

STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
WITH RESPECT TO
**“Stopping Harm and Implementing Enhanced Lead-time
For Debts for Veterans Act”**

Washington, D.C.

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Chairman Pappas, Ranking Member Bergman, and members of the subcommittee, on behalf of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, thank you for the opportunity to discuss H.R. 5245, *Stopping Harm and Implementing Enhanced Lead-time for Debts for Veterans Act*, or *SHIELD for Veterans Act*. The VFW is proud to support this important legislation that seeks to relieve veterans from the burdens of federal debts generated through no fault of their own.

The word debt in and of itself can bring uncertainty, stress, and worry. The same can be said for any notification a veteran may receive from the Department of Veterans Affairs' (VA) Debt Management Center (DMC). However, let us be clear from the outset. The bill is not about the DMC although the title may suggest as much. DMC has made considerable improvements in its operations. From identifying the proper type of debt to the notification process, DMC has had the foresight to collaborate with its veterans service organization (VSO) partners and stakeholders to make sure the process of collection is communicated in a clearly understandable manner, that the nature of the debt is fully understood, and that the veteran understands the best options to satisfy the monies owed. We commend the DMC for its endeavors and the partnership created from those discussions. Sadly, the same cannot be said for the Veterans Benefits Administration (VBA), which is often the source of the debt in the first place.

The VFW has time and again cautioned VA and all its business lines about rushing to implementation without regard to quality and accuracy, whether in meetings with VA leaders or here on Capitol Hill before the subcommittee. Despite our efforts, VA continues to charge ahead on multiple fronts, leaving veterans and their families to suffer the consequences. Today is no different, and although the bill is about “debt,” more accurately, it is about VBA’s internal business practices causing unnecessary stress for our nations veterans.

Over the last two years, the VSO community has implored VA to update and improve its information technology (IT) systems. Congress has enabled VA to do as much through the appropriations process and through legislative efforts by many of you before us. We are well aware technology is the way of the world with instant communication, status updates, and ease of use. I was able to buy my home essentially using my smartphone. All of that was possible by platforms and integrations that were up to date and able to communicate with one another. That is just not the case in VA. Although VA is making improvements, they are not coming fast enough. The lack of a quality, interactive IT systems causes breakdowns in communication between VA business lines, which too often results in veterans being held responsible for debts they may not have originally created.

I cite the example of one VFW member whom we recently helped to navigate an unnecessary debt. His marital status changed which resulted in the need to drop a dependent from his compensation payment. He filed the necessary paperwork with our staff in June 2019. He had no communication from VA that it had been received or even established in the Veterans Benefits Management System (VBMS) to be adjusted. Meanwhile, he kept receiving the incorrect payments. Out of frustration, he reached out to our office again asking for help. He even tried to use eBenefits to get VA to stop paying him. The claim continued to linger in VBA's "cloud" for several months, eventually resulting in a letter from VA stating that he now owed them more than \$400 as a result of being overpaid for a dependent that he did not have. He was also warned he would be garnished or referred to collections if it was not resolved to VA's satisfaction. To avoid this, although we filed a waiver request, he paid the money back to VA. If VBA had acted upon this request in a timely manner, this would never have occurred.

For other types of benefit adjustments, VA has allowed for "rules-based" automated processing, helping to reduce the lag time in benefit delivery. In many instances, veterans can add dependents in a rules-based system where the payments start in the next cycle. However, when removing a dependent, VA still relies on human data entry and verification, which can take months to complete. Though this may seem like a simple task, the VFW sees examples of this kind of debt far too often, leading us to conclude that this is a low priority for VBA. However, once the debt is created, it now suddenly becomes a top priority for the veteran to fix it, or face the consequences.

In the example we provided, our veteran should never have been in this situation. Moreover, when VA dragged its feet on fixing the problem, the veteran should have had some recourse. This is one small example but proves it was completely avoidable if upgrades were in place that would allow a rules-based function as opposed to relying on data input. That is why the VFW supports section 2 of this bill, which would prohibit VA from collecting debt resulting from its processing delays.

We all recall the unfortunate situation with GI Bill payments just last year. VA was able to mitigate those circumstances by quickly making payments to the veteran or the school in question. The initial crisis was caused by outdated IT systems and antiquated business processes. We commend VA for its swift action and remedies to make these student veterans whole. We also commend the VA employees at the Regional Processing Offices who did the best with what they had at their disposal. Again, this was not their fault. In this instance, VA even went as far as

to authorize waiving overpayment debts for veterans affected by living stipend changes because it was VA's mistake that resulted in the overpayment. To the VFW, this sets a strong precedent for what Congress seeks in H.R. 5245.

The VFW is also pleased to report that the number of calls regarding student debt has declined, but we still hear from some students who face challenges due to VA inputting the wrong demographic information or incorrect enrollment status. Through our agreement and good relationship with VA Education Service, we are able to abate many of these errors. The fact remains, if VBA acted more accurately and more timely, a great many of these debts could be avoided.

VA has improved its processes regarding overpayments for members of the Guard and Reserve in receipt of drill pay, but more needs to be done in today's operational tempo for our warrior-citizens. The VFW heard from a former active duty Army colonel who transitioned to the reserve component. This soldier was meticulous in his record keeping. He had every set of orders from his commissioning as a second lieutenant through retirement which included his drill periods. Every month, he submitted paperwork to VA regarding his status as a precaution. He even submitted a careful, yet simply worded explanation in order to assist VA in easily adjusting his compensation. His best efforts notwithstanding, he received multiple notifications from VA that he was overpaid. This was compounded by increases in his VA rating that made him eligible for concurrent receipt. He sought our help initially in 2015. His case was not fully resolved until 2019, and while pending, his interest and penalties mounted. Why was this veteran's dispute so difficult to resolve? Why did he have to bear this burden even though he gave VA all the necessary documentation it needed to effortlessly adjust his payment? The VFW is grateful the subcommittee has included provisions in this bill, which would rightfully waive penalties and fees for these debts. It is a difficult enough system to navigate in good health. It becomes nearly impossible when trying to maintain one's health and deal with a cumbersome and complex system such as this.

Veterans and the VFW understand that debts must be repaid. What we all fail to understand is how and why the burden almost always falls on the veteran, particularly when it was created by VA's lack of timeliness. How can they continue to be asked to sacrifice their time, and in some cases their health and stability, to fight a wholly avoidable fight against a bureaucratic machine? VA must accept its role in such situations as easily and as quickly as they establish a debt. Once that debt has been resolved — either by restitution on behalf of the veteran or VA acknowledging its error — VA has the obligation to correct any adverse action it has taken, such as credit reporting.

Over the past couple of years, we have seen VBA seek out some efficiencies in helping veterans navigate complex processes, such as the automatic reimbursement of home loan funding fees for certain disabled veterans. This effort to serve the needs of veterans is to be commended. However, the time has come to focus on fixing the debt structure, ensuring veterans who report status changes or benefit overpayments are treated fairly. We believe congressional passage of H.R. 5245 would be a step toward that goal.

Overall, the VFW notes improvements regarding the creation of debt by VA. We look forward to our continued participation as a valued partner in developing policies and procedures with VBA and other business lines that improve the lives of veterans and their families. This concludes my testimony, and I look forward to any questions you may have.