

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

November 15, 2018

Good afternoon, Chairman Arrington, Ranking Member O'Rourke, and other Members of the Subcommittee. I am pleased to be here with you today to discuss the implementation of the Harry W. Colmery Veterans Educational Assistance Act of 2017 (Colmery Act) or, as it is more commonly referred to, the Forever GI Bill, and the processing delays being experienced by some students in receiving their monthly housing allowance (MHA) and tuition and fees payments for the fall term. Accompanying me today are Robert M. Worley II, Director of Education Service, Veterans Benefits Administration (VBA); Bill James, Deputy Assistant Secretary for Development and Operations (DevOps), Office of Information and Technology (OIT); and Jack Galvin, Associate Deputy Assistant Secretary for Information Technology Operations and Services (ITOPS), OIT.

IT Requirements for Implementation

As you are aware, many GI Bill students have encountered unacceptable delays in receiving their GI Bill benefits. On behalf of Secretary Wilkie and every member of the VA team, we understand the impact, and we are working diligently to minimize these delays affecting GI Bill students.

To date, VA has not been able to deploy an information technology (IT) solution to support the most critical and impactful Colmery Act provisions, Sections 107 and 501. These sections affect nearly all Post-9/11 GI Bill students because they change the way VA pays monthly housing stipends by aligning payments with the location where students physically attend most of their classes and removing the reduction exemption on GI Bill stipends.

In the legislative hearing before the House Committee on Veterans' Affairs on July 17, 2017, VA raised concerns that implementing the bill would be challenging because of the required changes to IT systems to support many of the provisions. Soon after the bill's enactment on August 16, 2017, VA's internal analysis found that 22 of the 34 sections needed IT solutions at an estimate of \$70 million. OIT funding priorities for FY 2018 were already firmly established prior to the legislation being passed at the end of FY 2017. VBA Education Systems had not been updated/modernized in over seven years. Without IT changes, VA would need almost 1,000 new full-time equivalent employees to administer the law's changes, over 800 solely for Sections 107 and 501.

As VA testified at the hearing with this Committee on December 12, 2017, OIT, in consideration of this analysis, committed to providing a solution to Sections 107 and 501. To implement Colmery Act provisions, OIT partially redirected an already awarded contract whose focus was to decommission an over 50-year-old legacy system (i.e. Benefits Delivery Networks (BDN)) that makes all Chapter 33 payments. To this effort, VA's overall plan was to work the implementation of Colmery Act provisions and the decommissioning of BDN in parallel. The task order applied to this modified contract contained a six-month requirements development period of performance followed by a six-month development and delivery of functionality in incremental releases (called sprints). At the start of Fiscal Year 2018, Education Service staff began offering demonstrations and gathering requirements with our Booz Allen Hamilton (BAH) contractors. These sessions would support the BAH development team that was onboarding through March 2018. In addition to the work associated with these two sections, VA also leveraged this contract vehicle to make IT system changes and modify automated letters to accurately reflect the removal of the 15-year time limitation to use the Post-9/11 GI Bill benefit.

In anticipation of a July 2018 release of an IT solution, VA notified schools in early April to suspend submitting claims where the potential existed that a student was attending classes in multiple locations. This direction was intended to prevent schools from having to re-submit enrollment certifications for impacted students after the IT deployment. VA communicated that it would continue to accept claims when a student was attending all classes at the school's main campus.

In early June 2018, VA began User Acceptance Testing on the initial software builds to meet a July 16, 2018, deployment date. The results of this testing found enough defects and problematic payment scenarios to warrant delaying the release to the end of July. While BAH developers regularly delivered new builds, critical defects and significant issues with payment integrity continued to be found, and on July 17, 2018, VA again pushed the targeted go-live date to the middle of August.

During the July 18, 2018, oversight hearing with this Committee, VA testified to the complexities presented by the needed modifications and the challenges OIT and BAH experienced to deliver an acceptable solution to Education Service. On August 9, 2018, VA determined that the August 13, 2018, scheduled deployment of the solution was no longer feasible due to outstanding fixes required to ensure a stable and optimized solution for end users and School Certifying Officials (SCO) and to ensure a high level of integrity in payments to GI Bill students. Splitting the sections into phases was also not feasible given that Section 107 and 501 affect the way VA calculates the MHA. Both are required in the updated IT system to ensure proper processing.

In evaluating the progress towards a deployable solution, OIT requested a development freeze to review the initial requirements finalized in May 2018 to implement Sections 501 and 107. OIT and VBA engaged in dialogue around clarifications on the submitted requirements, thereby identifying a need for elaboration in business policy, business requirements, and IT understanding.

As these circumstances unfolded, VA notified over 300,000 students and over 35,000 SCOs that the IT solution was not ready and advised schools to submit all claims for processing. VA then experienced a large increase in claims that would have normally been received and processed over a 6-month period. This greatly compressed the timeframe VA processors had to meet the demand of the peak fall season.

In making this determination to accept all claims, VA understood that MHA payments would be paid at the 2017 rates, and some students would be paid incorrectly because of the changes in Section 107. These risks were outweighed by the need to pay students timely to ensure some measure of financial security. VA would like to emphasize that upon implementing the IT solution for these sections, students affected by underpayments will be fully compensated, and VA will not establish a debt against students who were overpaid.

Payment Delays

Education claims processing times vary throughout the year due to a number of factors including fall and spring peak enrollment periods and IT issues that may affect production. For the fall 2018 term, VA experienced a higher than usual pending inventory count, which resulted in increased processing times. This is caused by the delayed implementation of the IT solution for section 107 and 501, the fall peak enrollment period, and IT system issues. As a result, Education Service reached its highest pending inventory since 2012. On September 14, 2018, Education Service had 206,931 claims pending, which was 46.2-percent higher than last year's fall peak pending inventory.

OIT identified three incidents since August 2018 where our processing systems experienced issues interfacing with each other when attempting to share claims data. The first discovery of this issue prevented the automated processing of claims, and led to an increase in the number of claims requiring manual processing. Subsequent incidents discovered by OIT were addressed and remediated for automated process handling. An interim solution has been implemented for monitoring key integration points required for automating claims. OIT will implement an improved version of this functionality in the future.

In addition, Regional Processing Offices (RPO) have experienced other IT issues, to include significant latency problems that affected operations for weeks, system outages, connectivity failure reducing the number of automated claims, and system issues with the legacy Benefits Delivery Network. The Muskogee and St. Louis RPOs required additional bandwidth, which was deployed to both sites. Also, fully automated claims were down for the month of August and September. Claims were fully automated at 37.8 percent and 37.3 percent respectively, which is five percentage points below the seasonal normal (based on a comparison against August 2017 of 41.8 percent and September 2017 of 42.8 percent).

Mitigation Strategy

The longer than normal processing times will likely persist through the end of the year. While still significantly higher than last year, the pending inventory has been steadily decreasing in recent weeks. VA is taking several measures to ensure this occurs, including hiring an additional 202 term employees to manage the uptick of claims received as a result of Colmery Act implementation. Education benefit claims processing employees at RPOs have been on mandatory overtime since August 1, 2018. Overtime has been made available to former claims processors to assist with the pending workload. VA also leveraged other field staff to process claims. Additionally, VA is taking steps to ensure the oldest pending claims are worked first to further limit any impact to students. These include direct outreach to students when their claim is processed and escalating service verification issues to the Department of Defense. VA is expediting claims of GI Bill students experiencing financial hardships caused by payment delays. These claims are processed immediately.

VA notified SCOs and students of the delays associated with implementing the IT solution for sections 107 and 501 of the Colmery Act. On September 7, 2018, VA sent an email notification to SCOs with an update on changes to the MHA due to the Colmery Act. VA also sent this message to students and updated SCOs on September 17, 2018, that the 2018 tuition and fees cap was effective. On October 9, 2018, VA sent an email notification to these populations regarding payment timeliness and delays and how to get immediate help. On October 15, 2018, VA sent an email notification to SCOs explaining that delays are also impacting VA's tuition and fee payments and to not penalize GI Bill students for these delays. On October 24, 2018, VA sent emails to students and SCOs again informing them of the status of our processing and providing avenues for addressing hardship situations quickly.

These messages have been published on the Education Service Web site and Facebook page. VA's social media is actively monitored by staff to assist individuals who may require additional support. VA is also providing daily briefings on pending workload and timeliness to Veterans Service Organizations and will continue to use all available channels to provide updates and guidance as needed to schools, students, and stakeholders.

In addition, VA has taken several measures to mitigate the previously mentioned system issues at the RPOs. To address latency issues, VA increased bandwidth capacity nearly 50 percent at the Muskogee Regional Office (RO) by upgrading a circuit. The St. Louis RO upgraded circuit was recently completed. The Buffalo RO is scheduled to be completed by November, but we have asked AT&T to expedite.

Furthermore, the Education Call Center experienced significantly higher than normal call volume which created long wait times for callers. As of October 25, 2018, the call volume has subsided with wait times being as low as 37 seconds for callers.

Next Steps

While VA expects the pending inventory to remain at an elevated level through this year, the implementation of the IT solutions for Sections 107 and 501 and incoming enrollments for the spring term will again create some processing challenges. With this in mind, VA has begun to develop a strategy and plan for schools to submit both a corrected fall enrollment in those circumstances requiring it, because a student is attending classes at multiple sites, and concurrently submit the student's spring enrollment. This allows VA to process both simultaneously, which will assist with timeliness.

Based on VBA prioritization of IT efforts, the modifications needed on the legacy system, VA Once, will be made and tested against the changes made to LTS. After changes are applied, there will be a full testing cycle, followed by a go/no go decision to deploy to production.

Mr. Chairman, VA understands that these payment delays have negatively affected the GI Bill students we diligently strive to serve every day. While we pursue the needed IT solutions, we will continue our "all hands-on deck" initiative to eliminate payment delays and provide the best customer service we possibly can.

Mr. Chairman, this concludes my statement. Thank you for the opportunity to testify before the Committee today. We look forward to responding to any questions from you and Members of the Committee.