

**STATEMENT OF
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BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY**

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Good morning, Chairman Levin, and distinguished Members of the Committee and Subcommittee. Thank you for the opportunity to testify today in support of the President's Fiscal Year (FY) 2020 Budget for the Veterans Benefits Administration. Accompanying me today is Dominic Cussatt, Principal Deputy Assistant Secretary, Office of Information and Technology (OIT).

FY 2020 Budget Request

The President's FY 2020 Budget requests \$3 billion in discretionary funding. The discretionary request is an increase of \$44 million, or 1.5 percent, over the enacted FY 2019 budget. It will sustain the progress we have made to improve Veterans' benefits claims processing and the 125:1 Veterans to Vocational Rehabilitation Counselor ratio and implement the Case Management Solution. This request will provide additional resources to attack burgeoning issues related to fraud, waste, and abuse, and expand elements of the Transition Assistance Program. The President's FY 2020 Budget also requests \$129.5 billion in mandatory advance appropriations for FY 2021, \$6.3 billion or 5 percent over 2020.

With the resources requested in the 2020 Budget, VA will be able to provide:

- Vocational rehabilitation and employment benefits for more than 124,000 disabled Veterans;
- Education and training assistance for about 877,000 Veterans and family members;
- New home loan guaranties for more than 562,000 Veterans, Servicemembers, surviving spouses, and members of the Reserves and National Guard;
- Life insurance programs for over 5.9 million Veterans, Servicemembers, and their families (that is, total lives insured); and
- Transition and economic development assistance to nearly 400,000 Veterans, Servicemembers, and their families.

The President's FY 2020 Budget request also includes funding for critical technology investments and other initiatives necessary to timely provide Veterans, their families, and survivors with the benefits and services they earned and deserve.

Business Transformation

Business transformation is essential if we are to move beyond compartmentalization of the past and empower our employees serving Veterans in the field to provide world-class customer service. This means reforming the systems responsible for claims, appeals, and GI Bill benefits. OIT is a critical partner and we collaborating to create the best experience for all Veterans. OIT is a critical partner. We have developed a Business Plan that prioritizes the IT required for success, and we are addressing governance.

By moving from the Veterans Benefit Management System (VBMS) to the Benefits Integration Platform, OIT will leverage existing architectural designs and deliver a modern platform with a cloud-based architecture in which individual components are delivered as microservices that can connect with Application Programming Interfaces. This agile approach provides more flexibility and speeds delivery of changes and improvements.

Forever GI Bill

Since the passage of the Harry W. Colmery Veterans Educational Assistance Act of 2017 (Colmery Act), VA has implemented 28 of the law's 34 provisions. Twenty-two of the law's 34 provisions require significant changes to VA IT systems, and VA has 202 temporary employees in the field to support this additional workload.

In accordance with the Forever GI Bill Housing Payment Fulfillment Act of 2018, VA established a Tiger Team tasked to resolve issues with implementing sections 107 and 501 of the Forever GI Bill. In February 2019, VA awarded a new contract to develop the right solution for implementing sections 107 and 501. By the spring semester of 2020, the Veterans Benefits Administration (VBA) expects that all enrollments will be processed according to the Colmery Act. VBA will recalculate benefits based on where Veterans take classes, and we will work with schools to make payments to which Veterans are entitled under sections 107 and 501 retroactive to the first day of August 2018, the effective date for those sections.

As VA moves forward with implementation, VBA will continue to regularly update our Veteran students and their institutions of learning on our progress and what to

expect. VA has already modified its definition of "campus" to comply with statutory requirements and in doing so has lessened the administrative burden on schools to report housing data to VA.

The FY 2020 Budget request also supports the remaining provisions of the Colmery Act. The Veteran Employment Through Technology Education Courses (VET TEC) is a 5-year tuition and housing assistance pilot program that will help Veterans advance in an IT career. VET TEC pays for Veterans to take classes in one of five areas: information science, computer programming, data processing, media applications, and computer software. VA began accepting training provider applications in March 2019, and we will begin accepting Veteran applications this month. The implementation of the VET TEC program in 2019 and sections 107 and 501 are projected to increase claims completed for the next 2 years.

Beginning in August 2019, VA will provide up to 9 months of additional Post-9/11 GI Bill benefits to certain eligible individuals through the Edith Nourse Rogers STEM scholarship. The additional entitlement will assist qualifying beneficiaries to obtain degrees in science, technology, engineering, and math; or for graduates of such programs to obtain a teaching certificate. Priority will be given to individuals who are entitled to 100 percent of Post-9/11 GI Bill benefits and to those who require the most credit hours.

The FY 2020 Budget supports VA's efforts to implement 28 of 34 provisions of the Colmery Act by August 2020. In August 2020, VA will eliminate the 40-percent benefit level and expand the 60-percent benefit level under the Post 9/11 GI Bill program. The remaining provisions, including the extension of the Yellow Ribbon

program to active duty Servicemembers, will go into effect in 2022. The FY 2020 Budget request will provide sufficient funding and staffing levels for Education Service to continue providing access to timely and accurate delivery of education benefits.

Claims and Performance

In 2020, VBA will continue to prioritize Veterans and their families first. VA strives to complete all rating claims in fewer than 125 days. VBA continues to work to modernize the disability claims process to increase processing timeliness. It is important to highlight that VBA will always have an inventory of claims that take longer than other claims because of complexity and VA's legal obligations to assist. VBA has completed over 438,000 claims (within 2 percent of last year) through the end of January 2019. VBA has completed over 968,000 non-rating disability claims through January 2019. These claims took an average of 83 days to complete, which is a 21-percent decrease in the average time to process claims compared to January 2018.

VBA continues to implement technical improvements to improve the speed and accuracy of disability claims while reducing costs. These initiatives include the consolidation of centralized mail processing. Through this technical improvement, mail is directed to 18 centralized locations where it is scanned and becomes part of an electronic database. This reduces lost files and allows files to be moved and processed rapidly. VBA's other sustained improvement falls under the National Work Queue, which continues to prioritize and distribute claims to regional offices based on their capacity.

Through these improvements, VBA has reduced the dependency inventory from 87,314 claims in October 2017 to 43,503 claims in January 2019 (50-percent reduction). VBA achieved this reduction while VBA's overall inventory and Average Days Pending have remained relatively static (355,955 and 94.7 days in January 2019, respectively), despite an increase in overall receipts.

Transition and Economic Development

The Office of Transition and Economic Development (TED) maintains oversight and management of Military-to-Civilian Transition Services as well as the development of economic initiatives that focus on empowering future and current Veterans to achieve maximum and comprehensive economic well-being. VA requests \$82.4 million in budget authority to fund the discretionary portions of TED. The 2020 Budget will support funding for Transition Assistance Program Military Life Cycle classes, a 5-year longitudinal study, and a full day of course instruction from 6 to 8 hours.

VBA created TED in late 2018 to support seamless transition from military service to civilian life and accelerate economic empowerment and development for transitioning Servicemembers (SM), Veterans, and their families. VA is also realigning its Chapter 36 Education and Career Counseling program to focus on increasing utilization through an improved alignment with military to transition activities and education beneficiaries.

Since the passage of the Veterans Opportunity to Work to Hire Heroes Act of 2011 (VOW Act) that mandated participation in the TAP by all transitioning SMs (with a few limited exceptions), VA has been collaborating with its interagency partners,

including the Departments of Defense and Labor, to prepare separating, retiring, or demobilizing SMs for their transition to Veteran status. By the same token, in August 2018, Congress passed, and the President signed, the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (2019 NDAA) that made improvements to TAP, including a mandate for one day of instruction on VA benefits and services and a requirement that transitioning SMs begin their pre-separation transition counseling no later than 365-days before the date of separation.

Approximately 226,000 SMs are expected to transition from military service to civilian life annually over the next 4 years. TED delivers mandatory VA Benefits Briefings to 100 percent of eligible transitioning SMs at more than 300 military installations worldwide, as well as provide individual assistance and support to Department of Defense components of Transition Goals, Plans, Success, Military Life Cycle, and Capstone events.

In 2017, attendance at VA TAP events was about 350,000. With the expansion of instructional hours in accordance with the 2019 NDAA, as well as deployment of additional Military Life Cycle courses made available to SMs while still on active duty, VA expects an increase in transition assistance workload to approximately 400,000 (an increase of about 15 percent). In order to assess the effectiveness of these events, in 2019, VA will begin a 5-year post-separation TAP longitudinal study and evaluation of up to 150,000 recently-separated Veterans to gain insights on their understanding of, and access to, VA benefits.

Executive Order 13822, "Supporting Our Veterans During Their Transition from Uniformed Service to Civilian Life," sets the goal for Veteran suicide prevention in which

VA will begin, for the first time, conducting outbound calls to all Veterans throughout their first year of transition to inform them of benefits and services available to them. In FY 2020, VA expects to make more than 600,000 outbound calls to recently-separated Veterans.

To accelerate economic empowerment and development for transitioning SMs, Veterans, and their families, VBA has focused leveraging all VA benefits and services to holistically support their economic well-being. To address gaps that cannot be addressed because of statutory or fiscal constraints, VBA has aligned economic development with transition preparation to foster seamless partnerships through community-based economic investment initiatives with external organizations so Veterans and their family members are better positioned economically.

The 2020 Budget requested resource level supports performance measures that drive continuous improvement and accountability for Veterans, Servicemembers, and their families.

Loan Guaranty

The 2020 Budget request of \$200.4 million from Loan Administration and \$20.8 million in General Operating Expenses funds the discretionary costs of the housing loan programs that help support the mission to provide home loan guaranty benefits and Specially Adapted Housing grants to help buy, build, repair, retain, or adapt a home for personal occupancy.

The VA Home Loan program continues to streamline automation efforts to maintain parity with the overall mortgage industry. VA is focused on redesigning the

Loan Guaranty Program's loan servicing system used to ensure, at least to the extent within VA's control, that Veterans and Servicemembers retain their homes. The redesigned VA Loan Electronic Reporting Interface (VALERI) will transform the entire lifecycle for VA loans in three ways. Through "Automation," VA is developing a database that will overhaul current program capabilities and will further expand the system footprint to include loan origination, valuation, property acquisition, and oversight functions to support Veterans obtaining VA-guaranteed loans. Through "Collaboration," the redesigned VALERI will standardize disparate data sources, integrate third party systems, and connect external stakeholders to create a transparent and holistic view of a loan's lifecycle. This will enable stakeholders to more efficiently and more effectively deliver VA's home loan guaranty benefit to Veterans. Finally, the redesigned VALERI will allow "Evaluation" through advanced data analytics and reporting to support more robust oversight and transparency of lender and servicer performance. This will enable Veterans to better evaluate loan options and status, while VA addresses high-risk programmatic challenges with data-driven solutions. These efforts will allow VA Home Loan participants a more simplified experience in securing and maintaining a VA-guaranteed loan.

Vocational Rehabilitation and Employment (VR&E)

The VR&E 2020 budget request supports performance measures designed to drive continuous improvement and achieve optimal outcomes for Veterans. In FY 2018, VA revised VR&E's performance measures to align with agency goals and priorities. Per Public Law 115-244, section 244, VR&E

developed a ratio-based field realignment plan to ensure the ratio of Veterans to full-time employment equivalents within any program of rehabilitation conducted under chapter 31 of title 38, United States Code, does not exceed 125 veterans to one full-time employment equivalent (FTEE). To date, 157 of the 169 additional VRC FTEEs were hired to reduce the counselor caseload to 125 to 1.

VR&E Service collaborated with OIT on development of Case Management Solution System (CMSS) to replace VR&E's 20-year-old legacy system, Corporate WINRS. We anticipate releasing a Request for Proposal in mid-FY 2019 to acquire these capabilities via General Operating Expense Services. Concurrently, VR&E is pursuing a wide-reaching modernization effort that will include numerous opportunities to incrementally leverage existing people, processes, and technology to more efficiently prepare us to seamlessly transition into the new CMSS.

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.

Other VR&E Modernization efforts include the design and deployment of a Centralized Mail strategy, Virtual Assistant (Artificial Intelligence) tools to streamline and integrate communications with VR&E program participants, and Electronic Invoicing (e-Invoicing) also known as Invoice Payment Processing System. Additionally, VR&E deployed the Competency Based Training System in 2019. This system will deliver competency assessments to experienced counselors, and provide a direct positive impact to Veterans, as Veterans will receive standardized services from well-trained and competent employees. This system will need to be maintained for optimal performance.

VR&E is transforming the Quality Assurance (QA) program. The QA case review instruments have been revised to focus on specific issues to allow for greater tracking and analysis, identification of training needs, and a better reflection of current performance. The QA Web system, used to record the results of reviews and generate reports, is being updated with the revised review format to allow for regional offices to complete Local QA in the system.

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.

Conclusion

Thank you for the opportunity to appear before you today to address VBA's FY 2020 Budget. The resources requested in this budget will ensure VBA remains on track to meet Congressional intent to serve Veterans' needs.

The budget request is the blueprint for how VBA will focus resources to modernize our delivery of benefits and services, become more efficient, leverage partnerships to execute our exceptional mission, and fulfill our vision to be a top-tier customer-service agency. Mr. Chairman, I look forward to working with you and this Committee. I am eager to continue building on the successes we have had so far and to continue to fulfill the President's promise to provide care to Veterans when and where they need it. There is significant work ahead of us and we look forward to building on

our reform agenda and delivering an integrated VBA that is agile and adaptive and delivers on our promises to America's Veterans.