

KEITH M. WILSON, DIRECTOR, EDUCATION SERVICE, VETERANS BENEFITS
ADMINISTRATION

STATEMENT OF
KEITH M. WILSON
DIRECTOR, EDUCATION SERVICE
VETERANS BENEFITS ADMINISTRATION
BEFORE THE
SENATE COMMITTEE ON VETERANS' AFFAIRS
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Good morning Chairman Akaka, Ranking Member Burr, and Members of the Committee. I appreciate the opportunity to appear before you today to discuss the implementation of the Post-9/11 GI Bill. My testimony will address the challenges we faced, the steps taken to improve the delivery of Post-9/11 GI Bill claims, and the current status of education claims processing. Joining me today is Stephen Warren, Principal Deputy Assistant Secretary for Information and Technology, who will discuss the status of implementation of the Long-Term Solution. I am also joined by Dan Osendorf, Director of the Department of Veterans Affairs (VA) Debt Management Center (DMC), who will discuss recoupment of advance payments.

As this Committee knows well, the Post-9/11 GI Bill, passed by Congress in 2008, is the most extensive educational assistance program authorized since the original GI Bill was signed into law in 1944. Secretary Shinseki and the entire Department are committed to ensuring all Servicemembers, Veterans, and their family members eligible for this important benefit receive it in a timely manner so they can focus on their education.

Background and Challenges

Enactment of the Post-9/11 Educational Assistance Act on June 30, 2008, gave VA approximately 13 months to develop a new, highly complex eligibility and payment system for thousands of claimants who would be eligible to receive benefits under the new program on August 1, 2009. To meet this challenge, VA began development of an interim claims processing solution, while simultaneously developing a long-term rules- based processing solution, in cooperation with the Space and Naval Warfare Systems Center Atlantic (SPAWAR). VA's Office of Information & Technology (OI&T) designed the interim processing solution functionality in three separate phases. Each phase delivered a specific set of functionalities for claims examiners to manually process Post- 9/11 GI Bill claims with some IT augmentation. However, development of the interim solution was more challenging than anticipated, given the complexity of the new program and the reduced timeline for delivery. Prior to the August 1 implementation, OI&T delivered two phases of the interim solution. Phase three, which provided increased functionality and additional automation for processing Post-9/11 GI Bill claims, was originally scheduled for deployment in September 2009 during the peak enrollment period for processing education claims. Due to the complexity of the processing steps and requirements for both amended awards and overlapping terms, phase three was delayed until November 2009. Amended award functionality includes changes in a student's actual charges for tuition and fees and reduced or increased course loads. As the law requires VA to pay actual charges, amended awards are required for every dollar change to a student's tuition and fees.

Post-9/11 GI Bill claims currently require manual processing using four separate IT systems that do not interface with each other. When an application or enrollment certification is received, the documents are captured into the Image Management System (TIMS). The documents are routed electronically to a claims examiner for processing. The claims examiner reviews the documents in TIMS and determines the student's eligibility, entitlement, and benefit rate using the Front End Tool (FET). The FET is used to calculate and store student information to support the Post-9/11 GI Bill claims adjudication process. However, the FET has limited capability for processing the multiple scenarios encountered in determining eligibility and entitlement under the new program. As a result, VA, in conjunction with MITRE Corporation, developed multiple job aids or out-of-system tools and spreadsheets to augment claims processing.

Once the benefit rate and payment amount are determined, the claims examiner enters the payment information into the back-end tool (BET). The BET utilizes the existing Benefits Delivery Network (BDN) to issue payments. A payment cannot be processed until at least two individuals approve the award and payment amount. All evidence to support the award actions taken by the claims examiner, and a senior claims examiner, is captured into TIMS. This process is completed separately for the housing allowance, the tuition and fees payment, and the books and supplies stipend. Due to a lack of integration among systems, the time to complete a Post-9/11 GI Bill claim is significantly longer than the processing time for other education benefits.

Because the program implementation date fell in the middle of some school terms and many students were enrolled in another education program such as the Montgomery GI Bill-Active Duty (MGIB-AD), VA had to determine rates payable to students in school on August 1, 2009, under two separate benefit programs and pro-rate Post-9/11 GI Bill benefits. Further complicating the claims process was overlapping terms. It is not uncommon for many students to enroll in courses that begin and end in overlapping time periods at different schools. Processing these claims involved additional manual calculations for the overlap as well as separate payments going to more than one school.

To complicate an already challenging situation, the new benefit program requires VA to determine maximum tuition and fee rates for each state before the beginning of each academic year. Schools do not typically set their tuition and fee rates until state support is determined for the academic year. Many states did not pass their operating budgets until late July/early August. Correspondingly, institutions could not set tuition and fee rates until late August. Delays in determining the 2009-2010 maximum tuition and fee rates resulted in delayed processing of payments for students attending school in those states. Finally, VA had to train newly hired employees on the interim processing solution during the fall enrollment period. This includes the 530 term employees hired in December 2008, and the additional 230 term employees provided by Congress under the American Recovery and Reinvestment Act (ARRA).

Current Workload and Processing Status

On May 1, 2009, VA began accepting applications to determine eligibility for the Post-9/11 GI Bill. On July 7, 2009, we started accepting enrollment certifications from school certifying officials for Veterans utilizing their Post-9/11 GI Bill benefits for the fall term and began processing claims for payment. While most schools submitted their

enrollment certifications to VA in a timely manner, some schools did not for various reasons. This delayed the payment of benefits to Veterans, since VA could not pay until it received an enrollment certification from the school. Since May 1, 2009, we have received and processed over 578,000 enrollment certifications and 237,000 changes to enrollments for Veterans attending school under the Post-9/11 GI Bill.

For fiscal year 2009, the average time to process all education benefit claims, including Post-9/11 GI Bill claims, took 26 days for original claims and 13 days for supplemental claims. Claims processing took more time on average during the fall semester due to the increased workload from the Post-9/11 GI Bill. To ensure Veterans who enrolled in the spring term received their benefits on time, VA set a goal to process any enrollment certification we received before January 19, 2010, for payment by February 1, 2010. VA is pleased to report to the Committee that we were able to achieve this goal.

For this fiscal year, our average processing time is 53 days for original claims and 21 days for supplemental claims. However, our average processing time for the current month is 20 days for originals and 13 days for supplementals. We have issued over \$2.7 billion in Post-9/11 GI Bill payments to approximately 246,000 individuals and their educational institutions.

Spring 2010 Enrollment

VA took numerous steps to reduce the number of pending claims and prepare for the spring enrollment period. As a result of these improvements, VA was able to increase its daily completions of Post-9/11 GI Bill enrollment certifications from an average of 1,800 per day during October to nearly 7,000 per day.

On October 28, 2009, VA awarded a contract to Affiliated Computer Services (ACS) in London, Kentucky, to provide claims processing support for non-Post-9/11 GI Bill. This effort allows VA to focus resources on the more complex Post-9/11 GI Bill claims. This contract is scheduled to expire on April 28, 2010.

VA utilized 230 term employees hired through the funding provided by Congress under ARRA. We implemented a mandatory overtime policy at the four regional processing offices (RPOs) requiring all employees to work three additional days per month. We also utilized 200 ARRA employees at five VA satellite offices to authorize Post-9/11 GI Bill payments. Procedures were amended to streamline the entire claims process and eliminate duplication of efforts and redundant or unneeded development.

VA worked closely with the Department of Defense (DoD) to ensure Servicemembers' data would be exchanged electronically for eligibility determinations under the Post-9/11 GI Bill. VA and DoD also developed an electronic means whereby information related to spouses and children with transferred entitlement would be exchanged to process a claim under the transfer of entitlement provision of the Post-9/11 GI Bill. When the electronic system was unavailable, VA and DoD ensured the data were exchanged manually in a timely manner so that benefit payments were not negatively impacted.

Fall 2010 Enrollment

On August 1, 2010, payments under the Post-9/11 GI Bill will be expanded to include the children of those Servicemembers killed while on active duty. The Marine Gunnery Sergeant John David Fry Scholarship will be available for the children of an active duty Servicemember who died in the line of duty since September 11, 2001. Eligible individuals can receive up to 36 months of entitlement. VA will begin accepting applications for this program on May 1, 2010. We anticipate approximately 2,400 children will be eligible for the Fry Scholarship in fiscal year 2010. We do not anticipate the delays from last fall will recur during the fall 2010 semester for veterans applying for educational benefits. VA expects students will experience significant improvements in the delivery of their education payments.

Long-Term Solution

VA partnered with SPAWAR to develop an end-to-end claims processing solution that utilizes rules-based, industry-standard technologies, for the delivery of education benefits. This is our long-term strategy for implementing the Post-9/11 GI Bill. The Post-9/11 GI Bill contains eligibility rules and benefit determinations that will work well with rules-based technology that requires minimal human intervention.

VA's automated IT system is scheduled to be released in four phases to provide incremental capability to the users in the field stations. Release 1 of this effort was successfully deployed on March 31, 2010 which provides: functionality to calculate new original awards; automated calculation of awards including tuition and fees, housing, books and supplies, yellow ribbon, Chapter 30 and 1606 kickers; automated calculation of awards for overlapping terms and intervals, including interval rules for summer terms; and demographic and service data from VA DoD Identity Repository (VADIR).

Originally, release 1 was envisioned as having additional capabilities. However, due to an increased understanding of the complexity of amended awards, certain capabilities were delayed to Release 2."

As our subject matter experts (SME) worked with the SPAWAR team, it became clear that the amount of software remaining to be developed exceeded what could be done to meet the March 31, 2010, milestone requirement. VA deployed Release 1 to a limited set of claims processors at our Muskogee RPO to fully exercise the Long-Term Solution such that any "hidden" defects are found and corrected before Release 2 is deployed on June 30. The claims processors at the Muskogee RPO are currently using Release 1 to process original certificates of eligibility and amended claims.

Feedback from our end-users indicates the Long-Term Solution offers ease of use and allows increased efficiency. Release 2, currently scheduled for June 30, 2010, will serve as the foundation from which the VA will retire the Interim solution and automate the Education benefits business process. The scope of Releases 3 and 4, currently scheduled for September 30, 2010 and December 31, 2010 respectively, will contain interfaces to Education legacy systems in order to pre-populate data and automate payment. The final scope for these releases has not been set.

There are a number of challenges to fully implementing the Long Term Solution. It is important to recognize that the methodology we are using to deliver this system is based on an agile approach. It is based on making tradeoffs between schedule and functionality. We have developed the schedule such that there is a release of software every 3 months. To accomplish this, we adjust the delivered functionality to what can be done in 3 months. This is a significant change to how VA has run IT development projects in the past.

Advance Payments

In October VBA began issuing advance payments to Veterans and Servicemembers who had not yet received their VA benefits for the fall enrollment period to ensure that all Veterans and eligible students were able to focus on their academic studies and not be burdened with financial concerns. As part of that process, a web portal was established to allow electronic submission for advance payment. Advance payments were also made on-site at VA offices around the country. At that time student Veterans were required to acknowledge that they understood that the advance payment must be repaid and would be recouped from future VA payments. VA issued advance payments to 121,095 individuals, totaling \$355.5 million for all education programs.

Advance payment recipients were notified in late January and early February of the reimbursement process. The notification explained that \$750 would be deducted from their monthly education payments beginning April 1, and that they could make arrangements with the DMC for a reduced withholding if \$750 monthly created a financial hardship. Individuals not currently enrolled in school received notification on how payment arrangements could be made to satisfy the debt.

Due to the many Veterans seeking a lower withholding from the April 1 check, DMC added six lines and eight operators to handle the increased workload associated with the Post 9/11 GI Bill program. Phone operation hours were also extended an hour. In addition, DMC received assistance from VBA call centers and created a reduced repayment form that could be completed and emailed to DMC for processing. VBA added the form to its Education Web site so individuals could complete the form themselves and email it to DMC. A notice was also added to the education Web site explaining that the deadline for requesting a lower withholding for the April 1 check was March 23, 2010. DMC created special email boxes for the incoming workload and printed and worked the requests as they were received. Approximately 12,000 Veterans established reduced repayment plans in time to affect their April 1 payment.

The DMC continues to get requests for partial refunds of the April 1 check and reduced withholdings from future checks. To provide the greatest flexibility to our Veterans, repayment plans are being approved retroactive to April 1, and refunds of amounts collected above their plans continue to be made. Through mid-April, requests for reduced withholdings total over 22,000. Of the \$355.5 million issued to advance pay recipients, over \$73 million has been collected through payments and offsets.

Outreach

VA also began a robust outreach campaign to make sure that Servicemembers, Veterans, and their families know about the Post-9/11 GI Bill and how to apply for the benefit. Let me share a few of our efforts in this area. On February 23 of this year, VA launched a two-month, nationwide advertising campaign to assist student Veterans and Servicemembers applying for the Post-9/11 GI Bill. The GI Bill advertising campaign includes half-page ads in top college publications, online and social media, print, radio, and outdoor advertising such as posters and flyers. In addition, public service announcements were delivered to approximately 150 college radio stations and 750 local stations in areas where there is a high density of students, as well as military installations.

Student Veterans on college campuses also saw a variety of posters in registrars' offices, dormitories, cafeterias, student union buildings, and other high traffic areas. This comprehensive advertising campaign assisted us in reaching those student Veterans, Servicemembers and educational administrators who need help in understanding the GI Bill and their role in the benefits process.

Social media and online advertising are extensively used to reach the younger generation of student Veterans. VA placed banner ads on social media sites such as Facebook, Google, MySpace, Yahoo, and other outlets. Text messaging ads are used to link student Veterans to VA. By texting "GIBILL," Veterans receive the basic message: "You Served. Get Benefits." Veterans are then directed to follow three steps: 1) Review your benefit options online; 2) Submit your application; and 3) Check with your school certifying official to confirm that your VA enrollment certification has been sent to VA. VA also developed a hip pocket guide and checklist with helpful tips to assist Veterans and Servicemembers in the application process.

We are making a concerted effort to reach out to everyone to provide the timely benefits that those who served our Nation deserve. VA sent letters and notices to university presidents, school certifying officials, state Veterans Affairs directors, Veterans Service Organizations, Congressional Members, and other education stakeholders highlighting the importance of timely submission of school enrollment information.

In addition, in November 2009, VA established a pilot program at the University of South Florida (USF) called VetSuccess on Campus. VetSuccess on Campus is a collaborative effort between the university and VA to provide a supportive on-campus environment where Veterans may gather and obtain assistance and peer support. This pilot program is supported by the Vocational Rehabilitation and Employment Service, Education Service, and the Veterans Health Administration Readjustment Counseling Service Vet Center program. Due to the major success of this program, two other campuses were added to VetSuccess on Campus; Cleveland State University in Cleveland, Ohio and San Diego State University in San Diego, California. The program may be expanded to other campuses across the country.

Conclusion

VA has made significant progress in implementing the Post-9/11 Bill, and we are working every day to ensure Veterans timely receive the educational benefits they earned through their service and sacrifice. We appreciate the support of this Committee and the Congress as we carry out this mission.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or other Members of the Committee may have.