

**STATEMENT OF**  
**MR. KENNETH SMITH, EXECUTIVE DIRECTOR FOR EDUCATION SERVICE**  
**VETERAN'S BENEFITS ADMINISTRATION (VBA)**  
**DEPARTMENT OF VETERANS AFFAIRS (VA)**  
**BEFORE THE**  
**COMMITTEE ON VETERANS' AFFAIRS**  
**SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION**  
**AND SUBCOMMITTEE ON ECONOMIC OPPORTUNITY**  
**U.S. HOUSE OF REPRESENTATIVES**  
**ON**  
**DIGITAL G.I. BILL UNDELIVERED: CONTRACTING CHALLENGES AND THE NEED**  
**FOR ACQUISITION REFORM**  
**FEBRUARY 4, 2026**

Good morning, Chairmen Barrett and Van Orden, Ranking Members Budzinski and Pappas, and distinguished members of the Subcommittees. I appreciate the opportunity to testify today on the Digital GI Bill's (DGIB) program management and contracts. Joining me today is Mr. Robert Orifici, Executive Director for Benefits and Memorial Service, Office of Information Technology, Mr. Jeffrey Neill, Associate Executive Director Office of Acquisition, Logistics, and Construction, and Mr. Ray Tellez, Executive Director, Office of Business Integration

VA's efforts to implement transformational changes through the DGIB platform have enabled the Department to deliver benefits faster, enhance customer service, and strengthen compliance and oversight activities. Our top goals include delivering the highest standards of world-class customer service; improving oversight and accountability; expanding opportunities for Service members, Veterans and eligible family members to pursue their academic and career goals; enhancing the Nation's economic vitality with innovative programs; and enriching lives by giving beneficiaries the tools and resources they need to further their education and achieve their career

aspirations. VA has made tremendous advancements toward streamlining and automating systems and processes to increase efficiency and drive outcomes for Veterans and their families and will continue to strive to reach the highest level of excellence for our Nation's Veterans.

The DGIB modernization initiative was envisioned as a fully integrated solution to restructure both claims processing for all education benefits programs and enhance customer service for beneficiaries and external partners by providing direct, online, one-stop access to GI Bill benefits and information. To date, the program has been exceptionally successful in meeting mission milestones to maximize performance through an updated processing platform that has delivered end-to-end automation for millions of education benefits claims. The success of this initiative has addressed many high risks to Veterans and survivors who depend on these benefits. Additionally, the initiative has exceeded our initial goals by delivering functionality to replace and decommission the near half-a-century-old Benefits Delivery Network (BDN) along with many other unplanned functionality changes necessary due to both Congressional action (new laws passed) and court mandates (precedent opinions with monumental impact on claims adjudications).

## **Historical Program Management**

On September 26, 2024, VA testified before the House Committee on Veterans' Affairs' Subcommittee on Economic Opportunity to discuss DGIB progress at that time. VA's Office of Inspector General (OIG) also presented testimony to outline its audit of the DGIB program dated August 28, 2024. I am pleased to report that VA has satisfied all of OIG's recommendations. VA acknowledged that the original 2020-2021 contract underestimated the complexity of the work, which included transitioning from legacy systems created in an obsolete programming language known as the Common Business-Oriented Language (COBOL). The program experienced delays related to integration requirements with external systems that did not deliver on schedule and the need for additional VA testing environments that were not delivered, which forced

prolonged testing cycles. The reasons for these delays were prioritization and lack of an integrated approach to governance, which have been solved through close communication with external systems and a strengthened, VA-level enterprise governance structure.

In written testimony, VA acknowledged increased contract costs at that time, driven by increased scope, which led to a full review and restructuring of the contract at the end of fiscal year (FY) 2023. Costs increased due to the integration and testing challenges outlined earlier. They also increased because VA received more claims from Veterans than anticipated.

Since initial implementation of the DGIB project, the MITRE Corporation has assisted VA with acquisition planning and program support. To ensure full, multi-year understanding of cost and the strategic impact of both delay and exogenous factors such as higher claim volumes, MITRE prepared a Life Cycle Cost Estimate (LCCE). An LCCE is a best practice described in the Government Accountability Office's (GAO) Cost Estimating and Assessment Guide (GAO-20-195G). Separate from the program budget, which tracks planned versus actual expenses in the budget execution cycle, the LCCE helps forecast all program costs over a longer period.

Covering actuals and projections for the period 2021-2030, the LCCE enabled VBA's Education Service to consider trade-off decisions, such as new claims processor functionality versus greater automation, and the impact of Fact of Life changes, including new legislation and court mandates. Examples of these changes include Coronavirus disease provisions in P.L. 116-128, 116-140, 116-159, and 116-315, which forced VA to deprioritize planned development for basic claims processing functionality. Additionally, the program had to adjust implementation plans to account for the numerous provisions of the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L. 116-315). Additional costs were added to the contract to support legacy data migration from BDN to the new system and an analytical data warehouse to support workload and program management needs.

Unsurprisingly, claims processing labor is a significant driver of LCCE cost. VA's claims processing environment has historically rested on human labor to process millions of claims for Veterans and survivors. Since the 2021 baseline through 2025, VA processed 37% more claims, at a significant savings, when compared to the cost of employing new staff. As of December 2025, VA is automating and delivering 65% of all claims without any human interaction, reducing costs and improving service delivery. 53% of the LCCE 10-year cost estimate is VA human labor to complete claims, which does not account for recent improvements in automation.

To support the ultimate goal of automation as well as reduce risk of catastrophic failure of the 50-year-old BDN system, VA decommissioned the decades-old legacy system, in September 2025. The decommissioning involved coordinated development in VA's new payment delivery tool as well as replacement for the BDN claims processing functionality. The decision to decommission BDN on this timeline required VA to re-prioritize functional and automation improvements. It cannot be understated just how significant the retirement of the BDN mainframe was. The prioritization of the BDN Retirement was a strategic move not just to reduce the risk to the enterprise in security compliance and cost savings but also as a critical enabler to future functionality. For example, any systemic changes to implement Dole and Rudisill-compliant features were not technically feasible in the previous BDN mainframe ecosystem.

In 2024, the U.S. Supreme Court issued its decision in *Rudisill v. McDonough*, which expanded eligibility for GI Bill benefits and necessitated rework on significant processes already encoded in DGIB with the intent to automate adjudications. In April of 2025, the U.S. Court of Appeals for Veterans Claims in *Perkins v. Collins* further expanded eligibility for GI Bill benefits, which required rework of previously decided claims and further reprioritization of functionality for DGIB claims processing. Additionally, Congress enacted the Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act (P.L. 118-210) (Dole Act) in January 2025,

which contained 15 separate provisions that impacted education benefits and rules concerning adjudications.

## **Recent Actions and Future**

VA has taken further steps to improve program management. VA recognizes the high likelihood of new scope due to changes in law and court decisions. To implement these new requirements without protracted contract negotiations, VA implemented two modifications in 2025. First, VA moved from a waterfall-schedule-driven process to a scope-driven priority process called Agile software methodology. This will allow VA to quickly reprioritize to address new requirements, but it does not change the basic project management principle known as the Golden Triangle—there can be no change to scope, cost, or schedule independently. If any one item is changed, at least one other element must also change. Second, since VA has consistently processed more claims than originally forecasted, additional funding was needed annually for its claims processing contract on T4NG during the year of execution—a fact reflected in the LCCE, which projected a decrease of only 38 claims examiners. VA shifted this task order to a fixed rate, representing the fact that additional claims processed each year through improvements to automation generally should not increase costs to the vendor. VA has reduced claims processing staff through attrition without replacement, illustrating the high benefit of automation while simultaneously improving service delivery.

While VA has successfully implemented most Dole Act provisions, we are still working to implement sections 208, 210, and 212 (VET TEC 2.0). VA has committed to VET TEC 2.0 (section 212) implementation in the third quarter of FY 2026, but as described earlier, this has necessitated an offset to the scope of planned improvements this year. For example, VA has yet to develop functionality to automate *Rudisill* (and now *Perkins*) cases to replace the aging workload management system (The Image Management System or TIMS) for improved functionality for field managers and claims processors or to replace the legacy school approval system (Web-Enabled Approval Management System or WEAMS), which would integrate data on school approvals for

quicker school approvals and fraud detection. Prioritization of these requirements always entails a cost-benefit analysis of priorities and agile adjustments based on the dynamic world of law, policies, and the limits of time-scope-and-funding. Nonetheless, the DGIB initiative has successfully implemented eight major releases and hundreds of minor releases.

Our focus has always been on the Veteran: delivering benefits easier and faster to the Veteran through simplified application interfaces and increased automation. Our aspirational, strategic goal is an automated, one-day decision for 90% of claims received. While this was once a “pie-in-the-sky” goal, we are well on our way to achieving it: as of January 15, 2026, 69% of Chapter 35 supplemental claims are fully automated. Just 4 months prior, no Chapter 35 claims were automated. VA has now automated 58 percent of all claims for Chapter 33 originals and supplementals, Chapter 35 supplementals, and Chapter 30 supplementals for a grand total of more than 1,000,000 claims year to date.

Finally, our performance reflects a return on investment from the perspective of the student Veterans we serve. As of January 22, 2026, the average days to complete education claims are 5.6 days. While this average is similar to prior years, VA has been able to achieve this outcome with fewer staff and increasing automation to deliver 43% more within one day. All of this was done while maintaining high accuracy—for claims completed in November, automation accuracy was 97%, which is comparable to claims processors at 98%.

## **Conclusion**

Chairmen Barrett and Van Orden and Ranking Members Budzinski and Pappas, this concludes my statement. We appreciate the opportunity to speak before you today and welcome any questions you or other Members of the Subcommittees may have.