 Veterans Law Judges, 2 Senior Levels, and 5 Limited-Term Senior Executive Service (SES), 29 Political Appointees, and 39 Title 38 Appointments. In addition, CSEMO processed 27 retirements and 23 separation/resignation counseling sessions; provided 226 benefits estimates and 43 counseling sessions (retirement, benefits and benefit estimate reviews).

- Provided recommendations allowing the Secretary to make informed, timely decisions to reward high performing leaders and ensure meaningful distinctions in performance. CSEMO ensured VA maintained its OPM performance management certification for 2017; critical element of the Department's ability to attract and retain exceptionally qualified senior executives.

- Provided full management and resources support to senior executives, to include:
  - Virtual and in-person orientation briefings to nearly 100 new appointees/hires.
  - Onboarding and development (Senior Leadership Courses I and II) that provide insights into VA's mission, culture, organizations, and core values (ICARE); ethical leadership, standards and expectations; potential derailers; techniques to develop strategic decision-making, critical-thinking, and leading change skills. In 2017, CSEMO conducted three SLC I programs for 57 executives and two SLC II programs for 42 executives.
  - Offering executive coaching to 108 executives who started new coaching engagements and collectively completed over 2,000 hours of coaching.
  - Publishing policy and guidance; executive biographies, hosting Senior Executive Webinars, and an improved website.
  - Coordinated three Retirement Planning Orientations to include Civil Service Retirement System, Federal Employees Retirement System, and Estate Planning for VA SES, SLs, and other appointees.

- Created a Status of Vacancy (SoV) recruitment and hiring information system to streamline the ability to compare the desired attributes of certain positions or groups of positions with potential candidates.

- In addition to SoV, CSEMO began developing two other tools including:
  - Position Management (Manning Document) Tool: to automate the position management process by capturing approved positions with associated data (pay band, location, incumbent, etc.) and linking it to the SoV tool to ensure that recruitment actions are limited to approved positions only.

- SES Predictor Tool: to track favorable and unfavorable behaviors and a tracking tool to provide CSEMO an opportunity to advise the Executive of appropriate development opportunities.

Office of Human Resources Management (OHRM):
OHRM develops Department-wide policies, programs, and practices relevant to VA employees including the fundamental human resources functions of staffing, classification, compensation, workforce planning, employee relations, and performance management, benefits, oversight, human resources information systems, recruitment and placement, and human capital planning.

Recent Accomplishments (OHRM):

- Established a Center of Excellence (COE) to strategically address recruiting and hiring challenges and improve HR business processes, operations, and service delivery. The COE's efforts helped HR professionals and managers ensure recruitment efforts resulted in candidates with the requisite skills, resulting in 641 job offers and 393 new employees, most of whom will directly support the Board of Veterans Appeals' backlog.

- Successfully leveraged HR·Smart to process the 2017 Annual Pay Raise for all VA employees - the first time HR·Smart has processed actions for all VA employees.

- Completed an agency-wide HR Information Technology Capabilities Inventory to collect information about VA's external and internal HR technology (systems and tools). The information will help consolidate and analyze potential technical portfolio gaps, business process needs, and redundancies to define an HR technology vision that considers specific customer needs and a collective VA vision for efficient HR.

- Worked with Veterans Health Administration (VHA) Human Resources Management and Consulting Services to realign approximately 6,268 employees under Office of Information and Technology previously situated throughout 20 different Veterans Integrated Service Networks and Veterans Benefits Administration in HR individual servicing HR Offices.

  Continued implementation of a new USA Staffing system across VA's Human Resources Offices. The new system will improve timeliness in hiring quality candidates by facilitating direct collaboration between HR professionals and hiring managers. It will also enhance job analysis and assessment capabilities through competency-based assessment features, Position Description and Item Libraries, and a Competency and Task Database. Competency Assessment Upgrade (CAU) will expand reporting and workload management using built-in task-based workflow and timeliness metrics. Further, CAU introduces a streamlined, modern, and user-friendly interface design.

- Assisted in the reorganization of VHA's Supply Chain function which serves to create an organizational structure designed to improve efficiency in the delivery of supplies and resources to medical facilities worldwide.

- Implemented Compensation policy to increase special salary rate supplements from 60 percent to 69 percent and added guidance and pay flexibilities for the VHA Physician and Dentist Pay System. This positively impacted VHA's ability to recruit health care professionals. Additionally, 358 special salary rate schedules and 672 Nurse Locality Pay System schedules were approved and implemented in 2017.

- Conducted 18 human capital management assessments and 1 delegated examining review of HR field offices to assist local staff in improving effectiveness and ensuring compliance with Federal statutes and regulations. Additionally, OHRM implemented a community of practice site to promote HR accountability, provide updated field office checklists and other quality review resources, and encourage information sharing. As a result, OHRM issued 18 reports for reviews and assessments from 2016 and 2017, and closed 19 reports and 221 required actions.

- Provided technical guidance to HR offices in support of workforce restructuring strategies. OHRM prepared and submitted requests for Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Pay (VSIP) authority, ultimately offering 9 VERA/VSIP allocations.

- Aggressively promoted the hiring of Veterans through a comprehensive outreach strategy that included hosting over 30,000 Veterans and transitioning servicemembers at over 20 events, and by leveraging referrals from White House and Congressional Veteran inquiries, VA Executive leadership, VA for Vets website, VA for Vets Facebook contacts, OPM's Feds Hires Veterans website, and telephone contacts.

- Provided recruitment, staffing, and marketing support to Federal partners to fill mission critical positions to include marketing over 100 opportunities, reviewing over 2,500 applications, and issuing over 180 referral certificates.

- Provided informational webinars to over 1,500 Human Resources Practitioners and VA personnel law attorneys concerning the VA Accountability and Whistleblower Protection Act of 2017. In addition, developed tailored resources to explain the Act, including responses to frequently asked questions, sample letter templates, and flow charts depicting processes to address performance and conduct deficiencies.

- Facilitated and processed over 50 appeals filed by Title 38 employees in response to major adverse actions such as suspensions, reductions in grade/pay, discharge, due to performance or conduct deficiencies related to professional conduct or competence.

Office of Administration (OA):
OA provides quality services to VA employees both nationally and for the VA Central Office (VACO). National program responsibilities include: VA Occupational Safety and

Health and Workers' Compensation (WC) Programs, VA Transit Benefits Program, VA Personnel Accountability System (VA-PAS), and White House Executive Correspondence. VACO responsibilities include leasing and space functions, transportation, mailroom, property accountability, warehouse, and labor support services, facilities services, health unit/fitness center operations, and audio/visual and media services. OA serves as the facility site manager for 1.7 million rentable square feet in 9 Washington-area leased locations and manages special projects in support of the VACO community.

OA focuses on providing a corporate approach to promoting the safety and well-being of VA employees, patients, and visitors through awareness, injury/illness prevention, and programs in the workplace. Activities include: promotion of VA's safety culture, dissemination of occupational health and safety information, and efforts to increase productivity and flexibility through mobile workforce strategies.

Recent Accomplishments (OA):

- Led effort to improve safety across VA, reducing the injury and illness Lost Time Claim Rate by 12 percent compared to last year (declined to lowest rate on record at VA) to far exceed the Presidential and Department of Labor federal agency goal of 1 percent.

- Reduced workers' compensation case backlog across the Department by aggressively returning employees with work capacity back to work to save VA $22 million in medical chargeback and compensation costs compared to last year.

- Achieved a 92 percent participation rate in the Pharmacy Benefits Program, saving VA $1.3 million in medical compensation chargeback costs year to date, June 2017.

- Implemented electronic record filing across VACO including digitization of over 12 million images (i.e., paper files, microfiche, and microfilm) which significantly reduced paper-based filing, optimized office space, and repurposed almost two thousand square feet of physical storage space.

- Completed five space optimization projects across the VACO campus to increase facility occupancy rates, use space more efficiently and place over 200 additional FTE without growing the existing footprint.

- Strengthened controls over accountable property and completed 100 percent of all 2017 physical inventories for over 78,000 line items valued at $105 million for 46 VACO campus buildings accounting for 98 percent of assets.

- Successfully implemented the new MAXIMO Asset Management System for property accountability across the VACO campus to achieve maximum efficiency in asset management by managing all asset types on a single software platform.

- Processed over 2 million pieces of correspondence through the VACO mailroom to

include date stamping and express mail services to properly record and track Veterans' records for accountability and control purposes, and provide timely delivery of benefits and services.

- Transitioned management of the VA Transit Benefit Program to a new service which improved application processing time by 75 percent, will save VA almost $800 thousand in program administrative fees, and cost avoided an additional $3 million compared to 2016 program funding.

- Oversaw $17 million Lafayette Modernization Project, consisting of a 195,000 square feet building renovation, which relocated over 1,200 FTE, reduced VA presence in four buildings and terminated two leases, eliminated 226,000 square feet from the VACO space inventory and cost avoid $10.6 million in annual rent charges.

- Conducted a comprehensive training need assessment in response to FEVS feedback to include assessing current state of OA training and developing 18 competency models to identify the skills needed for excellent performance and close proficiency gaps. Results were used to set training objectives, direct resources to areas of greatest demand, and create a plan to address highest priority training requirements.

Office of Resolution Management (ORM)

ORM works to promote a discrimination–free work environment that is focused on serving Veterans by providing timely processing complaint in a timely manner processing through early resolution, education, training, and prevention methods. ORM has five product lines: (1) Equal Employment Opportunity (EEO); (2) Alternative Dispute Resolution (ADR); (3) Harassment Prevention; (4) External Complaints; and (5) Training. These lines support the key elements of an EEO program – prevent and resolve complaints, remedy discrimination, and legal compliance.

Through a national network of district offices, ORM provides timely and fair resolution of EEO complaints for VA employees, applicants for employment, and former employees. ORM resolves complaints at the lowest level possible; prepare reports on which allegations of discrimination can be adjudicated, and monitors compliance with decisions when discrimination is found.

EEO complaint processing services include counseling, Alternative Dispute Resolution (ADR), and procedural determinations and investigations. ORM manages the ADR program by providing policy, oversight and services that include conflict management, mediation, group facilitation, conflict coaching, assessments and training. ORM's oversight of the Harassment Prevention Program (HPP) includes developing policy, monitoring reports and training to prevent and appropriately respond to allegations of harassment before they become EEO complaints. The External Complaints program focuses on resolving Veterans' discrimination complaints.

Recent Accomplishments (ORM):

- Received more than 4,254 pre-complaints in which 60 percent opted for ADR participation. ORM's resolution rate of 43 percent resulted in a VA-wide cost avoidance of more than $32 million that would have gone towards processing formal complaints.

- Improved the timely investigations rate from 59 percent in 2016 to 62 percent in 2017. Additionally, of all pre-complaints, 2,331 resulted in formal complaints with 35 findings. ORM's timeliness for accept/dismiss decisions rate was 87 percent.

- Instituted initiatives to improve EEO investigations that effectively: increased the timeliness of Accept/Dismiss decisions from 79 percent to 92 percent; increased the timeliness of investigations from 52 percent to 69 percent; more effectively utilized ORM/contract investigators with rates improving from 62 percent/40 percent to 75 percent/56 percent, respectively, from February to August 2017.

- Actively worked with employees and managers to mitigate EEO complaints through the use of ADR. In 2017, 87 percent (1,266) of non-EEO workplace disputes were resolved using ADR. The program received a satisfactory rating of 4.47 on a scale of 5.0.

- Provided 213 hours of training for 579 individuals related to 31 EEOC or VA Office of Employment Discrimination Complaint Adjudication findings of discrimination.

- Closed more than 155 HPP program cases of the more than 280 reports of harassment received. Only nine (5 percent) reports resulted in a determination that harassment occurred and 16 were pursued as EEO complaints.

- Provided direct support for Veterans claims of discrimination/complaints: 150 written of which 54 (36 percent) were resolved; 63 calls of which 54 (86 percent) were resolved; and referred 66 complaints to the respective VA Administrations to investigate.

- Initiated development of a data science capability to analyze and predict EEO complaint activity at VA Medical Centers, national cemeteries, and Regional Offices. ORM used this to develop a risk index for EEO complaint activity visualized from real-time data on a web-based application, and built a prediction model for case activity based on workplace behaviors and attitudes.

Office of Diversity and Inclusion (ODI):

ODI works to foster a diverse workforce and inclusive environment that promotes equal opportunity through policy development, workforce analysis, outreach, retention, and education to best serve our Nation's Veterans. This includes strategic planning and annual reporting on workforce diversity and inclusion; recruitment and retention strategies; EEO and diversity training and education; diversity-related communications; implementation

of and annual reporting on relevant White House Initiatives; affirmative employment programs for the hiring, placement, and advancement of disabled Veterans, people with targeted disabilities, groups with less than expected participation rates; and special emphasis programming.

Recent Accomplishments (ODI):

- Published the VA Diversity and Inclusion Strategic Plan for 2017– 2020 by leading the review of initiatives and accomplishments recounted in VA's annual Diversity and Inclusion Reports, and collaborating with key stakeholders.

- Introduced the World Café method as a means for VA to facilitate large group dialogue. ODI successfully implemented the concept for a race relations dialogue in the Federal workplace. The effort garnered key insights to help improve understanding and communications at 20 VA facilities through a total of 60 facilitated sessions with VA employees, managers, and union representatives.

- Initiated the Hispanic Barrier Analysis project to provide a focused analysis of Hispanic employment in support of an OPM and EEOC initiative. The analysis focuses on positions in the leadership pipeline (GS 12 through GS 15, and SES positions) and will yield new "best practices" in identification and elimination of barriers to equal employment opportunities. .

- Promulgated new guidance concerning transgender VA employees. The Handbook will serve as a resource for internal policy and procedures aimed at facilitating a smooth and supportive transition for transgender and gender non-conforming employees undergoing gender transition in compliance with all applicable workplace laws, regulations, and directives.

- Created and led the Employment Engagement Council (EEC) to serve as a communication link, policy resource, and information clearinghouse between VA's workforce, subcomponent organizations, and leadership on Employee Engagement (EE) strategies, training, resources, and leading practices within the Department. To achieve measurable results in employee engagement, the EEC considers, reviews, and assesses existing and proposed EE strategies and initiatives, share agency leading practices, leverages internal organizational resources, and facilitates collaboration.

Office of Labor-Management Relations (LMR):

LMR facilitates a collaborative working environment by promoting labor-management cooperation with labor organizations to improve the delivery of services to Veterans and their families. LMR oversees national negotiations for the five national unions within VA, and collaborates with them and members of VA's executive leadership to ensure each organization's work complements the strategic direction of the Department. Lastly, LMR provides training and intervention, promotes effective labor-management relationships at all levels of the Department; and facilitates the Department's success in managing the workforce while meeting its national labor relations obligations.

Recent Accomplishments:

- Continued efforts to reenergize dialogue between the Department and unions. Specifically, LMR's chairship of the National Partnership Council (NPC) helped the council refocus its priorities and commitment on supporting Veterans.

- Provided targeted mentoring sessions for new senior executives. Customer satisfaction surveys indicated 95 percent of participants rated the sessions as extremely relevant and helpful in promoting a more productive labor environment.

- Conducted 20 joint training sessions at various VA facilities on the VA/American Federation of Government Employees (AFGE) Master Agreement, training approximately 600 management and union employees.

- LMR will serve as the Chief Negotiator of the Master Agreement negotiations for the Department. LMR's goal will be to effectively meet labor obligations while ensuring VA's mission and Veterans' needs are paramount in this effort.

- Responded to and litigated National Grievances (NG), Unfair Labor Practice charges (ULPs), and Arbitrations. LMR is the first responder to all national NG's, ULPs, and Arbitrations ensuring VA's mission and Veterans' needs are paramount in this effort.

- Successfully developed and provided Labor Management Relations training on the VA/NAGE Master Agreement for 2017. LMR is jointly developing training with EES for managers, HR and Union officials on the VA/NAGE Master Agreement negotiated in 2017, to occur in September 2017.

Summary of Employment and Total Obligations Analyses

Office of Human Resources and Administration *Summary of Employment and Obligations* *(dollars in thousands)*					
		2018			
	2017 Actual	**Budget Estimate**	**Current Estimate**	**2019 Request**	**Inc. (+) Dec. (-)**
Average Employment					
Field	**200**	**0**	**200**	**200**	**0**
Central Office	**406**	**381**	**452**	**452**	**0**
Total	*606*	*381*	*662*	*662*	*0*
Obligations:					
Personal services	$89,465	$66,173	$99,608	$100,206	$598
Travel	1,982	1,424	1,904	1,953	49
Transportation of things	7	45	45	45	0
Rents, communications & utilities	20,967	21,994	21,811	22,187	376
Printing and reproduction	142	158	143	144	1
Other services	71,384	70,825	68,897	70,937	2,040
Supplies and materials	359	356	357	362	5
Equipment	210	65	212	213	1
Interest & Insurance, other	68	0	68	69	1
Total obligations	**$184,584**	**$161,039**	**$193,045**	**$196,116**	**$3,071**
Reimbursements	-129,513	-93,152	-131,367	-133,943	-$2,576
SOY Unobligated Balance (-)	…	…	-106	…	106
EOY Unobligated Balance (+)	3,416	…	…	…	…
Reallocation	…	…	…	…	…
Budget Authority	**$58,487**	**$67,887**	**$61,572**	**$62,172**	**$600**

Explanation of Increases and Decreases:

In 2019, HR&A requests an increase in budget and reimbursable authority for the anticipated operations as well as non-pay inflationary costs to support HR&A operations.

Background on Rent Increases: Rent charges have been increasing in nearly all areas over the last few years; however, VA has been able to avoid additional costs above prior projected increases through space savings initiatives implemented at VACO campus sites. The rent General Services Administration (GSA) charges is composed principally of shell rent, operating expenses, tenant improvements, and security costs. GSA charges the occupying agency the costs for amortized tenant improvements, operating costs, real estate taxes, and

building security features. The portion of VACO rent attributable to operating costs have increased 16 percent since 2010 to date, primarily due to rising energy costs, thereby outpacing growth in square footage. In short, increases in space rates, operating cost charges, and security costs have been increasing since 2010. Aside from rent, when new initiatives in the General Administration account require additional FTE, HR&A must consolidate space, find space efficiencies or secure additional space.

Office of Human Resources and Administration
Summary of Employment and Budget Authority
(dollars in thousands)

	2017 Actual	2018 Budget Estimate	2018 Current Estimate	2019 Request	Inc. (+) Dec. (-)
Average Employment					
Budget Authority	204	257	240	240	0
Obligations:					
Personnel services	30,264	37,477	36,281	36,499	$218
Travel	456	650	427	427	0
Transportation of things	7	45	45	45	0
Rents, communications & utilities	17,787	21,754	18,734	19,010	276
Printing and reproduction	107	138	109	109	0
Other services	6,051	7,481	5,675	5,675	0
Supplies and materials	188	297	192	192	0
Equipment	179	45	182	182	0
Grants, Judgements, Interest & Insurance	32	0	33	33	0
Total obligations	**$55,071**	**$67,887**	**$61,678**	**$62,172**	**$494**
Reimbursements	…	…	…	…	…
SOY Unobligated Balance (-)	…	…	-106	…	106
EOY Unobligated Balance (+)	3,416	…	…	…	**…**
Reallocation	…	…	…	…	…
Budget Authority	**$58,487**	**$67,887**	**$61,572**	**$62,172**	**$600**

In 2019, HR&A requests an increase in budget authority to support HR&A operations as well as non-pay inflationary costs.

Changes from Original Budget to Current Estimate

Office of Human Resources and Administration Changes from 2018 President's Budget Request (dollars in thousands)			
	2018		
	Budget Estimate	**Current Estimate**	**Increase (+) Decrease (-)**
Average Employment	381	662	281
Obligations:			
Personal services	$66,173	$99,608	$33,435
Travel	1,424	1,904	480
Transportation of things	45	45	0
Rents, communications & utilities	21,994	21,811	-183
Printing and reproduction	158	143	-15
Other services	70,825	68,897	-1,928
Supplies and materials	356	357	1
Equipment	65	212	147
Insurance & Indemnities	0	68	68
Adjustments to Expenditures	0	0	0
Total obligations	**161,039**	**193,045**	32,006
Reimbursements	-93,152	-131,367	-38,215
SOY Unobligated Balance (-)		-106	-106
Budget Authority	**67,887**	**61,572**	**-6,315**

Explanation of Increases and Decreases:

The 2018 President's Budget was predicated on ODI and ORM functions and resources realigning under the new Office of Accountability and Whistleblower Protection. The Department determined it was best to retain these functions and resources under HR&A. This accounts for the current estimate being higher than the original budget estimate.

Additionally, as a part of VA's modernization effort, HR support at VA's Central Office of Human Resources Service (COHRS) was realigned to other HR processing centers. HR&A funding was realigned to the other Staff Offices to cover costs for transactional HR support.

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Office of Enterprise Integration

Mission

The Office of Enterprise Integration (OEI) leads enterprise transformation and continuous improvement of the Veteran and employee experience through effective integration of people, processes, technology, innovations, and maturing organizational management capabilities. OEI supports the Secretary, Deputy Secretary, and Under Secretaries in the areas of strategic planning; policy management and analysis; business integration; transformation and innovation; program management; performance management; data analytics, and data governance.

Summary of Budget Request

($ in 000)	**2018**	**FTE**	**2019**	**FTE**
Office of the AS/PDAS	$3,035	9	$2,466	9
Office of Policy and Interagency Collaboration	$3,150	21	$2,850	19
Office of Data Governance and Analysis	$6,800	32	$5,700	28
Office of Planning and Performance Management	$9,300	42	$9,250	40
Office of Modernization	$0	0	$8,150	31
Office of Transformation Management	$5,950	23	$0	0
Total Budget Authority	**$28,235**	**127**	**$28,416**	**127**
Reimbursement:				
Enterprise Data Contracts	$3,000	0	$3,000	0
VA Center for Innovation	$2,500	5	$2,500	5
Total Reimbursement	**$5,500**	**5**	**$5,500**	**5**

In 2019, OEI requests budget authority (BA) of $28.416 million to include 127 FTE, and reimbursement authority of $5.5 million and 5 FTE to support its mission.

Program Description and Accomplishments

OEI supports VA's mission by integrating the planning, policy, performance management, and program management functions of the Department, and planning and executing the Department's major transformation and modernization effort in support of the Secretary's priorities.

Office of Policy and Interagency Collaboration (OPIC)

OPIC leads and manages the Department's policy management process and provides policy analysis to the Secretary and VA senior leadership. OPIC oversees VA's policy research and collaboration activities with strategic partners (other Federal agencies, academia, think tanks, and ally countries) and serves as the VA lead on issues pertaining to interagency collaboration and coordination with Federal partners (DoD, SSA, HUD, DOL, Commerce, etc.). In addition, OPIC carries out the following functions and activities:

- Maintains a centralized repository of directives, handbooks, regulations, delegation authority, etc.
- Conducts enterprise-wide policy formulation, analysis, implementation, and evaluation.
- Fosters collaborative Veteran-centric policy research within VA and across Federal agencies, academic institutions, and think tanks to enhance Veteran policy research and analysis.
- Manages the day-to-day operations of VA's Institute of Medicine Task Force.
- Publishes and maintains the Department's Functional Organization Manual (FOM).
- Facilitates the development and integration of joint policies and programs between VA and Department of Defense (DoD) and other agencies.
- Provides oversight for the coordination and implementation of joint VA-DoD programs and policies as they relate to activities of the VA-DoD Joint Executive Committee (JEC).
- Coordinates and facilitates a Department-wide perspective in all VA-DoD collaboration activities and initiatives.
- Provides planning and support for VA-DoD governance bodies, such as joint VA/DoD Secretarial Meetings, VA-DoD JEC, and Wounded, Ill and Injured Committee (WIIC).
- In coordination with DoD, develops and monitors the execution of the VA-DoD Joint Strategic Plan (JSP) to synchronize these activities.
- In coordination with DoD, develops and publishes the VA-DoD Annual Report to Congress on VA-DoD collaboration issues.

Office of Data Governance and Analytics (DGA)

DGA provides data management, analysis, and business intelligence capabilities to inform VA-wide decision making. DGA acts as an authoritative clearinghouse for the collection, analysis, and dissemination of statistics about Veterans and VA programs. It also provides predictive analysis, actuarial services, and data-driven forecasting capabilities to inform decision-making in the Department. DGA carries out the following functions and activities:

- Conducts data analytic services and products to support VA planning, policy analysis, reporting, and decision making activities.

- Provides mapping and geospatial analytics services and products to support VA planning and decision making activities.
- Performs actuarial analysis and modeling to project future Veteran population and demographic characteristics to support budget, strategic planning, financial reporting, and policy making.
- Produces the Annual Actuarial Liability Report for Compensation, Pension, and Burial Programs and the Medical Malpractice Liabilities which are required in VA's Consolidated Financial Statements.
- Manages the collection and dissemination of official Veteran statistics for the Department.
- Leads the Department's effort to implement and manage VA's data governance and data stewardship programs and open data initiatives.
- Maintains the VA statistic website managing over 800 annual requests from the public.

Office of Planning and Performance Management (OPPM)

OPPM leads the Department's strategic future foresight and assessment; coordinates business strategy development; integrates mission requirements; conducts forward-thinking strategic planning to address long-range issues; and ensures integration of business requirements and alignment of the planning and execution activities of the Department's programs and initiatives. OPPM is also responsible for managing VA's enterprise risk management framework that provides the necessary governance, communications, training, processes, and tools to effectively identify, assess, address, and monitor risks, enabling leadership to make informed decisions and focus priorities that maximize resources. OPPM enables VA's senior leaders to maintain a consolidated, timely, and robust understanding of known and emerging risks facing the Department, and how they are being addressed. OPPM carries out the following functions and activities:

- Orchestrates and manages the Department's Strategic Operating Model/Manage for Results process to drive management activities and integration across the Department.
- Conducts environmental scanning to understand the nature and pace of change and identify likely future opportunities and challenges for Veterans and the VA; producing the Department's annual Strategic Environmental Assessment (SEA).
- Applies continuous environmental scanning and analysis to identify, assess, and monitor strategic level risks and opportunities; coordinates with other risk offices and the Office of Management and produces the annual Department's Risk Profile to fulfill requirements in OMB Circular A-123.
- Applies strategic foresight methodologies (alternate futures, scenario-based analysis, etc.) to guide policy and shape strategy decisions, developing Futures Analyses for the Department's senior leaders, strategic planning community and other stakeholders.

- Fosters collaborative strategic studies within VA and across federal agencies, academic institutions, and think tanks, to include leading the development of the Federal Foresight Community of Interest.
- Manages the development, refinement, and execution of the Department's Quadrennial Strategic Planning Process. Chairs the Department's cross-organizational Strategic Planning Team which coordinates the development and oversees execution of the Department's strategic plan.
- Develops bi-annual Department Agency Priority Goals (APG) in coordination with relevant VA stakeholders.
- Responsible for the governance and management necessary to identify, evaluate, mitigate, and monitor the VA's operational and strategic risk as required by OMB Circular A-123.
- Manages and organizes Department's performance indicators, coordinating departmental performance within VA plans and strategies.
- Coordinates integrated enterprise mission planning (horizontal integration).
- Serves as the GAO-OIG liaison lead to provide oversight and tracking of audit activities across the Department and ensures responsiveness to auditors and audit follow-up.

Office of Modernization (OM)

OM manages breakthrough transformation initiatives within the Department, and is responsible for leading enterprise-wide lean management strategy and implementation to enable a culture of continuous performance and outcome improvement through employee engagement. OM carries out the following functions and activities:

- Orchestrates planning, coordinates management of, and integrates cross-VA priority modernization initiatives.
- Oversees development of performance targets and roadmaps for modernization efforts.
- Responsible for enterprise performance improvement strategy, policies, training standards, governance, and implementation coordination. Coordinates the utilization of internal VA capabilities in Program Management, Lean, Six Sigma, Human-Centered Design, and Systems Engineering to support key management challenges and performance improvement efforts.

VA Center for Innovation (VACI)

VACI leads VA's innovation ecosystem and diffusion of best practices to manage strategy and policy. VACI identifies, prioritizes, tests, and evaluates promising solutions for the Department's most important challenges. VACI's goal is to increase Veterans' access to VA services; improve the quality of service delivery; enhance VA operational performance, and reduce or control the cost of delivering services to Veterans and their families. VACI carries out the following functions and activities:

- Advises the Secretary and senior leadership on proven and promising innovations to address strategic challenges to VA transformation.
- Executes all aspects of the annual Industry Innovation Competitions, including marshaling VA leadership to identify top priorities, selecting innovations for funding and implementation, overseeing development and/or pilot implementation, and evaluating outcomes of the projects undertaken.
- Manages, in partnership with VHA and VBA, the annual Employee Innovation Competitions, including marshaling VA leadership to identify top priorities, advising the selection of innovations, overseeing development and/or pilot implementation, and evaluating outcomes of the projects undertaken.
- Executes prize challenges under the America COMPETES Act of 2011 and, when appropriate, special projects focused on near-term, high-impact opportunities.
- Administers the Innovation Fellows program and Entrepreneur-in-Residence program.
- Provides guidance and sponsorship of the VA Innovators' Network.
- Serves as the sponsor and manager of independent innovation relationships with the private sector through use of cooperative research and development agreements

Recent Accomplishments

In 2017, organizational components comprising OEI achieved the following:

- Expanded the Innovators Network from 8 to 22 sites and delivered new capabilities to the field generating $5 million of cost avoidance.
- Delivered more than 14 new capabilities to the field for National Diffusion directly impacting over 1,000,000 Veterans across all VA Medical Centers and will generate a wide array of Clinical, Financial, Operational, and Customer Value in areas including Suicide Prevention (Reach-Vet), Pharmacy (OneVAPharmacy, Primary Care, Mental health, Pathology, Spinal Cord Injury, and others.
- Co-Chaired the Federal Foresight Community of Interest, which includes 315 members (31 private and 69 government organizations) collaborating to share best practices and Strategic Foresight information across Federal and state governments, academic institutions, and research institutes.
- Trained more than 1,100 employees in Human Centered Design and Entrepreneurial Arts.
- Managed a developing pipeline of more approximately 150 innovation initiatives across the full life-cycle of innovation from concept to National Diffusion.
- Coordinated the closure of three National Academy of Medicine (NAM) programs (Disaster Recovery, Hearing, and Air Force Health Study) with the concurrence of the NAM Strategic Work Group.
- Assisted over 20,500 Servicemembers transitioning to Veteran status through effective management and execution of the IDES Program. Additionally, supported the Air Force

2017 IDES Training Workshop, providing invaluable advice and expertise to personnel who manage the Air Force's IDES Program.

- Developed and executed an Enterprise Risk Management (ERM) framework and governance model to align with OMB Circular A-123 and apply risk management consistently throughout the Department; included the creation of a senior leader governance board, and staff office working groups.
- Developed an Enterprise Risk Profile for the Department and identified risk trends that may impact business lines or program management activities, including specific high impact risks for the Secretary.
- Summarized VA's performance position in support of the annual financial statement audit, and submitted quarterly updates on Agency Priority Goals (APG) in support of VA's Strategic Plan.
- Stood up the VA Business Architecture (BA) Program to enable standardization and accountability, improved service delivery, and facilitate resource optimization through the traceability between requirements, VA organizations, functions, programs, projects, IT systems, and performance.
- Managed major revisions to the VA Business Reference Model (BRM) to support future planning and performance management activities.
- Modernized the Enterprise Directive Management System (EDMS) in order to ensure VA's policy documents (directives, handbooks, and notices) are up to date and published on an easy to access site.
- Portfolio of Veterans Benefits (PVB). Conducted a deep environmental scan, wrote project plan, and completed Phase I of data collection. Wrote a comprehensive list of benefits at the state level for Veterans, Service Members, and their families for all states and territories. Coordinated and met with DoD twice to engage the National Resource Directory team to determine mutual support/joint work. Communicated and coordinated with internal and external stakeholders at all levels across the US, government and private, to assist with conceptual PVB design and capabilities.
- Modernizing the Functional Operational Manual (FOM) to align with the VA's Business Reference Model and become the authoritative source for VA organizational data. Developed an automated tool to facilitate data collection and input and make the FOM more user friendly.
- Partnering with US Department of Agriculture and VBA Office of Economic Opportunity to assist in measuring outcomes for the $5M Ag-Vets program to provide Veterans with farming and agricultural opportunities.
- Hosted the Women Veterans Forum which brought academic researchers from across the country to focus on policy issues and to collaborate on future research projects to benefit Women Veterans.
- Developed and submitted the VA-DoD Joint Executive Committee (JEC) Fiscal Year 2016 Annual Report on Military Sexual Trauma (MST) to Congress under section 403(b) of VACAA on Transition of Military Sexual Trauma-Related Treatment from

Department of Defense to Department of Veterans Affairs and Assistance to Veterans in Filing Claims for Disabilities Related to Military Sexual Trauma.

- Produced recurring products and analytics on Veteran demographics and socioeconomics and utilization of VA benefits and services to include: the Profile of Veterans, Profile of Unique Veteran Users of VA Benefits and Services, Profiles of Veterans by Period of Service (Vietnam, Pre-9/11 and Post 9/11), Women Veteran Report, Minority Veteran Report, AIAN Veterans by State, Quarterly Statistical Pocket Cards, Geographic Distribution of VA Expenditures by County, State and Territories Summary.
- Produced new analytic products to include a deep dive into educational attainment of male Veterans, data on Veterans religious affiliations by state, a report on Working Poor Veterans, and a report on Mortality Rates and Life Expectancy of Veterans from 1980 to 2014, and supported VBA in studying Veteran unemployability.
- Produced a new version of the Veteran Population Project Model, a deterministic actuarial projection estimating the Veteran population from FY2015 to FY2045. VetPop2016 projects living and deceased Veteran counts by key demographic characteristics such as age, gender, period of service, and race/ethnicity at various geographic levels for the next 30 years.
- Supported VHA and VBA by producing actuarial liability estimates for the Medical Malpractice and other Tort claims, the Compensation, Pension and Burial benefit and the Post-9/11 GI Bill Education benefit every quarter.
- Led the VA Data Governance Council (DGC) to implement Enterprise Information Management and drive towards managing data as an asset. In FY17 the DGC established departmental guidance for data stewardship, architecture, quality and issue resolution. The effort established Department-wide, consistent, data standards and business rules, to improve the data quality and accessibility for decision making.
- Led VA's Open Data efforts facilitating VA participation in several summits and hackathons to include the VA co-sponsored Apps for Ag Hackathon with the University of California. Apps For Ag encouraged the development of innovative solutions to spark entrepreneurship and bring together the seemingly disparate worlds of software development, commercial farming, and Veterans. New VA tools for Open Data were implemented enabling a new look for VA's Open Data Portal (https://www.data.va.gov/) adding the ability to publish stories to bring data to life.
- Developed and delivered key reports on the Military to Civilian Transition; Access to Mental Health Services, and Profiles of Non-VHA Veterans all of which increased insights into key constituencies at risk for mental health issues and suicidality.

Budget Highlights

The 2019 request includes $8.9 million in contract dollars and 127 FTE necessary for OEI to support VA modernization initiatives and to expand existing capabilities in business architecture; enterprise risk management; data analytics; performance management; performance improvements, and innovations. This will enable the Department to continue providing comprehensive analysis to the Secretary and senior leaders in the areas of strategic planning;

policy management and analysis; business integration; modernization and innovation; program management; performance management and improvement; data analytics, and data governance to support effective and efficient delivery of benefits and services to our Nation's Veterans and eligible beneficiaries. The highlights of the budget request include:

- $3.25 million in contract dollars and a total of 40 FTE will support the **Office of Planning and Performance Management** to develop business strategy, establish mission requirements, conduct strategic planning, integrate risk management strategies to achieve agency goals, and develop concept analysis capabilities to identify long-range issues and ensure integration of business solutions across the Department.

- $3.5 million in contract dollars and a total of 31 FTE will support the **Office of Modernization** to lead and manage transformation initiatives across the Department.

- $1.5 million in contract dollars and a total of 28 FTE will support the **Office of Data Governance and Analysis** to provide Veteran statistics, data analysis, and predictive modeling to inform VA-wide decision making. This effort supports VA's integrated strategy for Department-wide data-driven decision management capability.

Total resources in the 2019 budget include $5.5 million in reimbursable authority, including:

- $3.0 million from VHA, VBA, NCA, and OIT for three contracts supporting VA-wide data collection and management efforts. This reporting and analysis capabilities, while providing standards and guidelines for corporate-level functions.
- $2.5 million from VHA, VBA, and OIT to support VA Center for Innovation, as well as five FTE and contract support to enhance program operations through innovations.

Office of Enterprise Integration *Summary of Employment and Obligations* *(dollars in thousands)*					
		2018			
	2017 Actual	**President's Budget**	**Current Estimate**	**2019 Request**	**2019 vs 2018**
Average employment	**102**	**132**	**132**	**132**	**0**
Central Office	97	127	127	127	0
Field Office	0	0	0	0	0
Reimbursable	5	5	5	5	0
Obligations:					
Personal services	$19,800	$19,800	$19,800	$20,296	$496
Travel	$420	$420	$420	$300	($120)
Transportation of Things	$0	$0	$0	$0	$0
Rent, Communications, Utilities	$0	$0	$0	$0	$0
Printing and reproduction	$30	$30	$30	$30	$0
Other services	$12,556	$13,122	$13,390	$13,195	($195)
Supplies and materials	$95	$95	$95	$95	$0
Equipment	$0	$0	$0	$0	$0
Total obligations	**$32,901**	**$33,467**	**$33,735**	**$33,916**	**$181**
Reimbursements (-)	($5,500)	($5,500)	($5,500)	($5,500)	$0
SOY Carryover (-)	(1,275)	$0	$0	$0	$0
EOY Carryover (+)	$622	$0	$0	$0	$0
Total Budget Authority	**$26,748**	**$27,967**	**$28,235**	**$28,416**	**$181**

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Operations, Security, & Preparedness

Mission

The Office of Operations, Security, and Preparedness (OSP) enhances the capability of the Department of Veterans Affairs (VA) to continuously provide VA benefits and services in a safe environment that protects people and assets at all times.

OSP, in coordination with the VA Administrations and Staff Offices, implements guidance and procedures to ensure the continuity so the Department can continue to perform mission-essential functions under all circumstances across the spectrum of threat. OSP is responsible for policy and development of myriad training initiatives to ensure the safety and security of Veterans, volunteers, employees, and visitors at VA facilities. OSP integrates safety into VA operations and improves VA's readiness to execute emergency management operations in coordination with the Intelligence Community, Department of Defense contingency support, and Department of Homeland Security support missions under the National Response Framework and National Continuity Policy. Additionally, OSP trains and credentials VA police officers located at VA facilities, and establishes VA-wide policy and program direction. OSP also manages the Department's compliance with various federal laws, regulations, OMB mandates, Homeland Security Presidential Directives ((HSPDs) (e.g., HSPD-5, 12, and 40)) and Presidential Policy Directives 8 and 40. OSP is also responsible for the VA's implementation of the Insider Threat program, as well as the development of the Agency Identity, Credential & Access Management Program.

($ in 000)	2018	FTE	2019	FTE
Office of Assistant Secretary	$456	4	$456	4
Office of Resource Management	2,515	10	2,515	10
Office of Identity, Credential, and Access Management	2,854	24	2,854	22
Office of Emergency Management	8,127	48	8,128	48
Office of Security & Law Enforcement	8,480	36	10,606	48
Total Budget Authority	**$22,432**	**122**	**$24,559**	**132**
Reimbursements:				
Credential Management (formerly HSPD-12)	$33,486	10	$58,109	10
Identity Management (formerly ICAM)	11,651	6	5,294	6
Total Reimbursement	**$45,137**	**16**	**$63,403**	**16**

- OSP requests total budget authority of $22.4 million for mission support, including 132 FTE in 2019, and $63.4 million in reimbursements, including 16 FTE.

Program Description and Accomplishments

The Office of Operations, Security, and Preparedness provides executive oversight of VA's organizational resource management; identity management, physical security, personnel security and suitability; emergency management and preparedness; security and law enforcement activity; and federal legal and regulatory compliance to maintain continuity of operations of mission-essential functions. The component offices within OSP serve the larger mission in the following ways.

Office of Resource Management (ORM)

ORM will deliver greater accountability to America's Veterans by providing oversight of human resources management, financial management, and administrative, logistics, and procurement activities. ORM oversees compliance with associated VA policies and directives, Office of Management and Budget's (OMB) Circular A-123, *Management's Responsibility for Internal Controls*, and federal laws, regulations, and executive orders. ORM will assure the maintenance of accurate records to fulfill VA's annual Statement of Assurance requirements and compliances with, reduce identified material weaknesses, and ensure corrective action plans are fully implemented consistent with federal laws and regulations, and VA policy. ORM also partners with VA's Office of Management to execute the Financial Management Business Transformation (FMBT) initiative, which aligns with OMB memorandum M-13-08, *Improving Financial Systems through Shared Services*, and supports VA's strategic objective to "enhance productivity and improve the efficiency of the provision of Veteran benefits and services.

Office of Identity, Credential, & Access Management (OICAM) (formerly Personnel Security and Identity Management)

OICAM contributes to a safe and secure environment by ensuring trust in the VA workforce and its affiliates by providing central coordination and oversight of personnel security and identity management infrastructure, and enforcing VA compliance with Federal statutes, regulations, and policies. OICAM activities directly support MyVA Breakthrough Priorities "Improve the Veterans Experience" and "Improve Employee Experience" through the Safety and Security Management initiative.

OICAM is comprised of a Personnel Security & Credential Management (PSCM) Program Management Office (PMO), an Access & Identity Management (AIM) PMO, and the Security Investigation Center (SIC). OICAM's oversight ensures alignment, accountability, and transparency of VA's personnel security, suitability, identity, access management, and credentialing programs. OICAM enforces compliance with HSPD-12, Federal ICAM (FICAM) to deliver an enterprise ICAM solution inclusive of background investigation, and Personal Identity Verification (PIV) smartcard credential as well as an end to end Onboarding Solution for access to facilities and information systems. Three solutions emerging from these programs are:

- Establishment of an automated, customer-centered process for rapidly onboarding, monitoring, and off-boarding employees, contractors, and affiliates in full compliance with regulatory requirements.

- Implementation of a "Next Generation PIV System," a more reliable and efficient badging or "credentialing" system than the current proprietary Card Management System (CMS). This will be accomplished using the Managed Service Offering from the General Services Administration (GSA) known as USAccess though options are being reviewed to ensure compatibility with DOD. The Credential Management PMO provides managerial assistance, site coordination, technical consultation, and operational responsibility as the solution proceeds through the pilot phase and into full deployment and production in FY19.

- Provision of a common, authoritative, comprehensive medium to record, document, and store adjudicative investigations, actions, determinations, and documentation within the Department. The "Veterans Affairs – Centralized Adjudication & Background Investigation System" (VA – CABS) is a secure system enabling continuous subject evaluation and timely dissemination of, and access to personnel security information from trusted sources.

Office of Emergency Management and Resilience (OEMR)

OEMR oversees the VA's National Security policy and program portfolio, which includes Emergency Management, Continuity of Operations (business continuity) and Government, National Security Information Management, Insider Threat, and Intelligence and Counterintelligence Programs. In support of this, OEMR provides a resilient operational environment to support a swift return to normal operations following disruption through effective crisis and consequence management.

OEMR is also the Department lead for VA's fourth mission, serving as the command integration layer for leveraging VA capabilities to manage emergencies at the Federal, state, local, or tribal levels. Specifically, OEMR:

- Manages preparedness and crisis/disaster response and recovery by serving as the VA Coordinating Officer, operating the VA Integrated Operations Center, and facilitating the VA's Crisis Response Team (CRT).

- Protects VA sensitive information and operations and manages the Insider Threat and Defensive Counter Intelligence (CI) programs in accordance with Executive Order 13587 and the 2016 National Counter Intelligence Strategy.

- Serves as VA's Federal Intelligence Coordination Office (FICO) in accordance with Intelligence Community Directive 404, conducts predictive analysis, and provides critical information to support Senior Leadership decision making through its Intelligence and Analysis program.

- Provides strategic guidance and supports interagency planning groups to ensure VA's ability to support Federal response and recovery operations through its All Hazards Emergency Management program.

- Assures leadership and delivery of essential services internally and externally as an integrated enterprise during crisis through its Continuity of Operations and Continuity of Government programs.

- Maintains resilient and secure telecommunications systems and communication platforms necessary to effectively manage crisis and continuity through its National Security/Emergency Preparedness Communications program.

Office of Security & Law Enforcement (OS&LE)

Deputy Assistant Secretary/Director's Office**:**

OS&LE is responsible for developing policies, procedures and standards that govern VA's infrastructure protection, personal security and law enforcement programs; and protecting Veterans, visitors, and staff at VA facilities. OS&LE works with several Federal law enforcement agencies to maximize information exchange, training, planning and policy development. Two sub organizations comprise OS&LE - Police Services and the Law Enforcement Training Center (LETC). The LETC provides basic and sustainment training for more than 3,800 VA police officers. OS&LE also has Special Agents classified as criminal investigators, who in accordance with Title 5, section 5545a, receive Law Enforcement Availability Pay (LEAP).

Police Services:

OS&LE Police Services includes four divisions: Law Enforcement Oversight & Criminal Investigations Division, Executive Protection Division, Infrastructure Protection Division, and the Criminal Predictive Analysis Division. Collectively, these divisions:

- Conduct program inspections of 153 Police units around the nation and criminal investigations of serious incidents, which occur on VA controlled property.
- Provide personal protection for the Secretary and Deputy Secretary.
- Develop Infrastructure Protection policy; interface with Federal Protective Services for Campus Security and represent VA on Federal steering committees.
- Conduct criminal analysis to identify and track trends to assure proactive prevention programs, and support VA's Integrated Operations Center (IOC) to provide enterprise wide support.

Program Accomplishments

- Advised and assisted OSP leadership in developing strategic review processes to ensure human resources, financial, administrative and logistical services are implemented to meet the organization's vision, mission, and goals.
- Developed a human resource performance review model to ensure position descriptions and performance management are consistent with policies and procedures.
- Deployed an Onboarding Solution for Contractors: The first phase began August 2017 and will significantly reduce inefficiencies and delays in onboarding contractors allowing VA to more effectively utilize resources. It will also enhance security by ensuring access is terminated upon contractor departure.
- Maintained VA Section 508 Compliance by updating security protocol and documentation to the HSPD-12 internet site.
- Reduced work disruption by changing the badge certificate authority (CA) to allow VA badges to be issued with 5 year expiration dates and increases productivity.
- Upgraded PACS/ESS for 22 Veterans Benefits Administration (VBA) Regional Offices, 52 VA Medical Centers, & 17 buildings for VACO.
- Updated obsolete and non-compliant fingerprint transaction machines and securely transferred fingerprints with no loss of business productivity.
- Completed 28,922 Background Investigation Transactions.
- Developed an interactive web-based training program for mandatory insider threat and security awareness training that is available to all VA employees.
- Developed an information awareness program for VA benefits and entitlements available to Veterans and beneficiaries impacted by a crisis or disaster.
- Gained the Spectrum Management and Communication Security mission which strengthens the National Security and Emergency Preparedness (NS/EP) Communications (NS/EP Comms) across the VA.
- Participated in the Department of Homeland Security's Counterintelligence and Foreign Access Management pilot programs to enhance the Insider Threat Program by establishing risk mitigation strategies.
- Trained over 400 new VA police officers at VA LETC resulting in enhanced law enforcement presence at VA facilities across the nation.
- Developed and implemented a standard position description for entry level VA police officer (GS-6) to streamline the hiring process across the nation.

- Successfully participated in the Eagle Horizon 2017 exercise, which is a congressionally mandated requirement for all executive branch departments and agencies. OS&LE provided all the law enforcement exercise injects to ensure a realistic training environment, thereby enhancing force protection and mission assurance.

Budget Highlights

OSP requests total budget authority of $24.6 million for mission support, including 132 FTE to provide enterprise-wide services. The increase of $2.1 million and 10 FTE in budget authority will:

- Maintain 24/7 security presence at the VA IOC to provide a streamlined communications channel during emergencies and events
- Conduct inspections at 153 VA Police Units every two years to ensure they are operating efficiently and in accordance with VA policy
- Extend VA police officer training by two weeks with focus on recognizing suicide ideation and responding to such incidents
- Increase ORM staffing to improve accountability, transparency, and internal controls

The budget also request $63.4 million and 16 FTE in reimbursements. The Department's Next Generation PIV initiative ($58 million) has been formulated as an increase to the OSP reimbursable activities in 2019.

Office of Operations, Security and Preparedness *Summary of Employment and Obligations* *(dollars in thousands)*					
		2018			**2018-2019**
	2017 Actual	**President's Budget**	**Current Estimate**	**2019 Request**	**Increase/ Decrease**
Average Employment	**122**	**163**	**138**	**148**	**10**
Central Office	122	163	138	148	10
Obligations:					
Personal services	$19,785	$20,026	$20,223	$22,383	$2,456
Travel	730	599	599	632	33
Transportation of Things	4	0	0	0	0
Rent, Communications, Utilities	60	50	50	50	0
Printing and reproduction	14	14	14	14	0
Other services	$12,779	$61,916	$42,777	$63,040	20,263
Supplies and materials	1,816	1,843	1,843	1,843	0
Equipment	659	0	0	0	0
Total Obligations	**$35,847**	**$84,447**	**$67,570**	**$87,962**	**$20,392**
Reimbursements (-)	$(15,403)	$(62,413)	$(45,137)	$(63,403)	$(18,266)
SOY Unobligated Balance (-)	$(600)	0	0	$0	$0
EOY Unobligated Balance (+)	$690	0	0	$0	$0
Total Budget Authority	**$20,534**	**$22,034**	**$22,432**	**$24,559**	**$2,127**

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Public and Intergovernmental Affairs

Mission

The Office of Public and Intergovernmental Affairs (OPIA) helps build and maintain public confidence in the Department of Veterans Affairs by positively reinforcing its commitment and readiness to serve America's Veterans of all generations. OPIA accomplishes this by developing, routinely updating, and communicating the Department's key messages to many audiences through media relations, public affairs, intergovernmental affairs, outreach, and Veteran engagement to reach Veterans and their families, other beneficiaries, and other stakeholders. OPIA is designated as the policy coordinator for internal communications to VA employees as well as external communications to the public to ensure consistent messaging and be the unified voice of the Department.

Summary of Budget Request

($ in 000)	**2018**	**FTE**	**2019**	**FTE**
Office of Assistant Secretary	$2,574	9	$2,695	9
Office of Public Affairs	5,508	50	5,621	50
Office of Intergovernmental Affairs	2,513	13	2,321	13
Office of Internal Communications	984	6	953	6
Office of National Veteran Outreach Homeless Veteran	784	4	798	4
Outreach and Strategic Communications Office	568	4	581	4
Budget Authority	**$12,931**	**86**	**$12,969**	**86**
Reimbursement	**$1,886**	**0**	**$1,886**	**0**
Total Budgetary Resources	**$14,817**	**86**	**$14,855**	**86**

VA Modernization Reform Plan

($ in 000)	2018	FTE	2019	FTE
VHA Communications	$0	29	$0	29
VBA Communications	0	11	0	11
NCA Communications	0	1	0	1
OI&T Communications	0	5	0	5
Budget Authority (Modernization) 1/	**$0**	**46**	**$0**	**46**

1/ Effective October 1, 2018, 46 Communications FTE funded in VHA, VBA, NCA and OI&T will operationally report to OPIA

In 2019, OPIA is requesting budget authority of $13.0 million for 86 FTE to support its mission. Additionally, VA will realign 46 FTE from VHA, VBA, NCA and OIT under the operational control of OPIA as a part of the Department's modernization effort to change the way we think and operate to competitively serve our Veterans. The 2019 request will allow VA to:

- Improve its Public Affairs and Outreach capabilities and training.
- Ensure VA's position and key messages are received by Veterans, their family members, and the general public.
- Enhance Veterans' access to the benefits and services they have earned.
- Improve VA's digital media engagement capabilities and impact.
- Improve partnerships with State Veteran Affairs Directors.
- Improve VA's reputation among Veterans, key stakeholders, and the American people.
- Improve outreach and partnerships with Tribal governments.

Program Description and Accomplishments

The Office of the Assistant Secretary provides executive oversight, management and direction to OPIA. The Assistant Secretary oversees VA's communications and outreach programs including media relations, internal communications and media products, social media and intergovernmental affairs. The Office of the Assistant Secretary includes the Principal Deputy Assistant Secretary, the Chief of Staff, Special Assistant, Executive Assistant, and other program analysts and assistants. The Principal Deputy Assistant Secretary and the Chief of Staff report directly to the Assistant Secretary.

Deputy Assistant Secretary for Public Affairs

The Deputy Assistant Secretary of Public Affairs is responsible for coordinating and orchestrating the release of external public affairs communication and information for VA. The primary mission of this Office is to coordinate with VA's three Administrations (VBA, VHA and NCA) and other offices throughout VA to ensure Veterans and their families, other beneficiaries, and stakeholders receive accurate and timely information about Department benefits and programs as well as information on many other topics using all forms of traditional and new media to communicate.

Executive Director for Strategic Planning and Veteran Outreach:

The Executive Director for Strategic Planning and Veteran Outreach is the senior-ranking federal employee within OPIA. As such, the Executive Director serves as the Assistant Secretary's senior advisor on matters pertaining to development of department-wide communications policy, advertising, strategic communications, and is a key conduit with other OPIA Federal employees The Executive Director for Strategic Planning and Veteran Outreach is also responsible for providing oversight, guidance and direction to the Office of National Veterans Outreach, the Office of Internal Communications and the Homeless Veterans Outreach and Strategic Communications Office. The Executive Director for Strategic Planning and Veteran Outreach serves as OPIA senior representative on all VA senior executive boards and management reviews.

National Veterans Outreach Office

The National Veterans Outreach Office (NVO) mission is to assess, standardize and coordinate outreach activities for VA. The office develops outreach plans, web resources and training programs to assist VA administrations and program offices in unifying outreach communications through clear, accurate, consistent and targeted messaging. The office also provides project management of significant VA marketing and advertising contracts, all contracts specify measurable results for the outreach campaign. In addition, the office is responsible by law, for preparing the biennial report on the outcomes of VA outreach programs to the Secretary of Veterans Affairs, Congress, Veterans Service Organizations, other interested stakeholders, and the American people.

National Veterans Outreach Office 2017 accomplishments:

- Provided support and project management of several contracts totaling nearly $2.4 million for strategic outreach support services to increase Veterans awareness of benefits and services.

- Established regular meetings and provided strategic guidance to the Outreach Teams in the three Administrations to develop strategies, plans and resources.

- Established an Outreach Workgroup made up of leads responsible for Outreach activities in each of VA's Administrations as well as representatives from various program offices (Center for Minority Veterans, Homeless Program, Women Veterans, Operation Iraqi Freedom/ Operation Enduring Freedom Veterans, etc.).

- Conducted monthly digital outreach events in partnership with Veteran Service Organizations (VSOs) and Non-government organizations reaching more than 8 million Veterans; achieved an application rate for VA benefits at more than 20 percent because of digital advertising and outreach.

- Planned and conducted all coordination with the Department of Defense (DoD), VSOs, the White House and within VA for all participation at the National Veterans Day Observance held at Arlington National Cemetery; also planned VA participation for Memorial Day as co-host to the DoD. Established more than 35 regional site programs for Veterans and families to attend nationally.

- Planned and executed VA participation in the DoD led 50th Anniversary of the Vietnam War Commemoration Program. The result was more than 179 events in which more than 25,000 Vietnam Veterans were personally thanked and provided commemorative lapel pins.

- Provided direct support to the Secretary for administrative management of the National Veterans Day Committee program.

- Coordinated and supported the World War I Commemoration program with blogs and historical outreach about the Great War to include VA's evolving role in serving Veterans since then.

- Managed the VA Advertising Oversight Board to ensure paid advertising and marketing programs amounting to more than 25 million dollars met appropriate VA standards and policy. Primary focused centered on mental health outreach and clinician recruiting.

- Supported the Center for Women Veterans by providing an employee who planned and coordinated the National Women Veterans Summit.

- Conducted outreach training to more than 100 attendees to the OPIA National Academy on outreach best practices.

- Distributed the Biennial Outreach Report to Congress and completed the 2018 – 2020 Biennial Outreach Plan.

- Directly participated in VA efforts to Modernize VA Outreach programs

Homeless Veterans Outreach and Strategic Communications Office

The Homeless Veterans Outreach and Strategic Communications Office is responsible for

increasing awareness of VA resources for Veterans who are homeless or at risk of homelessness. The office develops collaborative relationships with organizations that can assist VA in filling gaps in the areas of employment, move-in essentials, and affordable housing for homeless Veterans; and coordinates with federal, state, and local partner organizations to synchronize messaging about homeless Veterans' issues.

Homeless Veteran Outreach and Strategic Communications Office 2017 Accomplishments:

In August 2016, VA, the U.S. Department of Housing and Urban Development, and the U.S. Interagency Council on Homelessness announced that homelessness among Veterans had been reduced by nearly 50% percent between January 2010 and January 2016. During 2017, the Homeless Veterans Outreach and Strategic Communications Office undertook the following activities to advance VA's goal of preventing and ending homelessness among Veterans:

- Executed a paid media strategy that resulted in a 50% increase in calls to the National Call Center for Homeless Veterans (NCCHV) by Veterans and people who were concerned about Veterans' well-being. The campaign was undertaken for $725,000, but had a market value of nearly $7.5 million, because VA was able to secure ad space on more than 300 billboards at-cost from the Outdoor Advertising Association of America due to the nature of the ad campaign.

- Coordinated four editorial roundtables with the press that informed Veterans in several media markets about the work being done by VA staff and partners to prevent and end Veteran homelessness.

- Developed and distributed public service announcements that made hundreds of thousands of Veterans aware of available VA resources to prevent and end Veteran homelessness. The PSA was aired nearly 19,000 times across the country. The airings had a market value of more than $2 million.

Facilitated the development of 20 partnerships with organizations that helped fill gaps in the areas of affordable housing, move-in essentials, and employment for Veterans who were homeless or exiting homelessness. One partner organization, Military Outreach USA, collected and distributed mattresses, housewares, and personal care items valued at more than $500,000 to former homeless Veterans to assist them in successfully transitioning to permanent housing. Another organization -- Salute, Inc. -- helped Veterans access jobs in the data center industry. The 18 other organizations supported VA's goal of preventing and ending Veteran homelessness in many different ways.

Office of Internal Communications

The Office of Internal Communications is the lead OPIA office charged with improving and enhancing internal communications across the enterprise. The goal of the office is to increase employee awareness of VA and VA employee initiatives, programs and

achievements; and to increase employee engagement and productivity. By working collaboratively with the Office of the Secretary, the three Administrations, and staff offices, the Internal Communications Office highlighted the great work that VA personnel and VA facilities do for Veterans. Improving internal communications was a 2017 VA breakthrough priority and was considered key to Improving the Veteran Experience and Improving the Employee Experience.

Office of Internal Communications 2017 Accomplishments:

- The new Office of Internal Communications developed and managed a multi-pronged strategy to establish an employee communications structure and processes that maximize the effectiveness of communications to VA employees:
    - Trained key VA employees and leaders on internal communications best practices.
    - Built internal communications infrastructure that used recognized best practices to increase effective communication throughout the enterprise.
    - Increased employee awareness of VA transformation.
    - Developed and implemented a new blog/portal.
- Conducted national training to strengthen VA's internal communications capability and quality among VA leaders, managers and communicators:
    - Led six VA-wide webinars on communications best practices and key VA priorities. Each session was attended by up to 600 leaders, managers, HR Officers, Public Affairs Officers, Employee Engagement Champions and other employees. Webinar guests included the Secretary, the former U.S. Surgeon General, and some of VA's top experts who spoke on a wide range of topics which included VA accomplishments, customer service, employee engagement, adapting to change, improving the Veteran experience and VA modernization.
    - Conducted training sessions for field Public Affairs Officers, including 122 students in two classes at the OPIA National Training Conference. Using non-traditional methods, taught four training sessions to remotely located communicator across VA utilizing teleconferencing.
    - Recognized by the Public Relations Society of America (PRSA) as a best communications practice and selected to lead a professional development training session focused on internal communications at the national PRSA conference.
- Developed communications materials and resources to enable communicators in

the field to more effectively communicate with local staff members.

  - Developed and disseminated six monthly enterprise-wide campaigns which focused on VA priorities that equip communications leaders with resources needed to engage VA staff in a unified and consistent voice.

  - Developed field resource toolkits that provided employee communications topics, videos, posters and blog posts.

- Launched the MyVA News Blog, a new communications vehicle, which is the main vehicle for communicating with employees.

  - Since the blog's inception in September 2016, the blog received 1.25 million visits and more than 3,000 articles posted.

  - Developed the concept for a mobile app to make blog content accessible to health care workers, cemetery employees and other VA staff members who do not have regular access to a computer.

  - Developed the concept for a nationwide blog pop-up that would appear each morning on employee computers across VA, thus greatly increasing the reach of the blog.

  - Develop blog highlights for the VA Chief of Staff's weekly all-employee message to publicize the blog content to VA's 340,000 employees.

Office of Media Relations

The Office of Media Relations (OMR) serves as VA's main conduit with the news media. OMR plans and directs the Department's public affairs program. OMR staffers help plan issue-driven public affairs campaigns; manage, and execute media events (news conferences, interviews, media roundtables, media support to major VA events, etc.); coordinate public affairs events with the Department's three Administrations and key program offices; draft, distribute, and maintain news releases and fact sheets, communications plans, white papers, and similar products; and train subject matter experts and Public Affairs Officers to develop their skills and improve their interactions with the news media.

Office of Media Relations 2017 accomplishments:

- Provided media training for more than 2,000 VA subject matter experts on how to deliver key messages with clarity, knowledge and strategy. This training also included developing collaborative, professional relationships with media, personal presence and delivery techniques.

- Used the media to inform Veterans about multiple VA benefits and support services, to include mental health, drug addiction/dependence, suicide prevention and PTSD, GI Bill utilization, VA guaranteed home loans, disability compensation and pension.

- Played a key role communicating new and emerging support programs to Veterans and their families, lawmakers, taxpayers and other stakeholders. These programs included mental health care for Veterans with other-than-honorable discharges; the new "Forever GI Bill"; and the Fully Developed Claims.

- Issued approximately 200 news releases, media advisories, blogs, fact sheets, and other communication products; served as the spokesperson for VA as needed, responded to approximately 3,000 media inquiries with fast, reliable and accurate information for dissemination to the media, lawmakers, VSOs and other key stakeholders, and Veterans and their families.

- Initiated a project to help develop the next generation of federal government communicators by participating in a VA high school and a Department of State college internship program, which trained more than 10 interns.

Office of Field Operations

OPA's Field Operations Service consists of six district public affairs offices that serve as the public relations conduit between local facilities in each administration and VA Central Office, coordinating the release of external and internal public affairs information and providing direct support and public relations counsel. Field Operations is an integral part of the MyVA Transformation, as so much of MyVA calls on clear and consistent communication.

Office of Field Operations 2017 Accomplishments:

- Hosted OPA's annual National Training Academy, providing more than 500 individual training hours to VA communicators in media relations, crisis communications, social media and other ways to communicate with veterans, their families, and stakeholders about the care and benefits for which Veterans may be eligible. More than 60 classroom sessions were conducted by VA public affairs staff and external public relations experts. The VA Interim Deputy Secretary attended the National Training Academy and delivered the keynote address.

- Trained nearly 2,000 facility directors, senior leaders and public affairs officers in how to communicate VA programs and messages more effectively with media and Veterans (in addition to the National Training Academy). VA routinely engages local media outlets to convey broad messages in local communities. Local VA officials and PAOs are at the cutting edge of informing and educating Veterans about the benefits they have earned. Our local officials and PAOs are the "face of VA" in local communities. To help them represent the Department, nearly 90

separate episodes of training were conducted, either in group sessions, interactively or in one-on-one prep sessions. Training typically consists of tips and techniques for engaging reporters, on-camera practice sessions and message development.

- Supported the Secretary, Deputy Secretary and other senior VA leaders as they traveled the country. Senior leaders have the unique opportunity to communicate directly with Veterans and stakeholders in local communities when they travel. OPA Field Operations works with local media representatives and local VA facilities to coordinate senior leader travel. During 2017, OPA Field staff supported 56 separate travel engagements.

- Conducted media interviews or responded to national, regional and local media queries. Veterans get much of their information about VA programs and policies through local television, newspaper and radio coverage. OPA Field staff provide information to local reporters or assist facility public affairs officers as they work with local media representatives.

- During 2017, OPA Field staff members responded to over 1,000 media inquiries. Advised facility directors, senior leaders and public affairs officers during nearly 5,000 individual interactions. OPA Field staff are often the first advisors called when facilities confront issues that involve (or may involve) media coverage. They are also consulted on numerous issues related to internal communication, special events planning and crisis communication planning and execution. Public relations advice and counsel is the primary and most time-consuming function of the OPA Regional Offices. It is often the most critically needed support function for facilities that have issues they must address. OPA Field staff traveled to local facilities more than 100 times to provide direct, hands-on assistance. Facilities in Phoenix, Washington D.C., Denver, Tomah, Pittsburgh, Manchester and Los Angeles relied heavily on OPA Field staff support in their communications efforts.

    - The New York/North Atlantic office provided direct support to facilities in crisis in Washington, D.C. and Manchester, New Hampshire. They also played a major role in the introduction of the LUKE arm – the world's most advance prosthetic arm.

    - The Chicago / Midwest office helped address media interest when the Tomah, Wisconsin, facility encountered issues with the sterilization of dental equipment.

    - The Los Angeles/Pacific office continued to assist with the Greater Los Angeles homeless prevention effort by placing a well-timed op-ed in the second largest publication in the city.

    - The Atlanta/Southeast and Dallas / Continental offices provided critical communications support to VA and other federal facilities during

Hurricane Irma and Harvey, respectively,

- The Denver/Continental office provides support to the Colorado Federal Executive Board, in addition to VA facilities in the Continental district. The Dallas office also took the communications lead for the opening of the New Orleans medical center, which had been in planning and construction for more than a decade.

- Assisted in special events that reflected positively on VA or on local VA personnel. Special events included the National Veterans Small-Business Conference; Veterans Economic Community Initiatives; and National Programs and Special Events, including:

  - Veterans Day and Memorial Day
  - National Veterans Wheelchair Games
  - National Disabled Veterans Winter Sports Clinic
  - National Veterans Creative Arts Festival
  - Summer Sports Clinic
  - Golden Age Games

Media coverage of these special events demonstrates to the American public the many positive contributions the Department makes, beyond medical care and benefits provided. Other special events garner additional coverage: each February, the Chicago/Midwest office drafts and arranges publication of the annual National Salute to Veteran Patients letter for the nationally syndicated column, "Annie's Mailbox." OPA Field staff also coordinates with local and state elected officials – and members of Congress and their staffs – on critical public relations initiatives and issues.

- Coordinated and complemented information distribution with other OPA offices. OPA Regional Offices amplify and redirect national news releases, media advisories, blog posts, Twitter and Facebook messages and YouTube videos from the offices of Media Relations and Digital Media Engagement. Those two offices rely on the public affairs networking capability of each OPA Regional Office for dissemination of news and information flowing from VA Central Office to local markets throughout the country.

Office of Digital Media Engagement:

The Office of Digital Media Engagement (DME) leverages existing and emergent web-based technologies to provide the right information to the right VA stakeholder at the right time. Additionally, Digital Media Engagement creates and distributes various communication products through online media designed to inform external and internal audiences of the many benefits, services, and programs available to Veterans and how they may access those benefits.

Office of Digital Media Engagement 2017 Accomplishments:

- DME program uses multiple strategies, including online engagement, content development and compliance, to meet its primary program goal of communicating the "right message to the right Veteran using the right channel."

- DME uses its digital media channels to: share, by informing citizens of public services through social content; listen, by observing, analyzing and understanding what citizens are sharing to improve public services; and engage, by responding, collaborating and creating with both our government partners and citizens to improve public services.

- DME's team of experienced content developers, including writers and visual content producers, communicates directly with Veterans while coordinating efforts across administrations, program offices and government agencies. Using a "create once, publish everywhere" concept, DME focuses on multi-media message implementation through a range of delivery channels.

- DME, on behalf of OPIA, is responsible for overseeing the VA Web Governance Board – ensuring the department, its administrations and staff offices meet federal digital strategy requirements, guidelines and communications goals. DME has worked to increase the compliance rates for VA web properties for federal standards such as Section 508, Open Data, Plain Language, Information Quality, Privacy and other key areas identified on http://www.va.gov/webpolicylinks.asp.

Engagement:

- VA's primary Facebook page gained nearly 250,000 new subscribers, a 25.4 percent increase, bringing its total to almost 1.2 million subscribers. The organic (non-paid) increase occurred despite significant changes in the platforms algorithms, which prioritize paid content.

- VA has added 355,243 followers on Twitter, to a total of more than 610,000 followers, an increase of 139.4 percent. In addition, a new Twitter account for VA Secretary Shulkin was created in February 2017 and had gained nearly 39,000 followers.

- The @DeptVetAffairs Instagram audience has added almost 20,000 followers for a total of 57,000 subscribers. In addition, DME is working with nearly a dozen VA medical centers on an Instagram pilot at the facility level.

- VA's YouTube channel has more than 1,700 videos available on a range of topics. In the last two years, there have been nearly 1.7 million video views and more than 21,500 users have subscribed to the channel.

- VA has published more than 33,000 VA-related photos on the department's Flickr

page that were viewed more than 18.1 million times.

- Managed by the VA Careers team, VA's Linked In page has 246,000 followers and provides career related posts and information.

- VA has built audiences on additional social media channels to include Google+, Storify, Thunderclap and Pinterest. In 2018, VA is planning to launch a Snapchat channel.

Content Development:

- **VAntage Point –** A VA produced and curated web blog that serves as the primary content delivery system for VA stories, news and guest articles. In 2016 and 2017, VAntage Point garnered more than 7.5 million page views. More than 85 percent of VAntage Point readers identify themselves as Veterans.

- **"This Week at VA" email newsletter** – a summary of content generated on the department's VAntage Point blog, this newsletter is distributed each week to 1.5 million subscribers.

- **"This Week at VA" podcast** – In late 2016, DME launched a podcast to highlight Veteran engagement and VA stories. Since its launch, the podcast has garnered nearly 42,000 hits and was nominated for a 2017 Podcast Award in the government and organizations category.

- **The American Veteran –** an Emmy-award winning outreach video program that highlights both VA and individual administration strategic goals and messaging through story segments. The program relaunched in 2017 after a two-year hiatus with two half-hour episodes.

- **Federal Benefits for Veterans, Dependents and Survivors -** VA produces the free English and Spanish versions of the "Federal Benefits for Veterans, Dependent and Survivors" in both web and hardcopy format. The benefits book is hosted online at http://www.va.gov/opa/publications/benefits_book.asp.

- **Correspondence and Administrative Writing:** DME provides executive correspondence on behalf of the Secretary to VSOs, special interest groups and other stakeholders. The team also drafts Presidential Proclamations, with the number varying from year to year. These proclamations include: Loyalty Day, Memorial Day, Korean War Veterans Armistice Day, Vietnam 50th Anniversary and other Veteran-related assignments from OMB and the White House.

- **Field Support Packages**: Digital Media Engagement produces and distributes materials designed to support facility involvement in special events, activities and programs. Packages typically include a director's speech, factsheet, white paper, talking points and social media content. On average, 12 packages are produced

and distributed each year.

Compliance:

- **Web Governance:** DME manages the department's 15-member Web Governance Board (WGB) which is charged with standardization and enforcement oversight of VA's enterprise-wide web presence.

- **Federal standards:** Through the Web Governance Board, DME has led a focused effort on department-wide Section 508 remediation, expanding the available suite of social media tools, and continuing enterprise-wide certification for the development and deployment of safe, secure, VA branded mobile applications.

- **Web Redesign:** DME continues to lead an enterprise-wide web redesign effort that updates the look, usability and taxonomy of VA's web presence, provides updates to the functionality, look and feel, and accessibility of va.gov on mobile devices. Currently, DME has approved several sites to test implementation of new designs that meet both VA's standards, as well as federal digital design recommendations.

Executive Director for Intergovernmental Affairs

The Executive Director for Intergovernmental Affairs is responsible for all relations between VA and international, state, county, municipal, and tribal governments. The primary function of the office is to provide strategic advice, guidance, and information to the Office of the Secretary, Under Secretaries for Health, Benefits, and Memorial Affairs, and all other VA Staff Offices by fostering and enhancing government partnerships and acting as liaison between VA and the White House, federal, state, county, municipal, tribal, insular, and international governments. The Executive Director for Intergovernmental Affairs has oversight of the Office of Tribal Government Relations and the Office of State, County, and Municipal Governments.

Office of Tribal Government Relations

Office of Tribal Government Relations (OTGR) works to strengthen and build closer relations between the VA, Tribal governments and other key federal, state, private and non-profit partners in an effort to effectively and respectfully serve Veterans across Indian Country. This work is done in the spirit of government to government consultation and collaboration, respectful of the special relationship that exists between the United States and Tribal governments. OTGR's efforts focus on three important goals: facilitating VA's Tribal Consultation Policy, facilitating increased access to health care and promoting economic sustainability (highlighting opportunities for Veterans to access fiscal, educational, housing and other special programs and benefits through the VA). OTGR brings key partners to the table to address important issues raised by tribal leaders. Linking decision makers and stake holders to Tribal Leadership ensures Indian Country's Veterans know who we are at VA, what VA offers Veterans and how to reach VA to

ensure access to the full range of services and benefits our Veterans have courageously earned through their service.

Tribal Government Relations 2017 accomplishments:

- Supported four VA tribal consultations.
    - Two VHA care in the community consultations.
    - One consultation focused on the amendment of Title 38 Code of Federal Regulations Part 14, which included Tribal Department of Veterans Affairs as entities that may be authorized to accredit Service Officers.
    - One consultation focusing on soliciting tribal leader input to identify top priorities for Veterans in Indian Country.
- Supported over 50 outreach and training events which reached over 3,000 Veterans.
- Supported the launch and implementation of Tribal Housing and Urban Development (HUD) and Department of Veteran Affairs Supportive Housing (VASH) pilot including development of Tribal HUD VASH implementation handbook.
- Coordinated visits by the secretary and senior officials within VHA and VBA with tribal leaders, tribal elected officials, and Veterans living in Indian Country in order to better understand and be responsive to the priorities and needs of Veterans living in tribal communities.
- Coordinated and facilitated in collaboration with local planning committees resulting in four Veterans Training Summits held in Tribal Communities and one Tribal Veterans Representative training seminar.
- Facilitated the inclusion of ten additional Tribal Health Programs participating in the Reimbursement Agreement Program with the VA.
- Coordinated the 4th Annual Intertribal Homeless Veteran Stand Down.

Office of State, Local and Municipal Governments

Office of State, Local and Municipal Governments' (SLMG) mission is to coordinate VA's participation in intergovernmental affairs initiatives, including White House-sponsored activities, and assess the issues and concerns of state, local, and municipal officials and the impact of VA's action on their areas of jurisdiction. SLMG serves as the Department's liaison in all intergovernmental affairs matters and is the primary point of contact with federal, state, and local Government officials. SLMG facilitates government-

to-government relations with State and Local leaders and VA initiatives to develop partnerships that enhance access to services and benefits for Veterans and their families. The SLMG office as also the proponent for VA's International Affairs program and counterpart visits.

Office of State, County, and Municipal Government Relations 2017 Accomplishments:

- Signed Memorandum of Agreement (MOA) with the National Association of State Directors of Veterans Affairs (NASDVA). NASDVA is the 2nd largest provider of benefits and services to Veterans and their families. The MOA will aid, strengthen, and allow for a more seamless integration between Federal and State Veteran benefits and services.

- Facilitated communication between State, County, Municipal Government leaders, Veterans Service Organizations, NASDVA, and VA which resulted in the drafting of legislation to transform and modernize the appeals process.

- Played a key role in coordinating the cooperation and collaboration between Mayors across the country to help end Veterans Homelessness. These include:

    - Helped coordinate efforts with the City of Los Angeles and VA that contributed to a 30% decline in Veteran Homelessness – the largest such drop for a major city in the country.

    - Planned a Mayoral Summit on Veterans Homelessness with the mayors of San Francisco, Oakland, Santa Clara, and San Jose that contributed to an approximate 15% decline in Veteran Homelessness.

    - Assisted in the planning of an economic and homelessness summit in Kansas City, MO with the mayor that contributed to greater awareness of Veterans Homelessness in the local community.

    - Planned a Mayoral Summit on ending Veteran Homelessness with all the major mayors of the islands of Hawaii that contributed to a decline in Veterans Homelessness.

    - Assisted in the planning of a three Secretary Tour (HUD, Labor, VA) of Houston, Las Vegas and Tucson to end Veterans Homelessness. Houston and Las Vegas have since announced the end of Veterans Homelessness in their cities.

    - Established a working relationship between VA and the National Apartment Association (NAA) to both house and employ Homeless Veterans. The NAA represents 8.1 million apartment units and has – to

date – housed over 1,000 Homeless Veterans and on its way to employing hundreds more.

- Planned and coordinated the awarding of the Congressional Gold Medal to the 65th Infantry Regiment – the Borinqueneers – a segregated Hispanic infantry unit known for their exploits and courage during the Korean War.

- Facilitated the planning and coordination of seven international leader visits to VA, VBA, VHA, and NCA facilities and provided briefings on VA services to officers from 71 nations in attendance at the Army War College in Carlisle Barracks, Pennsylvania.

- Provided coordination between State, County, Municipal leaders and the VA Veterans Justice Outreach (VJO) program, a prevention-focused component of VA's mission to connect Veteran defendants with needed VA services. VJO specialists provide direct outreach, assessment and case management for justice-involved Veterans in local courts and jails and liaison with local justice system partners.

- Organized an event in support of Heroin and Opioid Awareness Week with the Department of Justice, the White House Office of National Drug Control Policy, and VA to highlight the intersection between mental health, substance use (particularly opioids), homelessness, criminality, and suicide in the Veteran population.

- Facilitated the planning and coordination meeting with representative from the States of Oregon, Tennessee, Texas, Nevada, and South Dakota on the expansion of VA cemeteries.

- Promoted collaboration between State Directors, State Veterans Homes, Community Partners, VA, VHA, VBA, and HUD on an initiative to address the aging Veteran population and developing a Continuum of Care to address this emerging issue.

Budget Highlights

The 2019 request covers activities of the Office of the Assistant Secretary; the Office of Public and Intergovernmental Affairs and its seven regional offices in Atlanta, Chicago, Dallas, Denver, Los Angeles, New York/Washington DC; the Office of Digital Media Engagement; the Office of Tribal Government Relations; the Office of State, County, and Municipal Government Relations; the Office of National Veteran Outreach; the Homeless Veteran Outreach and Strategic Communication Office; the Office of Media Relations and the Office of Internal Communications. The budget provides for employment of 86 FTE and funding of approximately $13.0 million.

Summary of Employment and Obligations (dollars in thousands)					
		2018			**2018 vs 2019**
	2017	**Budget**		**2019**	**Increase/**
	Actual	**Estimate**	**Current**	**Request**	**Decrease**
Average employment	**68**	**86**	**86**	**86**	**0**
Central Office	**49**	**61**	**61**	**61**	**0**
Modernization Reform Plan 1/ (non-add)	**0**	**(46)**	**(46)**	**(46)**	**0**
Field Office	**19**	**25**	**25**	**25**	**0**
Obligations:					
Personal services	$10,422	$9,613	$10,717	$11,065	$348
Travel	$443	$375	$237	$205	($32)
Transportation of Things	$0	$0	$0	$0	$0
Rent, Communications, Utilities	$44	$3	$34	$31	($3)
Printing and reproduction	$83	$83	$70	$70	$0
Other services	$6,126	$4,393	$3,689	$3,419	($270)
Supplies and materials	$52	$74	$70	$65	($5)
Equipment	$75	$8	$0	$0	$0
Grants	$0	$0	$0	$0	$0
Insurance and Indemnities	$0	$0	$0	$0	$0
Total obligations	**$17,245**	**$14,549**	**$14,817**	**$14,855**	$38
Reimbursements	($3,381)	($1,886)	($1,886)	($1,886)	$0
SOY Carryover (-)	($930)	$0	$0	$0	$0
EOY Carryover (+)	$73	$0	$0	$0	$0
Total Budget Authority	**$13,007**	**$12,663**	**$12,931**	**$12,969**	**$38**

1/ Effective October 1, 2018, 46 Communications FTE funded in other accounts will operationally report to OPIA.

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Office of Congressional and Legislative Affairs

Mission

The mission of the Office of Congressional and Legislative Affairs (OCLA) is to improve the lives of Veterans and their families by advancing pro-Veteran legislation and maintaining responsive and effective communications with Congress.

Summary of Budget Request

($ in 000)	2018 Estimate	2018 FTE	2019 Request	2019 FTE
Budget Authority	$7,179	56	$8,737	57
Carryover [1/]	$1,349			
Total Budgetary Resources	**$8,528**	**56**	**$8,737**	**57**

[1/]2018 Estimate includes $1.349 million in carryover for the realignment of 8 FTE from VHA and VBA to OCLA to consolidate Congressional and legislative activities in the Department.

Office of Congressional and Legislative Affairs

The 2019 budget request reflects a consolidation of separate Congressional liaison activities from the Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) under OCLA. The strategic realignment of functions, personnel, and resources is a key component to enhancing the Department's communication and engagement effort with Congress. VA's continuing reform will fundamentally and strategically change the way the Department thinks and operates. Specifically, the budget request will:

- Provide a total of $8,737,000 and an average employment of 57 FTE to fund all OCLA activities in 2019. The 57 FTE includes personnel assigned to Central Office and OCLA's Congressional Liaison Service offices on Capitol Hill.

  Enable the office to continue to directly support the Department's Strategic Goals and support congressional oversight responsibilities.
- Allow OCLA to continue to advance responsive and effective congressional communications (i.e., briefings, meetings, hearings, site visits, and constituent services) to enhance the knowledge of VA for Members of Congress and staff.

- Enable legislative and outreach teams to continue to support internal and external stakeholders, and increasing requests for technical assistance on draft legislation; the development and execution of the Department's legislative program; and Members of Congress who are not members of the Department's committees of jurisdiction.

- Allow the congressional liaison team to continue to provide strategic customer service to Members of Congress and their Washington D.C. office straff. The liaison team serves as a point of contact for congressional staff on constituent casework issues. The liaison team will continue to support local facilities in processing constituent casework.

- Continue to educate and train selected VA employees through the Congressional Fellows outreach program established in 2018 in all aspects of congressional activities, emphasizing those matters regarding the VA. These Fellows will continue to fill the capacity of a full-time legislative aide in the House of Representatives and/or Senate for the duration of a single session of Congress.

Program Description and Accomplishments

OCLA is a dynamic, complex office that supports the Secretary and the Department's Strategic Goals and Priorities. OCLA seeks to provide timely information to Members of Congress and their staffs. OCLA is also focused on communicating the Department's mission, programs, and its care and support of Veterans. This involves frequent briefings by senior VA officials both in Washington, DC and in the field. In addition, OCLA conducts orientation and information briefings on VA benefits and services for Members of Congress and their staffs.

OCLA provides leadership, guidance, and coordination of all communications, both legislative and non-legislative, with Congress; it also serves as the principal advising body for the Secretary, Deputy Secretary, and other senior Department officials regarding all congressional activity related to Veterans.

The primary function of OCLA is to promote the enactment of legislation that improves Veterans benefits and services by:

- Coordinating the development of legislation that honors our Nation's commitment to take care of those who protect our Nation through military service.
- Maintaining responsive communications with Congress through briefings, hearings, correspondence, reports, site visits, and constituent services.
- Maintaining a productive working relationship with the Government Accountability Office (GAO).

The office serves as the Department's primary point of contact for Members of Congress and their staffs on matters regarding policy, oversight, and Members' requests. OCLA

maintains relationships and encourages the flow of information between VA and Members of Congress and congressional staff.

In 2017, OCLA supported 59 hearings and conducted 783 congressional briefings, including educational seminars, responded to 2,190 requests for information in addition to 446 questions for the record, supported an average of 71 ongoing GAO analyses, and coordinated the Department's response to 59 GAO draft reports. OCLA's liaison team fielded 42,024 telephone inquiries and letters in support of constituent casework, in addition to Secretarial and senior leader policy and informational correspondence. OCLA's legislation team provided technical assistance on over 749 draft pieces of legislation. OCLA personnel directly supported 12 congressional oversight visits to VA facilities throughout the Nation.

In order to sustain productivity, OCLA continues to review its internal operating processes and procedures, seeking the feedback of the office's internal and external stakeholders and aggressively working to eliminate inefficiencies and redundancy. OCLA will continue to update its processes and procedures and will continue to strive to improve the Department's responsiveness and communications with Congress.

Budget Highlights

Office of Congressional and Legislative Affairs *Summary of Employment and Obligations* *(dollars in thousands)*					
		2018			
	2017 Actual	Budget Estimate	Current Estimate[1/]	2019 Request	Increase (+) Decrease (-)
Average employment	43	48	57	57	0
Obligations:					
Personal services	$6,025	$6,725	$8,289	$8,399	$110
Travel	$23	$85	$26	$89	$63
Transportation of Things	$0	$0	$0	$0	$0
Rents, communications & utilities	$0	$0	$0	$0	$0
Printing and reproduction	$8	$6	$6	$6	$0
Other services	$189	$192	$196	$192	($4)
Supplies and materials	$8	$42	$11	$51	$40
Equipment	$0	$0	$0	$0	$0
Grants	$0	$0	$0	$0	$0
Insurance/Indemnities/Interest	$0	$0	$0	$0	$0
Adjustment to Expenditures	$0	$0	$0	$0	$0
Total obligations	**$6,253**	**$7,050**	**$8,528**	**$8,737**	**$209**
Reimbursements					
SOY Carry over (-)	($1,000)		($1,349)		
EOY Carry over (+)	229				
Total Budget Authority	**$5,482**	**$7,050**	**$7,179**	**$8,737**	**$209**

[1/]2018 Estimate includes $1.349 million of carryover for a realignment of funds from VHA & VBA for consolidation of 8 FTE.

The 2019 personal services request of $8,399,000 supports approximately 57 FTE.

A total of $338,000 is requested in 2019 to cover non-pay costs for congressional and personnel travel, supplies, equipment, and other services.

Acquisition, Logistics, and Construction

Mission

The mission of the Office of Acquisition, Logistics, and Construction (OALC) is to support America's Veterans by delivering and enabling business solutions that meet the ongoing and emerging needs of our customers. We do this by delivering services, communicating, and being transparent; optimizing business operations that facilitate informed decision making; and being a learning, agile organization that provides employee professional growth. The office provides acquisition and logistics services to VA Administration and Staff Offices, as well as oversees the planning, design, and construction of the Department's major construction and leasing projects.

Stakeholders

OALC stakeholders include Veterans, Congress, Veterans Service Organizations, the Office of Federal Procurement Policy, the Departments of Defense, Health and Human Services, and other Federal agencies. Internal stakeholders or customers include the VA Administrations (Veterans Health Administration (VHA), the Veterans Benefits Administration (VBA), and the National Cemetery Administration (NCA)), and Staff Offices. OALC also provides direct assistance at regional and local levels, including Veterans Integrated Service Networks (VISN), VHA Area Offices, Memorial Service Networks (MSN), local medical centers, and VBA Regional Offices.

Summary of Budget Request

Included under the OALC is the Office of Acquisition and Logistics (OAL), the Office of Acquisition Operations (OAO), and the Office of Construction and Facilities Management (CFM). This chapter provides information for OALC enterprise functions and CFM[1]. In order to improve the planning, management, and return on investment of VA construction projects, the Department is continuing to transform OALC into an enterprise-wide facility management operation. A key aspect of this transformation is the expanded role of CFM. CFM provides regional and local support for construction and lease projects by funding support for the on-site supervision of projects through the Major Construction and Medical Facilities accounts. The table below provides a break out of the funding by account.

[1] Detailed information on OAL and OAO is included in the Office of Acquisition and Logistics/Office of Acquisition Operations: Supply Fund chapter.

Office of Acquisition, Logistics, and Construction (OALC) 2018 and 2019 Funding Sources

($ in 000s)	2018 Funding	2018 FTE	2019 Funding	2019 FTE	Increase (+) Decreases (-)	
General Administration (GenAd)						
OALC Enterprise Functions/CFM[1]	$46,258	227	$46,492	228	$234	1
Total GenAd Budget Authority	**$46,258**	**227**	**$46,492**	**228**	**$234**	**1**
From Major Construction[2]	$27,500	148	$27,500	151	$0	3
Balances from Major Construction[3]	*$9,315*	*49*	*$5,986*	*33*	*-$3,329*	*-16*
From Medical Facilities	$11,092	48	$8,430	37	-$2,662	-11
From Supply Fund	$1,181	7	$1,448	9	$267	2
Total Reimbursements	**$49,088**	**252**	**$43,364**	**230**	**-$5,724**	**-22**
Total Budgetary Resources	**$95,346**	**479**	**$89,856**	**458**	**-$5,490**	**-21**

[1] Funding in 2018 includes carryover dollars for two FTE transferred from NCA that are budgeted for in OALC in 2019
[2] This line reflects authorized reimbursements from the Major Construction account.
[3] This line reflects the amount of carry over funds that will be used to meet projected needs. Prior year balances are reported in the Major Construction chapter (Volume IV, Chapter 2).

The General Administration (GenAd) appropriation will provide funding for 228 FTE. The 2019 Major Construction appropriation request will provide funding for on-site supervision of resident engineers (RE) and related administrative support for VA's major construction projects located throughout the country. Major Construction funding will also support 30 contracting officers located at the Regional Office or project site to ensure alignment with the program they are supporting. The Medical Facilities appropriation will provide funding for on-site supervision by REs and related administrative support for VHA lease projects located throughout the country. Requested funding will cover all costs for these employees including salary and benefits, training, travel, and any permanent change of station costs.

2019 FTE Breakout by Appropriation

Position	Reimbursable Funding Sources			GenAd BA	Total
	Major Construction	Medical Facilities	Supply Fund		
Resident Engineers/Admin Support	154	37	0	0	191
Project/Program Managers	0	0	0	60	60
Realty Specialists	0	0	0	44	44
Planners	0	0	0	51	51
Contracting Officers	30	0	0	16	46
Architect/ Engineers	0	0	0	12	12
Management Support	0	0	9	45	54
Total	**184**	**37**	**9**	**228**	**458**

CFM has undertaken an in-depth analysis of its operations to most effectively allocate staff to projects. CFM manages an inventory of 51 projects valued at over $12.3 billion for the acquisition, design, construction, renovation, and modernization of medical centers, as well as building new cemeteries and expanding existing ones. CFM's Leasing Program has grown from $4.5 billion in 2016 to over $6.2 billion in 2017, a 38 percent increase.

The Office of Real Property (ORP) staffing levels included in this budget request are critical to CFM's ability to address the additional workload imposed by Choice Act leases and other CFM construction efforts.

Some of the challenges currently faced by CFM include:

- Maturing a working relationship with the U.S. Army Corps of Engineers (USACE), which became the VA's construction agent for projects over $100 million in 2016.

- Developing and implementing framework principles to clarify VA Major Construction roles and responsibilities.

- Implementing sophisticated project controls in response to USACE, Office of Inspector General (OIG), Government Accountability Office (GAO), and internal reviews.

- Implementing Lean Six Sigma practices in the major leasing and construction programs.

- The 2016, 2017 and 2018 Major leases have received authorization, which results in an immediate 30 percent increase in leasing workload. All 28 major lease projects will commence in earnest. CFM will leverage all internal leasing capacity and external federal agency support to deliver the 28 critical facilities in the timeliest manner possible. A key focus will be on speed to market, and we anticipate going to market seeking available properties (existing building as well as land sites) for all of these facilities by spring 2018.

- Based on projections, the ORP anticipates a significant workload increase in the next two to three years. Concurrently, ORP staff is also tasked with awarding the majority of the Choice Act 2014 leases in the coming year, as well as a series of non-prospectus leases, for a total of 31 planned lease awards in 2018. ORP staff is also engaged in numerous land transactions, including four land acquisitions for Major Construction projects, and pilots for Public Private Partnerships and Strategic Reutilization. CFM will look to reallocate resources from other planned activities to supplement the real property requirement.

- Increased focus on additional requirements in VA Facility Condition Assessments, such as seismic assessments.

- Fully implementing and overseeing the metrics, project management plans, integrated master schedules, and predictive analysis process programs.

- Changing our staffing paradigm in light of the Choice Act Independent Assessment findings.

Program Description and Accomplishments

OALC oversees the OAL, OAO, and CFM[2]. CFM responsibilities include overseeing the planning, design, and construction of the Department's major construction projects. CFM consolidates and standardizes processes governing construction and leasing activities throughout VA. Program oversight is provided and enterprise-wide performance metrics are developed that assess various aspects of construction. CFM develops and monitors historic preservation policy for VA in order to deliver high-quality, cost-effective facilities in support of our Nation's Veterans.

Major Construction

CFM is responsible for providing on-site supervision for design and construction of VA's Major Construction projects. Major Construction encompasses projects greater than $10 million and includes a large and complex inventory of approximately 51 active projects valued at $12.3 billion. Responsibilities for super projects (projects over $100 million) include selecting, negotiating, and working with a non-Departmental Federal agency to accomplish the projects. Duties for all other Major Construction include managing, negotiating, awarding, and administering design, construction, and other related contracts. CFM provides support in project scheduling, claims analysis, and risk management; and provides oversight and execution of all Brooks Act Architect and Engineer evaluation and selection processes.

Leasing Services

CFM provides supervision for the acquisition, management, and disposal of realty assets for the VA nationwide. Contracts are awarded for leased facility acquisitions and land purchases. Numerous easements, licenses, and permits are granted throughout the country. In 2018, CFM estimates that 20 lease awards will be made for nearly 1.7 million square feet of leased space, with an estimated contract value of $1.7 billion. CFM estimates that all Choice Act 2018 leases, a total of 2.4 million square feet, with a total contract value of over $1.6 billion, will be released to market in 2018. ORP will concurrently provide supervision for the acquisition, management, and disposal of realty assets for VA nationwide, and manage numerous easements, licenses, and permits granted throughout the country.

Facility Engineering Support

CFM provides support regarding compliance with codes, regulations, historic preservation, cultural resource laws, regulations, and Executive Orders. CFM provides ad hoc architectural and engineering services to VA facilities, and oversees Facility Condition Assessments and Electrical Studies. CFM also conducts technical quality reviews for the grants for State Extended Care Facilities and Homeless Providers Grant and Per Diem programs.

[2] Detailed information on OAL and OAO is included in the Office of Acquisition and Logistics/Office of Acquisition Operations: Supply Fund chapter.

Facility Planning Support

CFM is responsible for VA's national quality design and construction standards, including master specifications, design guides, technical manuals, and design alerts. CFM also manages several national programs such as the seismic and natural or manmade disaster preparedness program, various sustainability compliance programs, construction cost budgeting, and estimating programs. CFM provides master planning and project planning expertise, resources, and tools to facilitate facility planning for VA Administrations and Staff Offices.

2017 Program Highlights

- Awarded approximately 18 Major Construction contracts and executed a total of $713 million in contracted obligations. Completed three major construction projects at Orlando, Florida; Elwood, Illinois and Honolulu, Hawaii, National Cemetery of the Pacific.

- Managed a large and complex inventory of 50 Major Construction projects valued at $12.7 billion, including high visibility projects at Denver, Colorado; Orlando, Florida; New Orleans, Louisiana and Manhattan, New York; as well as seismic projects in California, Nevada, Oregon, Washington, Montana and Puerto Rico. Other major projects include new construction and renovation of a community living center, domiciliary, and outpatient facilities in Canandaigua, New York; a new medical center in Louisville, Kentucky; a Spinal Cord Injury facility in Dallas, TX; medical facility improvements in St. Louis, Missouri; an ambulatory care and polytrauma in Palo Alto, California; polytrauma and bed tower in Tampa, Florida. CFM also managed five new National Cemeteries in Cape Canaveral and Tallahassee, Florida; Omaha, Nebraska; Colorado Springs, Colorado; Elmira, New York and the expansion of 14 National Cemeteries.

- Implemented the first Public-Private Partnership project under the Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016 (CHIP In Act) in Omaha, Nebraska.

- Managed a large and complex inventory of approximately 74 leases, including 52 major leases in procurement and construction, numerous smaller leasing actions, land acquisitions and land management actions, including a number of easements, licenses, and permits throughout the county.

- Awarded seven leases for a total of more than 289 thousand Net Usable Square Feet (NUSF) and a total contract value of more than $272 million.

- Accepted seven leases as complete for a total of more than 414 thousand NUSF and a total contract value of more than $371 million.

- Acquired 10 land sites in support of the NCA and VHA valued at approximately $8.5 million.

Real Property Strategic Utilization

- CFM created and resourced a new group within ORP, Real Property Strategic Utilization (RPSU), that together with Office of Asset and Enterprise Management (OAEM), centralizes decision-making and execution regarding efficient utilization and divestment of VA's owned real estate assets. RPSU's 2017 portfolio consisted of 362 acres, 99 buildings, disposition of 1,637,471 square feet, and addition of 158,000 square feet, spanning real property disposals, transfers, and exchanges, as well as the Historic Reuse Program (that allows for long term outleases and exchanges of historic property), and Public-Private Partnership project types.

- In its first year, RPSU completed: (1) the disposition of 187 acres, 47 buildings, and 2.16 million square feet; (2) entered into VA's first public/private partnership under the CHIP IN Act to accept a partial donation for a new Ambulatory Care Clinic in Omaha, adding 158,000 square feet to its inventory; and (3) piloting a Historic Reuse Program pursuant to the National Historic Preservation Act authority that will allow for the long-term outleasing of historic owned assets that VA no longer needs.

- A continued focus on better utilization of owned assets is anticipated to result in a 30 to 50 percent increase in the RPSU portfolio in 2018.

VA Lease Certification Program

- In preparation for this body of work, VA established a Lease Certification Program that focuses on training and warranting lease Contracting Officers to successfully deploy leases on behalf of the agency.

- ORP was formally established as the head of the VA Lease Credentialing Program (VALCP) in March 2017, to include responsibilities of formalizing a lease certification process and issuing leasing warrants. ORP quickly transitioned the existing lease certification process from OAL's Acquisition Human Capital Management Services and formed a cross-organizational Integrated Project Team (IPT) to work out the details that would better align VA's leasing workforce and training requirements with other federal agencies which do this type of work, provide a level of oversight to ensure quality and consistency nationwide, and meet other programmatic needs. The IPT focused on details large and small, in a relatively short period of time, and convened the first cohort of trainees for three weeks of training at the Veterans Affairs Acquisition Academy (VAAA) to enable issuance of Level III leasing certifications.

- To date, 172 leasing certifications have been issued VA-wide. In addition, the first leasing warrants were issued to CFM leasing professionals earlier this summer, and more are expected across the Department upon completion of the cohort in late August 2017. The cohort allowed for sharing of best practices and encouraged coordination and collaboration among leasing professionals across the country. More guidance will be forthcoming to all leasing professionals in the form of a VALCP policy expected in 2018, which will set agency warrant thresholds and requirements.

- Verified that the Community Living Center Design Guide had the most current standards and information to provide design/construction services to the Office of Capital Asset Management Support, State Home Grant Program. Managed the technical quality of VA's 14 State Home Grants, valued at $122.4 million, in the 2017 construction program.

- Incorporated the latest standards for the Mental Health Design Guide and provided design and construction advice services to the Office of Mental Health. Provided support to the Homeless Grant and Per Diem Program as construction consultant on past-year projects.

- Provided extensive architectural, engineering, scheduling, and other technical consultant services to VA Medical Centers for budget development; review of capital projects; Facility Condition Assessments; operations and maintenance issues; scheduling and estimating for the preparation of VA's Major Construction budget; and cost control assistance for projects under design with a value of $5 billion.

Budget Highlights

The 2019 Budget request will provide:

Summary of Employment and Obligations

(dollars in thousands)	2017 Actual	2018 Budget	2018[1] Current Estimate	2019 Request	From 2018: Increase (+) Decrease (-)
Average employment:					
Field	203	288	288	263	-25
Central Office	186	191	191	195	4
Total	**389**	**479**	**479**	**458**	**-21**
Obligations:					
Personal services	$58,870	$73,917	$73,934	$70,867	-$3,067
Travel	$2,899	$3,617	$3,615	$3,454	-$161
Transportation of things	$310	$679	$679	$404	-$275
Rents, communications, and Utilities	$4,427	$3,777	$3,776	$2,481	-$1,295
Printing and reproduction	$0	$4	$4	$4	$0
Other services	$8,527	$12,356	$12,842	$12,265	-$577
Supplies and materials	$59	$187	$187	$182	-$5
Equipment	$84	$309	$309	$199	-$110
Land and structures	$52	$0	$0	$0	$0
Facilities	$0	$0	$0	$0	$0
Insurance Claims and Indemnities	$18	$0	$0	$0	$0
Total obligations	**75,246**	**$94,846**	**$95,346**	**$89,856**	**$5,490**
Reimbursements	-$29,986	-$49,422	-$49,088	-$43,364	-$5,724
SOY Carry over (-)	$0	$0	-$354	$0	-$354
EOY Carry over (+)	$164	$0	$0	$0	$0
Transfer	$0	$0	$0	$0	$0
Total budget authority	**$45,424**	**$45,424**	**$45,904**	**$46,492**	$588

[1] Includes two FTE funded with carryover dollars that were transferred from NCA. These FTE are budgeted for in OALC's FY 2019 request.

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Veterans Experience Office

Mission

The Veterans Experience Office (VEO) reports directly to the Secretary and supports VA in modernizing to become a premier customer experience organization for Veterans, their families, caregivers, and survivors. VEO brings industry best practices to government in order to support VA in creating a customer experience that is on par with industry. VEO accomplishes this by providing qualitative and quantitative data based on the voice of the customer; integrated communication channels that drive consistent and unified Veteran experiences with VA; national implementation capabilities based on qualitative and quantitative data and Agency priorities; and support for Veterans and their families through navigation, coordination and integration of VA and non-VA services.

Summary of Budget Request

($ in 000)	**2018**	**FTE**	**2019**	**FTE**
National HQ VEO Office	$ 0	0	$ 0	0
Portfolio Management	$ 0	0	$ 0	0
Veterans Experience Insight & Analytics	$ 0	0	$ 0	0
Veterans Experience Tools & Implementation	$ 0	0	$ 0	0
Multichannel Technology	$ 0	0	$ 0	0
Community Engagement	$ 0	0	$ 0	0
Total Budget Authority (BA)	**$ 0**	**0**	**$ 0**	**0**
National HQ VEO Office	$ 6,996	20	$ 6,996	20
Portfolio Management	$ 5,889	15	$ 5,889	15
Veterans Experience Insight & Analytics	$ 11,350	22	$ 11,350	22
Veterans Experience Tools & Implementation	$7,866	43	$7,866	43
Multichannel Technology	$ 24,125	30	$ 24,125	30
Community Engagement	$ 4,206	24	$ 4,206	24
Total Reimbursable Authority (RA)	**$ 60,432**	**154**	**$ 60,432**	**154**

VEO is requesting reimbursable authority (RA) of $60.432 million which supports 154 FTE to accomplish its mission in 2019. VEO also collaborates closely with VBA's Veterans Relationship Management team to achieve mission goals and produce synergies.

The 2019 budget consists of reimbursable funds from VA's three Administrations (VHA, VBA, NCA) and OI&T. The request includes no increases over the 2018 President's Budget.

Included in the request is contract support for contact center modernization, real time customer experience measurement, CVEB support, and other services described below.

Program Description

To fulfill its mission, VEO is equipped with unique capabilities that enable the Department to look across the enterprise to identify customer experience problem areas, design service delivery improvements, and deploy solutions in partnership with Administrations and Staff Offices based on the voice of the customer. In this regard, VEO supports VA's modernization efforts with a focus on providing easy access to information on VA benefits and services, both online and by phone, and through the local community. In addition, VEO provides tools to hold VA accountable to its customers by measuring their experiences with VA and moments that matter to them as defined by the customer.

Insight & Analytics

Insight & Analytics brings industry best practices to VA by employing human centered design (HCD) techniques and direct interviews with Veterans, family members, caregivers and survivors to gather and analyze qualitative data to drive improved service delivery based on the voice of the Veteran. This capability enables the Department to validate pain points and areas for improvement with Veterans before applying resources to address these issues. This qualitative data also creates a consistent shared understanding about VA's customers and how they feel about their interactions with VA. VEO thus brings the voice of the Veteran to the forefront.

In addition, Insight & Analytics provides quantitative data about the Veteran's interactions with VA by capturing and analyzing customer experience input in real time using an industry best in class framework and a modern, web-based platform used by leading customer service companies in the private sector. This allows the Department to view VA's performance from the Veteran's perspective and holds VA accountable to Veterans. Modeling after industry, VEO gathers multiple tiers of customer experience input to drive improved service delivery based on customer input:

- **VA Enterprise Trends:** a snapshot of VA performance overall across all service lines, measuring effectiveness, ease, emotion, and trust, and used to monitor VA's progress towards increasing Veterans trust

- **Service-Level Patterns:** tracking and analyzing customer experience by service line in real time to improve VA performance and provide transparency in service areas in need of improvement; consists of an online survey pushed to customers after service delivery

Veteran Experience Tools & Implementation

VEO's implementation arm deploys VA-wide customer experience initiatives, to include a VA-wide patient experience program. Learning from industry leaders, such as the UCLA Medical Center, Mayo Clinic, Cleveland Clinic, and Beryl Institute. VEO will further enhance and deploy this comprehensive program in 2019, which infuses customer experience best practices into the day-to-day culture and operations at VHA facilities nationwide. In addition to modeling after industry best practices, this framework was designed around the Patient Experience Journey

Map, a human centered design assessment that identifies the critical moments of a Veteran's interactions with VA.

VEO will continue to implement and add to the five foundational customer experience tools nationwide for improvement in care service delivery. These tools are currently being implemented across all 147 VA Medical Centers and associated clinics.

- WECARE Leadership Rounding Training – Leaders are trained in the industry best practice of regularly rounding to connect with both employees and patients in order to personally elicit experience insights, resulting in an improved employee engagement and customer experience
- Own the Moment Customer Experience Workshop – All VHA employees are trained to deliver exceptional customer experiences and sets behavioral standards and expectations for all employees to seize every opportunity to provide an exceptional patient experience
- Standard Phone Greeting – All phone interactions deliver a consistent experience with a simple, 4-part greeting that ensures a Veteran knows where they have called and the employee offers assistance
- Employee Name Badges – "I Choose VA" Badge gives all employees an opportunity to identify and share their personal connection to the mission. This initiative creates an opportunity for connection with patients and among employees. Employees exhibit their connection with the VA and Veterans by wearing a badge that includes their first name in a readable size, their hometown, and their Veteran status or other connection to choose to work for the VA
- Red Coat Ambassadors – Aimed at providing immediate positive experiences at VA facilities, where volunteers wear recognizable Red Coats to greet or assist customers by providing wayfinding services, friendly faces for comfort, and information about services and programs

Multi-Channel Technology

Multi-Channel Technology sponsors VA-wide, integrated technology solutions for Veterans and their families to make their online and telephonic interactions with VA easier and on par with industry. This capability seeks to create a unified customer experience and unified view of the customer for VA employees through integrated technology platforms, including vets.gov and across contact centers. These improvements are designed using industry best practices and support from top industry technologists from the United States Digital Services to be easily understandable and accessible to Veterans, family members, caregivers and survivors so they may seamlessly navigate VA and non-VA services.

Community Engagement

Community Engagement connects with local communities and partners to improve the coordination of organizations, governmental and non-governmental, serving Veterans where they live and work. VEO assists in connecting Veterans with local community resources through the

development of CVEBs, Veteran-Friendly Communities, and other strategic partnerships. The Veteran-Friendly Communities initiative encourages local community partnerships focused on the role communities play in a Veteran's quality of life, and provides a formal avenue to highlight CVEB practices that best strengthen the Veteran community. These recommended practices are shared with other communities seeking to build and improve similar Veteran advocacy networks. These efforts directly impact Veterans by providing connections to resources specific to a local community.

Additionally, Community Engagement sponsors the "Choose Home" initiative, which seeks to enable all Veterans, their families and caregivers to achieve their desire to remain at home for their care through the delivery of highest quality comprehensive home and community based care, benefits and services in the communities in which they live.

Budget Highlights

The 2019 request supports VEO's continued efforts to modernize the Department to provide premier customer experience to Veterans, family members, caregivers and survivors. Modernization, accountability, and access are the cornerstones of the VEO initiatives.

Accountability Initiatives – holding VA accountable to Veterans, family members, caregivers and survivors by capturing Veteran input, tracking complaints, and improving service delivery based on the voice of the customer.

- ***Contact Center Modernization:*** Leading efforts to design a comprehensive plan to effectively and efficiently field, triage, track and address issues and concerns using industry best practices and unified data platforms, with additional, enhanced multi-channel features (text, email, chat).

- ***Service-Level Measurement:*** A simple 1-5 question survey on specific transactions identified by Veterans as moments that matter. Each transaction survey is conducted nationwide and results will be available at local and national levels though a modern, web-based unified dashboard used by industry leaders. Survey results and predictive analytics are used to identify performance improvement opportunities and forecast emerging issues before they become problematic.

Access Initiatives – ensuring that Veterans, family members, caregivers, and survivors inputs and needs are included in designing better service delivery, and that information is easily accessible to them through multiple channels (online and by phone).

- ***Veteran Families Advisory Committee:*** Exploring opportunities to highlight and improve benefits and services available to family members, caregivers and survivors. This Committee provides advice on matters related to Veterans' families, caregivers, and survivors across all generations, relationships, and Veteran status, with a focus on gaining a better understanding of the use of VA care and benefits services, and factors that influence access, quality, and accountability for those services.

- ***vets.gov:*** A single, unified website where Veterans, family members, caregivers and survivors can easily navigate and manage their interactions with VA by smartphone or computer. VEO will continue designing, building and testing robust functionality and features so Veterans will be able to transact with VA online in one place and easily navigate VA benefits and services through self-service tools that mirror those found in the private sector.

Veterans Experience Office *Summary of Employment and Obligations* *(dollars in thousands)*					
		2018			
	2017 Actual	**President's Budget**	**Current Estimate**	**2019 Request**	**2019 vs 2018**
Average employment	**130**	**154**	**154**	**154**	**0**
Central Office	48	54	85	85	0
Field	82	100	69	69	0
Obligations:					
Personal services	$ 18,580	$24,378	$24,503	$ 24,503	$ 0
Travel	$ 1,121	$1,800	$ 2,000	$ 2,000	$ 0
Transportation of Things	$0	$0	$ 0	$ 0	$ 0
Rent,Communications, Utilities	$0	$0	$ 500	$ 500	$ 0
Printing and reproduction	$0	$0	$ 0	$ 0	$ 0
Other services	$39,000	$33,224	$ 33,000	$ 33,000	$ 0
Supplies and materials	$266	$430	$ 429	$ 429	$ 0
Equipment	$0	$0	$ 0	$ 0	$ 0
Grants	$0	$0	$ 0	$ 0	$ 0
Total obligations	**$58,967**	**$60,432**	**$ 60,432**	**$60,432**	**$ 0**
Reimbursements (-)	$58,967	$60,432	$60,432	$60,432	$0
SOY Carryover (-)	$0	$0	$0	$0	$0
EOY Carryover (+)	$0	$0	$0	$0	$0
Reallocation	$0	$0	$0	$0	$0
Total Budget Authority	**$0**	**$0**	**$ 0**	**$0**	**$ 0**

Office of Accountability and Whistleblower Protection

Mission

The Office of Accountability and Whistleblower Protection (OAWP) is responsible for advising the Secretary on all matters relating to accountability, including that of employees of the Department, retaliation against whistleblowers, and such matters as the Secretary considers to affect public trust in the Department. OAWP integrates management for senior leader accountability and whistleblower protection and is led by an Assistant Secretary to drive the investigative mission, including communications, training, and performance management.

Summary of Budget Request

($ in 000)	2018 Funding	2018 FTE	2019 Request	2019 FTE
Reimbursement:				
Office of Accountability and Whistleblower Protection	$17,366	98	$17,366	98
Total Reimbursement	**$17,366**	**98**	**$17,366**	**98**

OAWP is a new Department-level office within the General Administration appropriation whose authority primarily derives from Executive Order 13793 and the enactment of Public Law 115-41, the Department of Veterans Affairs Accountability and Whistleblower Protection Act of 2017 (the Act). The Act also provides for an Assistant Secretary for OAWP, reporting directly to the Secretary on all matters relating to the office, and prohibits the office from reporting to the Office of General Counsel. Funding for this office was first requested as statutory collections in the Administrative Provisions of the 2018 President's Budget. The 2019 President's Budget again includes the OAWP request in the Administrative Provisions.

Program Description

The first incarnation of OAWP arose in June 2014 when the Secretary of Veterans Affairs established the Office of Accountability Review (OAR) "to ensure a well-coordinated, transparent, and consistent approach to addressing wrong-doing related to access and patient scheduling data manipulation." Congress formalized these responsibilities with the VA Patient Protection Act of 2016 (Public Law 114-223).

In 2017, the President issued Executive Order 13793, which consolidated prior functions and added responsibilities under OAWP. Congress codified this with the Act that, in addition established an Assistant Secretary to lead OAWP, appointed by the President, reporting directly to the Secretary, and consolidated the previous OAR and the proposed Central Whistleblower Office (CWO), merging these capabilities to better support the OAWP mission.

Following this realignment, OAWP reorganized to subsume these additional functions and carry out senior leader investigations, creating a more robust Triage capability. Triage is a critical first step in the accountability process as allegations are received via hotline/toll-free number; Congress or the Executive Secretary; established email box; and/or anonymous complaints, and researched, routed, and assigned appropriately for closure, return, or full investigative review. The new OAWP structure streamlines processing from Triage to Investigations to closure, or to the Advisory and Analysis division when disciplinary action is appropriate.

OAWP is operating toward full FTE strength and requests $17.366 million and 98 FTE in 2019. OAWP has implemented critical mission requirements mandated by law (e.g. toll-free number, hotline/email access, tracking, etc.) and anticipates full alignment of capabilities in 2019.

Recent Accomplishments:

- OAWP became operational in April 2017 and began assuming functions under the then proposed law with realignment of OAR in June 2017.
- OAWP implemented several process improvements, including changing the way that OAWP receives and investigates matters in order to respond to VA's investigative needs swiftly, and establishing controls to accurately report resource use.
- OAWP maintains a VA-wide Adverse Employment Actions database, now consisting of over 40,000 disciplinary actions taken throughout the Department. The information from the database is used to report on VA's accountability efforts to internal and external stakeholders. To date, over 11,700 actions have been logged in the database since the beginning of 2017.

- OAWP posts a weekly report on VA's public website detailing adverse employee actions including terminations, demotions, and suspensions over 14 days, improving transparency and accountability. To date, this report lists 1,830 actions.
- OAWP has triaged over 801 matters (allegations), since the start of 2015, resulting in 411 completed fact-findings or investigations. These completed investigations served as the basis for 125 proposed disciplinary actions. In 2017, OAWP defined and refined business processes and information systems to increase data reliability and transparency. OAWP's organizational structure continues evolving to support newly refined business processes, leading to more efficient routing of matters and an overall increase in productivity.
- OAWP's Management Support Operations (MSO) wrote and submitted new classification requests for senior executive and GS level officers for follow-on recruitment after receiving an exemption from the hiring freeze, enabling swift addition of 12 new investigators and ER senior specialists. MSO also developed a Memorandum of Understanding for Interagency Detail to add critical team members integral to the mission. Additionally, MSO negotiated sustainable HR support with the Veterans Service Center starting in 2018.
- In support of OAWP's mission, operations staff assisted in the preparation and formulation of 250 travel authorizations for investigative staff and initiated court-reporting services for approximately 131 cases to create a factual record of witness interviews. OAWP investigators assembled files, including transcribed reports, and prepared reports summarizing all evidence gathered.

Budget Highlights

The 2019 request provides for the following:

- 98 FTE and total obligational authority of $17.366 million to support the Office of Accountability and Whistleblower Protection, including functions performed by the previous Office of Accountability Review and those previously identified under the Central Whistleblower Office or as codified by Public Law 115-41.

Summary of Employment and Obligations

Office of Accountability and Whistleblower Protection *Summary of Employment and Obligations* *(dollars in thousands)*					
		2018			2018-2019
	2017 Actual	President's Budget	Current Estimate	2019 Request	Increase/ Decrease
Average Employment	**28**	**421**	**98**	**98**	**0**
Central Office	5	199	17	17	0
Field (virtual)	23	222	81	81	0
Obligations:					
Personal services	$6,969	$50,165	$14,866	$14,866	$0
Travel	$863	$1,539	$1,245	$1,245	$0
Transportation of things	$5	$27	$3	$3	$0
Rents, communications, and utilities	$0	$1,738	$0	$0	$0
Printing and reproduction	$5	$676	$10	$10	$0
Other services	$728	$13,895	$1,118	$1,118	$0
Supplies and materials	$28	$136	$67	$67	$0
Equipment	$5	$85	$57	$57	$0
Insurance Claims	$0	$0	$0	$0	$0
Total obligations	**$8,603**	**$68,261**	**$17,366**	**$17,366**	**$0**
Reimbursements (-)	$0	($68,261)	($17,366)	($17,366)	$0
SOY Carry over (-)	$0	$0	$0	$0	$0
EOY Carry over (+)	$0	$0	$0	$0	$0
Total budget authority	**$8,603**	**$0**	**$0**	**$0**	**$0**

The Office of Accountability and Whistleblower Protection (OAWP) was established by Executive Order in April 2017 and became operational in June 2017. $8.6 million in BA from the Office of Accountability Review in OGC was used to fund the requirements of this new office in 2017.

- Of the $17.366 million requested, $14.866 million will fund 98 FTE.
- A total of $2.5 million will fund travel, other services, supplies and materials, and equipment:
  - OAWP requires funding for travel to conduct all Administrative Investigation Boards and fact-findings and for providing Whistleblower and Accountability training across VA.
  - Other services include a Court Reporting and Transcription Service contract (witness statements for the record), which increased by 75%; HR Support with Veterans Service Center; Rental space for Executive Director and staff; Hotline; Cyberfeds and Lexis.
  - OAWP assumes rental payments for its Washington D.C. based office in 2018.

Summary of Workload Indicators:

OAWP Summary of Workload Indicators (Matters breakdown):

	Matters Received	Matters in OAWP Scope (% of received)	In Scope Matters Resolved
2015	227	148 (65%)	99
2016	194	140 (72%)	107
2017	342	234 (68%)	112
2018*	369	251 (68%)	NA

*Based on matters received as of October 1, 2017, projected forward and held constant in 2018, including 177 pending matters carried forward from prior years, and anticipating that 68% of received items will be In Scope. About 61% of all matters require some investigative action (Investigation or fact finding); about 9% go straight to disciplinary action; about 24% are not in OAWP Scope and are redirected or closed; about 6% are unspecified.

- OAWP, under the Triage Division, began assessing and receiving Whistleblower Disclosures on June 12, 2017. Since that time, OAWP has taken in 928 Whistleblower Disclosures. Of those:
  - 408 were not a whistleblower complaint
  - 520 were whistleblower disclosures
  - 217 were allegations of whistleblower retaliation
  - 75 matters are being evaluated for possible OAWP investigation

- OAWP assumed responsibility for FOIA support that had previously been provided by OAR:

FOIA request received since February 2016	OAWP FOIA request in 2017	% increase in FOIA requests	Average days in backlog	% decrease in backlog since 2016
75	48	56%	8	89%

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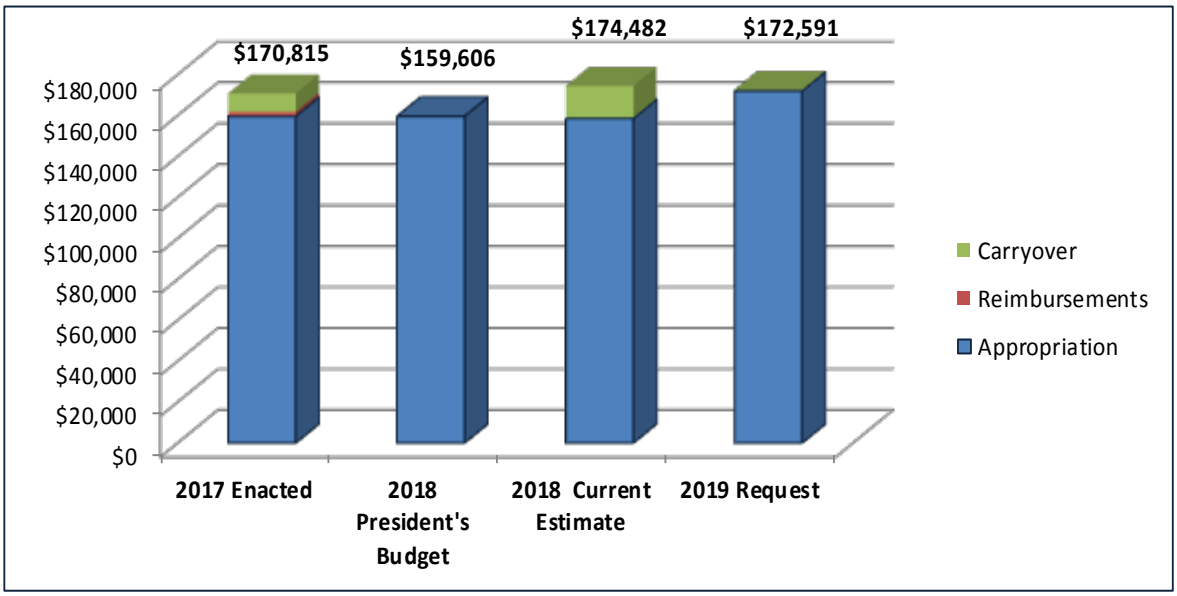
Office Of Inspector General

Summary of Budgetary Resources — Inspector General
(Dollars in Thousands)



Summary of Budget Request

(Dollars in Thousands)	2018	FTE	2019	FTE
Office of Inspector General				
Budget Authority	$158,522	855	$172,054	827
Carryover	$15,960		$537	
Total Budgetary Resources	**$174,482**	**855**	**$172,591**	**827**

The 2019 budget request for the Office of Inspector General (OIG) is $172,054,000 and provides an anticipated 827 FTE to fulfill statutory requirements. Although the 2019 budget supports fewer FTE than the current year, the OIG will manage hiring within existing resources and continue to maximize internal efficiencies to fulfill its mission.

The OIG acknowledges that in terms of budget authority, the 2019 request provides a significant increase above the current estimate for 2018. However, due

to delayed execution of funding received in 2017 as part of ongoing efforts to "right size" the office relative to the size and complexity of the VA, it is important to note that OIG's current operating budget is effectively $174.4 million (sum of the 2018 mark of $158.5 million and $15.9 million in 2017 carryover). Because payroll comprises over 80 percent of operational costs, funds provided in 2019 must cover salaries and benefits for all employees. This includes additional staff hired in late 2017 and 2018, particularly law enforcement officers, physicians, and other hard-to-recruit specialized positions that come at notably higher costs. In order to balance payroll with fixed requirements for space, contracts, and mission-essential travel, OIG will need to reduce staffing levels through attrition in 2019 to stay within appropriated funding limits while sustaining priority operations.

During 2017, the OIG focused on hiring and placing additional health care inspectors, physicians, criminal investigators, analysts, and auditors in the field at locations nationwide, especially near facilities where a more significant presence was needed or there was increased demand for oversight work. These professionals are strengthening OIG's capacity to meet strategic goals. Similarly, OIG will continue to review higher-risk VA programs including care in the community, information technology, procurement, benefits processing and determinations, access to quality health care, and construction. In addition, OIG will enhance proactive initiatives such as the Comprehensive Health Care Inspection Program (CHIP), joint agency investigations of fraud and embezzlement, and new efforts related to data analytics and assessments of leadership competencies at VA facilities. Additional information on the 2019 request appears in the Budget Highlights section below.

Appropriation Language

For necessary expenses of the Office of Inspector General, to include information technology, in carrying out the provisions of the Inspector General Act of 1978, $172,054,000 [$158,522,000] of which not to exceed <u>10 percent</u> shall remain available until September 30, 2020 [2019].

Inspector General Mission, Vision, and Values

As authorized by the *Inspector General Act of 1978* and other enacted legislation, the Inspector General is responsible for conducting and supervising audits, investigations, and making recommendations to promote economy, efficiency, and effectiveness. The OIG is authorized to inquire into all VA programs and activities, including health care programs as well as VA-related contracts, grants, and other agreements. The OIG is required to report to Congress on activities and outcomes every six months. These semiannual reports (SARs) keep stakeholders informed about the challenges VA is experiencing and promote transparency for OIG's operations.

The Inspector General made a number of relatively recent enhancements to the office's practices, policies, and operations. Several of these initiatives represent concerted OIG efforts to focus on higher-risk areas throughout VA in order to provide more proactive oversight. OIG's Mission, Vision, and Values inform these efforts.

Mission. To serve veterans and the public by conducting effective oversight of the programs and operations of VA through independent audits, inspections, and investigations.

Vision. To enhance the trust and confidence of veterans and their families, Veterans Service Organizations (VSOs), Congress, VA employees, and the public we must:

- Ensure that our work is independent and avoid any appearance of impairment to our independence.
- Prevent and detect fraud, waste, and abuse in VA programs and operations.
- Be proactive and strategic in identifying impactful issues.
- Produce reports that are accurate, timely, fair, objective, and thorough.
- Make meaningful recommendations that drive economy, efficiency, and effectiveness throughout VA programs and operations.
- Be fully transparent by promptly releasing reports that are not otherwise prohibited from disclosure.
- Promote accountability of VA employees if they fail to perform as expected.
- Attract, develop, and retain the highest quality staff in the OIG.
- Treat whistleblowers and others who provide information to the OIG with respect and dignity and protect their identities if they so desire.

Values. OIG conduct will be guided and informed by adherence to the following:

- Meet the highest standards of professionalism, character, ethics, and integrity.
- Work as one organization by encouraging teamwork and collaboration across directorates and offices.
- Establish a positive and engaging work environment.
- Promote diversity, individual perspectives, and equal opportunity throughout the OIG.
- Respect the role and expertise that each staff member brings to the OIG.
- Continually improve our performance.
- Ensure equitable opportunities for professional growth and development.
- Accept responsibility for our behavior and performance.

Strategic Plan and Goals

The OIG's *Strategic Plan 2016–2020* includes six goals that address the major programmatic challenges VA will face in the next few years, while providing the OIG with the necessary flexibility to be responsive to emerging and exigent issues.

- **Strategic Goal 1 — Health Care Delivery.** Improve veterans' access to high-quality health care by identifying opportunities to improve the management and efficiency of VA's health care delivery systems, and by detecting, investigating, and deterring fraud and other criminal activity.
- **Strategic Goal 2 — Benefits Processing.** Improve the delivery of benefits and services by identifying opportunities to improve the quality, timeliness, and accuracy of benefits processing, while reducing criminal activity in the delivery of benefits through proactive and targeted audits and investigative efforts.
- **Strategic Goal 3 — Financial Management.** Assist VA in achieving its financial management mission of providing all VA activities with accurate, reliable, and timely information for sound oversight and decision making while identifying opportunities to improve the quality, management, and efficiency of VA's financial management systems.
- **Strategic Goal 4 — Procurement Practices.** Ensure that VA's acquisition programs support our Nation's veterans, other government entities, and the taxpayer by providing customers with quality products, services, and expertise delivered in a timely fashion, at a reasonable price and to the right place.
- **Strategic Goal 5 — Information Management.** Assess information systems and policies within VA to ensure that they protect information security and integrity, are cost-effective, meet the needs of the user, and are used in a lawful and ethical manner, while investigating fraud and other computer-related crimes against VA.
- **Strategic Goal 6 — Workforce Investment.** Recruit, retain, and empower a diverse workforce. Foster a work environment that enhances productivity, innovation, excellence, and employee satisfaction by leveraging technology and tools to maximize the impact of OIG work.

The OIG is reviewing its Strategic Plan as part of a continuous improvement process that ensures staff priorities are aligned with the mission and goals, as well as emerging issues. Modifications or enhancements will be made as needed.

Performance Measures

The OIG's performance measures tie directly to the oversight mission and six strategic goals, and ensure that critical linkages are made between staff work and its impact on the VA and veteran community. Because the OIG's oversight activities encompass all aspects of VA programs and operations, the performance measures and accomplishments are necessarily broad in scope and cross-cutting in nature. Current performance measures include

- Number of reports (audit, inspection, evaluation, contract review, CHIP (formerly known as Combined Assessment Program), and Community Based Outpatient Clinic (CBOC) reports) issued that identify opportunities for improvement and provide recommendations for corrective action;
- Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, administrative sanctions, and corrective actions;
- Monetary benefits (dollar amounts in millions) from audits, investigations, contract reviews, inspections, and other evaluations;
- Return on investment (monetary benefits divided by cost of operations in dollars);
- Percentage of recommendations implemented within one year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA;
- Percentage of recommended recoveries achieved from postaward contract reviews; and
- Percentage of full cases that result in criminal, civil, or administrative actions.

Stakeholders and Partners

The OIG's oversight work encompasses all VA programs and operations, services, functions, and funding. As such, its stakeholders include the Secretary, VA managers and staff, Congress, VSOs, beneficiaries, taxpayers, affiliated health care and educational institutions, contractors, other Federal agencies, law enforcement organizations, and other OIGs. Much of the OIG's work depends on the cooperation and coordination of these stakeholders, making them partners in some capacity for important improvement and oversight efforts.

Program Description

The Inspector General provides executive leadership and sets strategic direction for staff nationwide. The OIG comprises the Immediate Office of the Inspector General; four operational offices, each headed by an Assistant Inspector General; and the Office of Contract Review (OCR), directed by the Counselor to the Inspector General.

Immediate Office of the Inspector General. The Immediate Office of the Inspector General is the primary point of contact for the Office of the VA Secretary, Members of Congress and their staffs, VSOs, Government Accountability Office, the media, Federal Inspector General organizations, and other Federal agencies. The office coordinates all executive correspondence, congressional testimony, and required external reports. This office is responsible for the OIG's Senior Executive Service human resources program. Also included is the Office of Counselor, which provides independent legal advice and representation on issues arising from OIG activities and directs *Freedom of Information Act* and *Privacy Act* activities.

Office of Audits and Evaluations. The Office of Audits and Evaluations (OAE) conducts performance and financial audits and other evaluations of VA health care, benefits, financial management, procurement, and information management programs. These audits and evaluations provide useful and practical recommendations to improve the economy, efficiency, and effectiveness of VA management, programs, services, operations, and systems. OAE also conducts inspections of benefits processing activities at VA regional offices. Additionally, OAE oversees the following congressionally mandated annual reviews:

- Consolidated financial statement audit that assesses VA's financial management systems and information under the requirements of the *Chief Financial Officers Act of 1990*
- Evaluation of VA's information security programs and controls required by the *Federal Information Security Management Act of 2002* (FISMA)
- Evaluation of requirements under the *Digital Accountability and Transparency Act of 2014* (DATA)
- Review of VA's compliance with the *Improper Payments Elimination and Recovery Act* (IPERA)

Office of Healthcare Inspections. The Office of Healthcare Inspections (OHI) conducts oversight aimed at enhancing the safety, effectiveness, and quality of VA health care programs and promotes continuous quality improvement. In performing its assigned functions, OHI inspects individual health care cases, completes cyclical reviews of medical facility operations, evaluates nationwide health care programs, and provides clinical consultations to support criminal investigations. OHI has a recently established Rapid Response Team to improve consistency and timeliness of responses to allegations that involve the highest risk of adverse clinical outcomes to veterans and impediments to proper patient care. OHI's oversight efforts advance national mandates for creating a more efficient, less costly government. OHI also conducts an annual determination of occupational staffing shortages across the VA, as required by the *Veterans Access, Choice, and Accountability Act*. Inherent in every OHI effort are the principles of continuous quality improvement, a focus on helping VHA to strengthen day-to-

day operations, and an emphasis on caring customer service and positive patient outcomes.

Office of Investigations. The Office of Investigations (OI) conducts criminal and administrative investigations of wrongdoing within VA programs and operations. Criminal investigations focus on activities such as fraud against VA committed by beneficiaries, fiduciaries, contractors, and employees, and theft and diversion of drugs by employees and others. Administrative investigations examine potential misuse of government resources, abuse of authority, and travel irregularities by senior VA officials. Through criminal prosecutions, administrative sanctions, and monetary recoveries, OIG's criminal and administrative investigations promote integrity, patient safety, efficiency, security, and accountability in VA.

Office of Management and Administration. The Office of Management and Administration (OMA) provides a wide range of administrative and operational support functions to OIG offices and employees. Information technology teams nationwide provide a broad array of support and security services, as well as data gathering and analysis support for audits, inspections, and investigations. OMA also facilitates follow-up work on OIG report recommendations and provides administrative, human resources, reporting, logistics, budget, and fiscal services for the entire OIG organization. OMA operates the OIG Hotline, providing the means for VA employees and the public to report allegations of fraud, waste, and abuse to the OIG. The Hotline also coordinates whistleblower protection services by providing education and information about how to file complaints and the prohibitions against reprisals for doing so.

Office of Contract Review. The Office of Contract Review (OCR) provides pre-award, postaward, and other reviews of VA vendor proposals and contracts. Its work is overseen by the Counselor to the Inspector General. OCR addresses a broad range of procurement issues that can negatively impact VA programs and operations.

Inspector General Accomplishments

The OIG is proud to serve veterans and the public through a variety of independent, proactive, and principled investigation, audit, and inspection programs. Its work is designed to promote efficiency and quality in the administration of VA programs, operations, and services. In order to demonstrate the positive impact the OIG's efforts yield to both veterans and taxpayers, recent performance metrics and work examples follow. Internal improvements are also discussed to highlight initiatives that address management challenges and better engage and develop highly skilled employees who can fulfill the office's mission.

Key Statistics and Related Performance Measures. The OIG consistently meets or exceeds the performance targets conveyed with the annual budget request, as reflected in VA's *Annual Performance Plan and Report*. The OIG's *SAR,* including issues 77 and 78 which cover the period of October 1, 2016 to September 30, 2017, further support that the OIG sustained a high level of performance and published a volume of noteworthy and impactful reports.

Reports Issued. The OIG issued 293 reports during the past two SAR reporting periods, as summarized in the table below. OIG investigations, audits, and inspections focus on impactful, higher-risk programs and operations across VA. OIG's reports include recommendations that, if implemented, will yield measurable financial benefits as well as program and operational improvements. In addition to publishing reports to a public website, the OIG engaged key stakeholders through social and digital media to disseminate further the report findings. For example, in 2017, the OIG published 255 tweets largely focused on reports that resulted in nearly a quarter of a million impressions. During the same period, followers of the OIG's Twitter feed increased by 966 to 4,036. In 2017, the Inspector General or OIG senior staff testified at 10 congressional hearings. These hearings dealt with issues that were addressed in the OIG's reports and ongoing work, or drew on staff expertise and experience, including implementation of the Choice Program; the operations of the Veterans Crisis Line; VA's hiring practices, such as background investigations, recruitment, retention and relocation programs; VA's reporting of improper payments; and issues associated with drug use and diversion.

Measure	Semiannual Report (SAR) Summary		
	Issue 77	Issue 78	Combined
Total Reports Issued	**107**	**186**	**293**
Audits and Peer Reviews	23	24	47
Benefits Inspections	0	16	16
National Healthcare Reviews	5	8	13
Hotline Healthcare Inspections	13	49	62
CAP Reviews[a]	10	20	30
CBOC Reviews[a]	0	0	0
Administrative Investigations	1	4	5
Preaward Contract Reviews	39	56	95
Postaward Contract Reviews	15	9	24
Claims Reviews	1	0	1
Congressional Testimonies	**6**	**4**	**10**

[a] Starting in October 2016, the OIG discontinued publishing CAP and CBOC Reviews. Those reviews were replaced by CHIP reviews that include a number of enhancements, including a focus on the effectiveness of leadership at individual medical centers.

Monetary Benefits. During the past two SAR reporting periods, OIG identified a monetary benefit of $10 billion. This was a return of about $73 for every dollar invested in the OIG, and included the following work:

- Identified potential cost-savings of $5.3 billion over a 10-year contract term through a preaward review of a proposal to supply drugs used to treat chronic Hepatitis C, finding that VA should have negotiated the price recommended by the OIG with a drug manufacturer that was based on a fair and reasonable price analysis;
- Questioned an estimated $158.7 million in VA spending and projected approximately $3.9 million in repayment liabilities due to inadequate internal controls over recruitment, relocation, and retention incentives;
- Assisted in actions that led to a $350 million civil *False Claims Act* settlement agreement following an inter-agency investigation of a vendor's inappropriate financial inducements to VA and Medicare physicians;
- Determined that VHA paid higher prices for an estimated $256.7 million in prosthetics purchases during FY 2015 by not establishing contracts for commonly used prosthetics; and
- Concluded that VBA improperly authorized about $2.8 million in automated burial payments from August 2014 through January 2015, and projected that VBA would authorize about $5.6 million such payments annually unless the lack of controls, policies, procedures, and quality assurance reviews are addressed.

The table below summarizes additional information about monetary benefits of the OIG's work.

Measure	Semiannual Report (SAR) Summary		
	Issue 77	Issue 78	Combined
Monetary Benefits (in millions)	**$974.2**	**$9,050.6**	**$10,024.9**
Better Use of Funds	$167.9	$2,603.7	$2,771.6
Fines, Penalties, Restitutions and Judgments	$151.3	$39.6	$191.0
Fugitive Felon Program	$120.8	$115.0	$235.8
Savings and Costs Avoidances	$466.2	$5,737.5	$6,203.7
Questioned Costs	$38.5	$538.8	$577.3
Dollar Recoveries	$29.5	$16.1	$45.6
Cost of Operations	**$69.8**	**$67.7**	**$137.5**
Return on Investment	**14:1**	**134:1**	**73:1**
Contract Review Only - Monetary Benefits	**$483.0**	**$5,677.4**	**$6,160.4**
Preaward Potential Savings	$447.3	$5,663.3	$6,110.6
Postaward Recoveries	$25.8	$14.1	$39.9
Claims Reviews	$9.9	$0.0	$9.9

Program Benefits. In addition to monetary benefits, OIG investigations, audits, and inspections identified valuable opportunities to improve VA programs and

services. For example, staff's work on the Veterans Choice Program prompted VHA to take steps that would

- Bolster participation in the Choice program, including streamlining procedures for accessing care, reducing providers' administrative burdens, and ensuring provider payments are timely; and
- Address significant risks for patients prescribed opioid prescriptions outside of VA, including requiring non-VA providers to submit opioid prescriptions directly to a VA pharmacy for dispensing and recording in the VA electronic health record.

The OIG's work pertaining to crisis and mental health services led to

- VHA improving suicide prevention and crisis intervention services by addressing major deficiencies in Veterans Crisis Line governance, operations, and quality assurance functions; and
- VA facility leaders taking measures in a residential treatment program to provide a safer therapeutic environment by consistently conducting and documenting rounds, maintaining physical presence and engagement with patients in the unit, and conducting contraband checks.

Other OIG work involving VA health care resulted in VHA taking action to

- Improve colon cancer screening for veterans by expanding the required medical documentation and certainty of screening-related recommendations;
- Safeguard patients by making several programmatic changes, including ensuring that staff at VA facilities enter all patient safety incidents into VHA's database, complete required reviews of those incidents, and take appropriate corrective actions;
- Implement operational controls to ensure the effectiveness of the Patient Advocacy Program and reliability of patient complaint data; and
- Address longstanding deficiencies in basic hospital management, including supply chain management, at a large VA medical facility.

Investigative Actions. The OIG's criminal and administrative investigations led to 240 indictments, 299 convictions, and 561 administrative sanctions, during the past two SAR reporting periods. For example, the OIG's work, alone and in collaboration with other Federal agencies, led to the

- Conviction and sentencing of two managing officials who were found guilty at trial of conspiracy, health care fraud, wire fraud, and money laundering—one for 25 years' incarceration and 3 years' probation, and the other to 10 years' incarceration and 3 years' probation. The defendants were also ordered to pay restitution – $13,365,525 for the first defendant and $14,537,548 for the second defendant.

- Conviction and sentencing to 2 months' home detention and 5 years' probation of a licensed chiropractor who assisted in performing fraudulent VA disability examinations. Along with other defendants, the chiropractor was ordered to pay VA a share of $39,155 in restitution.
- Convictions (with sentencing) of a beauty college owner and his spouse for rarely, if ever providing instruction despite being paid $4,526,653 in tuition funds and over $10.5 million to cover housing costs and other educational expenses by VA. The defendants were also ordered to be jointly and severally liable for restitution of $4,526,653.

The table below summarizes additional information about the OIG's investigative actions.

Measure	Semiannual Report (SAR) Summary		
	Issue 77	Issue 78	Combined
Investigative Actions			
Arrests	144	161	305
Fugitive Felon Arrests (OIG only)	6	1	7
Indictments	125	115	240
Criminal Complaints	33	38	71
Convictions	160	139	299
Pretrial Conversions / Deferred Prosecutions	21	13	34
Case Referrals to the Department of Justice	226	254	480
Administrative Sanctions / Corrective Actions (excludes Hotline)	198	363	561

Hotline Actions. The OIG's Hotline has continued to serve as the key conduit for allegations and information about potential wrongdoing such as fraud, waste, and abuse by operating a toll-free telephone service. Staff also reviews web submissions, letters, and faxes. Hotline staff received and processed over 37,000 contacts from sources concerning VA programs and operations during the most recent SAR reporting periods, as summarized in the table below. The OIG opened over 2,000 cases in response to Hotline contacts, substantiated 37 percent of related allegations, and prompted over 1,200 administrative sanctions.

Measure	Semiannual Report (SAR) Summary		
	Issue 77	Issue 78	Combined
Contacts	17,251	20,204	37,455
Cases Opened	929	1,240	2,169
Cases Closed	643	1,021	1,664
Substantiation Rate	39.0%	35.0%	37.0%
Administrative Sanctions (Hotline)	534	760	1,294

Internal Improvements. Performance during the most recent SAR periods indicated that OIG staff produces high-quality work. To build on that strong

foundation, and in keeping with continuous improvement efforts, the Inspector General enhanced efforts in 2017 to improve report timeliness that would increase the value of the information to the field. Examples of these efforts included developing and leveraging internal dashboards on project timeliness, and revising key internal performance standards that rewarded timeliness without sacrificing quality.

Also in 2017, the OIG expanded its training and workforce investment. To that end, the OIG implemented a number of internal training initiatives that seek to promote the values and vision necessary to help VA provide veterans the care they deserve. This includes mandatory leadership training for OIG's managers, and an OIG-wide mentorship program.

The OIG's managers are committed to facilitating employee engagement to make the OIG an employer of choice. Therefore, management works closely with the Employee Advisory Council and actively and regularly solicits employee feedback through internal surveys and other means. The Inspector General also facilitates ongoing, open communication through weekly updates and quarterly town hall meetings.

Budget Highlights

The budget request provides the OIG $172.1 million in new budget authority and supports an anticipated 827 FTE in 2019. Although the 2019 request is $13.5 million more than the anticipated appropriation for 2018, it is less than the current resources available to the OIG of $174.4 million and cannot support the same level of FTE next fiscal year. The OIG's annualized requirements reflect a number of investments and operational changes that have occurred during the past two years that will need to be adjusted going forward. These changes are explained below.

First, the OIG increased its staff strength significantly in recent years as part of its public effort to "right-size" the office relative to the size and demand for stronger oversight of VA programs and services, which have expanded greatly in recent years. Although actual execution of hiring plans has bridged fiscal years, in part because of the recent hiring freeze and delayed appropriation actions, the OIG has delivered on promises to recruit additional staff and strengthen oversight of critical VA operations nationwide. The OIG grew by more than 100 FTE between 2014 (641 FTE) and 2017 (746 FTE), and reached 845 staff in December 2017. To support this growth, the OIG is currently expanding operations in Denver, CO; Kansas City, MO; Buffalo, NY; Minneapolis, MN; and Trenton, NJ; and will open a new office in Salt Lake City, UT in 2018. The OIG will adjust staffing plans at these locations and other sites across the country in line with 2019 resources.

Second, the 2019 request continues direct support for OCR with OIG appropriations. Until last year, OCR's 31 FTE had been supported through an annual reimbursable agreement with VA. The OIG terminated this reimbursable agreement in mid-2017 to allay misperceptions that OCR lacked independence and allow OCR to expand the types of contracts it reviewed. The OIG absorbed annual costs of $4.3 million to support OCR in 2018 using appropriated funds, and is only requesting an inflationary increase to support OCR staff in 2019.

Third, although the 2019 budget assumes a pay freeze, the OIG expects to incur significant cost increases in salaries and benefits. The OIG employs a large number of criminal investigators—who receive law enforcement availability pay and higher retirement contributions compared to other OIG employees—and physicians, who receive a comparability allowance. The OIG must also offer competitive salaries and incentives to recruit specialized health care professionals such as psychiatrists, who travel frequently to conduct inspections and reviews. Agency costs for health care premiums are also anticipated to increase in 2019 on average for all employees.

Finally, the OIG's 2019 budget request reflects closer alignment of operational costs to annualized funding, and a departure from having to rely on carryover to support current year requirements. Although our FTE has increased steadily under our expansion effort, growth has overlapped fiscal years and generated a significant level of unobligated funds at the end of 2017, albeit within statutory limits. Because many staff gains were in the second half of the year, the OIG did not experience the full budgetary impact of those hiring efforts until early 2018. The OIG plans to fully execute carryover funding in 2018 and adjust hiring plans to match the 2019 resource request.

The 2019 request will also support continuation of the OIG's work to fulfill its statutory mission to identify waste, fraud, and abuse and make recommendations that help VA provide care and benefits to a growing cohort of veterans with increasingly complex needs. It provides for the continuation of a number of special focus activities that will help VA provide better quality services to veterans and their dependents. These focused efforts will include:

- Improving the quality and scope of veterans health care through enhanced CHIP reviews, quick turnaround reviews by OHI's Rapid Response Team, and additional inspections and audits of VA facilities;
- Increasing the number of Hotline cases completed by OIG staff to decrease the number of external case referrals to VA, thus yielding greater numbers of OIG investigative actions and published reports of inspections, reviews, and audits;

- Detecting and deterring criminal activity related to identity theft, procurement fraud, fiduciary and workers compensation fraud, drug diversion, and other instances of emergent criminal activity; and
- Strengthening the integrity of VA benefit programs and support services through a concomitant increase in audits and reviews of VA contracts, construction projects, medical care payment collections, information technology projects, prosthetics, and research activities.

The 2019 personal services estimate reflects salary and benefits for 827 FTE, which is a reduction of 28 FTE from the planned 2018 staffing level. This includes funds to cover the costs of anticipated career ladder advancements and scheduled within-grade increases, agency contributions for retirement, health care insurance, transit benefits, Social Security and Medicare, and translocation. It also includes funding for special pay components such as Law Enforcement Availability Pay and Physician's Comparability Allowances. The non-personnel services estimate reflects requirements and inflation adjustments for travel, transportation, rent, contractual services, training, communications, OIG technology requirements, supplies, and equipment.

Budget Submission Requirements of the *Inspector General Act*

This budget request was prepared in accordance with Section 6(g)(1) of the *Inspector General Act of 1978* as amended.

The OIG's 2019 budget request to VA was for $181,231,000 and up to 875 FTE, fully $9,177,000 more than the amount reflected in the 2019 President's Budget. The OIG is concerned that the $172,054,000 request included in the 2019 President's Budget presents a shortfall that will undermine progress achieved to "right size" the OIG oversight capacity to the growth and demands of VA's new initiatives, increased funding environment, and ongoing work on behalf of veterans. Congress and the previous Administration recognized the need for robust oversight of VA by generously supporting the OIG's expansion effort with budget increases in FYs 2015, 2016, and 2017. These increases were made in recognition of VA's planned increases in spending on large, new initiatives, such as improved electronic health records and financial systems, and ongoing efforts that require close monitoring, including community care for veterans. At the proposed level of funding, the OIG would be required to reduce its oversight staffing by almost 30 FTE, undercutting a significant portion of staff growth achieved over the past 24 months.

The reduced funding level for 2019 would limit the OIG's ability to support VA's work by providing a breadth of recommendations to address high-risk areas, identifying financial savings, and ensuring that criminal activity is halted. It

could limit the OIG's capacity to conduct comparable numbers of reviews related to veterans' quality of health care, timely and appropriate receipt of benefits, and critical responses. The budget as proposed will delay a number of OIG initiatives to enhance internal operations and improve responsiveness to stakeholders. These include

- Fully staffing a new operational office to address exigent, complex, and particularly time-sensitive allegations of wrongdoing;
- Expanding data analytics capabilities to identify and target high-risk programs vulnerable to fraud, waste, and abuse; and
- Providing customized Hotline responses to veterans, the public, and employees who report allegations of criminal activity and mismanagement of VA programs.

This 2019 President's Budget request of $172,054,000 includes $430,000 as OIG's estimated allocation to support the Council of Inspectors General on Integrity and Efficiency (CIGIE), and up to $1,800,000 for OIG employee training. The Inspector General certifies that the requested amounts will meet OIG's known 2019 requirements for CIGIE support and employee training. In addition, OIG requests that $2,000,000 be set aside in the 2019 VA Minor Construction appropriation request to support projects to improve the efficiency and effectiveness of OIG's space utilization.

OIG continues to identify efficiencies and opportunities to reduce and control costs for employee travel, conferences, training, government vehicles, technology, and other areas as required by *Executive Order 13589, Promoting Efficient Spending*. However, as the Executive Order recognized, OIG employees must travel extensively to VA facilities across the country to perform its statutory oversight of VA programs. This means that opportunities to reduce travel costs are limited. OIG has reprogrammed identified efficiencies back into operations to sustain the level of oversight to the extent possible.

Summary of Employment and Obligations (Dollars in Thousands)					
		2018			
	2017 Actual	Budget Estimate	Current Estimate	2019 Request	Increase (+) Decrease (-) from 2017
Average employment:					
Headquarters functions	161	262	185	179	(6)
Operations functions	585	558	670	648	(22)
Total employment	**746**	**820**	**855**	**827**	**(28)**
Obligations:					
Personal services	$123,124	$137,033	$145,504	$142,287	($3,217)
Travel	$6,418	$6,445	$6,698	$6,028	($670)
Transportation of things	$363	$345	$375	$337	($38)
Rents, communications, and utilities	$7,778	$9,025	$5,018	$9,235	$4,217
Printing and reproduction	$30	$33	$30	$27	($3)
Other services	$14,248	$12,708	$12,843	$11,548	($1,295)
Supplies and materials	$511	$575	$480	$432	($48)
Equipment	$2,419	$3,835	$2,863	$2,577	($286)
Insurance	$197	$0	$134	$120	($14)
Total obligations	**$155,088**	**$170,000**	**$173,945**	**$172,591**	**($1,354)**
Reimbursements	($2,210)				$0
SOY Unobligated Balance (-)	($9,000)	($10,394)	($15,960)	($537)	$15,423
EOY Unobligated Balance (+)	$15,728		$537	$0	($537)
Total Budget Authority	**$159,606**	**$159,606**	**$158,522**	**$172,054**	**$13,532**

Note: totals subject to rounding.

Net Change and Employment Tables

The following table summarizes the changes in resource requirements between the 2018 President's Request and the 2019 request.

Net Change – 2019 Summary of Resource Requirements (Dollars in Thousands)	
	Budget Authority
2018 Budget Authority (President's Request)	**$159,606**
Enacted Rescission	($1,084)
2018 Budget Authority (Current Estimate)	**$158,522**
2019 Increases/Decreases:	
Pay raise (0.0 %)	$0
One day increase (261 v 260)	$548
Career ladder promotions, scheduled within grade increases, and other staff composition adjustments	$1,163
Required personnel benefits increases	$438
Staff attrition (-28 FTE)	($4,820)
Net non-payroll inflation (1.7 %) and offsets	$243
Execution of prior year carryover	$15,960
Subtotal	**$13,532**
Subtotal 2019 Current Request	**$172,054**
2019 Total Budget Authority Request	**$172,054**

The following tables present analyses of OIG employment levels by grade and by headquarters and operations functions.

Employment Summary—FTE by Grade				
Grade	2017 Actual	2018 Estimate	2019 Request	Incr./Decr. from 2018
IG/Senior Executive Service (SES)	14	16	16	0
Senior-Level (SL)	7	7	7	0
GS-15	80	92	89	-3
GS-14	134	153	148	-5
GS-13	393	452	439	-13
GS-12	48	55	53	-2
GS-11	24	27	26	-1
GS-10	0	0	0	0
GS-9	20	23	22	-1
GS-8	15	17	16	-1
GS-7	4	5	4	-1
GS-6	2	2	2	0
GS-5	4	5	4	-1
GS-1—4	1	1	1	0
Grand Total FTE	**746**	**855**	**827**	**-28**

Analysis of 2017 Actual FTE Distribution – Headquarters/Operations		
Grade	Headquarters	Operations
IG/SES	11	3
Senior-Level (SL)	2	5
GS-15	34	46
GS-14	39	95
GS-13	51	342
GS-12	9	39
GS-11	7	17
GS-10	0	0
GS-9	3	17
GS-8	1	14
GS-7	0	4
GS-6	0	2
GS-5	3	1
GS-1—4	1	0
Grand Total FTE	**161**	**585**

Other Requirements

The Office of Management and Budget directed that following information on the OIG's use of Physician Comparability Allowance (PCA) be included in this budget submission.

Physicians' Comparability Allowance (PCA) Worksheet

1) Department and component:

VA Office of Inspector General

2) Explain the recruitment and retention problem(s) justifying the need for the PCA pay authority.

(*Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

The OIG utilizes PCA because its physician-employees are covered by Title 5, U.S. Code. This is different from the rest of VA, which employs physicians under Title 38. The difference in pay rates between Title 5 and Title 38 physicians can be substantial. Title 38 physicians receive significantly higher salaries than Title 5 physicians, even when PCA and performance bonuses are considered.

3-4) Please complete the table below with details of the PCA agreement for the following years:

	PY 2017 (Actual)	CY 2018 (Estimates)	BY 2019 (Estimates)
3a) Number of Physicians Receiving PCAs	14	16	16
3b) Number of Physicians with One-Year PCA Agreements	--	--	--
3c) Number of Physicians with Multi-Year PCA Agreements	14	16	16
4a) Average Annual PCA Physician Pay (without PCA payment)	$167,430	$168,021	$168,021
4b) Average Annual PCA Payment	$30,000	$28,500	$28,500

5) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year.

(*Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

Prior to OIG receiving approval to offer PCA, it was very difficult to recruit physicians which indicates why PCA is critical to OIG for recruiting and retaining Board-certified physicians. As a result of utilizing the PCA function, we were able to recruit 3 highly qualified physicians in FY17.

6) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

With a ceiling of just over 200 employees, the Office of Healthcare Inspections is the smallest of OIG operational offices. The retention of physicians is appropriate based upon OHI's mission of providing independent oversight of VHA, which is responsible for providing health care to more than 21 million veterans at hundreds of medical facilities with more than 379,000 employees. For 2017, VA operated under a $180.5 billion budget, which maintains facilities in every state, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Republic of the Philippines, and the U.S. Virgin Islands.

Further, the Secretary of Veterans Affairs continues to support health care mandates, such as improving veteran mental health care, designing a veteran-centric health care model, and expanding health care access. In addition to these initiatives, the expansion of VHA health care services to accommodate the increasing numbers of veterans receiving care following service in Operations Enduring Freedom/Iraqi Freedom/New Dawn underscores the need and importance of OIG retaining the number of Board-certified physicians to ensure effective oversight of the quality of VA health care.

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Office of Acquisition and Logistics/Office of Acquisition Operations: Supply Fund

Mission

The Office of Acquisition and Logistics (OAL) and Office of Procurement, Acquisition and Logistics (OPAL) are organizational elements within the Office of Acquisition, Logistics, and Construction (OALC)[1]. These organizations provide policy and oversight to VA's acquisition and logistics programs as well as abroad spectrum of acquisition services to VA customers and Other Government Agencies (OGAs) through the National Acquisition Center (NAC) and Denver Acquisition and Logistics Center (DALC), Technology Acquisition Center (TAC), Strategic Acquisition Center (SAC), and Customer Advocacy and Vendor Advisory Service (CAVAS).

Summary of Budget Request

The Supply Fund is a self-sustaining, revolving fund. As such, no Congressional appropriation is required. Revenue is realized from fees on acquisitions of goods and services from both VA and OGA customers. The Supply Fund also provides financial support to the Office of Small and Disadvantaged Business Utilization (OSDBU).

Office of Acquisition and Logistics: Supply Fund Summary of Employment and Obligations (dollars in thousands)			
	2017 Actual	2018 Estimate	2019 Estimate
FTE	1,145	1,080	1,150
Appropriation			
Obligations:			
Operating	$308,642	$335,000	$335,000
Merchandising	$855,420	$1,765,000	$1,765,000
Total Obligations	$1,164,062	$2,100,000	$2,100,000
Outlays (Net)	$-158,378	$0	$0

[1] Also included under the Office of Acquisition, Logistics, and Construction is the Office of Construction and Facility Management (CFM). Detailed information on the OALC enterprise functions and CFM is included in the Office of Acquisition, Logistics, and Construction budget chapter.

Program Description and Accomplishments

The Supply Fund provides direct, operational support to the Department in the areas of:

1. *Acquisition and logistics oversight and policy* – develops VA-wide acquisition and logistics policy and oversees Departmental compliance with laws and regulations. OAL manages VA's mandatory acquisition training program, offers continuing education programs for VA procurement staff nationwide, operates VA's Contracting Officer Certification Program, and warrants all VA contracting officers.

2. *Acquisition Training and Warranting* – VA's acquisition training program, and offers continuing education programs for VA procurement staff around the country through the VA Acquisition Academy (VAAA). OAL also manages VA's Federal Acquisition Certification Programs for Program/Project Management and Contracting, responsible for warranting all VA contracting officers.

3. *Acquisition Operations* – awards and administers cost-effective multiple award and national contracts to meet the healthcare-related information technology, supply and equipment needed to operate the largest integrated health-care system in the Nation and supports many OGAs worldwide. Acquisition operations include:

    - *Federal Supply Schedule, National Contracts and Just-in-Time Prime Vendor Distribution acquisitions* – under delegated authority from the General Services Administration, the National Acquisition Center (NAC) manages nine multiple award schedule programs for healthcare-related products and services. NAC also develops and maintains national contracts associated with Pharmaceuticals, Prosthetic & Orthotics soft goods and devices; Patient Centered Community Care (PCCC) services; Non-VA Dialysis services; High Tech Medical Equipment; and Prime Vendor Distribution Programs.

    - *Information Technology (IT) Acquisitions* – The Technology Acquisition Center (TAC) provides acquisition and program management expertise and support for the life cycle management of enterprise-wide solutions for VA and OGAs

    - *Strategic Sourcing Acquisitions* – The Strategic Acquisition Center (SAC) leverages the Department's resources by obtaining lower prices and enhanced services from vendors with strategically sourced enterprise-wide contract vehicles for utilization by VA and OGAs.

    - *Acquisition Business Services (ABS)* – procures goods, services and provides innovative solutions to VA's Central Office (VACO) acquisition requirements. This office awards and administers cost-effective contracts to meet supply, service, and equipment needs of VACO organizations.

4. *Logistics Operations* – provides selected direct logistics services to VA and OGA's. such as: distribution of interment flags; design, printing, and distribution of VA forms and publications; distribution of hearing aids, hearing aid repair services, hearing aids

ancillary items, batteries, prosthetic socks, and home telehealth devices to VA Medical Centers, DoD facilities and our Veteran patients worldwide.

The Supply Fund is also the source of funding for the following organizations/activities:

- The Office of Small and Disadvantaged Business Utilization (OSDBU) is an organizational element within the Office of the Secretary of Veterans Affairs. Its mission is to advocate for the maximum practicable participation of small businesses in VA acquisitions, with special emphasis on service-disabled Veteran-owned and Veteran-owned small businesses.

Recent Accomplishments:

- NAC administered healthcare-related contracts valued at $25.7 billion including:
    - Over 1,750 active Federal Supply Schedules contracts which generated sales in excess of $14 billion.
    - Patient Centered Community Care (PC3) and the Veterans Choice Act program expanded primary care services to Veterans nationwide to include more than 355,000 providers.
- DALC ordered and shipped 475,000 telehealth items to VA facilities and Veteran patients.
- The SAC awarded 2,500 procurement actions, and obligated $1.4 billion in non-OI&T contracts including:
    - Online Peer Support and Veterans Crisis Line, two separate contracts totaling $17.7 million. Online Peer Support, a $6.2 million contract to provide Veterans with self-help cognitive behavioral therapy (CBT) and access to a Peer Support staff comprised of Veterans. If a crisis arises, the Peer Support staff contacts the VA Crisis Line and remains online to ensure the Veteran stays on the line until the Crisis Line is ready to take over. The Veterans Crisis Line provides 24/7 support to Veterans in crisis.
    - Pulse Oximeters, two separate contracts totaling $86 million to provide VA's Medical Centers and Clinics with standardized pulse oximeters and ancillary supplies.
    - Transition Assistance Program (TAP), a $500 million contract to provide transition assistance support to Veterans seeking information on benefits.
    - Real-estate-Owned and Portfolio Services Contract, a $2billion, 10-year contract to provide the following services for all VA loans: real-estate-owned management and asset disposition for foreclosures, service loans, sale preparation and vendee loan origination.
    - Vocational Testing for Military Service members and Veterans (Title 38 U.S.C. Chapter 36), a $30 million contract to provide vocational testing services for all Service members to assist them in the determination of a vocational goal.
    - Vocational Rehabilitation & Employment Services for Disabled Veterans (Title 38 U.S.C. Chapter 31), a $47 million contract to provide vocational rehabilitation and employment services, counseling and benefits assistance necessary to enable Veterans with service-connected disabilities to enter the labor market.
- The TAC implemented contracting support strategies to achieve cost savings in excess of $240M awarding over 4,319 actions and obligating over $3.17 billion in IT contracts in 2017 including:
    - Task orders against Transformation Twenty-One Technology Next Generation (T4NG), a $22.3 billion contract, expected to transform VA's IT programs through

contractor-provided IT service solutions, including technical support, program management, strategy planning, systems/software engineering, enterprise network engineering, cyber security, operation and maintenance, IT facilities and other solutions encompassing the entire range of IT and health IT requirements.

- Continued enhancements to Vets.gov which provides a consolidated web portal along with identity access management technology for all Veteran services to facilitate improved access to care and information in support of the Secretary's "My VA" Initiative.
- Veterans Crisis Line (VCL) call center expansion project in Atlanta to support the training of 200+ call center agents and ensure a 100% operational activation of the new VCL call center expansion space by December 2016.
- eScreening, a dynamic mobile technology for mental health care including the immediate alert to clinicians for evaluation and triage and monitoring of treatment outcomes. This effort won Dr. Shulkin's Gold Standard award.
- Several Federally Funded Research and Development Center (FFRDC) contract actions supporting key strategic modernization efforts, including:
    - Departmental Reorganization Assessment and Planning will support VA's response to the Executive Order requiring agencies to provide the President with a reorganization plan, resulting in a more efficient, effective, and accountable VA.
    - Electronic Health Records Modernization (EHRM) will support Secretary Shulkin's plan to transition from VA's current health records system to the same system utilized by DoD, providing a single common solution in support of seamless care from DoD to VA.
    - Independent Verification and Validation (IV&V) Support, Faster Care for Veterans will provide IV&V for a pilot website or mobile application appointment system that allows Veterans to schedule, view, and confirm medical appointments for primary, specialty, and mental health care at VHA medical centers.
- Other IT contracts including:
- Executing task orders against the National Local Exchange Carrier (LEC) suite of contracts that provide for local phone service and is executed at an Agency level thereby increasing efficiencies, saving money, and allowing VA to have a better understanding of its local phone service needs.
- Executing a task order against the Medical Appointment Scheduling System (MASS) contract whose purpose is to deploy a pilot program in Columbus, Ohio's VA Medical Center.
- Executed delivery orders against the Enterprise Printer and Enterprise Multi-Function Device (MFD) contracts, allowing VA to consolidate and compete requirements for those commodities amongst multiple SDVOSB resellers.
- Awarded Enterprise Cloud Capacity effort which provides enterprise wide Infrastructure as a Service, Platform as a Service, and Software as a Service required to allocate memory, processing, storage, and networking on demand to gain access to a suite of secure, scalable and flexible information technology capabilities to enable creation, deletion, and flexible sizing of Virtual Data Centers and Virtual Machines across the entire enterprise.

    - Significant progress is being made in the process of negotiating a sole source award to Cerner for EHRM, which will allow VA to deploy a single common Electronic Health Record (EHR) across VA and DoD.
- The VAAA continued to implement broad and innovative learning opportunities to support professional development and education providing 12,407 seats of training to the acquisition workforce and 351,737 hours of training across 603 courses.
    - The five schools within VAAA include:
        - The Contracting Professional School (CPS).
        - The Facilities Management School (FMS).
        - The Program Management School (PMS).
        - The Acquisition Internship School (AIS).
        - Warriors to Workforce (W2W).
    - It continued to provide VA101 training, the largest training effort to date in the Department. The curriculum is designed to create a common level of knowledge of all the services and benefits VA offers to enhance the Veteran experience. During FY17, 134,821 VA employees participated in VA 101 training, bringing the total to 260,012.
    - With VAAA's expanded use of technology to deliver virtual training, students earned over 351,737 CLPs in virtual instructor-led training with zero hours of travel time saving more than $5 million in travel costs.
    - VAAA increased the number of blended or virtual offerings to 205 in FY17, averaging a mix of 60/40% classroom/eLearning.
    - It won three learning industry awards and maintained an overall average of 4.44 out of 5 customer satisfaction survey rating.
    - It was recognized with three Secretary's ICARE Honor Awards for Veterans First Contracting and Market Research training efforts, as well as for the Warriors to Workforce Program.
- The Acquisition Program Support established VA policy on the implementation of Acquisition Program Management Framework (APMF).
    - Received a clean audit opinion for the Years Ended September 30, 2017 and 2016.
- The Procurement Policy System Oversight, maintained a 99.9% uptime for eCMS since January 2013 with very few issues surrounding system performance.
    - Launched pilots of (1) Forecasting and Planning Module (FORCE), and (2) COR module.
- The Logistics and Supply Chain Management helped VHA colleagues achieve Supply Chain Breakthrough Initiative milestones and business outcomes:
    - Cost avoidance goal ($150 million).
    - Reengineered business processes (e.g. clinical product review, commodity management, life cycle management, sourcing, etc).
    - Inventory management
    - Workforce design and development

SUMMARY OF EMPLOYMENT AND OBLIGATIONS – ANALYSES

Summary of Employment and Obligations *(dollars in thousands)*					
		2018			President's Budget
	2017 Actual	Budget Estimate	Current Estimate	2019 Estimate	Increase(+) Decrease(-)
FTE:					
OAL/OAO – Field	786	865	865	900	35
OAL/OAO – Central Office	152	170	170	170	0
VHA P&LO[1]	65	72	0	0	0
OSDBU	42	43	45	45	0
Total FTE	**1,045**	**1,150**	**1,080**	**1,115**	**35**
Obligations:					
Personal Services	$138,064	$145,000	$134,000	$140,000	$6,000
Travel	15,135	7,000	10,500	10,500	0
Transportation of Things	892	600	600	600	0
Rents, Communications & Utilities	11,497	12,200	11,700	11,700	0
Printing and Reproduction	9,209	20,000	20,000	20,000	0
Other Services	263,201	437,200	444,200	443,200	-1,000
Supplies and Materials	422,258	500,000	500,000	500,000	0
Equipment	303,806	978,000	979,000	974,000	-5,000
Total Obligations	**$1,164,062**	**$2,100,000**	**$2,100,000**	**$2,100,000**	**$0**

[1] In 2018 the financial support of VHA-PLO moved to VHA

Income Statement *(dollars in thousands)*				
		2018		
	2017 Actual	Budget Estimate	Current Estimate	2019 Estimate
Income	$433,574	$330,000	$287,598	$335,000
Expense	$284,146	$330,000	$335,000	$335,000
Net Income	**$149,428**	**$0**	**$-47,402**	**$0**
Analysis of Retained Earnings				
Retained Earnings, BOY	**$147,830**	**$155,456**	**$297,219**	**$249,817**
Retained Earnings, EOY	**$297,219**	**$155,456**	**$249,817**	**$249,817**

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Franchise Fund Enterprise Centers

Mission

The VA Franchise Fund is aligned under the Office of Enterprise Support Services (OESS) organization, which provides an enterprise-wide focus to the provision of high quality, efficient and effective support services to VA Administrations and Staff Offices. The VA Franchise Fund's mission is to provide high-quality, cost-effective support services and excellent customer service by streamlining processes and optimizing the value of enterprise services to customers. The Franchise Fund performs common enterprise-wide administrative support services for the VA administrations so that they can focus on performing their organizations' core missions of providing high quality care and services to Veterans and eligible family members. Better support to VA employees for common administrative support services means better services for Veterans and families. Better support for our safety and security through preparedness, emergency notification and police services creates a better and safer environment and experience for Veterans and VA employees, contractors, and affiliates who serve Veterans.

The Franchise Fund is comprised of administrative offices (the Office of Enterprise Support Services and Franchise Fund Oversight Office (FFO)) and seven self-supporting business entities Enterprise Centers (EC), with the latest EC added in 2017. These self-supporting lines of business are supported by the Franchise Fund and are independent service providers within VA that are accountable to the Principal Executive Director, Office of Enterprise Support Services for adhering to Franchise Fund guidance on quality, cost, and customer service. In accordance with the VA Functional Operations Manual (FOM) version 4.1, the Principal Executive Director of OESS reports to the Deputy Secretary and is dual hatted as the Director of the VA Franchise Fund, accountable to deliver better Veteran-focused services at lower costs.

The Enterprise Centers (IT Infrastructure Operations, Debt Management Center, Financial Services Center, Law Enforcement Training Center, Security and

Investigations Center, Records Center and Vault, and Human Resource Enterprise Center) are charged with adopting efficient business processes, standardized processes, and customer satisfaction performance metrics at a lower cost.

Summary of Budget Request

In 2019, the Franchise Fund estimates total obligations of $956 million and 1,849 full-time employee equivalents (FTE) to support the operations of the VA Enterprise Centers. Total obligations reflect the salary requirements for 1,849 FTE located nationwide; ongoing rents, communications, and utilities required to operate; and contractual resources, equipment replacements, and upgrades necessary to continue the current level of operations and sustain efforts on new product offerings and critical initiatives underway. These attributes will result in improved customer service, productivity, and efficiency. Increased staffing is primarily due the DMC and the FSC. The DMC anticipates the number of employees to increase in order to reduce wait times and to improve the Veteran's Experience. For the FSC, the increase in FTE is attributed to the continued growth in demand for FSC services including VATAS help desk services, Customer Care Center help desk services, and Purchased Care Claims Services. In addition, the FSC projects the FTE levels will increase due to Payroll Centralization to VBA and VHA and the Financial Management Business Transformation initiative.

Stakeholders

Our ultimate stakeholders are Veterans and their families who directly benefit from the services VA provides and those who carefully monitor the delivery of those services. We provide our stakeholders with creative, cost-effective, and practical solutions to help them accomplish their primary mission.

External stakeholders include: Veterans, Congress, the Office of Management and Budget, other Federal agencies, Veteran Service Organizations (VSOs) and private sector vendors.

Internal stakeholders include: Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), the Board of Vetersns Appeals (BVA) and other staff offices within VA.

Functions/Activity

The VA Franchise Fund organizations provide a wide range of functions and activities which include:

Office of Enterprise Support Services (OESS). Located in Washington, DC, OESS provides fee-for-service direction, oversight, and accountability for programs and activities designed to focus on customer service, and improve the consistency and quality of VA services deliverd at a lower cost. OESS, in direct support of customers within VA's Administrations and Staff Offices, creates new enterprise capabilities and innovation to transform the Department's mission support services to deliver reliable, consistent, cost-effective support services across the VA enterprise for the following: human resource services; debt management; financial and accounting services; payroll processing; travel and payment processing; electronic commerce/electronic data interchange; background investigations and adjudications for employees and contractors; special training for VA police officers; and records storage, protection, and management services. The Principal Executive Director for OESS reports to the Deputy Secretary and is accountable to the Support Services Governance Board (SSGB) to deliver better enterprise services at lower costs and to innovate and bring new enterprise capacity, people, process and technologies to improve quality and efficiency of support services.

Franchise Fund Oversight Office (FFO). Located in Washington, DC, the FFO, supports the Enterprise Centers and is responsible for the overall fund operations including administering the financial resources of the fund, coordinating all business activities, and serving as the liaison between the Enterprise Centers, their customers, and the SSGB and OESS.

IT Infrstructure Operations (ITIO). Comprised of data centers in Austin, TX; Martinsburg, WV; Hines, IL; Philadelphia, PA; Quantico, VA; St Louis, MO; and Warner Robins, GA; the ITIO provides comprehensive e-government solutions to match the critical needs of VA and other Federal agency customers, from managing data to automating business processes. The ITIO supports over 300 customer applications that provide mission-critical data for financial management, payroll, human resources, logistics, medical records, eligibility benefits and supply functions. In addition, the ITIO offers a full complement of technical solutions to best meet customer needs.

Debt Management Center (DMC). Located in St. Paul, MN, the DMC is a centralized facility that provides direct collection of delinquent consumer debt owed to VA resulting from a Veterans participation in VA's education, pension or disability compensation programs.

Financial Services Center (FSC). Located in Austin, TX, Waco TX and Washington, D.C., the FSC provides VA and other government agencies with a full range of financial and accounting services. These services include financial reports and accounting, invoice payments, credit card payments, medical claims adjudication and payment processing, vendor file maintenance, discount subsistence purchases, payroll processing, and VA conference tracking and reporting. The FSC also provides customer support help desks for payroll, travel and payment processing, electronic commerce/electronic data interchange, automated document management, audit recovery, permanent change of station and temporary duty travel pay processing, common administrative services, accounting training, and consulting.

Human Resource Enterprise Center (HREC). Located in Washington, D.C., the HREC delivers enterprise training and enterprise HR support programs aligned with support services excellence. The HREC aims to provide education and development training so that our VA-wide workforce is competent, confident and delivers quality products and services to our Nation's Veterans and their families. This is done by providing training courses and career development tools and systems that meet VA employees' learning and development needs throughout their careers. The HREC also provides enterprise HR program support for the White House and VA intern programs, employee notification, safety, and emergency preparedness services with high levels of customer service, quality and lower cost.

Law Enforcement Training Center (LETC). Located in North Little Rock, AR, the LETC provides special training for police officers working in a health care or service-oriented environment. Emphasizing training in health care or limited jurisdiction environments, the LETC is available to approximately 3,500 law enforcement personnel working at VA health care facilities and to law enforcement professionals at other Federal agencies.

Records Center and Vault (RCV). Located in a subterranean, climate-controlled facility in Neosho, MO, the RCV provides records storage, protection, and management services for official Federal records including Veterans health records and VA contract documents. The 403,160 square foot facility is certified by the National Archives and Records Administration to operate as an official agency records center. General, vital, and unscheduled records, as well as records pending litigation freezes are safely and securely stored in paper or film format at exceptional customer service and low costs for Federal customers.

Security and Investigations Center (SIC). Located in North Little Rock, AR, the SIC provides quality and timely background investigations and suitability and national security adjudications for VA employees, affiliates (medical students,

trainees and interns) and contractors in public trust positions for all VA entities nationwide.

Assumptions, Opportunities, and Constraints

The enterprise centers are designed to deliver common administrative support services to Federal entities. These services allow VA and other Federal agency customers to conserve their budgetary resources through innovative methods and efficiencies of scale with the same or lower unit costs, while improving the quality of services provided. Continuing into 2018, OESS is ensuring that the Enterprise Centers of the Franchise Fund operate on one standardized business model focused on delivering better services with high customer satisfaction at lower costs. Through OESS and the FFO, the Enterprise Centers adhere to draft Franchise Fund policies to provide standardized annual business plans, service level agreements, levels of operating and capital reserves, investment decision processes, quarterly customer meetings, quarterly performance and budget reviews, and monthly dashboard reporting to the Support Services Governance Board (SSGB). VA operates the Franchise Fund and its Enterprise Centers using best business practices, data analytics, lean management, and data-driven decisions by the SSGB.

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. Established in 1997, administrative services included in the Franchise Fund are financed on a fee-for-service basis rather than through VA's General Administration appropriation. Permanent status was conferred upon the VA Franchise Fund by P.L. 109-114 in 2006.

The Franchise Fund concept is intended to increase competition for government administrative support services resulting in lower costs and higher quality. The VA Enterprise Centers must recover all of their expenses through revenue collection, i.e., the Enterprise Centers' operations are totally dependent upon revenues realized from customers' purchases of services. After the SSGB approves annual rates and service levels, the Enterprise Centers work in direct support of their customers to determine the appropriate mix of services within budget constraints. They also market their services as appropriate to other Federal agencies. Successful market penetration spreads the Franchise Fund's fixed costs over a larger unit base, which leads to lower costs for all customers. This economy of scale leads to more effective use of taxpayer dollars.

During 2016 the Franchise Fund management and administration transferred from the Office of Management (OM) to the Office of Enterprise Support Services

(OESS). The Franchise Fund Oversight Office (FFO) was subsumed under OESS and the oversight responsibilities for the VA Franchise Fund and the duties of the former Franchise Fund Oversight Board were subsumed by and reconstituted under the Support Services Governance Board (SSGB), chaired by the Deputy Secretary of the Department of Veterans Affairs and vice-chaired by the Chief of Staff of the Department of Veterans Affairs. Under OESS, VA is identifying opportunities for realigning its internal business processes and enterprise support functions for IT, HR, finance, contracting, leasing, and enterprise training, into an industry-leading best practice for shared support services model in which organizations across VA leverage standardized, consolidated, and streamlined support services to improve customer service and quality of service delivery, while also reducing costs.

VA Enterprise Center Highlights (dollars in thousands)			
	2017 Estimate	2018 Estimate	2019 Estimate
FTE	1,314	1,750	1,849
Appropriation Obligations[1]	$949,795	$924,212	$956,031
Outlays (Net)	($41,091)	($15,000)	($15,000)

[1] *The total amount of obligations contained in our budget submission exhibits, as reported in SF-133 includes Intrafund transactions.*

VA Enterprise Centers *Summary of Obligations* *(dollars in thousands)*						
Parent Organization/Service Activity	**2017** **Obligations**	**FTE**	**2018** **Obligations**	**FTE**	**2019** **Obligations**	**FTE**
Office of the Secretary						
Office of Enterprise Support Services:	$1,949	1	$ 5,218	8	$ 5,218	8
Franchise Fund Oversight Office	1,530	4	2,451	7	2,516	7
Records Center and Vault	4,051	12	4,778	13	4,872	13
Human Resources Enterprise Center	15,541	26	35,352	28	35,352	28
Subtotal	$23,071	43	$47,799	56	$47,958	56
Office of Management:						
Financial Services Center	$407,408	527	$417,182	827	$436,213	909
Debt Management Center	31,855	252	35,347	322	37,292	322
Subtotal	$439,263	779	$452,529	1,149	$473,505	1,231
Office of Information & Technology:						
IT Infrastructure Operations	$451,974	394	$388,185	434	$399,044	434
Office of Operations, Security, and Preparedness:						
Law Enforcement Training Center	$14,161	57	$13,999	62	$14,630	66
Security and Investigations Center	21,326	41	21,700	49	20,894	62
Subtotal	$35,487	98	$35,699	111	$35,524	128
Total	**$949,795**	**1,314**	**$924,212**	**1,750**	**$956,031**	**1,849**

Summary of Revenue and Expenses

Revenue represents the total income received from all customers (both VA and other Federal agencies). Expenses represent the full cost of operations.

In 2019, the VA Enterprise Centers anticipate revenues, including other Federal agency customers, of $969 million.

Revenue, Expense, and Retained Earnings
(dollars in thousands)

	2017 Estimate	2018 Estimates	2019 Request
Sales Program:			
Revenue	$876,618	$937,248	$969,171
Expense	857,996	924,212	956,031
Net Income	$ 18,622	$ 13,036	$ 13,150
Reserves[1], Start of year	$183,633	$191,480	$186,041
Net Income	18,622	13,036	13,150
Capital Transactions[2]	(10,775)	(18,475)	9,861
Reserves, End of Year	$191,480	$186,041	$209,052

[1] *Reserves are used to fund cash flow timing differences, periods of fluctuating workloads, and unanticipated expenses.*

[2] *Acquisition, improvements or depreciation of assets.*

Pershing Hall Revolving Fund

Program Description

The Pershing Hall Revolving Fund provides for the obligation and receipt of funds associated with the operation and redevelopment of Pershing Hall, an asset of the United States, located in Paris, France. The United States acquired the property in 1935 from the American Legion under the provisions of Public Law 74-171.

In 1991, VA obtained jurisdiction and control over Pershing Hall through the enactment of Public Law 102-86, which provided for the building's redevelopment and the establishment of a memorial to General Pershing through a long-term lease of up to 35 years. Two years later, Public Law 103-79 authorized a lease period not to exceed 99 years. On October 20, 1998, the Department leased Pershing Hall for a period of 99 years to the French firm of L.A. Partners. The lease provides for the building's redevelopment as a hotel and the establishment therein of a memorial. In addition to the memorial, the lease also provides for the payment of consideration to VA.

Public Law 102-86 allowed for the transfer to the Pershing Hall Revolving Fund, at such time or times as the Secretary may determine and without limitation as to year, amounts as determined by the Secretary, not to exceed $1,000,000 in total, from funds appropriated to VA for the construction of major projects. The account from which any such amount is transferred must be reimbursed promptly from other funds as they become part of the Pershing Hall Revolving Fund. Proceeds of the Pershing Hall Revolving Fund are available to be used for two separate activities. First, the Secretary may use up to $100,000 annually from the Fund to support projects, activities, and facilities determined by the Secretary to be in keeping with the mission of the Department. In addition, necessary expenses to operate and maintain Pershing Hall may be funded from revenue in the Pershing Hall Revolving Fund.

From 2017 - 2097, a payment of 1.2 million French Francs (FF) or the equivalent in Euros will be made to the fund, using an exchange rate of 6.66 FF per US dollar, which is expected to yield $180,180 in annual receipts. All payments, however, are subject to updating as described in the lease.

Funding Highlights (dollars in thousands)				
		2018		
	2017 Actual	Budget Estimate	Current Estimate	2019 Estimate
Budget authority	$0	$0	$0	$0
Receipts	$230	$200	$200	$200
Obligations	$70	$200	$200	$200
Unobligated balance:				
SOY	$2,142	$2,304	$2,304	$2,304
EOY	$2,304	$2,304	$2,304	$2,304
Outlays (net)	($355)	$0	$0	$0