U.S. DEPARTMENT OF VETERANS AFFAIRS SHORT- AND LONG-TERM STRATEGIES FOR IMPLEMENTING NEW GI BILL REQUIREMENTS

HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

OF THE

COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

NOVEMBER 18, 2008

Serial No. 110–108

Printed for the use of the Committee on Veterans' Affairs

U.S. GOVERNMENT PRINTING OFFICE

45–275 WASHINGTON : 2009

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
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CONTENTS

November 11, 2008

	Page
U.S. Department of Veterans Affairs Short- and Long-Term Strategies for Implementing New GI Bill Requirements	1

OPENING STATEMENTS

Chairwoman Stephanie Herseth Sandlin	1
Prepared statement of Chairwoman Herseth Sandlin	22
Hon. John Boozman, Ranking Republican Member	2
Prepared statement of Congressman Boozman	22

WITNESSES

U.S. Department of Veterans Affairs, Keith M. Wilson, Director, Office of Education Service, Veterans Benefits Administration	3
Prepared statement of Mr. Wilson	23

MATERIAL SUBMITTED FOR THE RECORD

Post-Hearing Questions and Responses for the Record:	
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity, Committee on Veterans' Affairs, to Hon. James B. Peake, Secretary, U.S. Department of Veterans Affairs, letter dated November 18, 2008, and VA responses	34

U.S. DEPARTMENT OF VETERANS AFFAIRS SHORT- AND LONG-TERM STRATEGIES FOR IMPLEMENTING NEW GI BILL REQUIREMENTS

THURSDAY, NOVEMBER 11, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:37 a.m., in Room 334, Cannon House Office Building, Hon. Stephanie Herseth Sandlin [Chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth Sandlin, Boozman, and Scalise.

OPENING STATEMENT OF CHAIRWOMAN HERSETH SANDLIN

Ms. HERSETH SANDLIN. Good morning, ladies and gentlemen. The Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, oversight hearing on the U.S. Department of Veterans Affairs (VA) short- and long-term strategies for implementing the new GI Bill requirements will come to order.

I ask unanimous consent that all Members have five legislative days to revise and extend their remarks and that written statements be made part of the record. Hearing no objection, so ordered.

I would like to welcome everyone back to Washington. Many of you before us today are well aware of this Subcommittee's active participation in providing oversight on the implementation of Public Law 110–252, which provides new education benefits for our Nation's veterans who served after September 11, 2001. In previous hearings conducted by this Subcommittee, we received testimony from the VA informing us of its intent to contract out the new information technology (IT) requirements under Public Law 110–252. Later, on October 23, 2008, Committee staff were informed of the VA's new short-term plan to no longer use a private contractor for the immediate implementation of a new IT system but, rather, use VA resources to create a temporary solution to meet the August 2009 requirements. We are also aware that the VA is developing a long-term plan for revamping its current IT system.

I look forward to receiving the VA's testimony that highlights its new short-term and long-term plans. Today's testimony regarding such plans will not only serve this Congressional Subcommittee and our ongoing oversight responsibilities, but it is also my hope that it will serve the individuals overseeing the transition within the Executive Branch.

The passage of Public Law 110–252 is a significant milestone for our Nation's veterans, but a lot of work must be completed before the benefits can be received.

While the 110th Congress comes to a close, I would like to assure our Nation's veterans that we will continue to monitor the progress of the VA's short- and long-term plans in the 111th Congress to ensure that their earned benefits are delivered in a timely manner.

I look forward to working with Chairman Bob Filner, Ranking Member Boozman and Members of this Subcommittee to continue to provide effective oversight on the implementation of the new Montgomery GI Bill's requirements.

[The prepared statement Chairwoman Herseth Sandlin appears on p. 22.]

Ms. HERSETH SANDLIN. I now recognize Mr. Boozman for any opening remarks he may have.

OPENING STATEMENT OF HON. JOHN BOOZMAN

Mr. BOOZMAN. Thank you, Madam Chair, and good morning to everyone. When we met a few weeks ago to begin our oversight of how VA intends to implement the new GI Bill, there was considerable discussion about whether VA should develop the new information technology system in-house or hire a contractor for development, and possibly some clerical support. I stated then that I didn't believe that should be our focus and I still don't.

Now that the VA has made their decision to use Space and Naval Warfare Systems (SPAWAR) Command for both the long- and short-term fix, we need to not second-guess this decision, but help VA as they implement the program.

However, I have some concern about how VA is organized to manage both the short- and long-term solutions based on the briefings given to the staff and what we will see today. More specifically, the charters for the Executive Committee, the Steering Committee and the working groups possibly need some more definition. And I am still unclear about the responsibility of the senior managers.

Second, while VA has put together a plan to implement the short-term solution, there seems to be very little definition at this point of the long-term effort by VA and SPAWAR.

Third, what are the key functions of the Benefits Delivery Network (BDN) system and what are its limitations.

Finally, the question remains regarding VA's plan for its education work force. They have stated before that no one will lose their VA job and that they intend to hire additional temporary staff as part of the short-term solution. And I hope we can hear a few more details about that today. And I really do appreciate your all's hard work and it seems like we are moving forward. So I congratulate you on that. Thank you, Madam Chair.

[The prepared statement of Congressman Boozman appears on p. 22.]

Ms. HERSETH SANDLIN. Thank you, Mr. Boozman.

I would like to welcome our panelists testifying before the Subcommittee today. Joining us on our first and only panel today is Mr. Keith Wilson, Director of the Office of Education Service, Veterans Benefits Administration (VBA), Department of Veterans Af-

fairs. He is accompanied by Mr. Stephen Warren, Principal Deputy Assistant Secretary for Information Technology, Office of Information and Technology (OI&T); Mr. Jan Frye, Deputy Assistant Secretary for Acquisitions and Materiel Management; and Captain Mark Krause, Commanding Officer of Space and Naval Warfare Systems Center, New Orleans.

Thank you, gentlemen, for being here. We look forward to hearing from you and posing some questions to get additional information that will be helpful to us.

STATEMENT OF KEITH M. WILSON, DIRECTOR, OFFICE OF EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY STEPHEN W. WARREN, PRINCIPAL DEPUTY ASSISTANT SECRETARY, OFFICE OF INFORMATION AND TECHNOLOGY, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND JAN FRYE, DEPUTY ASSISTANT SECRETARY, ACQUISITIONS AND MATERIEL MANAGEMENT, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND CAPTAIN MARK KRAUSE, USNR, CHIEF STAFF OFFICER, SPACE AND NAVAL WARFARE SYSTEMS CENTER ATLANTIC, DEPARTMENT OF THE NAVY, U.S. DEPARTMENT OF DEFENSE

Ms. HERSETH SANDLIN. Mr. Wilson, you are recognized.

Mr. WILSON. Thank you, Madam Chair. Good morning. Good morning, Madam Chairman and Ranking Member Boozman and Members of the Subcommittee. I appreciate the opportunity to appear before you to discuss VA's strategy for implementation of the Post-9/11 GI Bill. My testimony will address the short- and long-term strategies in developing information technology components for implementation of the Post-9/11 GI Bill bill as requested by the Subcommittee.

Our short-term strategy to implement the Post-9/11 GI Bill consists of a two-part IT solution: a fiscal payment system that uses VA's existing Benefits Delivery Network to issue payments, and a front-end tool for use by Education Service claims examiners to augment the manual process for claims adjudication.

The Chapter 33 front-end tool will be used to augment the manual process by providing additional automated support that is accessible by processors at each of our regional processing offices as well as central office. The front-end tool will be used primarily by claims examiners in preparing and processing award actions.

The implementation of the short-term solution will require approximately 400 additional processors at our regional processing offices. This number may be subject to change depending on the level of automation that is achieved prior to August 1, 2009. This automation is critical to VA's short-term success.

The combined IT and staffing approach is a short-term solution we expect to retire no later than November of 2010, when the long-term automated system being developed by our partners at SPAWAR is deployed.

Our long-term strategy to implement the post-9/11 GI Bill will rely on support from SPAWAR to develop an end-to-end solution that utilizes rules-based industry standard technologies. The Chapter 33 program contains eligibility rules for benefit determinations

that work well with rules-based technology while requiring minimal human intervention.

VA is working with SPAWAR on the long-term IT solution and expects the development of this program to take approximately 18 to 24 months to complete. The priorities established for IT enhancements for the short-term front-end piece does have a relationship with the priority that SPAWAR will follow when developing the long-term solution, such that some of the long-term IT functionality could be used to augment our short-term solution. If SPAWAR can develop long-term functionality that can be used in the short term and can be deployed prior to August of 2009, they will do so.

In both the short term and the long term, SPAWAR also is providing IT program management support and technical assistance in managing the necessary data flows. VA received $120 million in supplemental funding to implement this new benefit, $100 million in general operating expenses (GOE) and $20 million in IT appropriations account. To date, VA has transferred $13.25 million from its supplemental IT funds to SPAWAR for the purpose of project management for both the long-term and short-term solutions and for IT support for data integration to support the long-term solution. The remaining $6.75 million from the supplemental IT funding will be moved to data integration and testing associated with the data integration initiative.

VA has requested a reprogramming of $35 million of the available $100 million in GOE to the IT appropriations account. That will be used to pay for development and implementation of this long-term solution. The remaining $65 million in GOE funds is sufficient to cover the additional full-time equivalent (FTE) that will be required.

To meet the program's August 1, 2009, effective date, VA has assigned project oversight duties, established milestones and instituted frequent oversight review. VA Education Service established a Program Executive Office (PEO) that is responsible for monitoring and coordinating all Post-9/11 GI Bill implementation activities.

In addition to the PEO, VA contracted with the MITRE Corp. to provide technical and program management advice to Education Service leadership in support of Chapter 33 implementation, integration and oversight. The first critical milestone was met on November 14, 2008, when the completion of business requirements for the short-term payment solution occurred. The next critical milestone for the short-term solution is in completion of the IT functional requirements on November 26th.

With the completion of these functional specifications, detailed design of the solution will start, with an expected completion date of March 31st of 2009.

Madam Chair, this concludes my statement. I would be pleased to answer any questions you or any Members of the Subcommittee may have.

I would like to follow my oral statements with a PowerPoint presentation subject to any questions you have at this point. I prepared a series of slides that in some ways is redundant to the written testimony that was submitted to the Committee, but I think it is clear in terms of conceptualizing a lot of what we are doing, and

visually I think it draws a very good picture of the progress that we have made. If I could go to the first slide.

Slide number two is titled Program Governance and Organizational Context. This is a visual representation of the overall government strategy that we have put in place to ensure proper oversight, management of key milestones, risk management, et cetera.

Turning, in terms of a little bit more specificity, turning to slide three, there is a sub-element of slide two, specifically laying out the relationship of three bodies that join Executive Board, the Chapter 33 Steering Committee and the Chapter 33 Working Group. The next few slides provide detailed information concerning the roles and responsibilities of each of these groups.

Turning to slide four, the Joint Executive Board is jointly chaired by the Under Secretary for Benefits, Admiral Dunne, as well as Bob Howard, the Assistant Secretary for Information and Technology. There are several members, key senior executive members that are also members of this board and there are also a series of advisors that are brought in to provide expertise and advice on specific subjects that are brought before the Joint Executive Board.

Turning to slide three. Slide three outlines the membership and the responsibilities of the Chapter 33 Steering Committee. The Chapter 33 Steering Committee has responsibility for oversight of planning and execution of the work and all the different project streams that we are required to implement for Chapter 33, and I will talk about the project streams in just a second. The Steering Committee is jointly chaired by myself and Paul Tibbits, who is Chief Information Officer for OI&T Enterprise Development.

There are members throughout the organization on the Steering Committee as well. Most specifically, I would like to point out two committee members by name, the first being Ms. Alison Rosen, who is in charge of my Program Executive Office, the other being Ms. Susan Perez who is the Director of the OI&T Portfolio Management.

Those two individuals—turning to the next slide, slide 6—are the co-leads on the working group. Co-leads basic responsibility is—Ms. Perez is the IT expert, Ms. Rosen is the individual responsible for non-IT issues. They meet, obviously, on an almost daily basis. Their overall responsibility is execution of the responsibilities by each of the project leads for the work streams that we are moving forward on.

Slide seven talks very briefly about authority and change management. We did receive specific questions on that and I wanted to at least cover that from a high-level perspective at this point. Our focus on decision authority is focused on elements that would require any change in our timeline. In essence, the project leads have the authority to move forward unless there is something that changes their project timeline. That doesn't mean they don't keep everybody informed. There is a very rigorous information-gathering process that is conducted through our Program Executive Office. But they move forward and have the responsibility to move forward, assuming that there are no changes in any of their project schedules.

The Program Executive Office does have the authority to change project timelines up to 5 percent. Myself, and by extension, the

Steering Committee, have the authority to change any project timeline of less than 25 percent. Obviously a change of that nature would not be made without involvement by the Joint Executive Board as well. But the final authority—the governance structure of the authority lies with myself. The Joint Executive Board's involvement is required for any changes in our schedule of 25 percent or more.

That is the process that we have established to ensure that we do not have any slippage in our schedule. That is critically important because there are significant dependencies between each of the project schedules, as I will talk about shortly.

Slide eight is a representation of the Program Executive Office that we have established within VBA, within Education Service. As I have indicated, Ms. Alison Rosen is the head of my Program Executive Office and the individuals responsible for tracking this are laid out on this chart. The Program Executive Office is in essence our nerve center. That is where we monitor what is going on within the different projects. They are responsible for tracking progress, identifying risks that exist in the projects, making sure that we have identified dependencies, one project to another or more than two projects, and they are responsible for all of the collection of information that is required to report to higher authority.

Slide nine provides both the program organization and a work breakdown structure. This is a slightly higher level than simply the Program Executive Office. This slide represents not just the Program Executive Office, but is the first slide that I have provided that indicates the projects; how we have in essence chunked out the work that we are required to do to ensure that we successfully implement Chapter 33.

The names of the project leads are provided. We have eight separate projects, seven current. One we have closed out, which was the old secure solution. So we have seven projects that we are moving forward on now to implement Chapter 33.

The best way of representing what those projects have on their plate and the timeframe that they have to work their projects is laid out in slide number 10. That is our integrated project schedule. That shows the seven, in essence, swim lanes that we have chunked out this work into. It represents dependencies, one work stream to another.

Obviously there are very few things that go on within Chapter 33 that stay within just that one project. Just about everything has dependencies with other project leads as well. So that is something that we are tracking very critically.

The important thing to remember I believe concerning the project timeline—and this document comes directly from our project management plan which was provided to the Committee previously—is this is a living document. We know as we gain experience moving forward on this, that there will be changes to this. And it is specifically designed as a living document. But this will always be kept current. It will always represent where we are at and what we have learned on each of the different project efforts.

Slide number 11 talks briefly about government activities. Some of this I covered already, but I think it deserves emphasis. Again, the Program Executive Office will receive each week program—

each month, rather, program management plans from each of the work streams. That is in some ways a safety net. That is not to represent that our PEO only meets with the project leads on a monthly basis. They are meeting essentially on a daily basis, but once a month we do conduct a full, thorough review to ensure that we have accounted for any dependencies or other risks that we might not have identified previously.

The Chapter 33 Working Group, Joint Executive Board, and the Steering Committee hold weekly meetings. So we have a very rigorous process.

What we don't have and what we have done to speed up the process is not implement what would normally be seen as a milestone review process. Our milestone reviews are essentially every week. We have very detailed project plans. We review those plans weekly to ensure that we have met for that week exactly what each of the projects had on their plate for that week. If they aren't able to meet them, we either adjust the schedule or—quite honestly, we have people in on the weekend getting caught up to make sure that we stay on target.

Slide number 12 touches on a couple of items other than IT that I have not provided information on previously but there have been questions on.

The first is status of our regulation package. Obviously we did need to complete regulations. We have draft regulations at the Office of Management and Budget (OMB). They are being reviewed by OMB now. We expect those to be published for comment on or about December 1st.

The Chapter 33 hiring plan, the regional processing offices have already been given authority to hire staff. They are completing the preliminary paperwork to do that now. We anticipate recruitment starting on or about December 1st. We anticipate having that staff on board by March 1st and training will begin no later than March 1st for those additional hires.

Slide number 13 is a representation of the claims process itself. And we wanted to put that in specifically to give a visual representation of what is different, what is going to be different under Chapter 33 as opposed to the process that a veteran goes through right now. The blue squares represent the things that will be different. The green squares represent the process as it exists now that will be essentially unchanged come August 1st.

So, in essence, from the veterans' perspective and from the perspective of the stakeholders that we rely on for information, the process is going to be essentially the same. The veteran will apply online for benefits, as they do now. They have the ability to apply with hard copy if they choose to do that. But we highly encourage them to apply online through our GI Bill Web site. We will determine eligibility with our existing staff and the additional staff that we hire to process these claims, just as we do now. The determinations for claims processing are manual determinations now, looking at the screens and ensuring the data represents that the person is eligible. The information that we require from the school concerning enrollment will continue to be reported to us the same manner in which it is reported now through our existing VA One system.

The additional information that we need from schools to administer the program, specifically tuition and fee amounts as well as participation in the Yellow Ribbon Program, is going to be reported to us by that existing mechanism. We are modifying VA once to accept fields that will allow the schools to report that information to us. So, again, from the school perspective, from the certifying official perspective, they will continue to use the same tool that they use now to report information to us.

The eligibility information that we need from DoD will continue to come to us through the existing data feeds that DoD has been using for some time. Those data feeds are being enhanced to satisfy the additional eligibility requirement under Chapter 33.

For example, transfer of entitlement benefits, we are well underway to receiving that information. In fact, this week we are receiving the first test file of data from DoD. The things that will be different concerning the claims process is—the first thing is veterans will not go in monthly at the end of the month and verify their enrollment, which is the process now. That is a step that they will not need to take. The check, the recurring housing allowance checks, will go out in an automated process, just as it does for our other benefit programs.

The temporary system that we have set up simply does not allow the ability to apply—or to monthly certify. We don't anticipate that being a problem because in some respects that is a duplication of the information that the school provides us. The school is required to provide information to us if a student drops or withdraws from enrollment. But the certification of monthly enrollment was a backup system that we did like, but we will not have that in the short-term.

And then the payment structure, obviously, will be different. Instead of the single monthly check going out as is done now, there will be the three different benefit payments that are called for under the bill. Our oversight mechanisms will remain in place. The auditing trail, the reports, the correspondence will remain in place. So those will remain unchanged.

Slide 14 is information that I have covered largely in my written testimony. But again, what we are looking at doing is setting up an augmented, manual process on August 1st. It is going to involve both manual processing and some automated processing. The level of automated processing we do not know yet, because there is a tie between the long-term strategy we are implementing and what we will be able to bring online from that long-term strategy in the short term. In essence, we are going to be creating a throw-away system in the short term to administer the programs.

In the long term, again, we are looking at a rules-based process. And from the prospect of administering the benefit, the thing that we are going to really like about the automated process in the long-term is twofold. Number one, it is going to be an automated process, so we will be able to better manage the seasonal nature of our work. We have an existing staff. We marshal those resources as much as possible in the fall and spring semesters, but obviously it takes us a while to work out of that backlog because we are a manual FTE employee-driven process. We will be more able to manage that in the long term.

Additionally, we will have a system that is more flexible for us. So when we have changes in legislation, when there are changes to the programs, we will be able to program those changes in much faster than we do now. We will be much more agile, we will be able to respond to new legislation very quickly.

Slide 16 talks briefly about the Yellow Ribbon Program. We have had questions concerning that. We are pursuing that as we are with the other initiatives, very aggressively. Ultimately what we are hoping for is to have signed agreements back from the schools that are desiring to participate in the Yellow Ribbon Program by February 15th. The reason that we are doing this as quickly as possible before the spring is we would like veterans to have that information available come the spring when they start making decisions on where they want to go to school. So we will have that information by February.

We will have that information concerning Yellow Ribbon participation on our Web site so students will be able to go in there and look, so when they are considering where to go, they will have that information at their disposal. And, of course, we will begin processing Yellow Ribbon payments at the same time we process the other payments for benefits.

In terms of providing outreach for the Yellow Ribbon, we are working that from two perspectives; first of all, from the education professionals. We have received a lot of questions concerning the Yellow Ribbon from the education community. We have been working aggressively with potential organizations that represent those groups; for instance, the American Council on Education, the National Association of Veterans Program Administrators, to get information to those schools so they understand the specifics of what the Yellow Ribbon Program is. Our regulation drafts that are due to be published on December 1st will also talk about Yellow Ribbon processes and procedures.

We are also working with students. Obviously we have information on our Web site concerning what the Yellow Ribbon is. All of the information in our publications that are sent out to veterans and servicemembers talk about the Yellow Ribbon Program. Specifically, we are in the process of receiving a data feed from DoD and we will be doing direct mailings to all active-duty servicemembers concerning the specifics of Chapter 33 overall, not just the Yellow Ribbon.

In terms of the application and certification process, there are no real surprises there, as I have talked about already. VA wants our existing mechanism for schools to report information to us. We will be the mechanism by which Yellow Ribbon information for the student—specific information will be related to us. That is where we will find out if a school actually offers a Yellow Ribbon Program to the student in an amount that will be offset by the school for that specific student.

That completes the slide presentation. Again, Madam Chair, we would be more than happy to answer any questions from yourself or any Members of the Subcommittee.

[The prepared statement of Mr. Wilson, and the Slide Presentation, appear on p. 23.]

Ms. HERSETH SANDLIN. Thank you, Mr. Wilson. Let me start out with a couple of questions before turning over to Mr. Boozman. You have the Joint Executive Board, the Steering Committee and the Working Group. I think I sense from your testimony, is it really the Working Group who is going to be doing the day-to-day work?

Mr. WILSON. Yes, ma'am.

Ms. HERSETH SANDLIN. Daily decisions on what needs to be done will be made by the Working Group, unless there are changes to the project schedules?

Mr. WILSON. That is correct.

Ms. HERSETH SANDLIN. Who is monitoring the key milestones then?

Mr. WILSON. The monitoring of all of the milestones and the timelines occurs within the Program Executive Office. That is in essence our nerve center.

Ms. HERSETH SANDLIN. Is the Program Executive Office reporting to the Steering Committee and the Joint Executive Board?

Mr. WILSON. Correct.

Ms. HERSETH SANDLIN. Would you provide me more detail on how the front-end tool is going to be used?

Mr. WILSON. Yes. The front-end tool let me try to make a comparison with what we currently have within our benefits delivery network that provides some level of—I hate to use the term "automation," but it is automation calculation.

When a student enrolls in school right now, our claims examiners determine eligibility essentially manually, and they put the information in concerning enrollment into the system, and BDN provides information based on its coding and tables concerning the amount of benefit that is payable. It tracks how much remaining entitlement an individual has of the 36 months. It tracks whether or not there are overpayments, and handles all of the accounting that would be required to manage those overpayments behind the scenes.

Since we are not able to rely on BDN for those calculations and data collections, we need a separate tool to track that information. We don't want claims examiners, for instance, every time a new claim comes in, to have to manually recalculate the amount of remaining entitlement that an individual would have.

Ms. HERSETH SANDLIN. Well, I am glad you addressed some of the issues related to the coordination with the U.S. Department of Defense (DoD) because that has been an ongoing concern of the Subcommittee and the full Committee in different areas. I was pleased when we had our hearings in September that the testimony we received from the Department of Defense indicated everybody is on board to make this happen, and that you are using the existing data feeds.

Now, you said the first test case, test file, is going to be this week.

Mr. WILSON. Yes.

Ms. HERSETH SANDLIN. Then you said that you are going to be using existing data feed from DoD for the VA to send direct mailings to all active-duty servicemembers about the new benefit and the Yellow Ribbon Program?

Mr. WILSON. I don't think I was clear. The data feed—I probably misspoke. We are receiving a separate data dump from DoD, separate from the eligibility information we receive that provides us the current information concerning the individuals on active duty. And that specific information, so that we can mail them the information on Chapter 33. That is basically names and addresses.

Ms. HERSETH SANDLIN. Does that include Reserve and National Guard?

Mr. WILSON. It does. Any individuals that are on active duty currently.

Ms. HERSETH SANDLIN. But not those who may have separated?

Mr. WILSON. That will be a separate data dump that we will receive.

Ms. HERSETH SANDLIN. From DoD?

Mr. WILSON. Yes, we are still going to rely on DoD. The data feed we are working with to address that issue will be any active-duty member who has had active duty since September 10, 2001, understanding that some of that information is stale, but it is still something that we want to provide to that current—that record of address, so that we have sent that to the individuals.

Ms. HERSETH SANDLIN. It has been our ongoing concern about those who may have separated, even when we made some changes in the National Defense Authorization Act, before the new benefit was authorized. Trying to find these young men and women who may have separated, that are now eligible for Chapter 33 benefits as they were written in 2008; and then, of course, the new implementation for 2009.

We will want to continue to work with you on that. The Ranking Member and I have had discussions of working with the adjutant generals, the National Guard, who may be in a position of working with their State agencies to help update information that you may be getting from DoD that may still be there.

Can you tell me where, I don't see that as a key milestone, in terms of the mails that would go out. Can you give me a rough timeline of when you hope the mailings would go out?

Mr. WILSON. I can provide that. I don't have that with me, but I can provide that to the Committee.

The document on slide 10 is a macro-level milestone. Within each of these work streams we have much more detailed information in separate documentation. And I would be happy to provide that information to the Subcommittee.

Ms. HERSETH SANDLIN. Okay. Thank you.

[The information was provided in the response to question #2 from the post-hearing questions and responses, which appear on p. 34.]

Ms. HERSETH SANDLIN. One last question for now, before turning over to Mr. Boozman. Do we still anticipate approximately 526,000 claims?

Mr. WILSON. That is our estimate at this point. And I wanted to make sure that I emphasize in some respects Chapter 33 is going to an area that we have not gone before. We don't have expertise with transfer of entitlement to the degree that it is offered right now. We don't have experience with the 15-year limiting date. So

there is going to be some fleshing out of those numbers. But that is the estimate that we have right now, yes.

Ms. HERSETH SANDLIN. I know you said the number may be subject to change, depending on the level of automation achieved. Do you feel confident that roughly 400 new full-time employees to deal with the short-term plan of making sure that the benefits are delivered on time is sufficient?

Mr. WILSON. We are confident in that number, with an assumption that the level of automation is somewhat commensurate with what we currently have. If that is not the case, then we still have flexibility within the GOE dollars that were provided to us to hire additional staff.

Ms. HERSETH SANDLIN. Okay.

Mr. WILSON. Over that 400, if we need to.

Ms. HERSETH SANDLIN. Okay. I may have some more questions, but I will turn it over to Mr. Boozman for questions.

Mr. BOOZMAN. Thank you, Madam Chair. Mr. Wilson, when Congress did the Medicare Part D, initially we had a drug card and then we went into the program later on. But both of those 1 day it started and there was really—it just kind of started and, as a result, without our friends helping us in pharmacy and the American Association of Retired Persons (AARP) and people like that and volunteers in healthcare, it was very difficult anyway, but it would have been much more difficult.

Is there a plan—are you going to phase it in a little bit? Are you going to do the things that you can do to individuals rather than it just starting 1 day? Do you understand what I am saying? In other words, a precertification, things like that. You are going to have this army of manual workers. Is there a plan, rather than just all the sudden there is nothing, and then you are going to have these 4- or 500,000 individuals? Or are we going to phase it over a period of time before it actually——

Mr. WILSON. Our anticipation is that we can do some type of work over the summer. We have not nailed down specifically what those dates would be. In essence what we would potentially be able to do, though, is issue certificates of eligibility. So we could do potentially some work over the summer, or as we receive claims, for example, assuming that the up front tool we have would allow us to populate some preliminary information, we can populate information into that payment system. The issue that is somewhat problematic is, obviously, the program is only for training on or after August 1st. So we can't do much—well, we can't generate any payments at all until August 1st and we really can't populate much of our systems until the schools are comfortable that they will certify that Joe Veteran is going to be in school on August 1. And once they do provide that to us, then we will populate our records.

Mr. BOOZMAN. Right. I would really encourage you, again looking at those, and I think we can see other programs—but if we can kind of, do some up-front work rather than just being hit, I think that would be very helpful.

Captain Krause, will the SPAWAR structure—will SPAWAR structure the long-term solution program in accordance with standard DoD program management guidelines?

Captain KRAUSE. Sir, my name is Captain Mark Krause. Ma'am, just to correct, I was a Commanding Officer of SPAWAR Systems Center, New Orleans, as of October 1st. Now I am the Chief Staff Officer for SPAWAR System Center, Atlantic. And my boss is Admiral—now Captain Urban, and his boss is Admiral Bachmann. So, yes sir, my boss, Captain Urban and Admiral Bachmann, absolutely want us to comply with the DoD Defense Acquisition Work force Improvement Act (DAWIA) process, and we plan to do that. And we will work with the VA to come up with some type of a meld, if you will, where we still meet the requirements of the DoD acquisition process; that everybody that I have hired to do this for my team at the SPAWAR is level-three-certified essentially to do this, but with one exception, who is a level two. But they are mostly just 14s and 15s that will in fact do that. So the answer is yes.

Mr. BOOZMAN. When do we anticipate having the long-term program plan in place?

Captain KRAUSE. Right now we are waiting—the money is now being transferred. Once we get the money, then we of course have to wait for the requirements. So we are still in the planning phase. We won't know on our end until we can get our hands on the requirements, flesh them out, go right down the system engineering, if you will, do the requirements definition, the requirements analysis, and then do the system design. And once we have that, then I will be able to essentially come up with an integrated master plan, integrated master schedule, per the DoD acquisition process that I think will bear scrutiny or be something that we can present and be confident in.

Mr. BOOZMAN. When do you think you all will have all of that, Mr. Wilson?

Mr. WILSON. The short-term solution business requirements are completed. The completion of the long-term business requirements is imminent. We have done 90 percent, 95 percent of the work on that. I believe last week we finished the cleanup of what we needed to do. We are in the process of putting that all into the appropriate format and we will have that to OI&T very, very soon.

Mr. BOOZMAN. Let me get you all to comment on something in the sense that I have seen this in multiple things with government. I am on the Aviation Subcommittee of Congress and they are in the process of trying to get their computer program for controllers and this and that. And this has been an ongoing thing for years and years and we see this so much. Whereas you go into these IT things, where is the bog-down? What are you all alert for? What do we need to be alert for? Where are you going to have your problems in the sense that these things, I think you said 18 to 24 months, or whatever. What generally makes that 18 to 24 months with an amount of money as cost becoming a 4- or 5-year program. And still not—can you all comment on that, again, so that we can be observant and just kind of where you think the problems might occur?

Mr. WILSON. I would like to ask Mr. Warren to respond to that question.

Mr. WARREN. I think you are asking a good question in terms of why do IT projects go off track, and I think there are some key areas. At the beginning, there is uncertainty about who is running

the program, what are you trying to accomplish? And who is the decisionmaker or "the" decisionmaker? So that is key at the beginning so you don't get in a tug of war, "No, it is mine," "No, it is mine," and you get arguments and then people start countermanding each other.

So you deal with governance. Who is the decisionmaker and how the decisions are made, first governance. The second piece is in that governance, ensuring that the program has the leadership—it is very, very dangerous when the IT organization runs the project and we start building an IT solution for an IT need versus a program solution. And I think you have seen with—what Keith has laid out, that is how we structured it. It is a program plan; IT is one piece of it.

The second piece deals with requirements in terms of what is it we are going to build. And what you will find in many projects that go off track, the requirements keep changing, they keep shifting and drifting. "Oh, I forgot about this one." "Well, I really didn't mean that, I really wanted that." So you have to be very careful to make sure you define what you need and you define it in blocks. You define it in such a way that, okay, we understand that component.

So if I can take you back to the diagram that Keith had laid up, showing the sequence of what are the different steps that need to happen. By making sure you define the requirements for each of the components so folks can start working on those while you go to the next one. So define the requirements. And having a little bit of flexibility in your programming and your development that you have to wait until you have 110 percent of the requirements. So making sure that you have enough flexibility that you can actually start moving out when you have a good sense of what you need to do, so you can start thinking through where you want to go. So those are on the program side, if you will.

On the IT side there are two critical areas. The first one is you get into almost this war about architecture. What technology will we use? What specific vendor will we use in terms of product? And very often, given that technology changes so quickly on an 18-month cycle, that every 18 months somebody comes in and says, "I really love this one today, so let us do this one." And then 18 months later as the program goes forward, "but this is the latest and greatest thing." So therefore, we are going to do that one.

So the key is to make sure your project cycle, your delivery cycle, is shorter than the technology refresh cycle. Otherwise you will get into this, "That is great, but this is the neat thing today, so now let us do that."

And on the fourth one, again, on the technology side is making sure you have a disciplined development program, that you have professionals who are building—I hate to use the term, but it is more appropriate—in a factory. We are not building art products here. We are building industrial items that need to run consistently and reliably going forward.

So if you deal with those four major areas and you think about them as you design your project, you will meet your schedule and you will meet your cost parameters. If you lose any of those from the beginning, setting of the governance, to the end in terms of

making sure you have a professional design team, if you don't have that, you will have problems.

Again, one of the reasons we reached out to SPAWAR was we see that professional design team, based upon their past practices, that they can bring what we unfortunately are missing in the VA. So hopefully that answered your question, sir.

Mr. BOOZMAN. Yes, sir. Thank you very much.

Ms. HERSETH SANDLIN. Thank you, Mr. Boozman. Mr. Scalise, you are recognized.

Mr. SCALISE. Thank you, Chairwoman Herseth Sandlin. In terms of the short-term and long-term goals, you do currently have a system, it is a COBOL system that runs your—is it just education benefits, is it all benefits for your current processes without Chapter 33?

Mr. WARREN. I believe you are referring to the BDN solution system. Yes, sir.

Mr. SCALISE. So what SPAWAR will be working on in the short term is going to be building some kind of additional segment to your current system for Chapter 33 benefits and that would be—what would be available by August of 2009?

Mr. WARREN. Actually, if I could, what we are using SPAWAR for is program management to assist as we do that short-term solution. But because we are spinning off of that existing BDN solution, we are using in-house VA IT resources. So we have taken the staff who built that system, who run that system, and said, "Your role is to basically give us a clone of what we have that has been modified to meet some of the financial needs for Chapter 33."

We are making sure that SPAWAR is focused on that long-term solution in terms of not dealing with the technologies that are 25 to 30 years old. We are using them to apply their knowledge and skill set for what the marketplace is using today in terms of something called service-oriented architecture, in terms of XML gateways, in terms of using the things we need to be building for the future.

So VA resources are being utilized to modify an existing system, a system that is actually very, very old, a legacy system that is hard to maintain today. So they are focused——

Mr. SCALISE. How old is that system?

Mr. WARREN. Probably older than I. Thirty—I mean if you look at it, it has been there for a while, it is one of the first ones. The VA was actually very creative back in the day in terms of bringing some automation to the day. Unfortunately we weren't able to move off of those systems. So we were great then. We sort of missed it going forward.

Mr. SCALISE. So the in-house people, SPAWAR won't be doing the actual modification of the short-term solution, they will be managing it. But they—as you gather the requirements, the process that you are almost finished with now, that will be turned over to SPAWAR. They will develop a plan to build a new system, a long-term solution, using newer technology to handle all benefits processing?

Mr. WARREN. One of the things we need to be very careful of, IT always overpromises. I mean, we have that unfortunate reputation. So what we have said is our focus is Chapter 33. We need to de-

liver Chapter 33 before we talk about anything else. And the focus we have on this project is to deliver those benefits for this program. And if I do a good job, if our folks do a good job, then Keith has said we will look at how to expand this system and utilize further. If it does not deliver, then we need to rethink our approach.

Mr. SCALISE. So for the long term there will be a new system that will be built for Chapter 33, but also——

Mr. WARREN. It will have the flexibilities into it such that—I am going to be optimistic—when we deliver the solution it has the flexibility into it to support Keith for the rest of the education program and then look at it as a model for how do we deal with the rest of the benefits delivered.

Mr. SCALISE. To pull those in later.

Mr. WARREN. Again, if we succeed, If we make sure we keep the flexibility in it.

Mr. SCALISE. Because I know there is a longer term goal to have all VBA business lines paperless and under one system. I don't know if that is part of this, if that is a separate goal.

Mr. WARREN. We are using and we will be using and we are using what we have learned and what we do as part of Chapter 33 to inform how do we do that reengineering, if you will, of paperless benefits delivery at the VA. This would not necessarily be the system.

Mr. SCALISE. It would be flexible enough to incorporate that later, but that is not the primary goal of the long term.

Mr. WARREN. The goal is to make sure Chapter 33 happens. It is very easy to say we will do this and we will do this and do that. We are trying to make sure we keep focus on what is the goal. Chapter 33 is the goal, making sure those checks go out and making sure we get a system in place that supports Keith and the critical program that he has.

Mr. SCALISE. Okay. And then one of the previous concerns—I know VA, Veterans of Foreign Wars and maybe other groups had expressed about the initial plan to go to a private contractor was that all of the source code, the system itself, would be owned by the private company. In this new arrangement that you have with SPAWAR, will the VA own the source code and the system itself?

Mr. WARREN. Source code is almost an anachronism when you deal with the technologies we are talking about. The rules engine, the data structures that SPAWAR builds for us will come over to the VA and we will continue going forward with it. So source code is actually not something that is really relevant to what we are doing going forward. But the intellectual property that the VA owns in terms of what the business is, what the business rules are, how we do payment, how we manage it, that actually comes over to the VA. SPAWAR is building and installing the first system at their location in New Orleans. We will then do the second system at a VA location so we can train our staff on using that technology, and then we will do a flip over to VA being the primary location.

Mr. SCALISE. So you would ultimately be the owner?

Mr. WARREN. We will ultimately be the owner, sir.

Mr. SCALISE. All right. As then as far as educational benefits, I think you had answered this partially. Currently, is it somewhere

around 500,000 benefits that you process with your current system?

Mr. WILSON. Yes. In terms of total program participation for all of the programs that we administer, it is about 520,000. What we are looking for specifically for just Chapter 33 is about a similar number for just Chapter 33, 520,000.

Mr. SCALISE. New——

Mr. WILSON. No. Most of those individuals will be individuals who previously drew benefits under one of two programs that we administer now, and that is the Chapter 30 Montgomery GI Bill Program for the active duty, or Chapter 1607, which is the Reserve Educational Systems program. The majority of those individuals will migrate to the new Chapter 33 benefit. Then we will have additional participation from new individuals.

Mr. SCALISE. Okay. Thank you. That is all I have.

Ms. HERSETH SANDLIN. Thank you, Mr. Scalise. Mr. Warren, I would like to follow up on a few things that you mentioned. You said one of the things, and it was a very helpful explanation in response to Mr. Boozman's question, that can get these things off track. You mentioned when the requirements change. Do you, or Mr. Wilson, have concerns on how we might be able to avoid the impact of certain changes to the requirements as it relates to proposals,? Particularly those being discussed in the Senate, to make some technical changes to the new benefit and how that will affect keeping things on track and on schedule.

Mr. WILSON. I can speak to it from the perspective of administering the benefit, and it would depend on the level of what an individual is referring to as technical changes. If the technical changes would be something, for example, along the lines of providing more specificity concerning how foreign schools are handled, that type of change would not be problematic. However, if it was a more significant change concerning eligibility criteria for the benefit itself, or potentially making the period of coverage for the benefit different than from August 1 forward, those types of changes would be problematic for successful implementation of the program.

Mr. WARREN. And they would be problematic for the system we have had to put in place for the short-term delivery in terms of the 1 August date. One of the design principles that we have laid out with SPAWAR is to make sure we break, if you will, the tyranny of the IT organization, so that as we build this system, rules changes are something that Keith's program managers can do. Today it probably takes five IT folks, a database programmer, and a whole bunch of other folks to make changes in code, versus actually using some of the newer technologies that get the IT folks out of changing what those rules are in terms of when the start is, what the amount is, and making sure it is in the controls of the program folks.

So the short-term package, again because of the age of the system that we are using, it will be difficult. But the thing that we are building for the long-term solution will have those flexibilities inherent in the design so that we are more flexible, more nimble, if you will, in accommodating changes in what the benefit is and the decisions that need to be made.

Ms. HERSETH SANDLIN. Am I correct in that the VA's original plan, before the new Chapter 33 benefit was established, was to move to this long-term strategy with SPAWAR and contractors to implement the upgraded IT system? Is this what we were talking about in September with Mr. Pedigo, that this was the plan based on a timeline of 2013, having it completed?

Mr. WILSON. The timeline for 2013 was for our preexisting TEES strategy, TEES being simply The Education Expert System. That is the rules-based mechanism that we had wanted to go to long before Chapter 33 came along. We had that out the gate in the 2009 and 2008 budget. We were funded for that and we were moving forward, not with SPAWAR though. There was no relationship with SPAWAR on that initiative.

Ms. HERSETH SANDLIN. Okay. So the contract, the relationship with SPAWAR is to try to get this done on an 18-to-24-month timeframe because of their existing expertise in program design and management?

Mr. WARREN. If I could separate the two in terms of the timing and SPAWAR. Before Chapter 33 came on the table, if you will, we had already reached out to SPAWAR to start strengthening the development team at the VA. We have some structural problems in terms of leadership skill set, in terms of knowledge, in terms of how we do development at the VA, so we had already reached out to SPAWAR to bring their world-class expertise into the VA and start mentoring our work force. So we already had a relationship with SPAWAR on that.

The 18-to-24-month time period, in terms of where did that time come from, we needed to meet the 1 August date in terms of checks. But we also needed to make sure that—given that the only way we could do that was using a legacy system, a system that actually is very difficult to work with and difficult to maintain. Too often IT builds a temporary solution, which then becomes the long-term solution, which costs a tremendous amount of money and pain to maintain.

So we put a, if you will, a perish date on the system. We said 18 to 24 months, it is gone. It is the expiration date of it. We need to make sure when we hit that date we have something in place that allows us to go forward and doesn't tie us down. So 18 to 24 is, if you will, a management date. It is a reasonable date. But it is also to make sure we are not tied to something that is going to handicap us going forward.

Ms. HERSETH SANDLIN. And perhaps also staying ahead of the refreshing of the technology problem that you described earlier as well.

Mr. WARREN. Yes, ma'am.

Ms. HERSETH SANDLIN. We clearly have two very important dates that you have set up, both in the short-term and long-term plans: our August 1 date to meet the needs and expectations of our veterans who are eligible for this benefit; and then obviously, for the reasons Mr. Warren just described, making sure we stick to the 18-to-24-month timeframe and move to the long-term solution.

Mr. Wilson, how confident are you that you have enough resources in your department currently, to work both the short and

the long-term plans effectively, especially given what we just heard about the importance of the long-term plan?

Mr. WILSON. We have the resources. We have been working aggressively on the functional business requirements for both the short-term and long-term solution. Our folks have been putting in a lot of hours, but they have been doing a fantastic job. We have got the business requirements for the short-term nailed down. We are very, very close to having long-term business requirements down. We have a host of people that we can pull from.

When it gets to the point of testing and validating that the functionality is what we need, we have a whole pool of people, both in my staff in Washington and our field staff at our processing offices, that can validate that it is working the way it should. So I am confident within VBA we have the resources we need, both to do the testing and to manage all of the different efforts that are underway.

Ms. HERSETH SANDLIN. But the shelf life of the short-term solution could extend beyond 2010 if there are problems. It is just quite desirable to avoid that situation for the reasons you have already described.

Mr. WILSON. Yes, ma'am.

Ms. HERSETH SANDLIN. Mr. Frye, could you explain the role of the Acquisition and Materiel Management with regard to both the short and long-term solutions?

Mr. FRYE. Right now, as already explained by Mr. Wilson, we are on the Steering Committee, we are part of those weekly meetings that are held.

As Mr. Wilson also explained, MITRE Corporation has been engaged. MITRE Corp. is a federally funded research and development corporation, nonprofit. We engage them with task orders against a base contract, and we monitor their performance very closely, obviously, because these are cost-type contracts. But MITRE Corp. is a—we found them to be a very valuable member of the acquisition team. They bring a lot of expertise to the program.

We have a governance process in place so that the use of MITRE Corp. or other federally Funded Research and Development Centers don't get out of place. Because they are cost-type contracts, their use is approved all the way at the Chief Acquisition Officer level. So we are involved. Obviously, there aren't major contracts in place, as explained, because we have got SPAWAR doing the primary work for the long-term solution. But insofar as contracts are used, we are involved.

Ms. HERSETH SANDLIN. One final question, Mr. Wilson, because we have heard the concerns with the legacy system. While I know you are confident in terms of what your Department currently has, in regards to additional resources to make additional hires at the regional processing offices and some additional funds that have been allocated already, if that number needs to increase, what is the percentage of claims filed that experience some delay in processing the claim and the student having problems with starting classes in the fall?

Currently, separate from the new claims we are anticipating under Chapter 33, do you know what percentage of all claims filed have those types of problems with some delay?

Mr. WILSON. I will need to go back and see what data we may have on that. What I can say is our averaging processing time on this for 2009 was 19 days for original claims, 10 days for supplemental claims. Those numbers are also our goals for this fiscal year, and we see no need at this point to change those goals.

Ms. HERSETH SANDLIN. Do you break those down by cause of the delay? Is it a DoD data feed? Is it a delay in the complexity of the claim with the manual processing? Is it the school certification? Do you break them down that way?

Mr. WILSON. I will have to look into that and get back to you. I don't have good information in my head on that.

Ms. HERSETH SANDLIN. If you have broken them down, it might illuminate if there is a particular cause that results in the greatest percentage of delay among those who do have delayed claims. I think that is where the Subcommittee will want to focus in our work with you to make sure that even though you are in the short-term using this existing process if there is a new field for the reporting system that the school is using for certification, if it is a DoD data feed issue, if it is the issue of how many FTEs do you have in each regional processing center, et cetera, I think that would be helpful to us if you could get us that information.

Mr. WILSON. I would be glad to.

[The information was provided in the response to question #1 from the post hearing questions and responses, which appear on p. 34.]

Ms. HERSETH SANDLIN. Mr. Boozman.

Mr. BOOZMAN. I just had one thing that I was curious about. On one of the slides I think it showed that you would start your hiring process in January.

Mr. WILSON. December 1st.

Mr. BOOZMAN. Okay. But your training program really didn't kick up until May?

Mr. WILSON. We were looking at March 1st to begin the training. What we are looking at, though, is that would be the last date potentially at which the training would start for folks. For instance, if a regional processing office brings a group of people on between December 1st and January 1st, we want to go ahead and bring those folks on board, get them into training, because part of the issue with training this number of people is going to be space, training rooms, not necessarily overall space. But we do want to chunk it out; as soon as we get people that will fill up a classroom we will bring them on board, put them in a classroom and start the training.

Mr. BOOZMAN. Okay. Thank you very much. Thank you, Madam Chairman.

Ms. HERSETH SANDLIN. Mr. Scalise, do you have any further questions?

Thank you, gentlemen. We appreciate the testimony, the information you have provided. It is certainly helpful to continue to get a better understanding of the challenges you face with the short-term solution, with the legacy system in which you are trying to

adapt to meet the needs of August 1st deadline. It is also helpful for us to be partners with all of you as you meet the long-term solutions to ensure timely delivery of the benefits as well. We appreciate the hard work of all of you and the folks that you are working with in your respective departments.

Mr. Boozman.

Mr. BOOZMAN. Well, I would just like to echo that, Madam Chairman. And also I think the hearing today was very, very helpful and also very reassuring. It sounds like you guys have a very, very good plan and that we are on track. So I appreciate your hard work.

Ms. HERSETH SANDLIN. We will obviously look forward to seeing you early in the 111th Congress. We commend our staff on the Subcommittee for the work that they have undertaken with all of you, the work that I know we will all be undertaking in the weeks ahead with the transition team to make sure that that is not an additional factor that could come in and get us off track, but, rather, keep us focused on both the short and long-term solutions. We look forward to receiving those updates on the progress that you continue to make.

With that, the hearing now stands adjourned.

[Whereupon, at 11:47 a.m., the Subcommittee was adjourned.]

APPENDIX

Prepared Statement of Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity

I would like to welcome everyone back from the district work period. Many of you before us today are well aware of this Subcommittee's active participation in providing oversight on the implementation of Public Law 110–252, which provides new education benefits for our Nation's veterans who served after September 11, 2001.

In previous hearings, conducted by this Subcommittee, we received testimony from the VA informing us of its intent to contract out the new IT requirements under Public Law 110–252. Later, on October 23rd, Committee staff were informed of the VA's new short-term plan to no longer use a private contractor for the immediate implementation of new IT systems, but rather use VA resources to create a temporary solution to meet the August 2009 requirements. We are also aware that the VA is developing a long-term plan for revamping its current IT system. I look forward to receiving the VA's testimony that highlights its new short and long-term plans.

The passage of Public Law 110–252 is a significant milestone for our Nation's veterans, but a lot of work must be completed before the benefits can be received. While the 110th Congress comes to a close, I would like to assure our Nation's veterans that we will continue to monitor the progress of the VA's short- and long-term plans in the 111th Congress to ensure that their earned benefits are delivered in a timely manner.

I look forward to working with Chairman Bob Filner, Ranking Member Boozman and Members of this Subcommittee to provide oversight on the implementation of the new Montgomery GI Bill's requirements. I also remain committed to continue to work to improve education, housing and employment benefits for our veterans and their dependents. I now recognize Mr. Boozman for any opening remarks he may have.

Prepared Statement of Hon. John Boozman, Ranking Republican Member, Subcommittee on Economic Opportunity

Good morning everyone. When we met a few weeks ago to begin our oversight of how VA intends to implement the new GI Bill, there was considerable discussion about whether VA should develop the new information technology system in-house or hire a contractor for development and possibly some clerical support. I stated then that I didn't believe that should be our focus and I still don't. Now that VA has made their decision to use SPAWAR for the both the long- and short-term fix that we need to not second guess this decision but help VA and SPAWAR implement the program.

However, I have some concerns about how VA is organized to manage both the short- and long-term solutions, based on the briefings given to the staff and what we will see today. More specifically, the charters for the Executive Committee, the Steering Committee, and the working groups need more definition and I am still unclear about the responsibilities of the senior managers.

Second, while VA has put together a plan to implement the short term solution there is very little definition at this point of the long-term effort by VA and SPAWAR.

Third, what are the key functions that the BDN system and what are its limitations?

Finally, the question remains regarding VA's plans for its education work force. They have stated before that no one will lose their VA job and that they intend to hire additional temporary staff as part of the short term solution. I hope to hear more details about that today.

I yield back.

Prepared Statement of Keith M. Wilson
Director, Office of Education Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs

Good afternoon, Chairwoman Herseth-Sandlin, Ranking Member Boozman, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs (VA) strategy for implementation of the Post-9/11 GI Bill (new Chapter 33 of title 38, United States Code). Accompanying me today is Mr. Stephen Warren, Principal Deputy Assistant Secretary for Information Technology, and Mr. Jan Frye, Deputy Assistant Secretary for Acquisitions & Materials Management. My testimony will address the short- and long-term strategies in developing information technology (IT) components for implementation of the Post-9/11 GI Bill, as requested by the Subcommittee.

The Post-9/11 GI Bill will provide veterans, servicemembers, and members of the National Guard and Selected Reserve with educational assistance, generally in the form of tuition and fees, a monthly housing allowance, and a books and supplies stipend, to assist them in reaching their educational or vocational goals. This program will also assist in their readjustment to civilian life, support the Armed Services' recruitment and retention efforts, and enhance the Nation's competitiveness through the development of a more highly educated and productive work force.

Short-Term Strategy

Our short-term strategy to implement the Post-9/11 GI Bill consists of a two-part IT solution, a fiscal payment system that uses VA's existing Benefits Delivery Network (BDN) to issue payments, and a "Front-End Tool" (FET) for use by Education Service claims examiners to augment the manual processing of the claims for benefits.

We will use internal IT staff to build the needed payment-processing and delivery mechanisms within the fiscal-payment system of BDN for the purpose of making payments. This functionality will allow for entry of all payment types, to include recurring payments (housing allowance), complete accounting ability, audit-trail capability, and some availability of reports that will meet our finance and budgetary requirements.

The Chapter 33 FET will be used to augment the manual process by providing additional automated support that is accessible by processors in each Regional Processing Office (RPO), and VA Central Office. This automated tool will provide functionality that cannot be included in the BDN fiscal-payment solution. Requirements for the FET are being analyzed to determine what current capabilities can be modified or enhanced. The range of functionality that can be provided will be defined by November 26. The FET will be the primary tool to be used by education claims examiners in preparing and processing education awards.

While the BDN solution will generate the information sent to the Department of the Treasury for issuance of the payments, the FET is intended to support calculation of the payment, track the usage of entitlement, and store the claimant's education award history, as well as providing basic statistical reports.

The implementation of the short-term solution will require approximately 400 additional processors at the RPOs. It is important to remember that this combined IT and staffing approach is a short-term solution that we expect to retire no later than November 2010, when the automated system that will be used for the long term is developed and implemented by our partners at the Space and Naval Warfare Systems Command (SPAWAR).

Long-Term Strategy

Our long-term strategy to implement the Post-9/11 GI Bill will rely on support from SPAWAR to develop an end-to-end solution that utilizes rules-based, industry-standard technologies for the delivery of education benefits. The Chapter 33 program contains eligibility rules for benefit determinations that will work well with rules-based technology, while requiring minimal human intervention. VA is working with SPAWAR on the long-term IT solution, and expects the development of this program to take approximately 18 to 24 months to complete.

The priorities established for IT enhancements for the short-term front-end piece have a relationship to the priorities SPAWAR will follow when developing the long-term solution, such that some of the long-term IT functionality could be used to implement our short-term solution. If SPAWAR can develop long-term functionality that can also be used in the short term and can be deployed within our timeframe prior to August 2009, they will do so. That would save the effort of having to dedicate additional resources to short-term IT investment that will be thrown away

when the long-term solution deploys. In both the short term and long term, SPAWAR also is providing IT program management support and technical assistance in managing the necessary data flow.

Expenditures

VA received $120 million in supplemental funding to implement this new benefit, $100 million in the General Operating Expenses (GOE) account and $20 million in the IT appropriation account. To date, VA has transferred $13.25 million from its supplemental IT funds to SPAWAR for the purpose of project management for both the long- and short-term solutions and IT support for the data integration to support the long-term solution.

The remaining $6.75 million from the supplemental funding will be used for modifications to existing VA systems, data integration, and testing associated with the data-integration initiative. VA has requested a reprogramming of $35 million of the available $100 million of GOE funds into the IT appropriation account to pay for the development and implementation of this long-term solution. The remaining $65 million in GOE funds is sufficient to cover the additional 400 FTE.

Project Review, Milestones, and Scope of Delegated Responsibilities

To meet the program's August 1, 2009, effective date, VA has assigned project oversight duties, established milestones, and instituted frequent oversight review.

VA Education Service established a Program Executive Office (PEO) that is responsible for monitoring and coordinating all Post-9/11 GI Bill implementation activities. In addition to the PEO, VA contracted with the MITRE Corporation, a not-for-profit research and consultation firm, as well as SPAWAR, to develop the long-term IT solution.

The first critical milestone was met on November 14, 2008, with the completion of the development of the business requirements for the short-term payment solution. The next critical milestone for the short-term solution is completion of the IT functional requirements on November 26th. With the completion of these functional specifications, detailed design of the solution will start, with an expected completion date for the design of all components of the financial delivery portion by March 31, 2009.

With the completion of the business requirements, staff will then establish these requirements so that they are applicable to the design and development of the long-term solution.

VA/DoD Identity Repository

The VA/DoD Identity Repository (VADIR) supports an effort that has been underway for the past 5 years to collapse the multiple data flows between VA and the Department of Defense (DoD) into the minimum number possible. This repository will be expanded to incorporate the additional data necessary to support the Chapter 33 program.

In cooperation with the Defense Manpower Data Center (DMDC), modifications to the VA/DoD Identity Repository (VADIR) for the incorporation of the unique Chapter 33 data elements are underway. The exchange of test files between VA and DoD is scheduled to begin this week.

Regulations Development

At the end of September, VA completed a draft of a proposed regulations package required for implementation of the Post-9/11 GI Bill. This package is now under review by the Office of Management and Budget.

Madam Chairwoman, this concludes my statement. I, Mr. Warren, and Mr. Frye would be pleased to answer any questions you or any of the other Members of the Subcommittee may have.

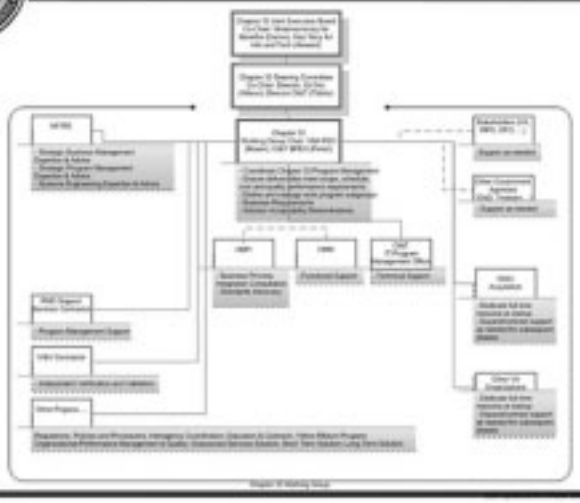
The Post-9/11 GI Bill

(chapter 33 of title 38 U.S.C.)

November 2008

U. S. Department of Veterans Affairs
Education Service
Washington, D.C.

Program Governance and Organization Context



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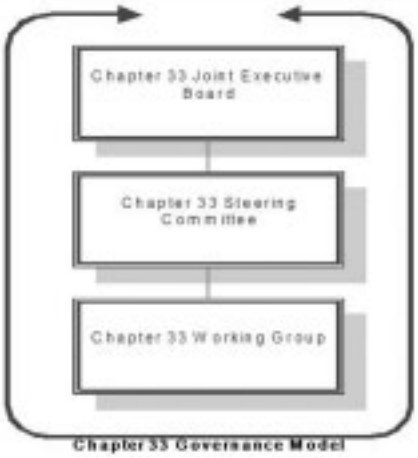
Chapter 33 Governance Model



3

Joint Executive Board

The Chapter 33 Joint Executive Board, the senior governing body for Chapter 33 Implementation, will provide executive level oversight and strategic guidance for the Chapter 33 Implementation. It is responsible for ensuring that the communications, strategies, planning and deliverables enable the enable the Chapter 33 initiative to meet its mission, goals, and objectives.

Co-Chairs:

- Admiral Patrick W. Dunne (Ret), Under Secretary for Benefits
- Mr. Robert T. Howard, Assistant Secretary for Information and Technology

Members:

- Mr. Michael Walcoff, Deputy Under Secretary for Benefits
- Mr. Keith Pedigo, Associate Deputy Under Secretary for Policy and Programs
- Mr. Keith Wilson, Director, Education Service
- Mr Stephen Warren, Principal Deputy for Information and Technology
- Mr. Paul A. Tibbits, Chief Information Officer, OI&T Enterprise Development

Advisors:

- Designee, Office of General Counsel
- VBA Chief Financial Officer (CFO)
- Designee, Office of Acquisitions and Logistics
- Director, Office of Management
- Director, Office of Business Process Integration
- Others as needed and identified by Joint Executive Board

4

Chapter 33 Steering Committee

The Chapter 33 Steering Committee advises the Chapter 33 Joint Executive Board on requirements, policies and standards. It is responsible for the oversight of planning and execution to ensure that the strategic vision is incorporated into business operations.

Co-chairs:

- Mr. Keith M. Willson, Director, Education Service
- Mr. Paul A. Tibbits, Chief Information Officer, OI&T Enterprise Development

Members:

- Designee, Office of Performance Analysis and Integrity
- Designee, Office of Business Process Integration
- Ms. Alison O. Rosen, Leader, VBA Education Service Chapter 33 Program Executive Office
- Ms. Susan Perez, Director, OI&T Portfolio Management

Advisors:

- Designee, Office of General Counsel
- Designee, Office of Acquisition Innovation
- Designee, Office of Management
- Designee, Vocational Rehabilitation and Employment Service
- Designee, VBA ADUS for Policy and Programs
- Designee, VBA ADUS for Field Operations
- Designee, VBA ADUS for Management
- Designee, Office of Resource Management
- Director, OI&T Benefits Program Management Office
- Designee, Deputy CIO for Enterprise Development
- Designee, Deputy CIO for IT Enterprise Strategy, Policy, Plans and Programs
- Designee, Deputy CIO for Enterprise Operations and Infrastructure
- Designee, OI&T CFO
- Designee, OI&T Security
- OED IT Program Manager
- Others as identified by Steering Committee members

5

Chapter 33 Working Group

The Chapter 33 Working Group will be co-chaired by an appointed senior-level business leader who will be referred to as the Program Executive Office Leader and by the Director, Benefits Program Management Office in OI&T. The Working Group is authorized to execute the responsibilities as outlined in the Charter.

Co-Chairs:

- Ms. Alison O. Rosen, Leader, VBA Education Service Chapter 33 Program Executive Office
- Ms. Susan Perez, Director, Benefits Portfolio Management Office, Office of Enterprise Development, OI&T

Members:

- Chapter 33 Team and Work Stream Leads
- Designee, Office of Business Process Integration
- Designee, Office of Resource Management
- COTRs, as needed
- VBA Designees (Subject Matter Experts), as needed

Advisors:

- Identified as needed by Team and Work Stream Leads

6

Decision Authority/Change Management

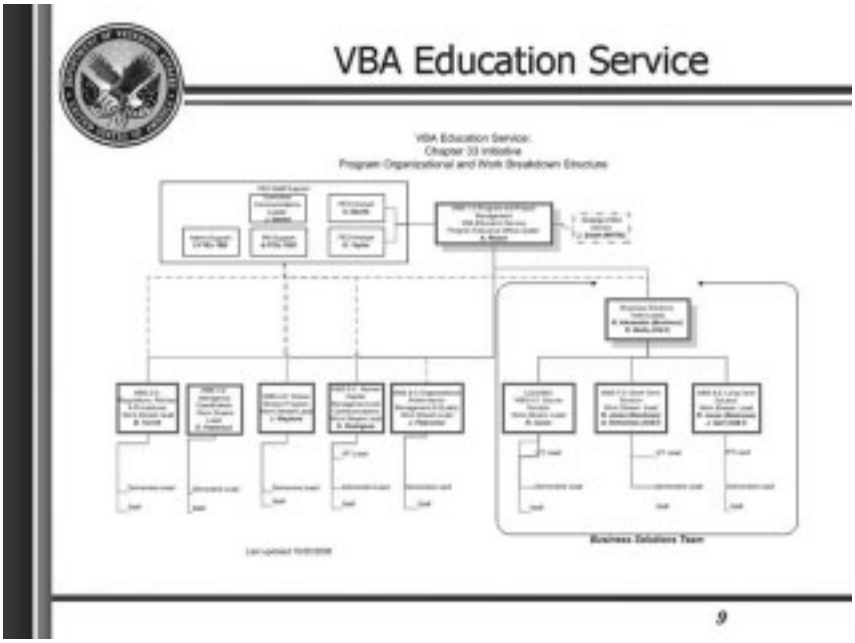
- Program Executive Office
  Schedule Change Less Than 5%
- Education Service Director
  Schedule Change 25% or Less
- Joint Executive Board
  Schedule Change Greater Than 25%

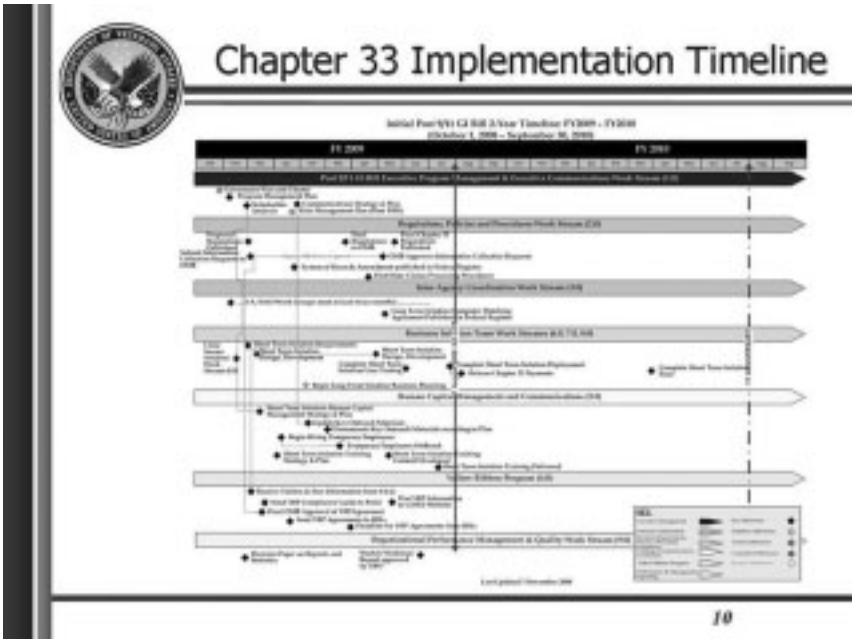
7

Program Executive Office

VBA Education Service:
Chapter 33 Initiative Program Executive Office Organization

8


VBA Education Service
VBA Education Service:
Chapter 33 Initiative
Program Organizational and Work Breakdown Structure
Business Solutions Team
9


Chapter 33 Implementation Timeline
10

Governance Activities

- The Program Executive Office (PEO) will review each work stream's Program Management Plan on a monthly basis.
- The Chapter 33 Working Group, Joint Executive Board, and Steering Committee each hold weekly meetings.
- The Joint Executive Board and Steering Committee serve as a forum for addressing concerns of the PEO.

11

Other Implementation Elements

Chapter 33 Regulations

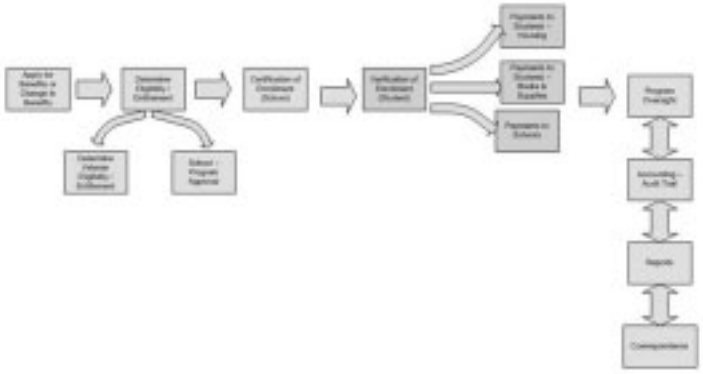
- VA provided proposed regulations to the Office of Management and Budget (OMB) on 10/26/08.
- The regulations are currently under review with the Office of Management and Budget (OMB).
- VA anticipates publication of the proposed regulations by 12/1/08.

Chapter 33 Hiring Plan

- All Regional Processing Offices (RPOs) have been authorized to begin hiring in support of chapter 33 implementation.
- RPOs plan to begin major hiring push on 12/1/08 in order to have new staff on board by 3/1/09.

12

The Claims Process on August 1, 2009



13

The Short-Term Chapter 33 Claims Processing Solution

- The short-term solution will execute an augmented manual process to support the August 1, 2009 implementation date of the Post-9/11 GI Bill.
- This solution will utilize a combination of manual business processes and modified existing automated processes to support the delivery of benefits.
- The solution is considered "throw away" and is not expected to be in operation more than 18 months.

14

The Long-Term Chapter 33 Claims Processing Solution

- The long-term solution will deliver an end-to-end solution to support the delivery of Post-9/11 GI Bill benefits.
- The long-term solution will be deployed in phases (based on business line priorities) on VA's SOA platform.
- The resulting solution will be rules-based and contain reusable objects that could be used to support the delivery of the other Education benefits, allowing VA to move education processing from the legacy platform.
- The initial operational deployment will reside within SPAWAR's New Orleans and San Diego environments.
- Future phases will transition operational control from SPAWAR to VA.

15

Yellow Ribbon Program Timeline

- 12/01/08 – Send Yellow Ribbon Program informational letter to Institutions of Higher Learning (IHLs)
- 01/05/09 – Send Yellow Ribbon Program solicitation letter and agreement to IHLs
- 02/15/09 – Deadline for returning signed agreements (including maximum number of student participants and percentage of tuition waived)
- 04/01/09 – Publicize Yellow Ribbon participating institutions
- 08/01/09 – Begin processing Yellow Ribbon payments

16

Yellow Ribbon Program Outreach

- Information for Education Professionals
  - General school information regarding the Yellow Ribbon Program
  - Training guide including certification requirements
  - Yellow Ribbon Agreement PDF file
- Information for Benefit Recipients
  - General student information regarding the Yellow Ribbon Program
  - Link to participating institutions

17

Yellow Ribbon Program Application and Certification Process

- Participating institutions will offer Yellow Ribbon to eligible students
- VA Once modifications will allow school to certify students for Yellow Ribbon
- VA will verify student's eligibility for Yellow Ribbon and process payments
- VA will provide notification to student, including decision regarding Yellow Ribbon

18

MATERIAL SUBMITTED FOR THE RECORD

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
November 18, 2008

The Honorable James B. Peake, M.D.
Secretary
U.S. Veterans Affairs
810 Vermont Ave., NW
Washington, DC 20420

Dear Secretary Peake:

I am sending you deliverables and questions for the record in reference to a hearing from our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity *VA's Short- and Long-Term Strategies for Implementing New G.I. Bill Requirements* on November 18, 2008. Please answer the enclosed hearing questions by no later than Friday, January 2, 2009.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres at by fax at (202) 225–2034. If you have any questions, please call (202) 226–4150.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

Questions for the Record
Subcommittee on Economic Opportunity
VA's Short- and Long-Term Strategies for
Implementing New G.I. Bill Requirements
November 18, 2008

Question 1: What is the percentage of claims filed that experience some delay in processing the claim and the student having problems with starting classes in the fall? Breakdown by cause of the delay and explain if it is because of 000 data feed; is the delay because of the complexity of the claim with the manual processing; is it the school certification?

Response: Education Service does not currently have a mechanism to collect information about individual case delay reasons. We track information regarding average timeliness of all completed claims and average number of days for pending claims. For original claims completed in October 2008, the average number of days to complete was 22; of those claims 75 percent were completed in 30 days or less. For supplemental claims completed in October 2008, the average number of days to complete was 17, and 85 percent of those claims were completed in 30 days or less. As of November 2008, approximately 7,100 original education claims were pending for an average of 20 days. Approximately 11,700 supplemental education claims were pending for an average 19 days.

Question 2: Provide the Subcommittee an estimate of the timeline of when the mailings for Active Duty, National Guard, Reserve, and separated servicemembers will go out.

Response: The Department of Veterans Affairs (VA) plans to mail letters to all potentially entitled veterans who served an aggregate of 90 days on active duty after September 10, 2001. We estimate the mailing will be completed by January 30, 2009.

VA is also finalizing a plan to acquire information necessary for a large-scale mailing of Post-9/11 GI Bill information to all current members of the Armed Forces.

VA also has regularly scheduled mailings for servicemembers who are potentially eligible under the Montgomery GI Bill (MGIB). As those servicemembers are potentially entitled to the Post-9/11 GI Bill, we also include information about that benefit. Servicemembers receive a mailing after completing 12 months on active duty, another after completing 24 months, and another within 6 months of discharge. A recent mailing was completed on September 24, 2008, followed by another one in mid-December.

Question 3: Please explain the contract arrangement that VA has with MITRE and SPAWAR.

Response: VA has engaged the services of MITRE Corp., a federally funded research and development center. The MITRE contract enables VA to access private sector enterprise systems and engineering and program management expertise from an organization that provides objective, independent, conflict-free advice, and functions as a trusted partner of VA. MITRE provides direct support to the Veterans Benefit Administration's (VBA) Office of Business Process Integration (OBPI), the coordinating body and focal point for the development of the comprehensive strategic vision for business and data systems across all VBA. OBPI is responsible for ensuring VBA's strategic business needs and requirements are properly documented, integrated, and communicated both internally and externally. OBPI serves as VBA's principal interface to the VA Office of Information & Technology.

MITRE provides expert enterprise engineering and integration support to VA through five general task areas:

1. Strategic Management
2. Program and Project Management
3. Technical Management
4. Independent Evaluation and Audit
5. Procurement Support and Evaluation

SPAWAR Systems Center Atlantic (SSC Atlantic) is a Navy Working Capital Fund financed, systems engineering command, that delivers capability in command, control, communications, computers, and enterprise information systems for the Department of Defense, and other Federal agencies. SSC Atlantic and VA entered into a relationship through an interagency agreement in November 2007, to provide technical consulting, analysis, planning, systems engineering, program execution, and support for information management/information technology initiatives to VA.

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