NICHOLAS DAHL

DEPUTY ASSISTANT INSPECTOR GENERAL FOR MANAGEMENT AND ADMINISTRATION/
CHIEF INFORMATION OFFICER,
OFFICE OF INSPECTOR GENERAL
US DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY, COMMITTEE ON VETERANS' AFFAIRS
US HOUSE OF REPRESENTATIVES

HEARING ON

"DIGITAL GI BILL IN DISARRAY: HOLDING THE BIDEN-HARRIS ADMINISTRATION
ACCOUNTABLE FOR VA'S COSTLY MISMANAGEMENT"
SEPTEMBER 26, 2024

Chairman Van Orden, Ranking Member Levin, and Subcommittee members, thank you for the opportunity to discuss the oversight conducted by the Office of Inspector General (OIG) on the Digital GI Bill platform being implemented by the Veterans Benefits Administration (VBA). VA began to modernize its GI Bill operations in March 2021 to a digital platform. The platform allows GI Bill claims processing and is intended to provide capabilities to improve timely and accurate delivery of educational payments and determine real-time eligibility and benefit information. Further, the platform will also provide the ability for GI Bill students to engage with VA through electronic outreach, intake, and upgraded communication tools for on-the-spot service. That vision has not yet been fully realized.

This is just one of many significant information technology (IT) systems critical to VA operations that the OIG has been monitoring. Auditors, inspectors, and other OIG personnel have been proactively overseeing VA's modernization of such critical systems as its financial and supply chain management, electronic health records, and benefits automation. However, as detailed in reports and congressional testimonies over the last several years, the OIG has chronicled poor planning, missteps in implementation, and failures to provide adequate monitoring and remediation of identified problems across its efforts.[1]

The OIG is committed to providing impactful and practical recommendations that flow from its oversight work to help VA implement the Digital GI Bill platform in a manner that improves veterans'

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[1] The OIG's publications may be found at <u>All Reports</u> and written testimony at <u>Statements to Congress</u>.

experiences, while efficiently using resources.[2] Because the GI Bill has helped qualifying veterans and their family members pay for some or all the costs for school or training, the OIG has conducted rigorous oversight of VBA's GI Bill benefits operations.[3] As this statement details, the Digital GI Bill platform has suffered many of the same failings as other VA IT upgrade and replacement efforts. In particular, poor planning has led to significant delays and more than doubled the original contract cost for the Digital GI Bill platform.

In 2017, the Harry W. Colmery Veterans Education Assistance Act, more commonly known as the Forever GI Bill, further expanded education benefits and required VBA to make changes and improvements to its IT system. These included maximizing the electronic processing of original and supplemental educational assistance claims and ensuring decisions conform to rules-based processing with as little human intervention as possible.[4] Evidence of VA's challenges with implementing IT system upgrades for education benefits stretches back to the OIG's 2019 issue statement on delays in implementing the Forever GI Bill mandates.[5] Some of the same concerns are echoed in the August 2024 OIG report on insufficient contract planning by VBA that hindered development of the Digital GI Bill platform, leading to the delays and cost overruns detailed below.[6]

This testimony will discuss the findings of that August 2024 report, including that inadequate planning led to VBA agreeing to underdeveloped and unrealistic contract requirements and terms. After negotiating various modifications to the contract and eventually a new contract altogether, the costs for the platform have doubled, and the OIG remains concerned that any weaknesses in ongoing contract management by VBA risks further delays and cost escalations.

BACKGROUND

In the years following the start of the 2001 Global War on Terrorism, the GI Bill was greatly expanded. This was due in large part to passage of the Post-9/11 Veterans Educational Act of 2008, which is

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[2] VA OIG, *Forever GI Bill: Early Implementation Challenges*, March 20, 2019. The OIG found VBA failed to modify their electronic systems by the required date to make accurate housing allowance payments.

[3] See generally, *Controls Appear to Have Addressed Prior Overpayments of Post 9/11 GI Bill Monthly Housing Allowance Overpayments*, June 23, 2020; VA OIG, *Post-9/11 GI Bill Non-College Degree Entitlement Calculations Lead to Differences in Housing Allowance Payments,* March 17, 2021; VA OIG, *Processing of Post-9/11 GI Bill School Vacation Breaks Affects Beneficiary Payments and Entitlement*, May 3, 2022; VA OIG, *Veterans Are Receiving Concurrent Monthly Housing Allowance Payments while Participating in Certain VA Educational Programs,* January 30, 2024; VA OIG, *VBA Needs to Improve Oversight of the Digital GI Bill Platform*, August 28, 2024.

[4] Harry W. Colmery Veterans Educational Assistance Act of 2017, Pub. L. No. 115-48, 131 Stat. 973. Education claims can be identified as either original or supplemental claims. An original claim is submitted when a beneficiary first applies for initiation, review, and approval of education benefits. VBA's claims examiners review applications for eligibility and either a certificate of eligibility or a denial of benefits is issued. Supplemental claims are submitted after the beneficiary registers for a course or training program.

[5] VA OIG, *Forever GI Bill: Early Implementation Challenges*.

[6] VA OIG, *VBA Needs to Improve Oversight of the Digital GI Bill Platform*.

known as the Post-9/11 GI Bill.[7] The Forever GI Bill also expanded benefits to include changes to science, technology, engineering, and mathematics programs; the beneficiary's monthly housing stipends; and the elimination of the deadline to use benefits within 15 years for certain beneficiaries. In November 2018, the then VA Secretary named the then under secretary for benefits as the official responsible for implementing the Forever GI Bill, which includes complying with all legislative reporting requirements.[8]

In implementing provisions of the Forever GI Bill, VBA focused on modernizing its existing Long-Term Solution application, a web-based system used to process education benefit claims. This included automating some aspects of the process, such as establishing benefits eligibility, determining payments, or disallowing claims. The OIG noted in the 2019 issue statement that VBA failed to modify its electronic systems, including the Long-Term Solution application, by the required implementation date to ensure accurate housing allowance payments.[9] The OIG observed unclear communication on implementation progress and inadequately defined expectations, roles, and responsibilities among the various VA business lines and contractors involved.

Because the COVID-19 pandemic intensified the need for claims-processing automation and enhanced customer service, VBA began to transition from the Long-Term Solution to a Digital GI Bill platform in order to improve all aspects of the user experience. The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 provided funding to address issues arising from the COVID-19 pandemic.[10] Through the CARES Act, about $14 billion was allocated to the Veterans Health Administration, which remained available until September 30, 2021. Subsequently, under the Consolidated Appropriations Act of 2021, Congress authorized the reallocation of certain unobligated CARES Act funds from the Veterans Health Administration to other VA offices, including for implementing changes needed as a result of the Forever GI Bill.[11] According to VBA officials, the CARES Act funding allowed VBA to start the Digital GI Bill modernization earlier than anticipated.[12]

In March 2021, VBA awarded a $453 million, 10-year contract to develop and implement the Digital GI Bill platform. VBA had expected the platform to be fully operational by April 2024. Following the 2021

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[7] Post-9/11 Veterans Educational Assistance Act of 2008, Pub. L. No 110-252, 122 Stat. 2323 (2008). Post-9/11 GI Bill education benefits—the most-used category of GI Bill benefits—may be used for tuition, school fees, housing, and books and supplies, and can be transferred to family members. To be eligible, the veteran generally must have either served at least 30 days of continuous active duty service after September 10, 2001, and been discharged due to a service-connected disability, or served a total of 90 days active duty service and received an honorable discharge.

[8] For example, the Forever GI Bill Housing Payment Fulfillment Act of 2018, Pub. L. No. 115-422, 132 Stat. 5450 (2019).

[9] VA OIG, *Forever GI Bill: Early Implementation Challenges.* The OIG did not make any recommendations in this issue statement.

[10] CARES Act, Pub. L. No. 116-136, 134 Stat. 281 (2020).

[11] Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182, 1689 (2020).

[12] GAO, *Veterans Affairs: Projection, Use, and Oversight of COVID-19 Relief Funding*, GAO-23-105730, November 2022.

award, VBA created a unified program integration office for oversight of the platform's implementation, including coordinating and managing platform functions, technical requirements, and claims processing. According to VBA's Education Service assistant director, the integration office included representatives from VBA's Education Service and Office of Business Integration, as well as from VA's Office of Information and Technology (OIT) and Office of Financial Management. In April 2023, the Education Service restructured the unified program integration office under its new Digital GI Bill Program Management Office, which provides dedicated full-time staff for platform oversight.

According to the contract, the integration office and the governance board should meet regularly with VBA's Executive Steering Committee to address and mitigate any risks or issues that require executive attention and to provide a high-level status update on program progress. The steering committee—which includes the deputy under secretary for benefits, VBA's chief financial officer, and VA's chief information officer—is responsible for strategic decisions and ensuring that Education Service modernization efforts, such as the Digital GI Bill platform project, have adequate technical staffing, funding, and other necessary resources.

VBA MUST IMPROVE OVERSIGHT OF THE DIGITAL GI BILL PLATFORM'S CONTRACT

VBA is on course to significantly overshoot the planned fully operational date of April 2024 by 27 months with an estimated completion date of July 2026, according to VA's latest schedule. VBA's insufficient contract planning has led to unrealistic requirements and contract terms, as well as several contract modifications. The contract costs have doubled, and weak contract management continues to risk further delays and cost escalations.

Poor Contract Planning Caused Implementation Delays and Cost Escalations

VBA was unable to achieve full operability of the Digital GI Bill by April 2024 in large part due to rushed contract planning. There was also insufficient IT expertise, which led to unclear and unrealistic requirements. The contract planning also did not appear to account for the very complex effort to decommission legacy IT systems.

The OIG found that the contract's unachievable requirements and timelines were likely the result of VBA rushing to award the contract using CARES Act funding before it expired on September 30, 2021. An Education Service leader noted in an interview with OIG staff that the previously confirmed under secretary for benefits directed the contract be awarded as soon as possible. The acquisition process was completed in about 45 days—much shorter than the typical four- to six-month period. While this may not have been unreasonable given the funding deadline, the contracting officer stated that there was very little time to develop the contract. Moreover, the initial performance work statement that outlines the necessary steps to complete the platform development and informs the contract requirements did not include all the pertinent information.

VBA did not assign personnel who were sufficiently trained and experienced to develop the requirements for the Digital GI Bill platform, which is contrary to the Federal Acquisition Regulation and Office of Management and Budget policy.[13] The Education Service deputy director of operations admitted to a lack of experience with managed services contracts and noted that some of the contract requirements, such as the claims automation goals, were ill-defined and contributed to the delays.[14] While relying on OIT's involvement to handle technical matters, the deputy director acknowledged that OIT's director of the Education and Veteran Readiness and Employment product line had expressed concerns about the timeline during the contract planning process. OIT's Digital GI Bill program manager said he was unaware if someone in VA had the required experience or technical knowledge to develop the platform's contract requirements. Further, he described the platform as experimental in some aspects and stated that VBA had never created a managed service at this scale of integration before.

Incomplete Test Environments Hindered Development

One of the core contract planning deficiencies was VA's failure to account for the time and resources needed to establish three fully connected, production-sized testing environments required in the contract. The contract specified VA would develop the environments by October 21, 2022. The contractor, which built in development assumptions based on the availability of these three environments, needed them for multiple, overlapping tests that would improve the chance of meeting contractual deadlines.

In an interview with the audit team in March 2023, an OIT leader said that they did not have the funding, resources, or infrastructure to provide more than one test environment and that was communicated to the contractor. The contractor's September 2022 monthly Digital GI Bill progress report submitted to VA noted the risk with only three testing environments could be delays in integrating the Digital GI Bill platform with the replacement system for the Benefits Delivery Network (BDN).[15] By December 2022, the steering committee found the testing environment lapses had resulted in project delays and that a feasible date for the testing environments still needed to be determined. It was not until

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[13] FAR § 37.102(h) (2023). The Office of Management and Budget Circular A-130, Managing Information as a Strategic Resource (revised July 28, 2016), states that the agency head should consult with the chief financial officer, chief acquisition officer, chief information officer, and program leaders to define the processes that program leaders use to work with IT leaders to plan for IT resources to efficiently and effectively achieve objectives.

[14] Managed services contracts are tasks handled by a third party—called a managed service provider—often in the context of business IT services. Offloading managed IT services can help reduce costs, improve service quality, and free up internal resources.

[15] BDN is a suite of mainframe applications developed in the 1970s that collectively make up VBA's primary claims processing, tracking, and payment systems. BDN uses outdated software languages and unsupported hardware that pose significant risks to VBA's ability to provide benefits in a consistent, secure, and timely manner, and it has been targeted for retirement since 2003. As the primary database and payment system for all Education Service benefit programs, BDN contains the master education record files for veterans and other beneficiaries and processes about $40 billion in veteran entitlements yearly.

over a year after the initial due date that a single testing environment was available for use by the contractor. The contractor confirmed that having one environment forced them to conduct tests sequentially rather than concurrently, which also contributed to the significant delay in the platform's implementation. In April 2024, OIT informed the audit team that while VA agreed to three test environments, OIT felt the contractor could have made creative attempts to help it solve this known technical limitation. The OIG determined, however, that by not providing three test environments, VBA failed to meet their obligations under the original contract. The OIG acknowledges that the subsequent renegotiated contract terms in December 2023 only required VA to provide one benefits automation testing environment.

Delayed Migration of Legacy Systems Hindered Development

To fully implement the Digital GI Bill platform, VBA must address challenges associated with integrating numerous complex IT systems and decommissioning 12 legacy systems. Much of this decommissioning effort focuses on BDN because of the system's complexity and importance in the overall completion of the platform. Retiring BDN is necessary to allow VBA to fully transition to the Digital GI Bill platform. Specifically, the retirement is needed to integrate the application payment functions with the new platform. OIT notes the efforts to retire BDN will be a multiyear effort that is more complex than a transfer of data from one location to a newer platform because BDN does not allow for modernization or easy data sharing.

While some of the systems have been decommissioned or consolidated—including the Long-Term Solution, which was the predecessor to the Digital GI Bill platform—other systems are on hold and still in use. According to the OIT program manager for the Digital GI Bill platform, systems such as the Electronic Certification Automated Processing and the Web Automated Verification of Enrollment are tied to the BDN decommissioning effort and cannot be retired until BDN is no longer in use.

VBA's Education Service had wanted all BDN functions merged into the Digital GI Bill platform by September 2023, after which BDN would no longer be used to process any education claims. But the Service did not have control over external stakeholders responsible for merging the systems and decommissioning BDN, which is being handled by a different contractor and different program officials within VBA. By April 2023, the OIT Digital GI Bill program manager stated that, given its complexity, the decommissioning of BDN may not occur until as late as spring 2025. Further complicating matters, four of the 12 systems identified for decommissioning in the Digital GI Bill contract cannot be decommissioned until the BDN replacement is complete and the Digital GI Bill platform is fully functional "as envisioned."

VBA is incurring ongoing support contract costs for BDN, totally unrelated to the Digital GI Bill, including about $24.6 million to maintain BDN for those two extra years. While the contractor and OIT have made progress on decommissioning legacy systems, significant work remains to complete the effort and consolidate education claims processing into one platform. The decommissioning of BDN has

been pushed back to June 2025, which could further delay the Digital GI Bill platform's full implementation and may lead to additional costs.

The Projects' Costs Escalated Greatly

The delays in decommissioning BDN and related legacy systems and in providing the needed production test environments have contributed to cost overruns as modifications and additional work have increased. The first increase to the $453 million contract was about $54 million, including a $53 million equitable adjustment to the contractor and $1 million in other costs. The contractor requested the adjustment citing instances of various VBA stakeholders taking unanticipated additional time to specify or amend final requirements, not integrating other VBA systems in a timely manner, and not providing a technically capable test environment. The contractor eventually submitted an updated proposal that included a revised performance work statement and pricing schedule on June 27, 2022. The updated proposal plus other contract modifications increased the contract by $79 million to $532 million. Subsequently, in December 2023, because these multiple contract requirements could not be met, VBA completed a renegotiated contract to account for the change in contract needs, which included about $425 million in additional costs but removed three years from the contract at the cost of $25 million. This amount, combined with earlier adjustments to the original contract, brings the total cost of the project to about $932 million as of March 2024, more than doubling the original contract cost, with further cost increases anticipated.[16]

As a result of these findings, the OIG recommended that VBA establish a monitoring process to track implementation of the renegotiated contract. VBA agreed to the recommendation and provided an action plan, which the OIG will monitor to help ensure satisfactory implementation.[17]

Insufficient Contract Management Risks Further Delays

Deficiencies in program management following the contract's award may also cause further delays. The audit team found VBA did not choose to follow the best practices established by the Government

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[16] The original $453 million contract was intended to cover 10 years of project implementation from March 11, 2021, through September 29, 2030. Combined with the $79 million in added costs, the original contract cost had increased to $532 million by the time VBA renegotiated the contract. As part of the renegotiation, VBA removed $25 million from the original contract amount that was committed for the final three years of the platform implementation, bringing the obligated original contract cost to $507 million. The renegotiated contract for $425 million replaced years four through seven of the original contract, bringing the total to $932 million in committed costs as of March 2024. The $425 million includes legacy data migration, program management, and IT support services. Because the renegotiated contract was completed outside the scope of this audit, the OIG did not analyze the breakdown of these costs. Given that the final three years of the contract have not been renegotiated yet, there may be further cost increases.

[17] At quarterly intervals commencing 90 calendar days from the date of the report's issuance, the OIG sends a follow-up status request to the VA office overseeing corrective action asking for an implementation status report. The OIG follow-up staff provides VA with 30 calendar days to respond. Nothing precludes VA from providing interim progress reports. The OIG will begin to follow up with VBA for progress on the recommendation's implementation on or about November 28, 2024.

Accountability Office (GAO) that prescribe an integrated master schedule to guide a project.[18] The integrated master schedule, which plots the entire scope of a project, is an essential program management tool that allows leaders to understand, evaluate, and plan the time needed to successfully complete a program. The integrated master schedule should identify the program's "critical path," which determines its earliest completion date based on a continuous sequence of activities and focuses the team's energy and management's attention on the activities that will lead to the project's realization. The critical path allows leaders to examine the effects of any missed milestones and develop contingency plans to mitigate risks. When the critical path is disrupted, tasks that are dependent on prior system modifications or replacements being completed may cause a cascade of failures or delays. Major examples of this include the problems with the BDN replacement project and other legacy systems' decommissioning, which have critical connections to the Digital GI Bill platform project.

The audit team found that VBA did not have an overall integrated master schedule that included all VBA modernization efforts that affected the Digital GI Bill platform until it developed one with a separate consulting firm in February 2023. Of particular concern, the OIG observed that this integrated master schedule was not consistently shared with the platform's contractor. For example, the contractor's monthly progress report to VBA and OIT from May 2023 indicates that the contractor did not have access to it. A leader from the scheduling consulting firm explained that a schedule analysis—a set of checks of dates, dependencies, and resource allocations required for the overall schedule—is typically discussed during a weekly meeting with the contractor and evaluated as part of the critical OIT dependencies. Further, the consultant noted, VBA, OIT, the contractor, and the consultant that developed the schedule should have monthly meetings to discuss updates to the overall schedule. However, the OIG found that various meeting attendees did not seem to recall or understand what was being discussed at these meetings. While the audit team observed the platform's contractor had a project schedule in place since the beginning of the contract, the schedule was not updated biweekly as required, but on an interval from about six weeks to 15 weeks from February 2022 to March 2023. The audit team's analysis also found several missed, incomplete, or delayed tasks that constitute critical path failures.

Process and communications challenges made it more difficult to identify dropped or incomplete tasks, leading to delays and higher costs. According to GAO's *Schedule Assessment Guide*, VBA should update its overall schedule regularly, providing a realistic forecast of start and completion dates for all related activities, and then share its updated overall schedule with all applicable parties on a consistent basis. In April 2024, OIT informed the audit team that the integrated master schedule now combines stakeholder activities across the program for a holistic view of each product increment.

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[18] GAO, *Schedule Assessment Guide*, GAO-16-89G, December 2015.

The OIG's August 2024 report made two related recommendations focused on project management. VBA should communicate regularly with the Digital GI Bill platform contractor to ensure that the project's integrated master schedule (or other master scheduling plan) is consistently updated to reflect all schedule changes for external dependencies. Also, VBA should develop strategies to address critical path failures to provide a clear timeline of further implementation activities. VBA concurred with both recommendations, and they remain open until the OIG can sufficiently evaluate the execution of the proposed action plans.

CONCLUSION

Once fully implemented, the Digital GI Bill platform is expected to improve all aspects of the education claims process for veterans, their families, and other beneficiaries. The platform should allow faster decision-making and decrease manual work by Education Service staff. The contract planning and management failures that the OIG identified in its report are similar to those identified in other IT modernization projects observed across the department. Hasty contract planning by staff who lacked appropriate technical knowledge led to unrealistic timelines and costs. While VBA has renegotiated the contract's terms, and some of the Digital GI Bill platform's functionalities have been implemented, there is still a long path to full development. Success hinges on strong contract management by VBA and close monitoring of the complex decommissioning efforts of other benefits IT systems. The OIG will continue its oversight of this and other Post-9/11 GI Bill program initiatives in order to provide VA with practical recommendations that will help ensure eligible veterans and other recipients receive accurate and prompt benefits while making efficient use of taxpayer dollars.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or members of the subcommittee may have.