**STATEMENT OF**

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**BEFORE THE**

**HOUSE COMMITTEE ON VETERANS’ AFFAIRS**

**SUBCOMMITTEE ON ECONOMIC OPPORTUNITY**

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 Good morning Chairman Flores, Ranking Member Takano, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs’ (VA) efforts to create and implement the Long-Term Solution (LTS) for processing Post-9/11 GI Bill claims. Accompanying me today is Mr. Robert M. Worley II, Director, Education Service. My testimony will address the current status of education claims processing and the status of the implementation of the Post-9/11 GI Bill LTS.

Most importantly, we can report to the Subcommittee and our Nation’s Veterans that VA is currently processing supplemental claims for Post-9/11 educational assistance in an average of 7 days, a remarkable achievement given that we are in the peak enrollment period for the spring term. For comparison purposes, on this date in 2011, it took 19 days to process supplemental claims, in 2012, it took 14 days. As we go through the rest of my testimony, , the most important fact is that Veterans are receiving the payments they are due in a timely manner that supports their educational efforts.

 As the Subcommittee Members know, the Post-9/11 GI Bill 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 making sure all eligible Servicemembers, Veterans, and family members receive this important benefit in a timely manner, so they can focus on what is most important – their education.

## Background

 In June 2008, Congress passed the Post-9/11 Veterans Educational Assistance Act, which established a new education benefit program under chapter 33 of title 38 United States Code, which VA refers to as the “Post-9/11 GI Bill.” Upon enactment, VA had approximately 13 months to develop a new, highly complex eligibility and payment system for claimants eligible to receive benefits under this new program effective August 1, 2009. To meet this challenge, VA initially sought contractor support for development of an information technology (IT) system to process these claims. At that time, it was proposed that the contractor would be accountable for providing a technical solution and support that would allow VA to provide timely and accurate education claims processing by completing original claims within 10 days, supplemental claims within 7 days, while concurrently achieving a 98 percent accuracy rate. However, VA did not receive enough proposals from qualified private-sector contractors to create an IT program. . VA terminated the solicitation process and began development of an interim claims processing solution, using in-house resources, while simultaneously developing a long-term, rules-based processing solution in cooperation with the Department of Navy’s Space and Naval Warfare Systems Center Atlantic (SPAWAR).

**Program Executive Office**

To manage the development of the overall process for administering the Post-9/11 GI Bill, VA established a Program Executive Office within Education Service comprised of senior business-line managers, management analysts, individuals with program and project management experience, and administrative support. This office is responsible for coordination of all projects within the VA comprehensive management plan to successfully implement the Post-9/11 GI Bill.

**Short-Term Strategy**

VA’s short-term strategy to implement the Post-9/11 GI Bill consisted of a two-part IT solution: a fiscal payment system which used the Benefits Delivery Network (BDN) to issue payments and a “Front-End Tool” (FET) by VA claims examiners to use to augment the manual adjudication of claims. VA’s Office of Information and Technology (OIT) 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. The final phase of the Interim Solution was deployed in November 2009.

**LTS Development**

 While development of the short-term solution was ongoing, VA partnered with SPAWAR to develop a long-term solution for Post-9/11 GI Bill education claims processing -- an end-to-end claims processing solution that utilizes rules-based, industry-standard technologies for the delivery of education benefits. The Post-9/11 GI Bill contains numerous, complex eligibility rules and benefit determinations that led us towards inclusion of rules-based technology to minimize human intervention.

 While VA initially planned to release the automated system in four major releases, two additional releases – one full year of systems development -- were necessary to implement the changes to the Post-9/11 GI Bill required by Public Law 111-377, the “Post-9/11 Veterans Educational Assistance Improvements Act of 2010.” This law expanded the Post-9/11 GI Bill in many ways, to include non-college degree programs, modified the statutory tuition and fee payment provisions to allow VA to pay all in-state public school costs, and created a national cap for training pursued at a private institution.

 During the initial development, VA planned to include the following functionality in each respective release:

**Release 1**

* Processing original Post-9/11 GI Bill claims;
* Automated calculation of award payment;
* Automated calculation of overlapping term/interval awards;
* Demographic and service data from the VA/Department of Defense Identity Repository;
* Conversion and data transfer from the Interim Solution;
* Processing supplemental claims;
* Chapter 33 kickers (also known as the Army, Navy, or Marine Corps College Funds) and supplemental kickers; and
* Claims containing award amendments.

**Release 2**

* Award letter generation;
* Data Warehouse data feed; and
* Record security enhancement.

**Release 3**

* Interface with VA’s Benefits Delivery Network for automated payments.

**Release 4**

* Expansion of previously released functionality and Veteran self-service capability to access and view the status of applications online.

**Delivered Functionality**

VA has deployed six major releases of LTS, all of which were delivered on schedule according to the original timeline. Release 1 was deployed on March 31, 2010, and included the capability to complete new original claims; automatic calculation of awards including tuition and fees, housing, books and supplies, Yellow Ribbon, and Montgomery GI Bill – Active Duty and Reserve Educational Assistance Program kickers; and automatic calculation of awards for overlapping terms and intervals.

VA deployed Release 2on June 30, 2010. This release allowed VA to process changes in enrollment information, claims for transfers of entitlement, and to generate various letters to beneficiaries. Additionally, data conversion from the Interim Solution FET database to the LTS occurred for Veterans determined eligible but had not yet enrolled. Release 2.1 was deployed on August 23, 2010. This release allowed us to retire the short-term, or interim, solution by fully replacing the functionality of the Interim Solution and associated manual processing tools.

VA deployed Release 3 on October 30, 2010.  This release provided enhanced enrollment processing and an interface with the VA Online Certification of Enrollment (VAONCE) system to allow information to pre-populate in LTS, which reduced keystrokes for claims examiners. This release was a critical step toward end-to-end automation.

  Release 4, which was deployed on December 20, 2010, provided the BDN payment interface and self-service capabilities for claimants to access and view their enrollment history and entitlement information through eBenefits. Release 4.1, deployed on January 16, 2011, converted Basic Allowance for Housing (BAH) payments to calendar year 2011 rates. Release 4.2, deployed on March 5, 2011, incorporated changes to tuition and fee and honorable service requirements as required by Public Law 111-377. Note that the changes included in release 4.2 were accomplished within 60 days of passage of the Public Law.

 VA deployed Release 5 on June 4, 2011. This release included other changes required by Public Law 111-377, such as the annual tuition-and-fees cap, housing for distance learners, books and supplies payments for active duty Servicemembers, and qualifying service for National Guard. Release 5.1 was deployed on October 17, 2011, and provided the remaining requirements of Public Law 111-377, including functionality for processing non-college degree programs, apprenticeship, flight, and on-the-job (OJT) training. In Release 5.2, deployed on February 21, 2012, the architecture was expanded to allow for end-to-end automation of supplemental claims.

Release 6.0 deployed on July 30, 2012 to provide end-to-end automation for supplemental claims and centralized letter-printing capability. It also included an interface with The Image Management System (TIMS), our electronic filing system. However, the automation feature was not fully deployed until September 24, 2012.

Prior to the LTS initial release, it took claims examiners over one-and-a-half hours to process an original claim. Following the release, it takes approximately 45 minutes to process an original Post-9/11 GI Bill claim.

**Success of LTS**

The Chapter 33 LTS has been a significant success from an IT implementation perspective. It was one of the first large-scale system implementations in government to use Agile development methodologies, and the first completely new system to be developed under the VA’s Program Management Accountability System (PMAS). Because of the volume of education claims and the limitations of the short-term solution, it was critical to VA, and to Veterans, that this system be delivered on time, and that it work correctly when delivered. Our people, processes, contractors, and technology met that challenge. As noted above, every major release of the Chapter 33 LTS system has been delivered on time, a feat nearly unheard of in government for such a large system. Under PMAS, the system has been required to deliver new functionality at least every six months, and it has met that challenge. Using Agile development methodologies has allowed us to readily adapt to changing priorities, from both business needs and new laws, by prioritizing new, urgent requirements ahead of other items on the requirements list. It has also helped enhance accountability in the IT development process, which allowed VA to better execute available IT funds. In an effort to achieve automation and meet the business sponsor’s needs, there were a total of 33 releases that provided customer-facing functionality (combining 21 minor and 12 major releases).  This translates into deploying new functionality at an average rate of one major release every two months.  The Chapter 33 application is considered to be the first VA application to implement a true service-oriented architecture (SOA).  As a result, it has helped VA lead the Government in the use of commoditized infrastructure services (Infrastructure as a Service [IASS]); and has also spearhead VA policy (regarding security, acquisitions, management) in the industry best practice of outsourcing infrastructure use of commercial and Cloud computing hosting services.

The program was nominated for a 2012 Government Computer News (GCN) Award for excellence in federal, state, and local government IT projects and management teams to honor their ingenuity, organizational skills, and contributions to the public and is a finalist as Best Business Process Management (BPM) Project in the American 2013 Process Excellence Award.

Four years ago, during my congressional office visits as part of my Confirmation, I consistently heard that VA IT would fail in implementation of the systems to support the Chapter 33 program. Today, the LTS system processes over 40 percent of supplemental claims within one day of receipt. From an IT perspective, from a business perspective, from a VA perspective, and most importantly from a Veteran perspective, the Chapter 33 LTS system is delivering real value for the investment made by the American taxpayers.

**Automation**

End-to-end automation of claims for the Post-9/11 GI Bill was originally planned for June 2011, but enactment of Public Law 111-377 required reprioritization of planned functionality to meet the law’s effective dates. To meet the requirements of the law, end-to-end automation was pushed back by approximately one year.

Calculation of benefits due under Chapter 33 is a complex process. LTS has over 1,600 calculation rules that support benefits for Veterans, Servicemembers, and transferees. Seven types of training are supported, which include graduate, undergraduate, non-college degree, correspondence, apprenticeship, on-the-job training (OJT), and flight. Up to six benefits are calculated per term including housing, books and supplies, tuition and fees, Yellow Ribbon, and additional DOD-funded “kicker” payments foractive duty beneficiaries (Chapter 30 kickers) and for members of the Selected Reserve (Chapter 1606 kickers). LTS supports the entry of unlimited service periods, enrollment periods, and changes to enrollment periods.

Currently, approximately 80 percent of all Post-9/11 GI Bill supplemental claims are automated – partially or fully. For the month of January, 2013, 44 percent of incoming enrollment documents (over 149,000 documents) were fully automated and 36 percent (over 109,000 documents) were partially automated. There are approximately 80 business rules that support end-to-end automation of supplemental claims for the purpose of ensuring payment accuracy for Veterans. Each of these rules constitute a reason why a claim should not be fully automated and is exited for manual processing. When an issue is identified, automation is suspended to prevent payment errors and a manual review and/or entry is required to complete the remaining processing. We expect end-to-end automation to continue to improve overall claims processing timeliness and reduce delays in payment of education benefits.

**Workload**

Processing timeliness has improved significantly since implementation of LTS. With the implementation of end-to-end automation and mandatory overtime at the regional processing offices, we reduced the number of pending Post-9/11 GI Bill claims from 177,000 in September 2012, to 62,000 in November 2012. The continued expansion of the automated functionalities in the Post-9/11 GI Bill processing system is already having an impact on improved benefits delivery. At the end of January we had approximately 86,000 claims pending, 50 percent lower than the total claims pending the same time last year. The average days to process Post-9/11 GI Bill supplemental claims has decreased by 16 days, from 23 days in September 2012 to 7 days in January 2013. The average time to process Post-9/11 GI Bill original education benefit claims in January was 34 days.

**Outreach**

On June 3, 2010, VA sent a notice to school certifying officials informing them that they may submit enrollment certifications for training pursued during the fall semester even if they do not know a student’s actual tuition–and-fee charges.  Upon receipt of the student’s actual charges, the school certifying official was asked to submit an amended enrollment certification to VA with the corrected information. On December 7, 2010, school certifying officials were again told to submit enrollment certifications with $0 reported for tuition and fees if the tuition and fees charges had not been finalized for a student. School certifying officials have been encouraged by VA to continue with this practice for subsequent semesters because it ensures that our Veterans will receive timely payments for their housing allowance and books and supplies stipend while waiting for their tuition-and-fees charges to be finalized. While accepting enrollments without tuition-and-fees charges has allowed VA to issue more timely payments of the monthly housing allowance and books and supplies stipend, there has also been an increase in the number of claims submitted because schools have to amend their original submissions to include tuition-and-fees charges.

**Expenditures and Improvements**

Since inception, VA has issued over $25.9 billion in Post-9/11 GI Bill benefit payments to approximately 911,000 individuals and their educational institutions. The total lifecycle cost to develop the LTS system to date is estimated at $263 million, which represents one percent of the total benefits paid. For FY 2013, we are increasing end-to-end automation of supplemental claims, with funding allocated to implement this feature at $4.4 million. LTS is also transitioning from development to a sustainment phase. The cost for sustainment of LTS in FY 2013 will be $18.7 million.

Certain deferred functionality will be considered for implementation in future years. Some of the deferred functionality includes, but is not limited to: certificate of eligibility (COE) automation, multiple sources of entitlement, expansion of external data service capabilities, monthly certification of attendance, and business analytics.

There are numerous challenges to COE automation including:

* Creating a streamlined electronic application that includes all the information necessary to process an original claim;
* Creating an interface between the application system and LTS;
* Verifying the identity of the individual submitting the application;
* Verifying and reconciling service data of the individual;
* Verifying attendance at a service academy;
* Verifying and accounting for entitlement used under other educational assistance programs; and
* Functionality to handle the benefit relinquishment and election issues properly.

It would be a significant development effort to achieve end-to-end automation of all eligibility determinations.

**Conclusion**

Veterans’ well-deserved educational benefits are the vehicle by which many of our Nation’s heroes pursue their educational goals and successfully transition to civilian life. VA is dedicated to ensuring that Veterans are able to make well-informed decisions concerning the use of their benefits and receive a quality education. We look forward to working with the Subcommittee to provide the very best support possible to our Veterans and beneficiaries as they pursue their educational goals.

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