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

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Good morning, Mr. Chairman, Ranking Member O'Rourke, and other distinguished members of the Subcommittee. I am pleased to be here today, along with Mr. Lloyd Thrower, Office of Information & Technology (OI&T) Acting Information Technology Account Manager, Benefits Portfolio, and VA Debt Management Center Director, Robbie Lowe to discuss the Department of Veterans Affairs (VA) education benefit programs and our ongoing efforts to ensure education benefits are administered appropriately and accurately. My testimony will highlight the status of our implementation of the eight recommendations in the Government Accountability Office (GAO) report entitled, "POST-9/11 GI Bill: Additional Actions Needed to Help Reduce Overpayments and Increase Collections" (GAO-16-42). I will also discuss a recent VA Education Service internal quality review audit, as well as the resources provided to VA Education Service to improve GI Bill processing times and outcomes for student Veterans.

Overview

VA's education programs provide education and training benefits to eligible Servicemembers, Veterans, dependents, and survivors. These programs are designed to assist Veterans in readjusting to civilian life, help the Armed Forces both recruit and retain members, and enhance the Nation's economic competitiveness through the development of a more highly-educated and productive workforce.

GAO Report

An October 2015 GAO report, "POST-9/11 GI Bill: Additional Actions Needed to Help Reduce Overpayments and Increase Collections," examined the extent of Post-9/11 GI Bill overpayments, how effectively VA has addressed their causes, and the effectiveness of VA's collection efforts. GAO identified that VA made $416 million in Post-9/11 GI Bill overpayments in fiscal year 2014. GAO found that most overpayments were collected quickly, but as of November 2014 (when VA provided data to GAO), VA was still collecting $152 million in overpayments from fiscal year 2014, and an additional $110 million from prior years, primarily owed by Veterans with the remainder owed by schools. The report includes eight recommendations to improve the administration of the Post-9/11 GI Bill, reduce the occurrence of overpayments, and increase debt collections. VA agrees with these recommendations, and has been working to implement them.

The status of VA's implementation of each recommendation is provided below.

Recommendation 1: This recommendation calls for VA to improve program management by expanding monitoring of available information on overpayment debts and collections. This could include regularly tracking the number and amount of overpayments created and the effectiveness of collection efforts.

VA Status: The Veterans Benefits Administration (VBA) worked in collaboration with VA's Debt Management Center (DMC) and GAO to update its procedures to track and report overpayments. VBA conducted an initial analysis on the top 100 student debts, finding approximately 80 percent are related to transfer of entitlement (TOE) issues. To address these issues, VA created a TOE Fact Sheet for use by the Department of Defense (DoD). Additionally, VA established procedures for semi-annual reporting by DMC for both student and school debt data, which VBA will continue to analyze to identify trends, root causes and mitigation strategies. VA considers this recommendation fully implemented and is awaiting closure from GAO.

Recommendation 2: This recommendation calls for VA to address overpayments resulting from enrollment changes by providing guidance to educate student Veterans about their benefits and consequences of changing their enrollment.

VA Status: VBA is taking action to modify the initial and subsequent award letters issued to students. The modifications would include: (1) attaching Frequently Asked Questions (FAQ) to all award letters to provide more detailed information on education benefits and the consequences of changes in enrollment; (2) adding information in the Choosing the Right School guide; and (3) adding information in the Accessing Higher Education track of the Transition Assistance Program. Implementation of this functionality will be addressed in the reengineering of Education Service solutions currently in progress.

Recommendation 3: The recommendation calls for VA to address overpayments resulting from enrollment changes by providing guidance to schools about the benefits of using a dual certification process where schools wait to certify the actual tuition and fee amounts until after the school's deadline for adding and dropping classes.

VA Status: VBA has been encouraging schools to use the dual certification process for several years through direct communication with schools and through School Certifying Official (SCO) training conferences. In addition to these efforts, guidance to SCOs about the benefits of using the dual certification process was presented during a webinar on June 30, 2016, and guidance was included in the SCO Handbook update on February 15, 2017. In addition, an official letter from VBA on dual enrollments was mailed to schools on March 24, 2017. VA

considers the recommendation related to dual certification fully implemented and has requested closure.

Recommendation 4: This recommendation involves addressing overpayments resulting from enrollment changes by identifying and implementing a cost-effective way to allow Post-9/11 GI Bill beneficiaries to verify their enrollment status each month, and require monthly reporting.

VA Status: The functionality for monthly certification of attendance for Post-9/11 GI Bill beneficiaries is similar to the current practice under the Montgomery GI Bill. This solution will allow claimants to certify their attendance before releasing a subsequent monthly housing allowance. Currently, VBA's systems release monthly housing payments without verification of attendance. Implementation of this functionality will be addressed in the reengineering of Education Service solutions currently in progress.

Recommendation 5: This recommendation calls for VBA to improve its efforts to notify Veterans and schools about overpayment debts by identifying and implementing other methods of notifying Veterans and schools about debts to supplement the agency's mailed notices (e.g., e-mail, eBenefits).

VA Status: VBA has developed business requirements to add functionality for providing notification to schools via electronic means. Implementation of this

functionality will be addressed in the reengineering of Education Service solutions currently in progress.

Recommendation 6: This recommendation calls for VA to improve efforts to notify Veterans and schools about overpayment debts by including in debt letters information on both the cause of the debt and how to repay it.

VA Status: DMC has completed modification of their debt letters to schools to include school term dates. VBA has modified Long Term Solution (LTS) letters to include both the cause of the debt and how to repay the debt. Implementation of this functionality will be addressed in the reengineering of Education Service solutions currently in progress.

Recommendation 7: This recommendation calls for VA to revise its policy for calculating overpayments to increase collections by prorating tuition overpayments when Veterans reduce their enrollment during the term based on the actual date of the enrollment change rather than paying additional benefits through the end of the month during which the reduction occurred.

VA Status: The "end of month rule" which requires the payment of benefits through the end of the month during which a reduction in enrollment occurred is codified in VA regulations (38 CFR § 21.9635(d)). VBA has developed proposed revisions to the existing regulations which are currently under review.

Recommendation 8: This recommendation calls for VA to ensure it is recovering the full amount of tuition and fee payments if a school does not charge a Veteran for any tuition or fees after dropping a class or withdrawing from school.

VA Status: VBA implemented initial procedural actions to account for school refund policies. However, modifications to LTS are required to fully address this issue. Implementation of this functionality will be addressed in the reengineering of Education Service solutions currently in progress.

Internal Quality Review Audit

VBA Education Service identified a need to improve the overall quality and internal controls of the Post-9/11 GI Bill program due to trends identified with some equitable relief and administrative error cases. Education Service requested an audit from VBA's Office of Internal Controls (OIC) regarding the eligibility percentage levels for Post-9/11 GI Bill beneficiaries. The key area of concern found by OIC related to the fact that certain active duty service is subject to exclusion when establishing Post-9/11 GI Bill benefit eligibility and not considered qualifying service.

OIC reviewed a sample of over 78,000 cases since inception of the Post-9/11 GI Bill in August of 2009. Of those, approximately 14,000 cases were referred to Education Service to review for proper accounting of initial active duty training and service dates. Education Service was able to resolve approximately 3,000 cases

without further information from DoD. To complete this review, VA initially contacted

DoD to verify the service information on the remaining 11,000 cases. This verification

requirement created a hardship on DoD due to the volume of cases and the lack of DoD

resources to answer requests.

To remedy this situation, Education Service informed the point of contact for

each DoD service component that VA would re-evaluate the 11,000 cases to confirm

that VA would in fact need DoD's assistance. VA then prioritized the cases based on

claims with pending enrollment certifications or if a decision could be made with the

service information currently available. Resources have been reallocated to process

the cases as expeditiously as possible, and all VA claims processors have been

retrained to ensure effective and efficient claim development with DoD. As of May 25,

2017, approximately 1,000 claims are still pending a decision.

Education Service Information Technology (IT) Resources

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, otherwise known as the Post-9/11 GI Bill. VA OI&T contracted with

the Department of the Navy's Space and Naval Warfare Systems Command (SPAWAR)

to develop a long-term solution for education claims processing -- an end-to-end claims

processing solution that utilizes rules-based, industry-standard technologies for the

delivery of education benefits. VA has deployed six major releases for LTS, including

several releases of functionality to implement changes to the Post-9/11 GI Bill required

by Public Law (P.L.) 111-377 (Post-9/11 Veterans Educational Assistance Improvements Act of 2010).

On September 24, 2012, VA successfully activated end-to-end automation of supplemental claims for Post-9/11 GI Bill benefits, which are paid to Veterans and schools. During calendar year 2017, an average of over 5,200 claims per day were processed automatically without human intervention. Approximately 85 percent of all Post-9/11 GI Bill supplemental claims are either partially or fully automated.

Since transitioning to sustainment, there has been no significant development for LTS or other supporting systems. However, VA has deployed six minor releases to add small improvements, fix defects, and install security enhancements to LTS.

Additional LTS functionality needed to further increase efficiency and effectiveness in education claims processing includes: automated certificates of eligibility for original claims; electronically generated letters; expanded automation of supplemental claims; issuance of advance payments; monthly certification of attendance; and improved business analytics for reporting purposes.

VA is prioritizing replacement of legacy systems due to the increased cost and risk of maintaining these systems. For example, the Benefits Delivery Network (BDN) is the claims processing, payment, tracking, and disposition system for education programs. It consists of antiquated mainframe systems and is in need of replacement. Support and maintenance are difficult or impossible to find for 70's-era systems like BDN - warranties have expired, security best practices that are common on newer systems cannot be used, integration with newer systems is increasingly difficult to support, and the knowledge pool for ongoing support and maintenance is becoming

nonexistent as experts retire. These and other risks involved in operating in this environment have made the replacement of BDN a high priority for VA.

Additionally, there are a number of other legacy systems such as the Web Enabled Approval Management System (WEAMS), VA-Online Certification of Enrollment (VA-ONCE), Electronic Certification Automated Processing (ECAP), and the Work Study Management System that are in need of modernization and further automation.

VBA and OI&T continue to assess IT capabilities for Education Service. Our goal, as always, is to improve our systems in order to ensure that Servicemembers, Veterans, and their families have every opportunity to attain personal and economic success.

Conclusion

Mr. Chairman, this concludes my statement. We would be pleased to answer questions from you or other members of the Subcommittee.