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POST-9/11 GI BILL: IS THE U.S. DEPARTMENT OF VETERANS AFFAIRS READY FOR AUGUST 1ST?

HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

OF THE

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

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POST-9/11 GI BILL: IS THE U.S. DEPARTMENT OF VETERANS AFFAIRS READY FOR AUGUST 1ST?

THURSDAY, JUNE 25, 2009

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

The Subcommittee met, pursuant to notice, at 1:37 p.m., in Room 334, Cannon House Office Building, Hon. Harry Teague presiding.

Present: Representatives Teague and Boozman.

OPENING STATEMENT OF HON. HARRY TEAGUE, PRESENTING STATEMENT OF CHAIRWOMAN HERSETH SANDLIN

Mr. TEAGUE. Good afternoon, ladies and gentlemen. The Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, Oversight Hearing on the U.S. Department of Veterans Affairs (VA's) strategy for implementing the Post-9/11 GI Bill will come to order.

I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and that written statements be made part of the record. Hearing no objection, so ordered.

Chairwoman Herseth Sandlin asked me to Chair in her absence today. We expect her to join us later this afternoon.

Today we will continue with our series of oversight hearings on the VA's implementation plans for the Post-9/11 GI Bill. It is important that we continue to provide the VA the opportunities to update the Subcommittee on their implementation efforts for the short-term and long-term solutions.

This hearing will also give the VA the opportunity to ask for Congressional assistance if it is required.

Since the passage of the Post-9/11 GI Bill, many items of concern have been raised about this very complicated program. I am sure our Chair and Ranking Member will agree that this Subcommittee will continue to seek answers to the implementation, but also veteran outreach, university partnerships, and other items of concern.

While there was tremendous Congressional support for the passage of the Post-9/11 GI Bill, responsibility does not end after a bill is signed into law. As our panelists know, this Subcommittee will continue to work with the administration to ensure that our veterans receive their educational benefit in a timely manner.

I now recognize Ranking Member Boozman for any opening remarks that he may have.

[The prepared statement of Congressman Teague appears on p. 15.]

OPENING STATEMENT OF HON. JOHN BOOZMAN

Mr. BOOZMAN. Thank you, Mr. Chairman.

I believe this is our fifth oversight hearing on VA's progress toward implementing the new Chapter 33 GI Bill.

In our previous hearings, the Department has presented a relatively optimistic appraisal of their progress toward meeting the August 1st start date. Knowing that things seldom go 100 percent as planned, I guess I would feel more comfortable if VA came to us with problems. So, again, I want to be sure and encourage you as things come up to let us help you.

For example, in response to a request from Ranking Member Buyer, the VA Inspector General (IG) investigated the working relationship between VA and the Navy Space, Naval Warfare Systems Center (SPAWAR). As a result, the IG has released a report entitled, "Review of the Interagency Agreement Between VA and the Navy Space, Naval Warfare Systems Center," that to put it mildly was highly critical of that relationship.

In general, the report found serious problems with compliance with the interagency agreement by both agencies, poor administration of the agreement in terms of how taskings were tracked, a lack of cost controls to the point where VA was unaware of the number and type of personnel being funded through the interagency agreement, and a wide variety of other deficiencies that suggest a serious lack of oversight by VA.

While the report contained only a smattering of information specific to the Chapter 33 task of the interagency agreement, the overall findings in the report does not inspire confidence in the partnership's ability to implement the long-term solution for the Chapter 33 program.

Mr. Chairman, I ask unanimous consent that the VA IG's report number 09–01213–142 be entered into the record of today's proceedings.

Mr. TEAGUE. So ordered.

[The VA's IG report will be retained in the Committee files. The Executive Summary of the report appears on p. 26.]

Mr. BOOZMAN. Thank you, Mr. Chairman.

The question before us today is will VA start paying in August and I believe that they will.

I also believe there will inevitably be issues that none of us have anticipated, but I am less sure about the long-term solution and I hope we will take a look at that as soon as our schedule permits.

Given the tenure of the IG report as well as acquisition and program management issues that have been brought before the Subcommittee, I believe VA has serious challenges in meeting the long-term strategy.

I would also note the June 19th press release that announced the Department of Veterans Affairs has announced a new information technology (IT) management approach department-wide, new IT programs and projects at VA that must be implemented using the project management accountability system (PMAS).

PMAS is an incremental development approach with a rigorous management approach that halts programs that fail to meet delivery milestones that will ensure early identification and correction of failing IT programs.

An analysis of 282 ongoing development programs that VA has indicated, many of those programs exhibit at least one characteristic that could indicate a failing program, either significantly behind schedule, significantly over budget, or showing deteriorating products released quality. And that's in quotes.

I applaud Secretary Shinseki's initiative and look forward to VA instituting a highly structured, disciplined approach to project management.

Mr. Chairman, I know that Mr. Wilson and staff are working hard to get the program up and running. The new GI Bill is very complex and will be a challenge to administer for at least the next couple of years until we get the bugs worked out. And I invite the Department to help us move in that direction.

Finally, I want to compliment Mr. Wilson and Mr. Wilson's staff for the hard work they have done to make the new GI Bill a reality.

So I look forward to hearing from our witnesses today, and I yield back the balance of my time.

[The prepared statement of Congressman Boozman appears on p. 15.]

Mr. TEAGUE. Thank you, Mr. Boozman.

I would like to welcome our panelists testifying before this Subcommittee today. Joining us in our first panel is Mr. Keith Wilson, Director of the Office of Education Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs; accompanied by Mr. Stephen Warren, Acting Assistant Secretary for Information and Technology, U.S. Department of Veterans Affairs; and also Mr. Mark Krause, Space and Naval Warfare Systems Center, Department of Veterans Affairs Program Manager.

I thank all of you for joining us today.

Mr. Wilson, you are now recognized.

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 MARK KRAUSE, DEPARTMENT OF VETERANS AFFAIRS PROGRAM MANAGER, SPACE AND NAVAL WARFARE SYSTEMS CENTER ATLANTIC

Mr. WILSON. Thank you.

Good afternoon, Chairman Teague, Ranking Member Boozman, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss VA's ongoing efforts and implementation strategy for the Post-9/11 GI Bill.

Accompanying me today are Mr. Stephen Warren, Principal Deputy Assistant Secretary for VA's Office of Information and Technology (OI&T), and Mark Krause, SPAWAR's VA Program Manager.

My testimony will address the short- and long-term strategies in developing information technology components for implementation of the Post-9/11 GI Bill and the progress VA has made 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 back-end tool fiscal payment system, which utilizes the existing benefits delivery network to issue payments and a front-end tool (FET) for use by education claims examiners to augment the manual process of education claims.

OI&T is developing the functionality of the FET in three phases. Phase one, which includes the capability to accept applications and manually store eligibility entitlement information, was successfully deployed on March 9th of 2009.

Phase two will add specific data elements for processing claims under the transfer of entitlement provisions in the law, provide the capability to perform payment calculations for school enrollment periods, and contains additional field validations. Phase two coincides with the planned production availability of the Benefits Delivery Network (BDN) fiscal payment system, i.e., the back-end tool.

Teams of subject matter experts conducted user acceptance testing of the FET phase two as well as the back-end tool and the associated calculation tools from May 4th, 2009, through June 19th, 2009. The functionality for phrase two is on track and scheduled for delivery on July 7th of 2009.

Phase three will add the capability to perform calculations for aggravating periods of active-duty service and determining entitlement amounts and benefit levels. Currently the claims examiners use a calculation tool separate from the FET to perform these calculations. Phase three of the FET is expected to become operationally ready in September of 2009.

Our long-term strategy to support delivery of Post-9/11 GI Bill education benefits relies on a partnership with SPAWAR Systems Center Atlantic to design, develop, and deploy an end-to-end solution that utilizes rules-based industry standard technologies.

The Post-9/11 GI Bill contains eligibility rules and benefit determinations that will work well with rules-based technology to reduce the need for human intervention.

VA is currently working with SPAWAR Atlantic on the long-term IT solution and expects the deployment of this program to be completed no later than December of 2010.

In accordance with VA's new IT management approach announced on June 19th, 2009, VA's Office of Information and Technology will continue its practice of incremental development and strict management of milestones to ensure that we successfully deliver the functionality needed to serve our veterans. New functionality will be delivered in increments of not more than 6 months.

On May 1st, 2009, VA began accepting applications to determine eligibility to the Post-9/11 GI Bill. We have received more than 75,000 applications and the Regional Processing Offices (RPOs) have fully processed approximately 35,000 of those claims.

On July 6, 2009, we will start accepting enrollment certifications from school certifying officials and begin processing claims for pay-

ment. The first payments will be released by the U.S. Treasury on August 3rd, 2009.

Approximately 530 claims examiners have been hired under term appointments to support the implementation of the short-term strategy. All employees completed training of phase one by June 15th. Phase two training started on June 8th and is expected to be completed no later than July 3rd.

VA has authorized the RPOs to hire 230 additional claims examiners. All of those employees are expected to be on board by August 31st of 2009.

Mr. Chairman, this completes my statement. I would be pleased to answer questions you or other Members of the Subcommittee may have.

[The prepared statement of Mr. Wilson, and a text version of the slide presentation, appears on pp. 16 and 18.]

Mr. TEAGUE. Thank you.

Next Mr. Stephen Warren.

Mr. WARREN. With your acceptance, we would like to move through a slide presentation, Mr. Chairman, which actually lays out answers to specific questions on the short-term solution as well as major program elements that lay out the long-term solution.

Mr. TEAGUE. Please go ahead.

Mr. WILSON. We have prepared a slide deck that covers both implementation, operational issues, as well as status on short-term and long-term IT implementation.

[Slide]

Mr. WILSON. The first issue I would like to cover is status of the Yellow Ribbon Program. We have had a very robust response, I believe, to the Yellow Ribbon Program within the GI Bill, Post-9/11 GI Bill. We have Yellow Ribbon agreements in place in all 50 of the States. We have a total of over 3,000 agreements in place from over 700 schools across the country.

As soon as we finish compiling our final list of Yellow Ribbon Program agreements, we will have that information on our Web site. We expect that to be completed by next week and up and available for anybody that is interested in reviewing it.

Contribution amounts under those Yellow Ribbon agreements range from $50.00 to over $34,000. If I could draw some broad conclusions, generally speaking, schools are entering into agreements that cover their entire share of the difference between their tuition and fees and the highest in-state public tuition and fees.

So the $50.00 to $34,000 may not represent anything specific concerning how much money a veteran may have to pony up in addition to Yellow Ribbon agreements. Fifty dollars could be an estate, that that is the only difference between the public and the private tuition. So, again, most of the agreements are for the full amount.

Approximately 88 percent of the agreements are from private institutions. Those come from both nonproprietary and proprietary schools. The largest share are nonproprietary schools, but proprietary are well represented as well. The smallest category of schools that are represented are the public schools.

I would like now to talk about the status of claims processing. We have received as of this morning approximately 84,000 claims.

We have completed processing on approximately 47,000 of those claims.

Initially our first week of productivity was not very good. We were learning our way in many ways, had some minor technical issues that we worked through fairly quickly.

Up until June 15th, we had a total of 120 claims examiners that had completed training and were dedicated full time to Chapter 33. So because of that limited number, our production overall was low.

June 15th, we completed the training for most of our new hires for phase two and the majority of those folks went into production.

Over the last week, what we have seen is a fairly substantial increase in our productive capacity and we are now on average each day far exceeding the number, our production is far exceeding the number of incoming claims that we are receiving.

So we believe we have turned the corner on productive capacity and we look forward to continued improvement in that area.

As I mentioned in my testimony, VA has completed the hiring of 530 additional individuals. Those individuals have completed their phase one training. Phase two training is underway for those individuals as well as our permanent staff right now. We are in the process of hiring 230 additional claims examiners and they will go through the same training as the rest of our claims examiner staff.

There will be a third phase of training associated with implementation of phase three of the interim solution. Phase three will in essence give us the capability of processing amended awards, supplemental award actions, such as reductions in training time. So in addition to the phase one and phase two training that has been completed or underway, we will have some additional training for phase three.

[Slide]

Mr. WILSON. The next four slides go over key milestones in our short-term IT development. If I could go directly to slide nine, phase one is entirely complete. There are no other actions that need to be completed to implement phase one.

Phase two is largely complete. There are a couple additional pieces of information that we still need to complete. One is publishing the full list of the Yellow Ribbon participating schools, which will be on our Web site as I mentioned next week.

And then our next key milestone is July 6th when we begin accepting and processing the enrollment certificates from the schools. That will be the trigger that will allow us to begin calculating payment amounts. That will be coinciding with the deployment of our phase two functionality, which provides the payment structure that we need.

And then, of course, on August 1st, we will begin implementing payments.

Phase three, we have completed basic work concerning clarification of functional requirements that is needed for phase three. As I have mentioned, there will be training needed for all of our claims examiners in phase three. And we will deploy phase three in the middle of September.

I would like now to turn it over to Mr. Warren who will talk about the long-term solution.

Mr. WARREN. So we have been very successful in terms of deploying the tools, the interim solution that the Education Services needs.

One of the comments made was about the PMAS effort, this program the Department rolled out, brings all projects under this management discipline of iterative development.

The Chapter 33 short-term solution has been one of the models that we have used to develop the long-term program.

If we turn back to when we first had our first hearing or second hearing, since that time, we have delivered 16 modules or 16 pieces of functionality in a 10-month period. So the idea of bringing systems online, bringing functionalities online that the business side, the Education Service could use was the model we used.

And for the interim solution, that short-term solution, we have been very successful. So we have learned a lot in doing this that we are now applying across the rest of the Department's development programs. That same discipline is being applied to that long-term solution with our partners at SPAWAR.

We have structured this, and I will get into a schedule and a schematic diagram about how we are going to phase this over, we are looking at release on a 4- to 6-month interval. We will continue that process of bringing functionality online and cutting over from this interim solution into this long-term solution. So bringing it over and bringing increased functionality as well as reduced complexity to the Education Service employees as we go forward.

Distribution application, again the idea, we are making sure we are bringing all the tools to bear. Service-oriented architecture is, a techie term for how do we move away from monolithic solutions. How do we build things in modules in such a way that support the business, moving that forward.

Agile methodology, this idea of you iterate. You do not sit down and spend 3 years developing requirements and then build something for 3 years such that the person you are building it for is no longer remembering what you are doing it for.

So, again, small pieces. What do you need to do. Let us bring it online, test it, make sure it works, and then move it forward.

And, again, rules based, this idea of how can we take the drudge work, out of that process and, allow the human, to do good thinking, value-added work versus just moving pieces of paper.

[Slide]

Mr. WARREN. This diagram represents what the interim solution looks like, the front-end tool or the FET and the back-end tool. The front-end tool helps the Education Service employee to do the processing. The back-end tool is the financial system that actually moves the tape to Treasury, which then cuts the checks.

The pink boxes are all the other things necessary to make this happen. You can see the claimant or the veteran is on the left-hand side, the veteran's claim examiner, the individual, the employee who is doing this work is sitting there in the middle, and the educational institutions that need to make it happen.

These are all the different systems that we needed to change to ensure the short-term solution happened. We also need to make sure we integrate them in with the long-term solution.

So when we do our first phase roll-out for the long-term solution, as you can see, we have taken the front-end tool out and we have integrated it in with the pieces. We have also taken the job aids out, which are add-ons that we need to put in to make sure that the claims examiners could do what they needed to go forward.

So as we go to release two and release three and release four, it is going to change these pieces out such that there is a rules-based process that will be utilized for the Chapter 33 processing when we hit December of 2010.

[Slide]

Mr. WARREN. So, again, to give you a schematic diagram of how we phase those in, this next diagram and lays out how do we move those things in. We have talked about four releases. We have broken them into functional pieces, adjudication of the claim, how do we do that data exchange, and reports, processing the payment.

And as you can see, we are bringing pieces of functionality online as we move that through. So, again, it is bringing a piece on, making sure it works, adding to it, such that in December of 2010, we are done. We have a new system up. The interim solution has been phased out and we are running in that rules-based environment.

[Slide]

Mr. WARREN. This is a cartoon that tries to show when we reach that December 10th date how we will have modernized this one component of the benefits delivery process at the Department. It is using all the tools that we have been talking about in these hearings and others; a rules-based engine, a work-flow engine, service-oriented architecture in terms of how do you break it down into discernible charts, how do we make sure that we have a veteran facing a portal that has an ease of entry as well as status reporting as individuals are filing their claim, where is it in the process. So, again, a cartoon of how the pieces fit together.

And then from a timing standpoint, this is to lay out that iteration. The iterative development actually starts in August of this year, so the fourth quarter is August and, again, iterating. And by November of this year, we will have the complete environment in place. And then as we move forward, we are looking at second quarter, third quarter, fourth quarter, and then final in December 2010.

So, again, to give you a sense of how we are moving it through, how we are integrating it into the existing system and phasing it out, the types of functionality we are bringing online.

The new development program is functionality delivered in 6 month or less increments. Our intent, as we did with the short-term solution, is to do 6 months, less than 6 months, and then just keep moving it forward.

Those are my prepared remarks, Mr. Chairman, Minority Member, and glad to answer any questions.

I also have Mark Krause with us from SPAWAR, if there are specific questions to that, available, sir.

Mr. TEAGUE. Thank all of you.

Mr. Krause, did you have any additional comments or just in association?

Mr. KRAUSE. No, sir, not at this time.

Mr. TEAGUE. You know, the Committee has heard concerns from universities that there is not enough information provided to answer specific findings and concerns. Some universities feel that they are not receiving any information at all.

Have all the university officials across the country been informed about how the new GI Bill process will work? Are VA regional offices involved in briefing university officials? And what information has been provided to colleges and universities to prepare them for the new GI Bill?

Mr. WILSON. There are several things underway in that area. We base our relationship with the school certifying officials at the regional office level. Every summer, each of our Regional Processing Offices have conferences for school certifying officials. We have concluded two of those conferences so far this year.

Of note, one of those conferences was held in conjunction with a conference with the National Association of Veteran Program Administrators because they are key to everything that we do.

We expect when those conferences are complete to have had in excess of 2,500 school officials at each of those conferences.

We have also had a redundant approach in terms of the discussions that we have had with them and the information that we have provided to them.

We have had a series of conferences in conjunction with the American Council on Education that were also very well attended.

We are in the process now of providing training to VA's education liaison representatives (ELRs) who are VA officials in each of the States. And when that training is concluded, the ELRs will be visiting directly with every school official to ensure that they do have the information they need.

Additionally, a very key part of the information flow is our relationship with State approving agencies who are also out in the field with the schools and with our ELRs. And each of the State approving agencies have been conducting very robust outreach efforts to school officials.

Mr. TEAGUE. Okay. Now, you have stated that the VA attended over 30 conferences to better inform institutions of higher learning about this GI Bill.

Do you believe that all of the institutions of higher learning have been properly informed?

Mr. WILSON. I believe they have been informed. In addition to the national conferences that we have had for the larger States, we have attended local conferences such as Florida had a school conference for schools in that State. There were over 300 individuals represented there.

In addition, what we have done is provided direct mailings, a series of direct mailings directly to the schools and provided them information on the benefit program as well.

I believe they have received information, but we want to continue to work with those school officials to ensure that they are comfortable that they have that information.

One way that we are reaching out again to the schools to make sure that they have received the information they needed is contracting with an organization that is going to go out and survey the school officials to give us very clear information concerning wheth-

er or not they are comfortable with the information they have received and if they are not comfortable, what VA can do to provide the information that will make them comfortable.

Mr. TEAGUE. Okay. Also in your written testimony, you highlighted that the VA received approximately 75,000 applicants. Most of us had anticipated a larger pool of applications. So I am pleased to read in your testimony that you are working on developing new outreach efforts.

You might recall that with the leadership of Ranking Member Boozman, Congress authorized the VA to conduct mass media outreach services. As of today, I have not been made aware of the VA using mass media as an outreach option.

Will you be using mass media such as television or radio to advertise the new GI Bill benefit?

Mr. WILSON. We will. We have underway right now an acquisition process to bring a professional media firm on board specifically for that purpose.

Mr. TEAGUE. If the long-term solution is not finished as scheduled, how long can you keep the short-term solution working?

Mr. WILSON. We have the authority to keep the term employees on for a number of years. What we do not have is the funding. We would be asking for additional funding if we need those individuals to stay beyond an appropriate time once the long-term solution is fully implemented.

Mr. TEAGUE. What hardware and software purchases are you looking at for the long-term solution?

Mr. WARREN. For the long-term solution, there is a package of items; can we go back to the slide set. Is it possible to bring that up?

[Slide]

Mr. WARREN. Great. Looking at this cartoon to try and represent, there are some pieces we already have, and I will not go into vendor brands. But a rules engine has already been purchased for use. The work-flow engine we are looking at and the underlying servers, we will need to buy those.

But all of those costs, whether we are going to be buying them or leasing them, are in the resources that are appropriated for this project. So those are already in the funding stream. They are also part of the stimulus funding to actually bring that system up and have it available.

I am not sure I am catching the sense of your question, Mr. Chairman.

Mr. TEAGUE. How many purchases have been made with 30 percent off and 50 percent off and other discount amount; do you know?

Mr. KRAUSE. Sir, I am sorry. I did not understand the question, 30 percent off, 50 percent off.

Mr. TEAGUE. Yeah. At what discounts have certain purchases been made? Do you have any information on that?

Mr. KRAUSE. No. So far, we have put aside about $4.2 million to buy hardware for the long-term solution. We have purchased approximately, I think last count was about $1.2 million of that so far.

We are thinking of using leased facilities, leased cloud computing facilities that will allow us to deploy quicker, faster, and maybe not buy so much hardware, but lease it until we get everything online and get the configuration straight. And then we can build, you know, we can eventually migrate to a VA facility a few years from now.

So we are looking pretty strongly at the leasing option so that we do not have to buy a lot of equipment or significant equipment.

Mr. TEAGUE. Okay. Thank you very much.

At this time I am going to defer to Ranking Member Boozman for his questions, please.

Mr. BOOZMAN. Thank you, Mr. Chairman.

I guess for me, the number one question is, is that with the August 1st implementation date coming up, what are the major challenges do you see lurking out there that we have to overcome?

Mr. WILSON. Let me first provide, if I could, a summary of the things that we feel very comfortable with.

As I have mentioned, we have completed user acceptance testing for phase two. That includes having information transmitted to Treasury. And Treasury has completed the work that they need to validate that they can, in fact, cut checks, payments based on the information that they receive from us. So we feel very comfortable that we are in good shape in terms of having the capability of generating payments.

We continue to have a challenge with the volume of new employees obviously. Training will be an ongoing effort with these individuals. We are looking at that very carefully. In fact, we have completed our first initial quality review of Chapter 33 claims that were completed. The quality level was at 92 percent overall, which I feel fairly good about, taking into account how early on we are on this.

The errors that we did find were fairly benign. There was some, for instance, 1 day off on calculating delimiting dates, things like that. We had no situations where an individual was determined eligible when, in fact, they were not or vice versa. So we were 100 percent on eligibility determinations. But that is something that we need to continue to keep our eye on and we will.

The other thing that we need to continue to keep our eye on is the volume of claims coming in. We projected based on what we saw as the highest watermark. If everything were to line up perfectly, what is the highest volume of claims that we would expect to see in year one. That number ended up being 458,000 over a year. And based on historical enrollment patterns, that would calculate out to about 328,000 in the fall semester.

What we are seeing now over the summer period will be receipt of about 200,000 applications for certificates of eligibility. We could see a spike later in the year.

But we could also be experiencing what could be situations where veterans have made a conscious decision that they are better off under the program that they are participating in right now. For instance, Chapter 30. And they will be waiting until later to apply for Chapter 33 benefits. But the workload will continue to be an issue that we will look at and match our resources accordingly to.

Mr. WARREN. If I could add one thing to that.

Mr. BOOZMAN. Yes, sir. Sure.

Mr. WARREN. Your question was, what would worry us about 1 August? As a system provider in terms of the individual who is building those systems and making sure the Education Service folks have their systems, a legislative change that would require implementation for the 1 August date would put 1 August out of reach.

So, again, you are asking what would cause an issue with 1 August. A change in the requirements, a change in the systems this late in the program would put that date at risk. I do not know if you wanted to expand.

Mr. WILSON. Yeah. We have testified to that effect before. And Mr. Warren is right in bringing that up again. That is something we want to continue to be very careful about.

Mr. BOOZMAN. Well, again, I know I am speaking for myself, but also I think for the Chairman and Ms. Herseth Sandlin and the rest of the Committee in the sense that we are totally committed to helping any way we can.

We mentioned the figure of the 75,000, and that being under. And my concern is that we are going to have a big—if they are like I am, then you tend to put things off to the last minute and then a big surge at the end.

Are we prepared for that? Have we made kind of a contingency plan?

Mr. WILSON. I believe we are prepared for it. There are a couple things at play, though, that we just do not have good information on.

One is the volume of current Chapter 30 participants that have made the conscious decision that they are better off under the program that they are participating in now.

We do know that there are significant numbers that are better off under Chapter 30 based on our understanding. For instance, generally speaking, if an individual already has other means where their tuition charges are being covered separate from their Chapter 30 benefits, they could very well be better off where they are at right now.

Another issue at play is the structure of the Post-9/11 GI Bill. Under that structure, individuals who use all of their remaining entitlement under Chapter 30, then following that entitlement being used can come back in potentially for 12 additional months of benefits under Post-9/11 GI Bill.

Based on the discussions, informal though they are, with veterans, there is a sizeable number of veterans that are going to pursue that approach.

Having said that, we do have the ability to prioritize our work. For individuals, for instance, that come in for certificates of eligibility but have not enrolled in school, we can put to the front of the line those that have enrolled in school.

Additionally, as I have mentioned, we are already out-producing the incoming work. We expect that to only continue more in the future.

And in order to continue to apply an abundance of caution in our approach, we are authorizing the Regional Processing Offices to hire an additional 230 people. We would like to hope that they may

not be needed, but those additional bodies would help with the surge as well as helping with the very labor-intensive approach that is going to be required and that we are learning more and more about as we process the claims.

Mr. BOOZMAN. One last thing, and we have got to go vote in a little bit. But in your answer previously, you mentioned, if things were changed, what that meant.

Will moving children, the National Defense Authorization Act (NDAA), as those killed on active duty, into Chapter 33, would something like that cause delay in payment or——

Mr. WILSON. Any change, any legislative change increases the risk to August 1st. There is no question about it. We would not know the full impact until we could sit down and evaluate exactly what the volume of individuals would be. Are there going to be different nuances to the manner in which those individuals are entitled or paid?

In terms of order of severity, right now my understanding of what is in the NDAA is we are looking at increasing a population. We are not changing a calculation. If that were to be the case, then that would have less of a potential impact than changing a calculation.

Mr. BOOZMAN. Well, thank you very much. And, again, we do appreciate your hard work in implementing this. I know it has been a great challenge.

Thank you, Mr. Chair.

Mr. TEAGUE. I would like to ask another question quickly, if I could.

Can you explain what has been the concern from California schools regarding tuition?

Mr. WILSON. The concern that comes from California and other private schools within States has to do with the relationship between public school charges and private school charges.

The structure of the Post-9/11 GI Bill authorizes VA two manners in which to pay tuition and fee amounts. On its base, it requires VA to pay up to the highest in-State undergraduate public tuition in any State, which in practicality means any individual that is an undergraduate at a State institution is fully covered period regardless of how many courses they take, regardless of the charges, et cetera.

Overlaid on that is the Yellow Ribbon Program, which creates a relationship between how much VA can pay schools that charge more than the highest in-State public tuition and that amount that is charged within the State.

The amount that is charged within the State varies wildly across the country. So there are States where private institutions are in essence fully covered because the public tuition caps within those States are higher compared to other States. And then there is the opposite in which we have States such as California that charges a low tuition and fee amount, but you have very high or potentially high charging private schools within that State.

So there is a large delta to cover in some States under the Yellow Ribbon Program or in other States, there simply is no delta at all to cover. So it can be perceived as a disparity.

Mr. TEAGUE. Okay. Thank you for that answer.

We are going to have to recess at this time so that myself and Ranking Member Boozman can vote. We will be in recess until after the vote.

For the benefit of time that we do not seem to have plenty of, we are going to submit the rest of the questions in writing. This meeting is adjourned.

[Whereupon, at 2:20 p.m., the Subcommittee was adjourned.]

APPENDIX

Prepared Statement of Hon. Harry Teague, Subcommittee on Economic Opportunity

Today, we will continue with our series of oversight hearings on the VA's implementation plans for the Post-9/11 GI Bill. It is important that we continue to provide the VA the opportunity to update the Subcommittee on their implementation efforts for the short-term and long-term solution. This hearing will also give the VA the opportunity to ask for Congressional assistance if it is required.

Since the passage of the Post-9/11 GI Bill, many items of concern have been raised about this very complicated program. I can assure our panelists that we will continue to seek answers to the implementation, but also veteran outreach, university partnerships and other items of concern.

While there was tremendous Congressional support for the passage of the Post-9/11 GI Bill, responsibility does not end after a bill is signed into law. As our panelists know, this Subcommittee will continue to work with the Administration to ensure that our veterans receive their education benefit in a timely manner.

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

Good afternoon everyone.

Madam Chair, I believe this is our fourth oversight hearing on VA's progress toward implementing the new chapter 33 GI Bill. In our previous hearings, the department has presented a relatively optimistic appraisal of their progress toward meeting the August 1 start date. Knowing that things seldom go 100 percent as planned, I guess I would feel more comfortable if VA came to us with problems.

For example, in response to a request from Ranking Member Buyer, the VA Inspector General investigated the working relationship between VA and the Navy's Space Naval Warfare Systems Center. As a result, the IG has released a report titled, Review of the Interagency Agreement Between VA and the Navy Space Naval Warfare Systems Center (SPAWAR) that to put it mildly, was highly critical of that relationship. In general, the report found serious problems with compliance with the interagency agreement by both agencies, poor administration of the agreement in terms of how taskings were tracked, a lack of cost controls to the point where VA was unaware of the number and type of personnel being funded through the interagency agreement, and a wide variety of other deficiencies that suggest a serious lack of oversight by VA. While the report contained only a smattering of information specific to the chapter 33 tasks in the Interagency Agreement, the overall findings in the report does not inspire confidence in the partnership's ability to implement the long-term solution for the chapter 33 program. Madam Chair, I ask unanimous consent that the VA IG's report 09–01213–142 be entered into the record of today's proceedings.

The question before us today is will VA start paying in August and I believe they will and I also believe there will inevitably be issues that none of us have anticipated. But I am less sure about the long-term solution and I hope we will take a look at that as soon as our schedule permits. Given the tenor of the IG report as well as acquisition and program management issues that have been brought before the Subcommittee, I believe VA has serious challenges in meeting the long-term strategy.

I would also note the June 19 press release that announced,

> "The Department of Veterans Affairs (VA) has announced. . . . a new IT management approach department-wide . . . new IT programs and projects at VA must be implemented using the Project Management Accountability

System (PMAS). PMAS is an incremental development approach ... with a rigorous management approach that halts programs that fail to meet delivery milestones ... [that] will ensure early identification and correction of failing IT programs. An analysis of 282 ongoing development programs at VA has indicated that many of those programs exhibit at least one characteristic that could indicate a failing program; either significantly behind schedule, significantly over budget, or showing deteriorating product release quality." I applaud Secretary Shinseki's initiative and look forward to VA instituting a highly structured and disciplined approach to project management.

Madam Chair, I know that Mr. Wilson and his staff are working hard to get the program up and running. The new GI Bill is very complex and will be a challenge to administer for at least the next couple years until we get the bugs worked out and I invite the department to help us move in that direction. Finally, I want to compliment Mr. Wilson's staff for the hard work they have done to make the new GI Bill a reality. So, I look forward to hearing from our witnesses today and 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) on-going efforts and strategy for implementation of the Post-9/11 GI Bill (Chapter 33 of Title 38, United States Code). Accompanying me today is Mr. Stephen Warren, Principal Deputy Assistant Secretary for the VA Office of Information and Technology (OI&T), and Mark Krause, SPAWAR's VA Program Manager.

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, and the progress that has been made to date, as requested by the Subcommittee.

Short Term Strategy

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

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

The Post-9/11 GI Bill Front-End Tool (FET) will augment the manual process by providing additional automated support that is accessible by claims examiners in each Regional Processing Office (RPO), and VA Central Office. This automated tool will provide functionality that is not included in the BDN fiscal payment solution. The FET and associated calculation tools are intended to support the calculation of payments, track the use of entitlement, store the claimant's education award history, and provide basic statistical reports. The FET will be the primary tool used by claims examiners in preparing and processing education awards. The Post-9/11 GI Bill Back End Tool (BET) will modify VA's Benefits Delivery Network (BDN) to allow for recurring payments to individuals.

OI&T is delivering the functionality of the FET in three phases, based on VA priorities and the capabilities and resources available from OI&T. Phase 1, which includes the capability to accept applications and manually store eligibility and entitlement information, was successfully deployed on March 9, 2009. Phase 2 will add specific data elements for processing claims under the Transfer of Entitlement provision of the law, provide the capability to perform the payment calculations for school enrollment periods, and contain additional field validations. Phase 2 coincides with the planned production availability of the BDN fiscal payment system, i.e., the BET.

The BET of the short-term solution allows for input of multiple fiscal transactions to pay tuition and fees and Yellow Ribbon Program payments to schools, as well as recurring housing allowance payments, books and supplies stipends, and various other Post-9/11 GI Bill payments to students.

Teams of subject matter experts conducted User Acceptance Testing of the FET, BET, and the associated calculation tools from May 4, 2009, through June 19, 2009. The functionality for Phase 2 is scheduled to be delivered on July 7, 2009.

Phase 3 will add the capability to perform calculations for aggregating periods of active duty service and determining entitlement amounts and benefit level. Currently, the claims examiners use a calculation tool to perform these calculations. Phase 3 of the FET is expected to be operationally ready in September 2009.

It is important to remember that this IT approach is an interim solution that we expect to retire by December 2010, when the new long-term replacement system is fully deployed in cooperation with our partners at SPAWAR.

Long-Term Strategy

Our long-term strategy to support delivery of Post-9/11 GI Bill education benefits relies on a partnership with SPAWAR Systems Center—Atlantic to design, develop, and deploy an end-to-end solution that utilizes rules-based, industry-standard technologies. The Post-9/11 GI Bill contains eligibility rules and benefit determinations that will work well with rules-based technology to reduce the need for human intervention. VA is currently working with SPAWAR—Atlantic on the long-term IT solution, and expects the deployment of this program to be completed no later than December 2010. In accordance with VA's new IT management approach announced June 19, 2009, VA's Office of Information and Technology will continue its practice of incremental development and strict management of milestones to ensure that we successfully deliver the functionality needed to serve our Veterans. New functionality will be delivered in increments of no more than 6 months.

Applications for Post-9/11 GI Bill Education Benefits

On May 1, 2009, VA started accepting applications to determine eligibility for the Post-9/11 GI Bill. We have received more than 75,000 applications, and the RPOs have fully processed approximately 35,000 of these claims. On July 6, 2009, we will start accepting enrollment certifications from school certifying officials for Post-9/11 GI Bill claims and begin processing claims for payment. The first payments will be released by the U.S. Treasury Department on August 3, 2009.

Hiring at the Regional Processing Offices

Approximately 530 claims examiners have been hired under term appointments to support the implementation of the short-term strategy. All employees completed training on Phase 1 of the short-term solution on June 15, 2009. Phase 2 training started on June 8, 2009, and is expected to be complete no later than July 3, 2009.

VA authorized the RPOs to hire 230 additional claims examiners. All of the employees are expected to be on board by August 31, 2009.

Project Review and Milestones

To meet the effective date of August 1, 2009, VA has assigned project oversight duties, established milestones, and instituted frequent oversight reviews.

VA Education Service established a Program Executive Office (PEO) to manage the development of the overall process for administering the Post-9/11 GI Bill. This office 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., a Federally funded research and development center, as well as SPAWAR, to develop the long-term IT solution and associated business processes.

VA met two critical milestones in November 2008, completing development of the business requirements and IT functional requirements for the short-term payment solution. The next critical milestone for the short-term solution was completion of the Phase 3 requirements. These requirements were finalized on June 18, 2009.

Outreach

VA mailed approximately 2 million letters to Veterans to inform them of the benefits under the Post-9/11 GI Bill. We are also working with the Department of Defense to inform service Members about Post-9/11 GI Bill education benefits. For example, we sent a letter to all service Members prior to the May 1, 2009, application acceptance date. This letter informed service Members how to apply for the benefit and where to go for more information.

One of the main resources available is the VA GI Bill Web site. VA is currently redesigning this valuable resource to improve its functionality, navigation, and content delivery. We anticipate the revised Web site will be available in July 2009. Additionally, we developed a Post-9/11 GI Bill Facebook page that contains useful links and information to better reach the demographic population that the Post-9/11 GI Bill is likely to serve. We also plan to contract with a marketing firm to conduct an integrated national marketing campaign.

To better inform institutions of higher learning (IHLs), VA attended over 30 conferences on the Post-9/11 GI Bill, and plans to attend several more before August 1, 2009.

Yellow Ribbon GI Bill Education Enhancement Program

The Yellow Ribbon Program established by the Post-9/11 Veterans Educational Assistance Act of 2008 created a matching contribution program between VA and IHLs to assist eligible Veterans in covering tuition expenses that exceed the highest public in-state undergraduate tuition rate. Schools may enter into an agreement with VA to cover up to 50 percent of the additional tuition that the Post-9/11 GI Bill would not otherwise cover, with a match of up to 50 percent from VA. Regulations and guidelines have been established for schools to follow, and their participation has been solicited via surveys, e-mail, press releases, and web-site postings.

VA sent a letter to approximately 6,000 IHLs on June 3, 2009, thanking those institutions who decided to enroll in the Yellow Ribbon Program, and asking those who have not enrolled to consider participating. The letter also provided contact information for questions regarding the Yellow Ribbon Program and an overview of the benefits provided under the Post-9/11 GI Bill and the Yellow Ribbon Program. VA approved approximately 2,229 Yellow Ribbon Program agreements. All agreements were due on June 15, 2009, and a list of participating institutions can be found on our Web site at www.gibill.va.gov. We are also utilizing the State Approving Agencies to determine the highest in-state tuition and fees for the 2009–2010 academic year. We anticipate posting the updated tuition and fee rates on our Web site by August 1, 2009.

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

[Text Version of Presentation]

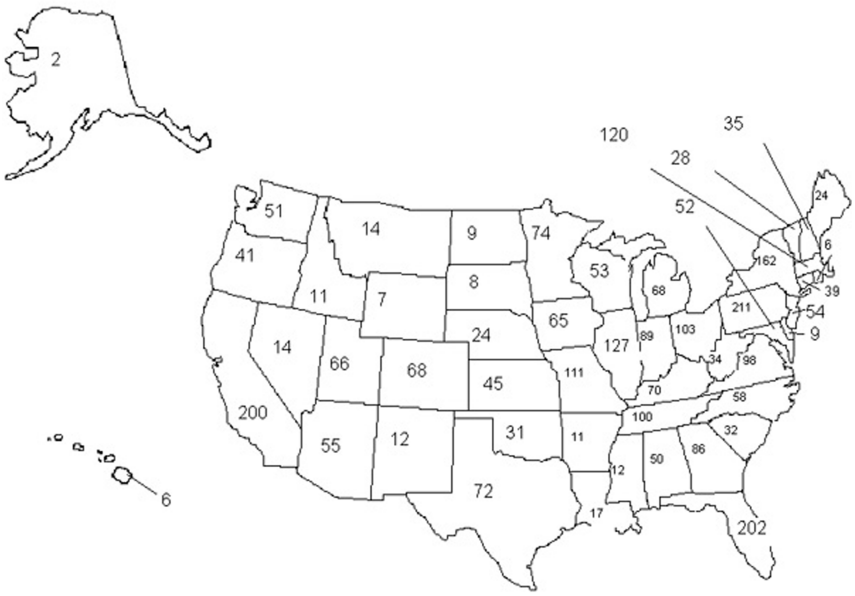
Post-9/11 GI Bill Implementation

June 2009
U.S. Department of Veterans Affairs, Education Service
Washington, DC

Agenda

- Yellow Ribbon Program
- Chapter 33 Productivity
- Chapter 33 Hiring and Training
- Chapter 33 Implementation
- Key Milestones
- Long Term Solution

Yellow Ribbon Program: Agreements by State

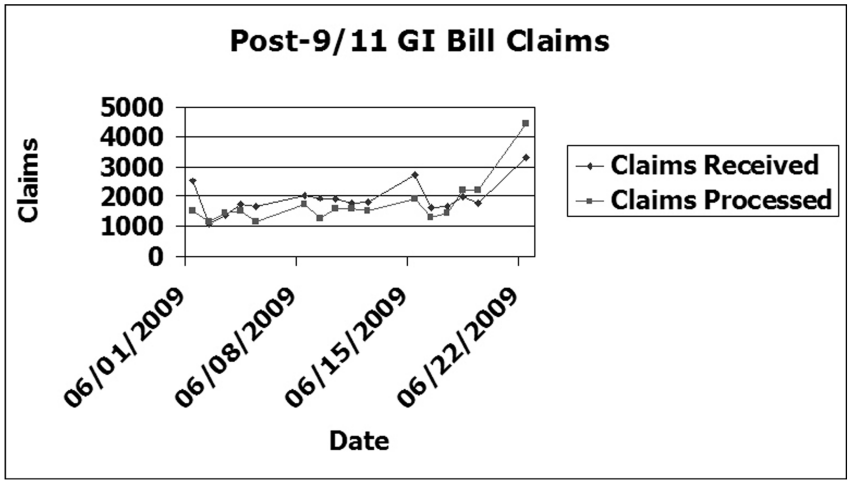


Yellow Ribbon Program: Summary

- Over 3,000 agreements expected*—final list will be compiled by 6/30/09
- 50 States represented
- Contribution amounts range from $50 to $34,260 per student
- Approximately 88% of agreements are from private schools

*NOTE: The number of agreements does not equal the number of participating schools—schools may submit multiple agreements for multiple academic programs.

Post-9/11 GI Bill Claims Processing



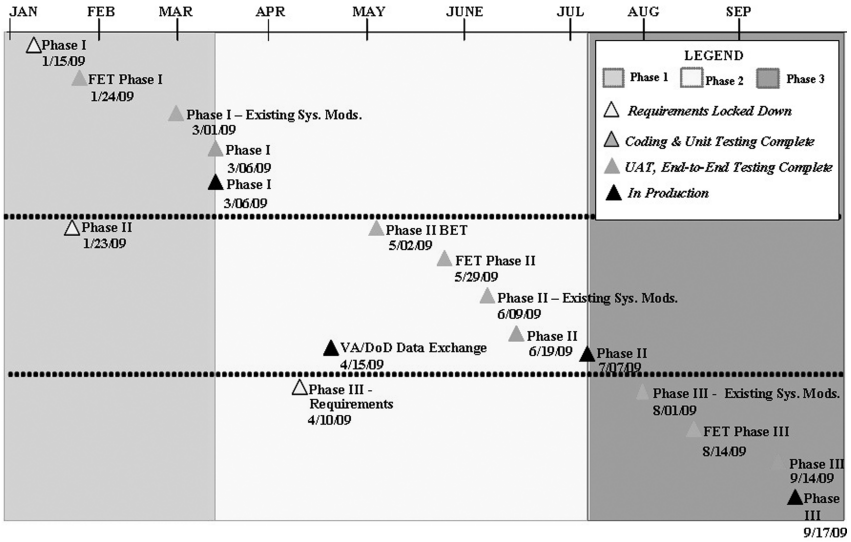
Additional Staffing and Facilities

- All 530 Term FTE trained on Phase 1
- Hiring of additional 230 Veterans Claims Examiners authorized in support of chapter 33
  - Additional 230 FTE authorized, will be on board by 8/31/09

Training

New employees	Initial Training • Existing benefits • Existing IT applications	Began 2/1/2009 (ongoing based upon date of hire)
Existing and new employees	Introductory Chapter 33 Eligibility and Entitlement Training	Began 7/31/08
	Phase 1 procedures and associated systems	Completed 6/15/09
	Phase 2 procedures and associated systems	Began 6/8/09
	Phase 3 procedures and associated systems	TBD

Interim Solution Key Milestones



Phase 1 Milestones

Milestone	Date
✔ Established Ch. 33 PEO and governance structures	October 30, 2008
✔ Finalized Ch. 33 business requirements	December 16, 2008
✔ Drafted and published proposed regulations	December 23, 2008
✔ Developed Risk Management Plan and established Risk Review Board	January 2009
✔ User Acceptance testing completed	February 11, 2009
✔ Complete hiring of 530 term employees	March 1, 2009
✔ Ch. 33 Contingency Plan finalized	March 1, 2009
✔ Deploy Interim Solution Phase 1	March 6, 2009
✔ Begin Ch. 33 Phase 1 employee training	March 6, 2009

Phase 2 Milestones

Milestone	Date
✔ Ch. 33 Phase 2 Requirements locked down	January 23, 2009
✔ Final regulations published	March 30, 2009
✔ Begin accepting applications for Certificates of Eligibility	May 1, 2009
✔ Solicit schools for Yellow Ribbon agreements	May 15, 2009
✔ Begin Ch. 33 Phase 2 training	June 1, 2009
✔ Full occupancy of new space (4 RPOs)	June 1, 2009
✔ Complete Interim Solution Phase 2 testing	June 29, 2009
Publish full list of participating Yellow Ribbon schools on GI Bill Web site	June 30, 2009
Begin Accepting Enrollment Certifications from Schools	July 6, 2009
Deploy Interim Solution Phase 2	July 7, 2009
Begin administering Ch. 33 benefits	August 1, 2009

Phase 3 Milestones

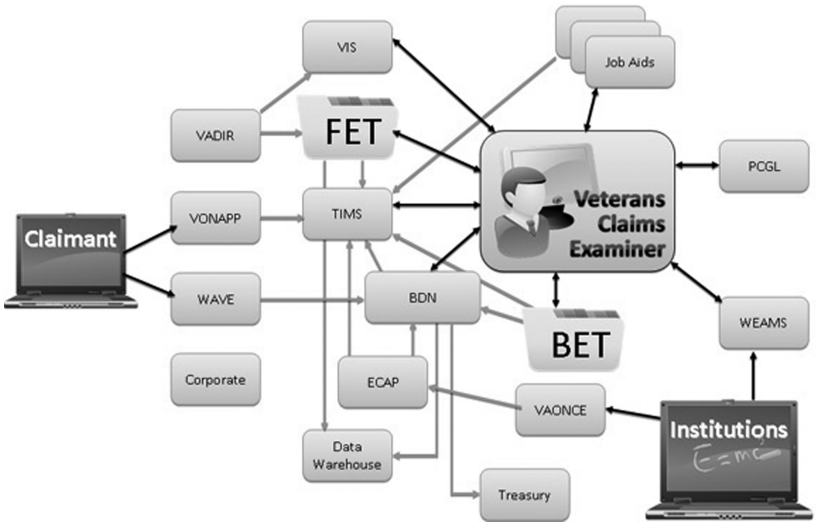
Milestone	Date
✔ Completed clarification of chapter 33 Phase 3 Requirements	April 10, 2009
Begin Chapter 33 Phase 3 training	TBD
Complete Interim Solution Phase 3 testing	September 14, 2009
Deploy Interim Solution Phase 3	September 17, 2009

Long-Term Solution

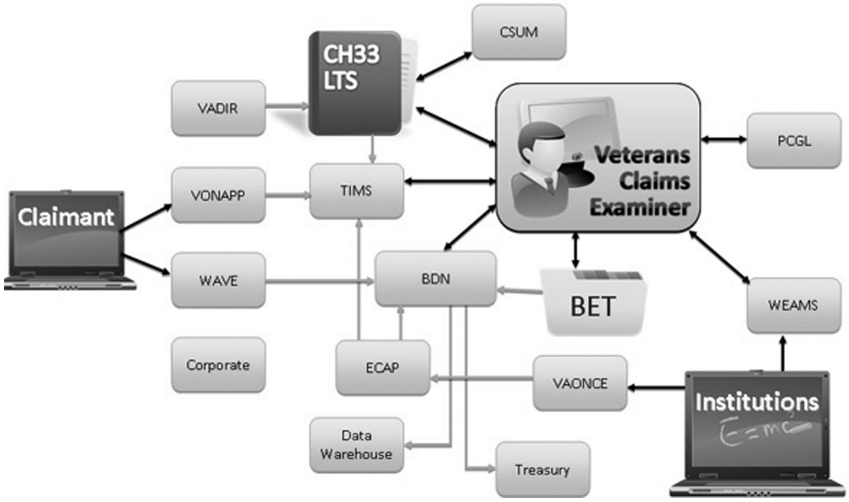
The Chapter 33 long-term solution will deliver an end-to-end solution to support the delivery of Post 9/11 GI Bill benefits. The long-term solution will be:

- Released in 4–6 month intervals, delivering incremental capability
- Developed in a distributed application architecture framework
- Supportive of a service oriented architecture
- Developed using an agile methodology
- Rules-based to ensure reusability and flexibility

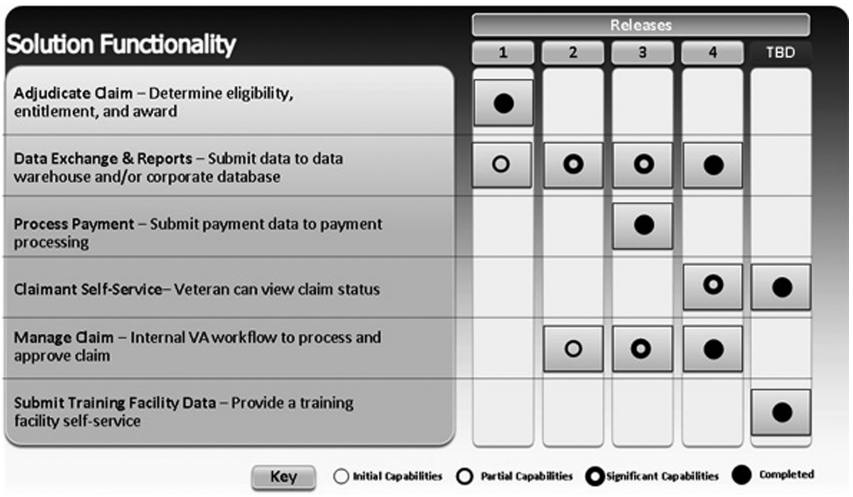
Chapter 33 Interim Solution Complexity



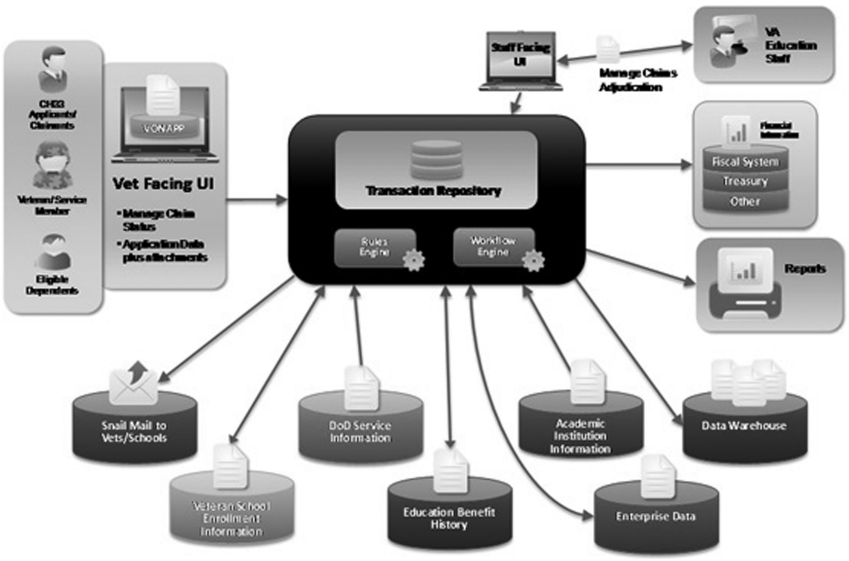
Chapter 33 LTS Complexity—REL1



Solution Release Functionally



Vision Diagram—System View



Chapter 33 Long Term Solution Milestones

- Iterative development begins—4QFY2009
- Complete solution development environment—1QFY2010
- Solution Release Schedule
  - Chapter 33 Long Term Solution Release 1—2QFY2010
  - Chapter 33 Long Term Solution Release 2—3QFY2010
  - Chapter 33 Long Term Solution Release 3—4QFY2010
  - Chapter 33 Long Term Solution Release 4—December 2010

MATERIAL SUBMITTED FOR THE RECORD

U.S. Department of Veterans Affairs, Office of Inspector General

"Review of Interagency Agreement between the Department of Veterans Affairs and Department of Navy, Space Naval and Warfare Systems Center (SPAWAR)"

June 4, 2009, Report No. 09–01213–142

Executive Summary

Introduction

At the request of the Secretary of Veterans Affairs and Ranking Minority Member of the House Committee on Veterans' Affairs, we conducted a review of the Interagency Agreement (IAA) between the Department of Veterans Affairs (VA), Office of Information and Technology (OI&T), Office of Enterprise Development (OED), and the Space and Naval Warfare Systems Center (SPAWARSYSCEN), hereinafter referred to as SPAWAR.

The IAA was entered into in November 2007, under the authority of the Economy Act, 31 U.S.C. § 1535, to provide "government employee and contractor technical support for analysis, planning, program review and engineering services for Information Management/Information Technology (IM/IT) initiatives."

Although the IAA does not include specific requirements or deliverables, VA obligated and transferred $2.5 million to SPAWAR when the agreement was executed. According to the IAA, this was the total estimated funding needed for Fiscal Year 2008. Since the agreement was executed in November 2007 funding has increased from $2.5 million to $66 million. Twenty-two (22) amendments supporting 30 projects have been issued against the IAA. Sixteen (16) of the 22 amendments, totaling $25,695,066, were issued in September 2008. Currently, there are 26 projects in the pipeline to be issued which will add an additional $73 million to the IAA. VA obligates the funds to the IAA at the time each amendment is executed. The amount obligated represents the amount identified in the Independent Government Cost Estimate (IGCE) contained in the accompanying Statements of Work (SOW).

Results

We found that the IAA was entered into without an adequate analysis to determine that the "use of an interagency acquisition is in the best interest of the government" as required by FAR 17.503. We also found that neither VA nor SPAWAR has complied with the terms and conditions of the IAA. We found that the SOW and the IGCEs that VA was supposed to develop were actually developed by SPAWAR and SPAWAR contractors. We also found that the SOW were often broad and general in nature and lacked specific deliverables. We also identified amendments that were outside the scope of the IAA as well as unauthorized work being performed on projects that were not within the scope of the amendments.

Problems with the implementation of the IAA are due to poor administration by both OED and SPAWAR. OED was not performing adequate oversight to ensure that funds were spent appropriately. For example, VA was unaware that SPAWAR contracted out approximately 87 percent of the work requested through the IAA. OED could not tell us who was performing the work under the IAA, how many people were providing services, or where they were located. Although the amendments to the IAA indicate that SPAWAR anticipated employing the services of 295 FTE, the resource roster prepared by SPAWAR shows that only 217 FTE are providing services. Of the 217 FTE, 22 are SPAWAR employees and the remaining 195 FTE are working for contractors and subcontractors. The IAA does not address the issue of management fees paid to SPAWAR for providing services under the IAA and OED was unaware of the fees being charged by SPAWAR. Also, SPAWAR was unable to provide justification or authority to charge a 10 percent management fee.

We also attribute problems with the administration of the IAA to insufficient technical and legal reviews conducted by the Office of Acquisition, Logistics & Construction (OAL&C) and the Office of General Counsel (OGC), respectively. These reviews should have identified that amendments were outside the scope of the IAA and that the SOW did not include specific tasks or deliverables or were inconsistent with the corresponding amendment. We concluded that OED has relinquished its oversight role of financial performance and work performed under the IAA to SPAWAR.

In addition to problems with VA's failure to properly administer the IAA, we also identified deficiencies on the part of SPAWAR. We determined that SPAWAR did

not ensure that VA paid fair and reasonable prices for the services provided. SOW for task orders that SPAWAR issued to contractors did not identify specific tasks or deliverables. We also found that SPAWAR contractors were subcontracting the work to other SPAWAR contractors at the direction of SPAWAR. This practice unnecessarily increases the cost because VA must pay an additional layer of management fees and overhead. In reviewing contracts that SPAWAR issued to vendors performing services under the IAA, we found that SPAWAR executed an option year more than 6 months prior to the expiration of the contract's base year. Because the option year prices were higher, VA unnecessarily incurred higher costs for the work performed by this contractor.

Neither the IAA nor any of the task orders issued by SPAWAR to its contractors that we reviewed contain the VA required system security and privacy requirement clauses for: Information Security, Cyber Security, and Privacy Policy. Absence of these requirements places VA systems and information at risk by SPAWAR and its contractors.

In addition, an amendment that required SPAWAR to purchase IT equipment and software contained a provision requiring SPAWAR to comply with OI&T established policy requiring the use of NASA SEWP IV contracts for all IT acquisitions and that waivers must be requested and approved through the IT Tracker approval process. Amendment 20 to the IAA struck the requirement that SPAWAR use the SEWP contract. However, no one in VA was able to provide any documentation that a waiver was processed.

Suggestions

We suggest that VA take steps to re-evaluate the IAA and determine whether it is in the best interests of VA to continue obtaining services through this type of agreement. If it is determined to be in VA's interest to continue with an IAA to obtain services to support OED, we suggest issuing a new IAA that complies with the requirements of Information Letter (IL) 001AL–09–04, dated March 23, 2009. The IL establishes VA policy for Managing Interagency Acquisitions, and incorporates requirements contained in guidance issued by the Office of Federal Procurement Policy in a Memorandum dated June 6, 2008, titled "Improving the Management and Use of Interagency Acquisitions."

We also suggest that:

- The restructured IAA should emphasize training of VA personnel to better manage OED programs and operations and to learn to develop SOW and monitor contractor performance. It should also require VA personnel to actively participate in the development, award, and administration of contracts to third parties to provide services under the IAA.
- OAL&C contracting officers and OGC need to implement processes to improve their technical and legal reviews of the IAA, amendments or modifications thereto, and the SOW.
- VA should be required to prepare the SOW with specific tasks, deliverables, defined delivery dates, and performance measures.
- OED should be required to develop IGCEs as a method of determining the reasonableness of proposed cost estimates. The IGCEs should identify labor hours and labor categories by task. OED in conjunction with OAL&C should determine, on a task basis, whether it is in VA's best interest to enter into firm fixed-price contracts with third parties versus cost-reimbursement or time and materials contracts.
- OED should require SPAWAR, or any other government entity that is party to an IAA, to provide financial reports that identify the hours worked by labor category and task, and indicate whether the employee is a government or contract employee.
- All amendments and SOW should identify VA program managers who are actually performing those duties and responsibilities, and are accountable for the outcomes.
- VA should establish policies and procedures for program managers to certify that they have reviewed monthly SPAWAR financial documents and progress reports and have concurred with them.
- VA should establish a single point of contact within OED to warehouse all documents and deliverables required under the IAA and amendments. In addition, all VA program managers and project officers should be required to maintain all documents provided by SPAWAR under the IAA and amendments.

- Costs associated with Program Management Support provided by SPAWAR should be proposed and reported under a separate amendment.
- VA should cease issuing amendments with multiple unrelated projects and multiple amendments for the same project/work. Previously issued amendments can be modified to add additional tasks, and such tasks can be tracked and reported by SPAWAR.

(original signed by:)

MICHAEL GRIVNOVICS
Director, Division B
Office of Contract Review

[Copies of the full report can be obtained from http://www.va.gov/oig/52/reports/2009/VAOIG-09-01213-142.pdf.]

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
June 29, 2009

Mr. Keith Wilson
Director
Office of Education Service
Veterans Benefits Administration
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

Dear Mr. Wilson:

I would like to request your response to the enclosed deliverables I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on Subcommittee on Economic Opportunity "*Post-9/11 GI Bill: Is the VA Ready for August 1st?*" on June 25, 2009. Please answer the enclosed hearing questions by no later than Monday, July 10, 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 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
The Honorable Stephanie Herseth Sandlin, Chairwoman
Subcommittee on Economic Opportunity
House Committee on Veterans' Affairs
June 25, 2009
Post-9/11 GI Bill: Is the VA Ready for August 1st?

Outreach

Question 1: What have been the main concerns from university officials as we near the August 1st deadline?

Response: The feedback the Department of Veterans Affairs (VA) received from school officials focuses on the impact the Post-9/11 GI Bill might have on scholarships, State tuition assistance, and Federal grants. This includes the potential im-

pact on scholarship disbursements to individuals who also receive a tuition and fee payment under the Post-9/11 GI Bill. Recent legislation exempts all VA education benefits from consideration when determining title IV aid. Officials are concerned about financial awards above the cost of attendance in light of the generous Post-9/11 GI Bill benefits.

Question 2: When is the best time for universities to send a veteran's bill to the VA? How concerned should universities be about veterans adding/dropping classes for proper billing purposes?

Response: VA began accepting enrollment certifications for the Post-9/11 GI Bill from institutions of higher learning (IHL) on July 6, 2009. IHLs should submit enrollment certifications when its State has determined its maximum tuition and fee charges for the 2009/2010 academic year.

Since VA's current enrollment adjustment process will not change under the Post-9/11 GI Bill, IHLs should see little impact on its billing procedures. VA will handle a change in enrollment under the Post-9/11 GI Bill in the same manner as the other VA education programs.

Question 3: What role do you expect the State Approving Agencies to play with the new GI Bill?

Response: State approving agencies (SAA) will continue to support VA by performing necessary duties for the inspection, approval, and supervision of courses, programs, and tests pursued by Veterans and eligible persons under all education benefit programs, including the Post-9/11 GI Bill. SAAs will also assist VA in training school certifying officials and will expand their outreach activities to include information on the Post-9/11 GI Bill. VA recently asked the SAAs to verify its States' highest in-State public school tuition and fee rates for the 2009/2010 academic year to support the Post9/11 GI Bill.

Question 4: How often do you brief Senators and their staff about your progress and problems with the new GI Bill?

Response: The Education Service Director meets monthly with staff Members of the House and Senate Committees on Veterans' Affairs. These meetings typically involve briefing the Committee on implementation of the Post-9/11 GI Bill. In addition in April 2009, VA hosted an open forum for Members of Congress about the Post-9/11 GI Bill.

Question 5: You state that you have received 75,000 applications for the new GI Bill. Is this higher or lower than expected?

Response: VA projected receiving as many as 328,000 Post-9/11 GI Bill applications for the fall semester. As of September 1, 2009, we have received over 227,000 applications and over 21,000 enrollment certifications for the Post-9/11 GI Bill.

IT Strategy

Question 6: How much money has been spent so far on the short-term solution?

Response: As of September 1, 2009, the Office of Information and Technology (OIT) has outlaid $8.1M on the short-term solution.

Question 7: How many people have been migrated from the short-term solution to work on the long-term solution?

Response: OIT Program Management Office (PMO) is an integrated team involved in both the short-term solution as well as being heavily engaged in the long-term solution (LTS) strategy and requirements. The main focus to date has been on the short-term solution. The focus will gradually transfer to the LTS as components of the short-term solution are deployed. Therefore, no staff Members have migrated from the short-term solution to LTS.

Question 8: Do you expect to stay within budget for the long-term solution?

Response: Yes, VA expects to stay within budget for the long-terms solution. System development costs for the short-term solution and the Space and Naval Warfare Systems Command (SPAWAR) part of the LTS are covered under the Chapter 33 Supplemental fund and the American Recovery and Reinvestment Act of 2009 fund. The cost for interfaces so that the LTS will correspond with existing VA systems is under development as part of the fiscal year (FY) 2010 execution plan and will be tracked accordingly. VA anticipates some emergent requirements will surface and is identifying topics and estimated costs for these requirements. VA processes will be followed to identify funding within existing VA appropriations.

Question 9: What percentage of SPAWAR personnel are contractors?

Response: As of September 1, 2009, staffing for the Post-9/11 GI Bill LTS consists of 27 Federal government employees and 113 contractors. Contractors represent approximately 80 percent of the team.

Question 10: What percentage of work is being done by SPAWAR and what percentage is being done by contractors on the long-term solution?

Response: One hundred percent of the Post-9/11 GI Bill LTS work is being accomplished by an integrated team of SPAWARSYSCEN employees and contractors. Contract personnel comprise approximately 80 percent of the team. SPAWARSYSCEN is the lead system integrator responsible to VA for providing the inherently governmental elements of a program to include: program management; systems engineering; and fiscal accountability for the Post-9/11 GI Bill LTS. SPAWARSYSCEN supplements VA personnel with industry leading experts in the various disciplines required to execute the program. Via performance-based contracting, the Post-9/11 GI Bill LTS team is composed of approximately 80 percent contract personnel.

Question 11: Do you expect to have all your systems ready on August 1st for the short-term solution?

Response: All systems scheduled for completion were implemented by the August 1, 2009, deadline. Phase 3 of the front-end tool (FET) is scheduled to be released on November 9, 2009.

Question 12: In your testimony you state that new functionality will be delivered in increments of no more than 6 months. What does that mean?

Response: The incremental delivery of the Post-9/11 GI Bill LTS will support reusable functionality and flexibility of the system inline with the program management accountability system (PMAS), which has a 6-month incremental delivery requirement. The Post-9/11 GI Bill has been planned from its inception using iterative development with incremental releases. The program has been run in full collaboration with the business unit.

Question 13: You expect Phase 3 of the front-end tool to be ready in September 2009. Will this affect your ability to deliver benefits?

Response: Phase 3 of the interim solution was to be released September 17, 2009. Due to unforeseen requirements and complexity, the September completion date was delayed and will be released on November 9, 2009. Phase 3 of the FET will not affect VA's ability to deliver benefits. Phase 3 of the FET will enhance the functionality of the current solution, supporting the process of amended awards.

Question 14: According to your written testimony the VA announced a new IT management approach on June 19, 2009. Can you elaborate on this new approach?

Response: OIT's new management approach, PMAS, has been implemented to address recent project issues. PMAS will better empower OIT's project managers and teams to meet their mission. Projects can count on more leadership oversight and support, which will provide better insight into resource issues and potential implementation obstacles. Upon mandating PMAS, VA will pause projects meeting specific failure indicators. The program plans will then be re-planned for incremental release. Within 1 year, all VA IT programs and projects will be PMAS compliant. Using this new management approach, all projects will be managed rigorously to schedule. Projects will be halted on its third missed customer delivery milestone. Once halted, substantial changes must be made before the project can restart, including the assessment of priority, approach, commitment, resources, and design. The revised program plan must be approved by the Assistant Secretary for IT before the project can move forward.

PMAS offers a multitude of benefits to VA, including: the elimination of significant program/project failures, near term visibility into troubled programs to avoid long term failures, access to early assistance, and increased insight into scarce resources. Frequent deliveries of functionality will ensure the project is on track and fulfilling business objectives. Ultimately, the goal of PMAS is to enable the success of all OIT initiatives.

The Post-9/11 GI Bill was planned using iterative development with incremental releases and is therefore fully PMAS-compliant.

Question 15: How certain are you that the long-term system will be fully deployed by SPAWAR on December 2010?

Response: The LTS will deliver an end-to-end solution to support the delivery of Post 9/11 GI Bill benefits. The LTS will be released in 4–6 month intervals in order to deliver incremental capability and developed in a distributed application architecture framework using an agile methodology.

Based on the current requirements provided by Veterans Benefits Administration (VBA), OIT is very confident that the LTS will be fully deployed by December 2010. It is important to note that changes to legislation or discovery of unstated requirements would result in amending the schedule beyond December 2010.

Question 16(a): During the Hearing on June 25, 2009, Mark Krause indicated that the VA and SPAWAR is leasing and buying equipment for the use of the IT long-term plan. Why is there a need to lease equipment?

Response: On June 25, Mark Krause testified the LTS team was "thinking of" using leased facilities and leasing options. The LTS project manager (PM) has decided to purchase hosting services from a commercial data center/hosting facility to support a development and test environment for the LTS.

Question 16(b): How much equipment has been bought and how much equipment is being leased?

Response: As a result of the decision to purchase commercial hosting services, no equipment has been or will be leased for the Post-/11 GI Bill LTS.

Question 16(c): From what companies are you leasing the equipment? Please provide a list.

Response: Post-9/11 GI Bill LTS will not be leasing equipment.

Question 16(d): Where is the purchased equipment and leased equipment located?

Response: To date, approximately, $1.424M of IT infrastructure equipment and laptops have been purchased for Post-9/11 GI Bill LTS. The purchased equipment resides at New Orleans, Charleston, Norfolk, and Washington, DC, where Post-9/11 GI Bill LTS work is being conducted.

Question 16(e): Will they remain there permanently?

Response: The planning for where and how Post-9/11 GI Bill LTS will host and support is still underway. The long term plan is to migrate the Post-9/11 GI Bill LTS back to a VA data center a few years after full operational capability is achieved.

California "Tuition" and "Fees"

Question 17: Who does the California tuition problem affect?

Response: Unlike other States, California residents were not charged "tuition" when attending public institutions until recently. They were charged various fees instead. In other States, resident students are charged for both tuition and various fees. The problem potentially affected only students attending private schools, students in graduate programs, and students charged out-of-State tuition.

A recent change in the way California charges tuition and fees resolved the problem. California established one of its fees as an "educational/tuition fee." The "educational/tuition fee" equates to $287 per credit hour. As this fee is for tuition, VA will determine Post-9/11 GI Bill payments for students in private schools, graduate programs, or students charged out-of-State tuition based on the maximum credit hour charge of $287.

Question 18: If California universities were to align their cost of attendance to the rest of the State from "tuition" to "fees," would it present a problem to VA?

Response: California recently changed its billing procedures. A maximum of $287 per credit hour is now charged for an "educational/tuition fee" with a maximum for other fees of $2,165.25. VA accepts California's "education/tuition fee" as tuition for purposes of determining payment under the Post-9/11 GI Bill. Thus, the initial problem has been resolved.

Question 19: There is much concern that California students will get no tuition money. Can you assure this Subcommittee that all veterans attending public institutions will be covered?

Response: All students eligible for the Post-9/11 GI Bill who enrolled in an undergraduate program in California at a public institution were fully covered. Al-

though California resident students will now be charged an "educational/tuition fee," these students will remain fully covered by the Post-9/11 GI Bill.

Miscellaneous

Question 20: In total you will be hiring 760 claim examiners. Will that be enough to process claims or will you need more claim examiners?

Response: The hiring of term Veterans claim examiners to process Post-9/11 Gl Bill claims is part of VA's short-term solution. These are temporary measures being taken until OIT's LTS is available. The LTS will introduce applications that are rules based and require less manual processing. There are 1,113 claims examiners assigned to the 4 regional processing offices. Of those, 736 are term employees—534 were hired with funds from the Supplemental Appropriations Act of 2008 and 202 were hired with funds from the American Recovery and Reinvestment Act of 2009. Based on the current IT systems and the expected delivery dates of additional functionality, VA believes the additional 760 claims examiners, 736 of whom have already been hired, are enough to handle the workload.

Question 21: According to your testimony, the VA instituted frequent oversight reviews. What type of oversight review have you conducted?

Response: VA has conducted two quality reviews of eligibility and entitlement determinations for cases processed since May 2009. Preliminary findings show an accuracy rate above 90 percent among all regional processing offices. Post-9/11 GI Bill payments begin August 1, 2009; therefore, regularly scheduled quality reviews on payment accuracy will begin in the fall of 2009.

VA conducts routine compliance surveys to ensure that schools and training establishments are in compliance with all applicable provisions of the laws administered by VA. In addition, SAAs approve programs of education and training on behalf of VA, supervise approved schools and job training establishments, and furnish other services as requested by VA to ensure compliance with the requirements of the law.

The Post-9/11 GI Bill IT solution underwent an extensive review associated with OIT's transformation-21 initiative, which included analysis of eight key program attributes. In addition, the Post-9/11 GI Bill IT solution integrated project team (IPT) meets weekly to conduct a review and status of the initiative. These IPT reviews include participants from development, infrastructure, engineering, and VBA.

VA maintains frequent oversight of the SPAWAR contribution to the Post-9/11 GI Bill initiative through daily conference calls and multiple weekly meetings concerning requirements, architecture, and software development.

Question 22: Between now and August 1st what item(s) could potentially stall implementation of the GI Bill?

Response: VA implemented the Post-9/11 GI Bill on August 1, 2009, on schedule.

Question 23: The Committee has been made aware that a test of the payment system revealed some issues that may threaten the timely payment of the living stipend and tuition and fees. What is the status of the short term IT work needed to process payments?

Response: Payment processing for tuition and fees has been successfully installed. Testing of the recurring monthly housing payment for the short-term solution has been successfully completed. VBA reviewed and validated test versions of the electronic funds transfer (EFT) and check payment files for the recurring housing payments. Those files were sent to the Department of Treasury and are completely certified. On August 21, VBA executed the recurring housing payments in a production environment and produce monthly payments.

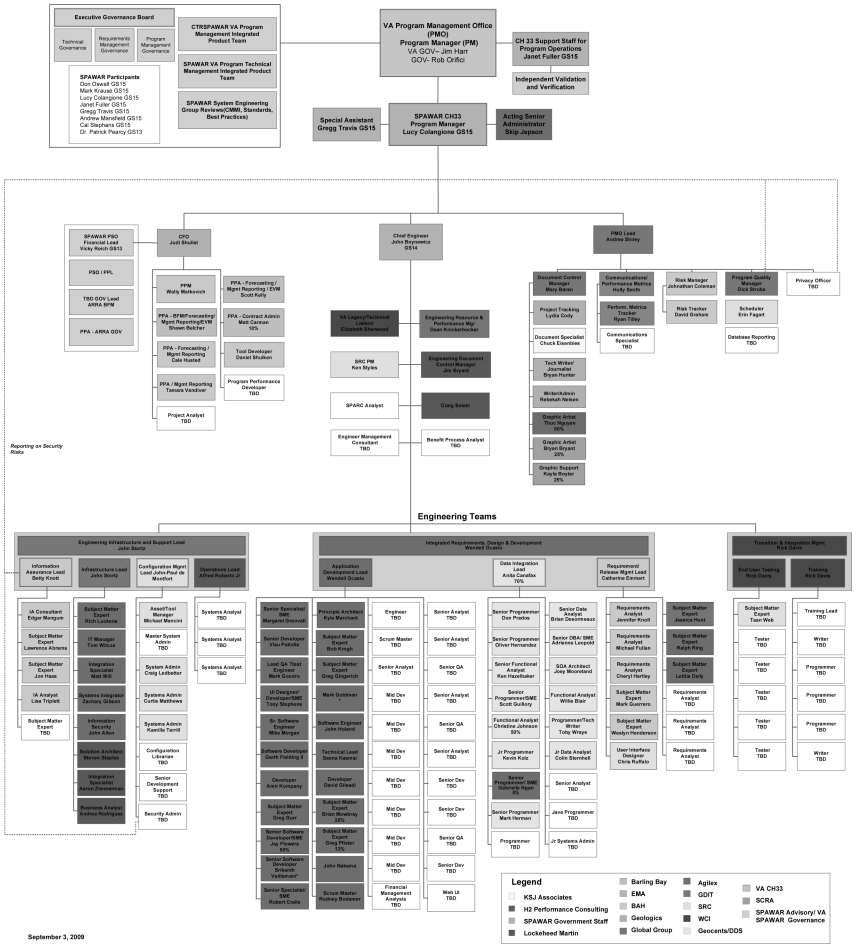
Question 24: Please detail what services and staffing SPAWAR will provide for all Chapter 33-related amendments to the VA–SPAWAR interagency agreement.

Response: SPAWARSYSCEN is a Level III complaint CMMI system engineering center. CMMI Level III certification requires implementation of standard processes, procedures and data compilation to properly manage and document projects/programs. SPAWARSYSCEN will provide for all Post-9/11 GI Bill LTS related amendments to include: project management, VA's PMO support, governance establishment, engineering support, infrastructure development and management, information assurance, configuration management, requirement and release management, data integration, application development, testing, training and operations.

Question 25: Please provide an organization chart for the development project for the long term software solution for Chapter 33. In addition, I ask that you include

the qualification of the program manager(s) at VA and SPAWAR to include a list and dollar value of all the programs they have managed.

Response: An organization chart depicting key program personnel is enclosed. The VA and SPAWAR program managers and their qualifications are listed below.



Mr. Don Oswalt, SPAWARSYSCEN Health Service Director, has 17 years direct IT experience (design, installations, strategic planning, enterprise architecture, sustainment, network operations centers, network security centers, information assurance, wireless, servers, hosting/data centers, software, program/project management, earned value management, metrics, planning, programming, and budgeting). Previous programs with estimated dollar values:

1. Health systems program director/mission area team chair ($300M)
2. Military health systems program manager ($100M)
3. Tri-service infrastructure program office (TIMPO) program manager ($60M)
4. TIMPO information assurance project manager ($10M)
5. NAVAIR network protection manager ($8M)
6. IRS network assessment scans ($1M)
7. DMS firewall manager ($800K)
8. Project engineer network protection site installations ($1.5M)

Mr. Mark Krause, SPAWAR VA Program Manager, provides program management oversight to VA Project Manager (PM) and LTS team, he has a Masters of Science IT management degree from the Naval postgraduate school, a Bachelor of Science (BS) in operation system analysis/applied math from the U.S. Naval Academy, and a Master of Arts in educational administration from the University of North Florida. He is a certified information systems security professional, Department of Defense certified chief information officer (CIO)—National Defense University and holds defense acquisition workforce improvement act (DAWIA) PM level III. Previous programs with estimated dollar value:

1. Commanding officer, SPAWAR systems center (SSC) New Orleans ($90M annually)
2. Chief information officer Navy Reserve, directed IT support for 88,000 member organization ($3.2B annually)
3. Chief technology officer Navy Reserve Forces Command, managed Navy Reserve IT programs ($100M)
4. Directed the implementation of Navy Marine Corps intranet for Navy Reserve ($85M)
5. IT director for Navy Air Logistics Office, managed joint air logistics program ($10M)

Ms. Lucy Colangione, the SPAWARSYSCEN Post-9/11 GI Bill LTS Program Manager, is DAWIA Level III certified in system planning and DAWIA Level I certified in project management. She also has extensive experience in research development and system engineering as well as production and manufacturing management. She has a BS in electrical engineering from Mississippi State University and is working on a Master's in PM, and is PM certified by the Keller Graduate School. Previous programs with estimated dollar values include:

1. VA benefits delivery network mapping ($1.2M)
2. Securing 2800 unsecure Navy (N1) pay and personnel legacy application data interfaces ($1.3M)
3. Chief engineer reconstruction of SPAWAR SSC New Orleans after Hurricane Katrina ($30M)
4. Director of security/chief security officer SPAWARSYSCEN New Orleans ($113M FY 2006)
5. Senior systems architecture/security engineer for Navy standard integrated personnel system (NSIPS) ($248M)
6. Senior systems engineer for Lockheed Martin on the NSIPS program ($248M)
7. Senior quality assurance engineer for APOGEN Inc. on Defense integrated military human resource system ($1B)
8. Procurement quality engineering manager for TYCO Health Care Systems ($95M)
9. Procurement quality assurance engineer for ST Microelectronics ($150M)
10. Process control electrical engineer for Motorola Wafer Power Fabrication Plant ($70M)
11. Electronics engineer for U.S. Geological Survey, Water Resources Division ($12.5M)

Question 26: Please itemize the actions the VA is taking to address the problems cited in the Office of Inspector General investigation report of the Interagency Agreement with SPAWAR?

Response: VA has taken and is taking a number of steps to improve and provide more rigorous oversight of all processes and organizational entities in accordance

with the newly issued Office of Federal Procurement Policy guidance. By implementing these policies, VA continues to work to address the issues cited by OIG with the SPAWAR IA. VA has:

- Established a consolidated, secure repository for storing all administrative documentation;
- Strengthened the statement of work format for increased specificity;
- Strengthened independent government cost estimate to increase specificity for labor, travel, materials;
- Ensured efforts to strengthen the knowledge, skills, and abilities of the VA staff;
- Initiated the use of performance work statements to improve specificity and better manage outcomes of relationship with SPAWAR;
- Revised monthly financial reports to break down financial analysis by amendment to facilitate PM review and approval;
- Implemented certificate of compliance and acceptance of deliverables to record receipt, inspection and acceptance of deliverables and certification of compliance with contractual specifications; and
- Reviewed the scope of all amendments for separation of unrelated requirements.

Question 27: Does the VA intend to submit draft legislation to amend Chapter 33 and if so, when can we expect to receive the draft legislation?

Response: VA currently is working on legislative proposals for changes and technical amendments to the Post-9/11 GI Bill for potential submission in future budget cycles.

Question 28: Will the long term solution be directly integrated with VETSNET or since VETSNET is comprised of nearly 20 year old technologies, will the long term solution provide the basis for a replacement for VETSNET?

Response: The LTS is not intended to be a replacement for VETSNET. At this time it is not known whether the LTS will interface with VETSNET. One of the reasons we are using service oriented architecture with the LTS is to eliminate dependencies on a specific system.

Question 29: If the VA determines it will be necessary to extend the contracts of the term employees, what event will trigger that decision and what will be the cost estimate?

Response: VA hired term employees under a 13-month authority that can be extended up to 4 years. After 13 months, VBA can retain the term employees on a month-to-month basis if necessary up to a total of 2 years. Term employees are part of the VBA's short-term solution until OIT's LTS is available. VBA will base the decision to retain term employees on system functionality within the LTS. The cost to extend term employees will depend on the number of employees retained and the additional time they remain with VBA. However, VA does not anticipate the need to extend these contracts, since we expect to have the LTS up and running on schedule.

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