

# General Operating Expenses

From its headquarters in Washington, DC, and through a nationwide system of field offices, the Department of Veterans Affairs (VA) administers its veterans' benefits programs. Responsibility for the various benefits programs is divided among six business lines within the Veterans Benefits Administration (VBA): Compensation, Pension and Fiduciary, Vocational Rehabilitation and Employment, Education, Loan Guaranty, and Insurance.

Under the direction and control of the Under Secretary for Benefits and various deputies, the program directors set policy and oversee their programs from the VA Central Office. The field offices administer the various programs, receiving benefit applications, determining entitlement, and authorizing or denying benefit payments and awards accordingly.

The offices of the Secretary of Veterans Affairs and the Assistant Secretaries provide departmental management and administrative support. These offices, along with the Office of General Counsel and the Board of Veterans' Appeals, are the major activities under the General Administration portion of the General Operating Expenses appropriation. This appropriation funds the benefits delivery system—the VBA and its constituent line, staff, and support functions—and the functions under General Administration.

VA benefit programs achieve their intended purposes only if the benefits are delivered to entitled beneficiaries in a timely manner and in the correct amounts. *The Independent Budget* veterans service organizations make the following observations and recommendations to maintain VA's benefits delivery infrastructure and to improve VA performance and service to veterans.

## Veterans Benefits Administration

### **CULTURAL CHANGE NEEDED TO FIX CLAIMS-PROCESSING SYSTEM:**

*Success in reforming the VA claims-processing system will require the Veterans Benefits Administration to institutionalize the ongoing transformation process at all levels to develop a work culture that values, measures, reports, and rewards quality and accuracy over speed and production.*

We are entering the third year of the most recent Veterans Benefits Administration (VBA) effort to transform an outdated, inefficient, and inadequate claims-processing system into a modern, automated, rules-based, and paperless system. The VBA has struggled for decades to provide timely and accurate decisions on claims for veterans' benefits, especially veterans' disability compensation; however, despite repeated attempts to reform the system, the VBA has never been able to reach the goals it has set for itself. Whether the VBA can be successful this time depends to a large extent on whether it can complete a cultural shift away from focusing on speed and production to a business culture of quality and accuracy.

There have been some encouraging steps toward such a cultural shift over the past two years; however, this early progress must be institutionalized in order to create the long-term stability needed to eliminate the current backlog of claims, and, more important, prevent such a backlog from returning in the future. The VBA must change the way it measures, reports, and rewards the work it performs so that quality and accuracy are at least as important as speed and production. Ensuring that decisions are correct the first time will, over time, increase public confidence in the Department of Veterans Affairs and decrease appeals.

Over the past decade, the number of veterans filing claims for disability compensation has more than doubled, rising from nearly 600,000 in 2000 to over 1.4 million in 2011. This workload increase is the result of a number of factors over the past decade, including the conflicts in Iraq and Afghanistan, an increase in the complexity of claims, and a downturn in the economy causing more veterans to seek VA assistance. Furthermore, new presumptive conditions related to Agent Orange exposure (ischemic heart disease, B-cell leukemia, and Parkinson's disease) and previously denied claims resulting from the *Nehmer* decision added almost 200,000 new claims this year, leading to a workload surge that will level

off in 2012. During this same decade, the VBA workforce grew by about 80 percent, rising from 13,500 full-time employee equivalents (FTEEs) in 2007 to more than 20,000 today, with the vast majority of that increase occurring during the past four years.

Yet despite the hiring of thousands of new employees, the number of pending claims for benefits, often referred to as the backlog, continues to grow. As of January 9, 2012, there were 884,427 pending claims for disability compensation and pensions awaiting rating decisions by the VBA, an increase of 114,136 from one year ago, and almost double the 487,501 that were pending two years prior. The number of claims pending longer than 125 days, the VBA's official target for completing claims, reached 576,944, which is a 65 percent increase in one year and more than twice 185,040 from two years ago. The surge of claims resulting from the Secretary's decision to add three new presumptive conditions for Agent Orange exposure partly accounts for this increase; however, almost all of those claims have now been processed.

But more important than the number of claims processed is the number of claims processed correctly. The VBA quality assurance program is known as the Systematic Technical Accuracy Review (STAR) and is now available publicly on VA's ASPIRE Dashboard. The most recent STAR measure for rating claims accuracy for the one-year period ending September 2011 is 84 percent, about the same level as one year prior, and slightly lower than several years earlier. However, the VA Office of Inspector General (VAOIG) reported in May 2011 that based on inspections of 45,000 claims at 16 of the VA's 57 regional offices (VAROs), claims for disability compensation were correctly processed only 77 percent of the time. This error rate would equate to almost 250,000 incorrect claims decisions in just the past year.

The Secretary of Veterans Affairs has focused a great deal of attention on breaking the back of the

backlog, setting an extremely ambitious long-term goal of zero claims pending over 125 days and all claims completed to a 98 percent accuracy standard. Certainly the elimination of the “backlog” will be a welcome milestone; however, eliminating the backlog is not necessarily the same goal as reforming the claims-processing system, nor does it guarantee that veterans are better served. To achieve real success, the VBA must focus on creating a veterans’ benefits claims-processing system designed to get each claim done right the first time.

Under the weight of an outdated information technology system, increasing workload, and growing backlog, the VBA faces a daunting challenge of comprehensively transforming the way it processes claims for benefits in the future, while simultaneously reducing the backlog of claims pending within its existing infrastructure. While there have been many positive and hopeful signs that the VBA is on the right path, there will be critical choices made over the next year that will determine whether this effort will ultimately succeed. It is essential that Congress provide careful and continuing oversight of this transformation to help ensure that the VBA achieves true reform and not just the arithmetic milestones, such as lowered backlogs or decreased cycle times.

One of the more positive signs has been the open and candid attitude of VBA leadership over the past several years, particularly progress toward developing a new partnership between the VBA and veterans service organizations (VSOs) that assist veterans in filing claims. VSOs have vast experience and expertise in claims processing, with local and national service officers holding power of attorney for hundreds of thousands of veterans and their families. VSOs can make the VBA’s job easier by helping veterans prepare and submit better claims, thereby requiring less time and resources to develop and adjudicate them. *The Independent Budget* veterans service organizations have been increasingly consulted on a number of the new initiatives under way at the VBA, including disability benefit questionnaires (DBQs), the Veterans Benefit Management System (VBMS), and many, but not all business process pilots, including the I-LAB at the Indianapolis VARO. Building upon these efforts, the VBA must continue to reach out to its VSO partners, not just at the central office, but also at each of the 57 regional offices.

In order to drive and sustain transformation throughout such a massive organization, the VBA must change how it measures and rewards performance in a manner designed to achieve the goal of getting it right the first time. Unfortunately, most of the measures that the VBA employs today are based primarily on measures of production, rather than quality. For example, the most common way to measure the VBA’s progress is through its Monday Morning Workload Reports,<sup>1</sup> which contain measures of production, but not accuracy or quality. Another major tool used to review VBA’s status is its “Dashboard,”<sup>2</sup> which provides current performance statistics for each VARO. Like the Monday Morning Reports, the Dashboard measures are primarily related to pending work inventory and production times, with just a few measures of accuracy included. Because the primary measures used to hold VBA and VAROs accountable are focused on the size of the backlog and cycle times, it is not surprising that the focus of VARO management is on production, rather than accuracy or quality.

Given leadership and management’s focus on production, it is not surprising that employees—veterans service representatives (VSRs), rating veterans service representatives (RVSRs), and decision review officers (DROs)—feel tremendous pressure to meet production goals first and foremost. While accuracy has been and remains one of the performance standards that must be met by all employees, new performance standards adopted over the past two years appear to have done little to create new incentives to drive quality above production.

There have been reports that a high percentages of VSRs and RVSRs have struggled to meet the new performance standards, and the VBA has already acknowledged that adjustments need to be made to ensure that they fairly measure current job performance. In addition, business process changes resulting from VBMS development and other initiatives being evaluated at the I-LAB will require future changes in performance standards. To be certain that performance standards provide the proper incentives for employees to perform accurate work, the VBA should develop a systematic method to measure average work output. Not only would this lead to better performance standards, it would also allow the VBA to better determine its FTEE requirements as workload rises and falls in the future.

## Recommendations:

The Veterans Benefits Administration (VBA) must continue to build upon its successful efforts over the past two years to partner with veterans service organizations during the design, development, and implementation of claims process reforms.

The VBA and Congress must remain focused on and committed to reforming the claims-processing system, with the principal goal of enhancing quality and accuracy, rather than focusing on reducing the backlog.

The VBA should change the way it measures and reports progress so that there are more and better indicators of quality and accuracy, at least equal in weight to measures of speed and production.

The VBA should continue to review employee performance standards and its work credit system to ensure that it creates sufficient and proper incentives and accountability to achieve quality and accuracy.

The VBA should develop a systematic way to measure average work output for each category of its employees in order to establish more accurate performance standards, which will also allow the VBA to better project future workforce requirements.

<sup>1</sup> [www.vba.va.gov/reports](http://www.vba.va.gov/reports).

<sup>2</sup> Ibid.



### **IMPLEMENTING A NEW OPERATING MODEL FOR PROCESSING CLAIMS:**

*As the Veterans Benefits Administration begins to implement a new operating model for processing claims for disability compensation, it must give priority to “best practices” that have been validated to increase quality and accuracy, not just speed and production.*

More than two years ago, the Veterans Benefits Administration (VBA) recognized that the claims-processing system was irretrievably broken; as a result, it began a sustained and comprehensive effort to reform and modernize it. Central to this effort, the VBA has conducted more than 40 different pilot programs and initiatives looking at new ways of establishing, developing, rating, and awarding claims for benefits. From early pilots in Little Rock, Pittsburgh, and Providence VA regional offices (VAROs), the VBA learned important lessons about mail handling, workflow, claims triage, team integration, telephone development, case management, and paperless processing. Dozens of other ideas flowed from individual employees and regional offices, leadership retreats, and an internal “innovation competition,” leading to new initiatives such as quick pay, walk-in claims, and rules-based calculators. The time has now come for the VBA to finish evaluating these experiments and put together a comprehensive new operating model for processing claims.

The Fully Developed Claims (FDC) program began as a pilot program mandated by P.L. 110-389. Under FDC, veterans can choose to submit their claims as fully developed claims if they are able to gather and submit all the private evidence required to adjudicate their claims, and certify that there is no other private evidence relevant to the claims. In return, the VBA puts its claims through a “fast-track” procedure that results in a decision within 90 days, substantially quicker than current average of 190 days to complete a regular, non-FDC claim. Although participation in the FDC program remains lower than projected or hoped for, it can relieve some of the burden on VBA employees facing an onslaught of complex new claims.

Disability benefits questionnaires (DBQs) have been developed over the past year by a joint task force with experts from both the VBA and the Veterans Health Administration (VHA). These new medical examination templates, which are replacing the Automated Medical Information Exchange worksheets, provide

a more useful and standardized method for disability evaluations. Once fully implemented, DBQs are also designed to facilitate the electronic submission of medical examinations and ultimately allow for automated, rules-based rating decisions.

The first three DBQs, completed in November 2010, were used to speed claims for the new presumptive conditions associated with Agent Orange exposure: ischemic heart disease, Parkinson's disease, and B-cell leukemia. The joint task force has since completed all 81 planned DBQs, and all 81 are now being used by VHA medical examiners and contract examiners. On December 5, 2011, the VBA released 54 DBQs for public use.<sup>3</sup>

*The Independent Budget* veterans service organizations (IBVSOs) have been pleased that over the past year the VBA has sought our input during the early stages of development of DBQs. Building and institutionalizing this VBA-VSO partnership is recognition of the added value of ideas and perspective, which VSOs can bring to the programs administered by the VBA.

The development of evidence is the most time-consuming stage of claims processing. To address this, the VBA in 2011 launched a pilot program testing whether the collection of private medical evidence by private contractors would be beneficial. This pilot is expected to be operated at six VAROs until sufficient information is available to determine whether this approach could reduce the time and resources required to obtain private medical records. In addition, the VBA expanded this approach by engaging a contractor to perform all development work for approximately 250,000 claims, in part to assist in reducing the backlog of claims pending due to the infusion of several hundred thousand claims resulting from the new herbicide presumptive disabilities and *Nehmer* cases. It is not clear whether the VBA intends to continue the use of contractors to perform some or all of the development function for claims processing. As with any pilots, such decisions must be made only after the outcomes are thoroughly evaluated, with proper weight to quality and accuracy, as well as the implications for the VBA's long-term capacity to process claims in the future.

In order to test how best to integrate these and other pilots and initiatives conducted over the past two years, VA established the I-LAB at the Indianapolis

Regional Office to develop a new end-to-end operating model for claims processing. A second I-LAB was later established at the Houston Regional Office to validate and expand upon the work being done in Indianapolis. The I-LAB established segmentation of claims as the cornerstone principle for designing the new operating model. The traditional triage function would be replaced at the I-LAB with an Intake Processing Center, staffed with experienced claims processors at a GS-11 level. The I-LAB operates along three separate tracks: Express, Core, and Special Ops. The Express lane is for simpler claims, such as fully developed claims, claims with one or two contentions, or other simple claims. The Special Ops lane is for more difficult claims, such as those with eight or more contentions, long-standing pending claims, complex conditions, such as traumatic brain injury and special monthly compensation, and other claims requiring extensive time and expertise. The Core lane is for the balance of claims with between three and seven contentions, claims for individual unemployment, original mental health conditions, and others.

The VBA has seen some early indications that productivity could increase through the use of the new segmentation strategy at the I-LAB; however, it may still be too soon to judge whether such results would be reproduced if applied nationally. While the VBA certainly needs to reform its claims-processing system, it must first ensure that proper metrics are in place in order to make sound decisions. The metrics must properly account for the natural increase in productivity that may have occurred due to the selection of higher performing employees, as well as the Hawthorne Effect, which refers to the tendency of some people to perform better when part of an experiment.

One of the most significant and controversial new initiatives at the VBA is the Disability Evaluation Narrative Text Tool (DENTT), which was developed at the Atlanta Regional Office. DENTT was created to automate the writing of rating decisions using standardized language and paragraphs. In its first iteration, DENTT offered very little information to explain the reasons or bases for rating decisions. The IBVSOs had concerns that DENTT decisions provided little help to veterans and their representatives toward understanding how the rating decisions were reached, whether they were accurate, or whether appeals might be warranted. To its credit,

the VBA subsequently reached out to the IBVSOs and others to review and refine the content of decision letters and award notifications that would be produced through the DENTT process.

Seeking further automation, the DENTT team also took on rating redesign and developed evaluation builders and rating calculators. While the DENTT team in Atlanta claimed significant increases in production utilizing these new tools, the IBVSOs urge the VBA to continue working with veterans service organizations to monitor and fine-tune this new process.

By the end of 2011, the VBA stood up an Implementation Team to develop a strategy and plan for implementing the new operating model for processing claims. With the Secretary's ambitious goal of processing all claims in less than 125 days with an accuracy rate of 98 percent by 2015, the VBA strategy calls for 2012 to be a year of transition; full implementation of the new operating model is planned for 2013; in 2014, the VBA anticipates stabilization and assessment of the new system; and 2015 is planned as the year of "centers of excellence," an apparent reference to a future state that will centralize some VBA activities or functions.

Critical to the success of this implementation strategy will be the choices made by the VBA this year. As has been discussed throughout this section of *The Independent Budget*, it is critical for the Implementation Team to remain focused on quality and accuracy, not just speed and productivity. Over the course of the next year, it will also be absolutely essential for Congress to provide strong oversight to ensure that the enormous pressures to show progress toward eliminating or reducing the claims backlog do not result in short-term gains at the expense of long-term reform.

There are also legislative and regulatory changes that have been discussed or proposed by Congress, the VBA, or others aimed toward streamlining and modernizing the claims process. The IBVSOs support changes in the law and regulations that allow VA to operate more efficiently, so long as that increased efficiency does not harm veterans. We encourage Congress and VA to seek out "win-win" solutions to vexing processing and quality problems.

The IBVSOs have long encouraged VA to use private medical evidence when making decisions, which

saves VA and the veteran time in development and VA the cost of unnecessary examinations. While recent court decisions have indicated that VA should accept private medical opinions that are credible and acceptable for rating purposes, we have seen no data suggesting that VA is more accepting of private medical evidence than previously.

In order to support efforts to encourage the use of private medical evidence, Congress should also consider amending Title 38, United States Code, section 5103A(d)(1) to provide that, when a claimant submits private medical evidence, including a private medical opinion, that is competent, credible, probative, and otherwise adequate for rating purposes, the Secretary shall not request a VA medical examination. However, the additional language would not require VA to accept private medical evidence if, for example, VA finds that the evidence is not credible and therefore not adequate for rating purposes. Further, should VA determine that a private medical opinion is not adequate for rating purposes or to establish service connection, any further opinions obtained from VA health-care providers must be obtained from a provider whose qualifications are at least equal to those of the provider of the private medical opinion.

Legislation is pending in Congress that would reform VA's duty to notify and duty to assist claimants when it is highly unlikely that such notice or assistance would lead to any greater benefit to the claimant. This legislation is designed to reduce the time spent by VBA personnel, or potentially contractors, in pursuing private medical evidence that may not exist, may not be relevant, or may not result in an additional benefit to the veteran. While the IBVSOs agree that chasing nonexistent, irrelevant, or unhelpful evidence wastes time and resources, and usually delays decisions for veterans, it is important that the VBA's ability to waive notice or duty to assist be limited. As long as there is a reasonable possibility that a veteran could benefit from notice or assistance, the VBA must be required to fulfill those duties.

Legislation has also made progress in Congress to modify regional office jurisdiction regarding supplemental statements of the case in order to improve the timeliness of the appeals process. In the current process, when an appeal is not resolved, the VARO will issue a statement of the case along with a VA Form 9 (Appeal to the Board of Veterans' Appeals). Oftentimes, veterans will provide additional evidence

at this stage of the process. Evidence received at any time prior to consideration by the BVA must be considered by the regional office of jurisdiction unless the appellant specifically waives that consideration. It is not unusual for a regional office to consider new evidence at least once prior to certification of the appeal to the BVA. In addition, if new evidence is received once the case is sent to the BVA, it must be remanded to the regional office unless the appellant asks the BVA to consider it in the first instance. This process is extremely time-consuming and inefficient.

The IBVSOs support an amendment to this process that allows evidence submitted after the appeal has been certified to the BVA to be forwarded directly to the BVA and not considered by the regional office unless the appellant or his or her representative elects to have additional evidence considered by the regional office. This opt-out clause merely reverses the standard process without removing any rights from an appellant. In implementing such a change, VA must provide sufficient notice to a veteran that new evidence may be considered at the regional office level should the veteran so desire, and should allow the veteran to provide electronic notice of his or her decision, rather than adding the time and expense of mailing a response.

The IBVSOs believe this change should result in improved timeliness at the BVA, and could potentially save tens of thousands of VA work hours with no impairment of the rights of appellants. This is, in our view, a “win-win” solution.

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## Recommendations:

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Congress must provide sufficient oversight of Veterans Benefits Administration (VBA) development of a new operating model to process claims for disability compensation and ensure that best practices are adopted and integrated on their ability to help VA get claims done right the first time.

The VBA should continue to work with veterans service organizations to expand participation in the Fully Developed Claims program, fine-tune the Disability Evaluation Narrative Text Tool process, and develop new disability benefits questionnaires (DBQs) as the *VA Schedule for Rating Disabilities* is updated and revised.

The VBA must ensure that DBQs are given the proper weight, as one piece of evidence among many, as ratings decisions are being made, and that veterans service organizations that hold power of attorney for claimants have full and immediate access to DBQs submitted electronically.

The VBA and Congress must ensure that the use of contractors to perform some or all of the development function in claims processing is carefully and comprehensively evaluated, with sufficient consideration given to VBA’s long-term workforce requirements.

Congress and the VBA must ensure that comprehensive metrics are established to assess whether proposed changes to the operating model being considered at the I-LAB will lead to more accurate and timely claims decisions.

Congress must aggressively evaluate and monitor the VBA’s implementation strategy and plan to ensure that it remains focused on getting claims right the first time, not just reducing the backlog.

Congress should consider legislation to require the Secretary to give deference to private medical opinions that are competent, credible, probative, and otherwise adequate for rating purposes as equal to that given to opinions provided by VA health-care providers.

Congress should ensure that any legislation being considered to reduce VA’s duty to notify or assist claimants not endanger veterans’ ability to receive the highest rating to which they are entitled within a reasonable time frame.

Congress should approve legislation to modify the appeals procedure so that, if a veteran submits new evidence after his or her appeal had been certified to the Board of Veterans’ Appeals, that evidence would be considered by the Board by default rather than remanded to an regional office for consideration, provided the claimant is notified of his or her right to have the additional evidence reviewed by the local regional office.

<sup>3</sup> VA Fast Letter 11-36, Disability Benefits Questionnaires Update: Groups—1, 2, and 3, December 5, 2011.

## TRAINING, TESTING, AND QUALITY CONTROL:

*Training, testing, and quality control are necessarily interrelated and must be given the highest priority in order to ensure that employees, managers, and leaders within the Veterans Benefits Administration are all held to the highest standards.*

Veterans Benefits Administration (VBA) claims-processing transformation strategy is focused in three areas: people, process, and technology. Training, testing, and quality control are central to all three, but especially to supporting an effective and efficient workforce. Over the past year, the VBA has made some significant changes for the better in each of these areas; however, more needs to be done in order to ensure that progress made possible by new technology and business processes is fully realized.

Training is essential to the professional development of individuals and tied directly to the quality of work they produce, as well as the quantity they can accurately produce. *The Independent Budget* veterans service organizations (IBVSOs) remain concerned that due to an increasing workload and a rising backlog, VBA managers and employees have too often chosen to cut corners on training in order to focus on production at all costs. Veterans service organizations service officers have been told by many VBA employees that meeting production goals is the primary focus of management; whereas fulfilling training requirements and increasing quality is perceived as a secondary goal. It is imperative that VA regional office (VARO) efforts to increase productivity not interfere with required training of employees, particularly new employees who are still learning their job.

VBA training has traditionally been a three-stage system, which requires new veterans service representatives (VSRs) and rating veterans service representatives (RVSRs) to complete orientation training at their respective VAROs. Next, they participate in centralized Challenge Training at VA's training academy, which provides a basic introduction to job responsibilities. When they return to their respective VARO, new VSRs and RVSRs spend several more months in training, which includes completing a required curriculum by way of online learning known as the Training and Performance Support System, as well as on-the-job training and/or instructor-led classroom training. Once these individuals have successfully completed their initial training, they begin their on-the-job-training (OJT) phase, in which they

will be moved into productive roles in developing and rating cases with supervision. They will continue this OJT phase with mentoring and supervision, slowly increasing the number and complexity of cases until they are assigned a full caseload approximately two years from their dates of employment.

In 2010 the VBA modified the training program for new RVSRs by doubling the length of time for Challenge Training to eight weeks. In addition, following this significantly more intense training, they return to their local VAROs and are immediately assigned claims files to work on while the training is still fresh in their minds. Rather than spend up to six months in additional on-the-job training before receiving their initial caseload of one claims file per day, they return to their respective VARO after the Challenge Training and are immediately assigned a caseload of 1.2 claims files per day. The VBA's initial assessment of this new training approach indicates that the newest RVSRs are performing at or above quality levels of RVSRs who had four weeks of Challenge Training and six months of OJT.

Once employees achieve journeyman status, they will have the same training requirements as all other experienced VSRs and RVSRs, which requires employees to complete 80 hours of training annually through VA's online Training Management System, along with an additional five hours for cyber security and ethics. VBA training is divided between 40 hours of standardized training on topics selected by the Compensation Service and 40 hours of training on subjects selected by the VARO from the Core Technical Training Requirements and other subjects of their choosing.

A Government Accountability Office (GAO) study released in April 2010 (GAO-10-445) found experienced claims processors had concerns with the training received; specifically the hours, amount, helpfulness, methods, and timing of training. The GAO also found that the VBA did not have sufficient means to assess the adequacy and consistency of the training. More alarming, the GAO found that

the VBA did not even ensure the required training is actually completed, nor properly ascertain the total number of VSRs and RVSRs who had met the annual training requirement. The GAO found that only one VARO met the annual training requirement and nine VAROs had less than half their employees meet their annual training requirements. It is simply unacceptable to have only one VARO meeting the most basic requirement of ensuring that all employees complete 80 hours of training. The VBA must place greater emphasis on training by implementing stricter monitoring mechanisms for all VAROs and ensure that they are held accountable for failure to meet this minimal standard.

Adequate time for training must be allowed in order for employees to gain the maximum benefit of the training and improve their overall knowledge and skill. In order to accomplish this, VBA managers must ensure scheduled time for training is in place and that employees attend training. Although training time for employees is excluded from the calculation of their workload requirements and performance standards, it is clear that the pressure to produce completed claims creates disincentives for fully completing training. In the GAO survey for its report on training, 60 percent of experienced claims processors found it “difficult” to meet their annual training requirement due to their workload. The VBA must find new ways to separate out time and space for employees to assist them in meeting their training requirements.

The IBVSOs are encouraged that the VBA has recently begun to develop professional development training programs for journey-level employees and leadership training programs for senior-level employees. Given the complexities and duties of VSRs and RVSRs, more extensive training is necessary in order to gain the appropriate level of knowledge and skill to perform those duties with quality and accuracy. VSRs and RVSRs are currently required to complete 80 hours of annual training, but there is no testing to measure whether the material was understood or is being retained. Attendance is the main instrument used to verify if training is being completed, and even in that minimal measure, the VBA is failing. The VBA must examine whether it is possible for a claims processor to achieve the required proficiency level without significantly increasing the amount and intensity of training currently provided by the VBA.

After employees have been trained, it is important that they are regularly tested to ensure that they have the knowledge and competencies to perform their jobs. A GAO report published in September 2011 found that there did not exist a nationwide training curriculum for decision review officers (DROs), despite the fact that 93 percent of regional managers interviewed supported such a national training program, as did virtually every DRO interviewed. *The Independent Budget* veterans service organizations would note that following a recent DRO examination in which a high percentage failed to achieve acceptable results, the VBA required all DROs to undergo a one-week training program to enhance their knowledge and job skills. This is exactly the type of action that should regularly occur within an integrated training, testing, and quality control program.

In 2008, Congress enacted P.L. 110-389, the “Veterans’ Benefits Improvement Act of 2008,” which required the VBA to develop and implement a certification examination for all claims processors and managers. While tests have been developed and conducted for VSRs, RVSRs, and DROs, the tests for supervisory personnel and coaches have yet to be completed. For most employees, the examination is required only once, primarily for grade level increases, not for proficiency purposes. For example, if VSRs desire to elevate their grade level from a 10 to 11, they must pass a certification examination; however, they may opt out of the examination and remain at their current level. Conversely, if the same VSRs fail the certification examination, there is no penalty and they may remain in the same position. Moreover, the VBA has no remedial training programs for employees who fail certification tests, nor are they required to retake the test to show that they have mastered the skills and knowledge required to do their jobs.

Mandatory, regular, and continuing testing programs for all VBA employees, including supervisors and managers, could serve several related purposes:

- measure the proficiency and knowledge required for promotion or determining other incentives;
- identify subject matters or competencies that need additional training of the test-taker;
- evaluate the effectiveness of training programs; and
- identify weaknesses in the claims process that require systemic improvements.

The VBA cannot accurately assess its training or measure an individual's knowledge, understanding, or retention of the training material without regular testing. It is important, however, that all testing and certification be applied equally to employees and to the people who supervise and manage them. All VBA employees, coaches, and managers should undergo regular testing to measure job skills and knowledge, as well as the effectiveness of the training.

Equally important, testing must properly measure the skills and knowledge required to perform the work of processing claims. Many employees report that the testing does not accurately assess how well they perform their jobs, and there have been reports that significant numbers of otherwise qualified employees are not able to pass the tests. The VBA must ensure that certification tests are developed that accurately measure the skills and knowledge needed to perform the work of VSRs, RVSRs, DROs, coaches, and other managers.

Of greater benefit to the claims process, the VBA has recently launched a new initiative to stand up Quality Review Teams (QRTs) in every regional office. Developed from a review of the best practices used at certain high-performing regional offices, the QRT program will assign full-time, dedicated employees whose sole function is to seek out and correct errors in claims processing. The size of each QRT will be directly related to the size of the regional office, with one QRT member for every 35 VSRs and one QRT member for every 20 RVSRs. The QRTs will report to regional office leadership; however, the focus of and output from their work will be directed by the Compensation Service at the VBA in order to ensure a consistent focus on quality. QRTs will also work to develop in-process quality control measures to prevent errors before decisions are made. A critical factor in the success of this program will be the caliber and attitude of the QRT members. To increase the chances of success, the VBA must make service in a QRT unit a career path requirement for those seeking to rise to higher positions.

VA's main quality assurance program will remain the Systematic Technical Accuracy Review (STAR) program. The STAR program can identify three types of errors—benefit entitlement, decision documentation and notification, and administrative. STAR looks at such actions as whether a proper Veterans Claims Assistance Act predecision “notice” was provided

and whether the rating decision was merited based on the available evidence. Under the STAR program, VA reviews a sampling of decisions from regional offices and bases its national accuracy measures on the percentage with errors that affect entitlement, benefit amount, and effective date. The STAR program is also intended to identify major national error trends so that the Compensation Service can initiate corrective measures, such as training, improved procedural guidance, or automated system improvements.

The STAR program was last directly evaluated by the VA Office of Inspector General (VAOIG) as part of its review of compensation rating accuracy in March 2009, in the report titled “Audit of Veterans Benefits Administration Compensation Rating Accuracy and Consistency Reviews.” The VAOIG determined that the VBA's STAR program does not provide a complete assessment of rating accuracy. In addition, although STAR estimated that about 87 percent of claims in 2008 were technically accurate, the VAOIG found additional errors and projected an accuracy rate of only 78 percent. A more recent VAOIG report from May 2011 (Report 11-00510-167), reviewing systemic issues from 16 VARO audits, found that “VARO staff incorrectly processed about 23 percent of its estimated 45,000 claims,” which would correspond to a 77 percent accuracy rate, compared to the current STAR estimate of 84 percent accuracy.

To fully assess and learn from VBA quality assurance and quality control programs, the data from all such reviews should be incorporated into VBA's new Veterans Benefits Management System (VBMS) so that analysis can provide management and employees important insights into processes and decisions. This, in turn, would lead to more accurate decisions on benefits claims, and, most important, to the delivery of all earned benefits to veterans, particularly disabled veterans, in a timely manner. VBA has mountains of data about the quality and accuracy of work performed under the current system that comes from the STAR program, “coaches” reviews of employees, Inter-Rater Reliability reviews, employee certification testing, remands by Board of Veterans' Appeals and Court of Appeals for Veterans Claims, as well as the new data that will be provided by the QRTs. There needs to be a process or system to aggregate and analyze all of this data to identify error trends and breakdowns in the claims process that need improvement or additional training of personnel. The VBMS must

include this capability, and it must also be used to inform and modify employee training programs.

The only way the VBA can make and sustain long-term reductions in the backlog is by producing better quality decisions in the first instance. The only way to institutionalize such a cultural shift within the VBA is by developing and giving priority to training, testing, and quality control programs.

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### Recommendations:

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The Veterans Benefits Administration (VBA) should review whether current training provided is appropriate for the jobs being performed and should consider significantly increasing the total annual hour requirement for continuing training of all employees.

The VBA should review the content of certification testing to ensure that it is appropriate to measure the job skills, competencies, and knowledge required to perform the work of each category of employee.

The VBA should require all employees, coaches, and managers to undergo regular testing that accurately measures job skills and knowledge as well as the effectiveness of the training itself.

The VBA must ensure that existing and new quality assurance and quality control programs, including the Systematic Technical Accuracy Review (STAR) program and Quality Review Teams (QRTs), are sufficiently funded and staffed.

The VBA should make service on a QRT unit a required step along the career path of employees seeking to reach the highest positions within the VBA.

The VBA should ensure that the Veterans Benefits Management System (VBMS) is able to systematically aggregate and analyze the information that comes from QRTs, the STAR program, “coaches” reviews, Inter-Rater Reliability reviews, employee certification testing, and data from remands from the Board of Veterans’ Appeals and the Court of Appeals for Veterans Claims to identify error trends and emerging issues that indicate a need for process improvements or additional training of employees or managers.

The VBA should develop real-time, in-process quality control mechanisms as a core component of the VBMS.



### NEW VBA INFORMATION TECHNOLOGY SYSTEM:

*Congress and the Veterans Benefits Administration must ensure that sufficient funding is provided to complete and deploy the Veterans Benefits Management System, the VBA’s new paperless and rules-based platform for processing veterans’ claims for benefits, as well as other important information technology initiatives, such as Veterans Relationship Management and e-Benefits.*

After two years of development, the Veterans Benefits Administration (VBA) is poised to begin rolling out its Veterans Benefits Management System (VBMS) nationally over the next year. Considered by many to be the lynch pin of the VBA’s claims-process transformation strategy, the VBMS has been designed to provide a comprehensive, paperless, and rules-based method of processing and awarding claims for VA benefits, particularly disability compensation and pension. The VBMS will consist of seven subcomponents that replace an array of older programs: VBMS-E for “establishment,” VBMS-D for

“development,” VBMS-R for “rating,” VBMS-A for “award,” VBMS-C for “correspondence,” VBMS-F for “folder,” and VBMS-W for “workflow,” which will replace the old VETSNET suite of applications, such as Share, MAP-D, RBA-2000, Awards, and FAS.

In 2011 the VBA conducted live VBMS pilots at the Providence, Rhode Island, and Salt Lake City, Utah, VA regional offices (VAROs), continuing to add new functionality throughout the year. *The Independent Budget* veterans service organizations (IBVSOs) recognize and applaud VBA efforts to incorporate the

experience and perspective of veterans service organizations (VSOs) throughout the development process. Understanding the important role that VSO service officers play in the claims process, VBA proactively sought frequent and substantive consultation with VSOs, both at the national VBMS office and at the pilot locations. The IBVSOs are confident that this promising partnership will strengthen the VBMS for the VBA, VSOs, and, most important, veterans seeking VA benefits. As VBMS development continues, it will be essential to continue this successful VBA-VSO collaboration and look for new ways to institutionalize it.

As the VBA turns the corner on VBMS development leading to deployment, it is imperative that Congress and the VBA provide full funding to complete this essential information technology (IT) initiative. In today's difficult fiscal environment, there are concerns that efforts to balance the federal budget and reduce the national debt could result in reductions to VA programs, including IT programs. Over the next year Congress must ensure that the funding required and designated for the VBMS is protected from cuts or reprogramming, and spent as Congress intended. The VBA must then ensure that internal competition for IT funding does not endanger the completion of the VBMS and other vital claims-process transformation initiatives.

The VBA must also continue to provide sufficient resources to complete the Veterans Relationship Management (VRM) system and maximize the use of e-Benefits. The VRM is being designed as VA's "one front door" to all benefits and services. Whether a veteran visits, calls, texts, emails, tweets, or uses any other method of communication, the VRM system is being designed to ensure that veterans have consistent and successful interactions with VA. A key component of VA's new customer service approach is e-Benefits, VA's online portal that allows veterans to apply for, monitor, and manage their benefits over the Internet. With more than 2 million users registered, e-Benefits provides a web-based method for veterans to file claims for disability and other benefits that will directly integrate into the VBMS for adjudicating those claims. VRM is also expanding its capabilities at VA call centers through new training and IT technologies to ensure that veterans have a positive experience when calling VA. As with the VBMS, it is crucial that Congress and the VBA provide both VRM and e-Benefits full funding in order to support

the ongoing transformation of the claims-processing system.

During the early stages of VBMS development there were questions about whether rules-based decision support would be a core component of the VBMS, rather than a component to be added on after national rollout. This question has been resolved favorably, as VBMS programmers are actively working to develop algorithms to embed the VA *Schedule for Rating Disabilities* into the system. The design team in Atlanta that developed the Disability Evaluation Narrative Text Tool program to automate rating decision and award letters, has since developed a number of tools to automate the rating evaluation and decision process. Evaluation builders have been built to determine rating levels assignable for a claimed condition. Calculators have been designed to resolve both service connection and rating level questions into a rating decision.

Although significant progress has been made in creating rules-based capabilities within the VBMS, the VBA must continually test and refine these tools until they are perfected. There have been reports that early calculators sometimes produced incorrect ratings. While substantial automation of the claims process is both helpful and ultimately inevitable, final responsibility for rating decisions must remain the purview of VBA personnel. Rules-based tools and technologies must be treated like a beta version of software, constantly seeking feedback and improvement on the product. The VBMS must incorporate comprehensive quality control to provide real-time, in-process data collection, and analysis in order to support continuous process improvements.

Given the highly technical nature of modern information technology development, the IBVSOs urge Congress to fully explore these issues with the VBA and continue to suggest that it would be helpful to have an independent, outside expert review of the VBMS while it is still possible to make course corrections, should they be necessary.

The IBVSOs remain concerned about VBA plans for transitioning legacy paper claims into the new VBMS environment. While the VBA is committed to moving forward with a paperless system for new claims, it has not yet determined how to handle reopened paper claims; specifically whether, when, or how they would be converted to digital files. Because a majority

of claims processed each year are for reopened or appealed claims and because files can remain active for decades, until all legacy claims are converted to digital data files, the VBA could be forced to continue paper processing for decades. Requiring VBA employees to learn and master two different claims-processing systems—one that is paper-based and the other digital—would add unnecessary complexity and could negatively affect quality, accuracy, and consistency.

There are very difficult technical questions to be answered about the most efficient manner of transitioning to all-digital processing, particular involving legacy paper files. The VBA must consider the level of resources required to provide sufficient computer backbone and bandwidth to accomplish this massive digitization of millions of paper files. One way forward would be to leave paper files as they are in their current format unless or until there is new activity. At the time a paper file becomes active, it could be sent to a conversion center, which would scan and enter all data into the VBMS. Whether this is technically, logistically, or financially feasible in the near term must be fully explored and reviewed. However, the IBVSOs believe the VBA should do all it can to shorten the length of time this transition takes to complete, and should provide a clear roadmap for eliminating legacy paper files, one that includes clear timelines and resource requirements. While this transition may require significant up-front investment, it will pay dividends for the VBA and veterans in the future.

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## Recommendations:

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Congress and VA must ensure that the Veterans Benefits Management System (VBMS), as well as Veterans Relationship Management and e-Benefits, are provided full funding to successfully complete transformation of the claims processing system.

The Veterans Benefits Administration (VBA) must continue to support incorporation of rules-based decision support in the VBMS, recognizing that such automation will not be perfect and must be continually evaluated and improved.

The VBMS must include real-time quality control as a core component of the system in order to build a system capable of providing accurate and timely decisions, which is the key to reducing the backlog for the long term.

The VBA should commit to incorporating all veterans' legacy paper files into the paperless environment of the VBMS within the minimum amount of time technically, practically, and financially feasible.

Congress should consider an independent, outside, expert review of the VBMS system while it is still possible to make course corrections, should they be necessary.

The VBA should continue seeking regular and ongoing input from veterans service organizations during VBMS development and deployment.

## Compensation Service

### SUFFICIENT STAFFING LEVELS:

*Maintaining staffing in the Veterans Benefits Administration at levels that are commensurate with workload is essential to the VBA's ability to address the growing claims inventory in an accurate and timely manner.*

Due to substantial support by Congress, the Veterans Benefits Administration (VBA) Compensation Service has seen a large increase in staffing during the past several years, which has allowed for an increase in the number of claims processed each year. However, an even larger increase in new and reopened claims has caused the backlog to grow. In fact, between FY 2008 and FY 2010, VBA staffing was increased by several thousand full-time employees (FTEs). This large increase in FTEs has assisted Compensation Service's ability to increase its production to adjudicate a growing disability claims workload with cases involving greater complexity than in years past. In the near term, this large increase in claims processors may actually result in an overall decline in productivity since experienced personnel are taken out of production to conduct extensive training and mentoring of new employees. Historically, approximately two years are required for new nonrating claims processors to acquire sufficient knowledge and experience to be able to work independently with both speed and accuracy. However, employees in the role of producing rating decisions require an additional period of at least two years of training before they have the skills to accurately complete most rating claims.

Congressional actions to dramatically increase staffing in recent years have provided the VBA a major resource in its efforts to reform the claims process, better manage the pending claims backlog, and begin the process of regaining control of the growing claims for benefits. It is vital, however, to recognize that the backlog of claims will not simply vanish overnight. The backlog of claims arose as a culmination of many factors, specifically the increasing complexity of claims development with an overlay of judicial review. Neither of these factors is inherently bad; in fact, the development safeguards and judicial oversight were deemed necessary to help ensure that

veterans and other claimants receive every benefit to which they are entitled under the law. Congress should recognize that it will be several years before the full impact of recent hiring initiatives is felt.

The VBA is faced with many challenges that must be addressed. For example, the number of veterans receiving benefits has significantly increased in whole numbers and as a percentage of that population. The population of newer veterans demonstrates similar disability profiles to older veterans in terms of the body systems affected. Unlike the past, newer veterans from the outset tend to claim a higher number of disabilities, which often involve greater complexity in the development of their claims. Also, the average disability rating has risen steadily since 2001, incorporating the existence of unique disabilities such as traumatic brain injury and a variety of mental disorders, as well as the general aging of the earlier service population. In fact, the number of original claims for multiple disabilities, especially claims with eight or more conditions, has increased substantially since 2005.

Due to the actions of Congress in providing the resources in order for VBA's Compensation Service to dramatically increase its staffing in recent years, *The Independent Budget* veterans service organizations are not recommending an increase in staffing for FY 2013. It should be noted that while we are not recommending an increase in Compensation Service staffing at this time, Congress must be mindful of natural attrition rates, continual growth of the backlog, and other VBA initiatives that impact the overall effectiveness in timeliness and productivity. Should there be a decline in personnel dedicated to producing rating decisions, an increase in claims or backlog, or should any of the long-awaited VBA information technology initiatives not reduce the processing times for claims, Congress must be prepared to act swiftly

and intervene with necessary resources to increase Compensation Service's staffing to facilitate its ability to adjudicate disability compensation claims under anticipated workload requirements so that veterans' claims are done right the first time.

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### Recommendation:

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Congress should require the Veterans Benefits Administration to conduct a study to determine the actual number of full-time employees necessary to effectively manage its growing inventory of claims while ensuring that rating decisions are produced in an accurate and timely manner.



## Vocational Rehabilitation and Employment

### ADEQUATE STAFFING LEVELS:

*Congressional funding for the VA Vocational Rehabilitation and Employment Service must keep pace with veterans' demand for vocational rehabilitation and employment services.*

VA's Vocational Rehabilitation and Employment (VR&E) program, also known as chapter 31 benefits, is authorized by Congress under Title 38, United States Code. Through its VetSuccess program, VR&E provides critical counseling and other adjunct services necessary to enable service-disabled veterans to overcome employment barriers as they prepare for, find, and maintain gainful employment.

Since September 11, 2001, there have been more than 2,226,000 service members deployed. Of that group more than 941,000 have been deployed two or more times.<sup>4</sup> As a result there are more than 1,442,000 individuals eligible for disability benefits, of which VR&E is one, and more than 642,000 have actually filed claims for disability.<sup>5</sup> Due to the increasing number of service members returning from Iraq and Afghanistan with serious disabilities, VR&E must be provided the resources to further strengthen its program.

Approximately 48,000 active duty, Reserve, and Guard personnel are discharged annually, with more than 25,000 of those on active duty found "not fit for duty" as a result of medical conditions that may qualify for VA disability ratings and, potentially, eligibility for VR&E services.<sup>6</sup>

In FY 2011 there were more than 107,000 participants in one or more of the five assistance tracks of VR&E's VetSuccess program. Of those who chose the vocational rehabilitation and employment track, approximately 9,900 were deemed fully rehabilitated.

Given the protracted nature of the current conflicts, combined with an aging veterans community and the slow recovery of the economy, the demand for services may well outpace the present funding levels for VR&E programs and overtax current staffing levels as they work diligently to deliver these important benefits.

*The Independent Budget* veterans service organizations (IBVSOs) are concerned that service members—whether regular military, National Guard, or Reserve—who are being discharged from military service with service-connected disabilities will not receive effective vocational rehabilitation services in a timely manner because of a lack of available resources.

While VR&E Service funding has improved in recent years, the IBVSOs encourage Congress to continue to provide the necessary funding in FY 2013; otherwise, VR&E's ability to meet a rising demand for services may prove inadequate to the task.

### Case Manager Workload

VR&E's VetSuccess program is a five-track employment process, which aims to advance employment opportunities for disabled veterans. This is an essential program, providing participants comprehensive rehabilitation evaluation to determine abilities, skills, and interests for employment; vocational counseling and rehabilitation planning for employment services; employment services, such as job training, job-seeking skills, résumé development, and other work readiness assistance; assistance finding and keeping a job, including the use of special employer incentives and job accommodations; on-the-job training, apprenticeships, and nonpaid work experiences; postsecondary training at a college or a vocational, technical, or business school; supportive rehabilitation services, including case management, counseling, and medical referrals; and independent living services for veterans unable to work because of the severity of their disabilities. The Compensation and Pension Service (C&P) provides compensation to veterans, and VR&E provides a bridge to future employment and a stronger sense of self-worth. While C&P staffing has increased dramatically, VR&E staffing has not kept pace with the rising VR&E participation rate.

The Government Accountability Office (GAO) conducted a 2009 study to assess VR&E's ability to meet its core mission functions. It noted that the implementation of the five-track employment process has "strengthened its focus on employment but veterans' incentives have not been updated to reflect this emphasis."<sup>7</sup> A GAO survey of VA regional office staff found that "54 percent of all 57 regional offices reported they had fewer counselors than they need and 40 percent said they have fewer employment coordinators than they need"<sup>8</sup> and "90 percent of the regional offices we surveyed reported that their caseloads have become more complex since veterans began returning from Afghanistan and Iraq."<sup>9</sup>

The current caseload target, which is one counselor for every 125 veterans, is not based on an accurate measurement study of VR&E's own processes and workloads. Feedback received by the IBVSOs from counselors in the field found a workload as high as 1:145, well above the 1:125 standard. Delays in processing initial applications due to staff shortages as well as disproportionate caseloads continue to be problematic. A 1:100 ratio would certainly provide

for a more robust counselor staff and more equitable workload distribution.

VR&E continues with its work, through collaboration with an outside contractor, to refine and refocus this important program in an effort to maximize its capabilities and deliver services within certain budgetary constraints. Given the anticipated caseload that future downsizing of the military will cause, a more concise way to determine staffing requirements must be developed.

### Vocational Rehabilitation and Employment (Chapter 31)

Given its increased reliance on contract services, VR&E needs approximately 195 new staff counselors. As a part of its strategy to enhance accountability and efficiency, the VA VR&E Task Force<sup>10</sup> recommended the creation and training of new staff positions for this purpose. Other new initiatives recommended by the task force also require an investment of personnel resources.

An extension for the delivery of VR&E assistance at a key transition point for veterans is through the VA VetSuccess on Campus program. This program provides support to student veterans in completing college or university degrees. VetSuccess on Campus has developed into a program that places a full-time Vocational Rehabilitation Counselor and a part-time Vet Center Outreach Coordinator at an office on campus specifically for the student veterans attending that college. These VA officers are there to help the transition from military to civilian and student life. The VetSuccess on Campus program is designed to give needed support to all student veterans, whether or not they are entitled to one of VA's education benefit programs.

The President's 2012 budget submission requested funding to support further expansion of the program beyond the eight existing sites to nine more campuses. They are University of South Florida, Cleveland State University, San Diego State University, Community College of Rhode Island, Arizona State University, Texas A&M, Central Texas, Rhode Island College, and Salt Lake Community College. The expansion uses a formula of campuses with veteran populations of 800–1,200 students.<sup>11</sup> At least nine full-time employees will be needed in FY 2013 to manage this expanding campus program.<sup>12</sup>

## Recommendations:

Congress must provide sufficient funding and staffing to ensure that the VA Vocational Rehabilitation and Employment (VR&E) program can meet the growing demand it faces, particularly with the many seriously injured service members returning from Iraq and Afghanistan who will need this assistance.

Congress should authorize at least 195 additional full-time employees for the VR&E Service for FY 2013 to reduce current case manager workload and allow for additional one-on-one dialogue for all veterans generally and for our most severely disabled veterans particularly.

Congress should authorize at least nine new full-time employees in FY 2013 to manage VR&E's expanding campus program.

Congress must provide the resources for VR&E to establish a maximum ceiling of 1:125 as the counselor-to-client workload and a new ratio of 1:100 as the standard used for all office staffing decisions.

Congress should monitor, through its oversight function, the status and results of the ongoing work measurement and skills assessment studies and, once they are completed, provide the necessary funding to adjust staffing levels and to provide training targeted toward any core competency gaps identified in those studies.

<sup>4</sup> DOD, "Contingency Tracking System," Number of Deployments for Those Ever Deployed for Operation Iraqi Freedom and Operation Enduring Freedom, as of Dec. 31, 2010.

<sup>5</sup> Department of Veterans Affairs, "VA Benefits Activity: Veterans Deployed to the Global War on Terror," Through May 2011, Jul. 2011.

<sup>6</sup> Congressional Research Service, "Veterans' Benefits: The Vocational Rehabilitation and Employment Program," Order Code RL34627, August 21, 2008, p. CRS-12.

<sup>7</sup> Government Accountability Office, *VA Vocational Rehabilitation and Employment: Better Incentives, Workforce Planning, and Performance Reporting Could Improve Program*, GAO-09-34, January 26, 2009, p. 6. <http://www.gao.gov/new.items/d0934.pdf>.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> VA Reaching Out to Veterans on Campus Through VetSuccess New Agreements Recently Reached to Ease Transition from Active-Duty Military, VA Press Release. <http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2070>, March 11, 2011.

<sup>12</sup> House Veterans Affairs Committee, Subcommittee on Economic Opportunity, Prepared Statement of Thomas J. Pamperin, Deputy Under Secretary for Disability Assistance, Veterans Benefits Administration, U.S. Department of Veterans Affairs, 06/02/2011.



## **BOARD OF VETERANS' APPEALS BUDGET GAP:**

*Board of Veterans' Appeals budget and staffing have failed to rise as necessary to meet its actual and projected workload.*

The Board of Veterans' Appeals (Board) makes final decisions on behalf of the Secretary on appeals from decisions of local VA offices. It reviews all appeals for benefit entitlement to include claims for service connection, increased disability ratings, total disability ratings, pension, insurance benefits, educational benefits, home loan guaranties, vocational rehabilitation, dependency and indemnity compensation, and health-care delivery (medical reimbursement and fee-basis claims).<sup>13</sup> The Board's mission is to conduct hearings and issue timely, understandable, and quality decisions for veterans and other appellants in compliance with the requirements of law.

While the Board has jurisdiction over a range of issues, 95 percent of appeals considered involve claims for disability compensation or survivor benefits. Other types of claims that are addressed by the Board include fee-basis medical care, waiver of recovery of overpayments, reimbursements for emergency medical treatment expenses, education assistance benefits, vocational rehabilitation training, burial benefits, and insurance benefits. While the number of claims has increased over the past several years, so too has the number of appeals to the Board.

In FY 2010, the Board conducted 13,515 hearings, 1,823 more than the prior year, and issued 49,127 decisions, slightly more than in FY 2009. The average

cycle time from receipt to decision was 99 days, one day less than the year prior, and 56 days faster than in FY 2008. The Board's accuracy rate for FY 2010 was 94 percent, the same as the prior year.<sup>14</sup> It is important to note that productivity would have been even greater but for two unusual events in 2010: the snowstorm in February that shut down the federal government for a week and a computer virus in April that shut down the entire network, disrupting work, including telework, for about 10 days.

While productivity of the Board has risen, workload has risen even faster. The number of appeals filed rose from 51,481 in FY 2009 to 57,985 in FY 2010, and it is projected to continue rising as the number of original claims rises. The number of appeals docketed at the Board rose from 49,783 in 2009 to 52,526 in FY 2010 and will also continue to rise commensurate with the increase in claims.<sup>15</sup> Based on historical trends, the number of new appeals to the Board averages approximately 5 percent of all claims received, so as the number of claims processed by the VBA is expected to rise significantly, so too will the Board's workload rise commensurately. It is worth noting that FY 2011 was an atypical year because a significant number of VA regional office employees were focused on processing *Nehmer* cases, instead of certifying appeals to the Board. With the *Nehmer* work winding down in FY 2012, there is expected to be a spike of new appeals sent to the Board. As a result, the backlog of cases at the Board, like at VBA regional offices, will continue to rise.

The Board is currently authorized to have 544 full-time employee equivalents (FTEEs); however, its budget in FY 2011 could only support 532 FTEEs. Expected workload projections indicate that the authorized level for FY 2013 should be closer to 585 FTEEs. *The Independent Budget* veterans service organizations are concerned that unless additional resources are provided to the Board, its ability to produce timely and accurate decisions will be constrained by an inadequate budget, and either the backlog will rise or accuracy will fall. Neither of these outcomes is acceptable.

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### Recommendations:

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Congress must ensure that funding for the Board of Veterans' Appeals (Board) rises at a rate commensurate with its increasing workload so it remains properly staffed to decide veterans' cases in an accurate and timely manner.

To meet known and projected workload increases next year, Congress should authorize and fund an additional 40 full-time employee equivalents at the Board for FY 2012.

VA should require the Board to develop and implement an acceptable plan to increase focus on the performance of mission-critical activities, reduce the processing time for appeals, and improve the quality of its decision making.

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<sup>13</sup> Board of Veterans' Appeals, Fiscal Year 2010 Report of the Chairman.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.