

General Operating Expenses

From its central office in Washington, DC, and through a nationwide system of field offices, the Department of Veterans Affairs administers its veterans' benefits programs. Responsibility for the various benefits programs is divided among five business lines within the Veterans Benefits Administration (VBA): Compensation and Pension, 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 Office 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 (GOE) appropriation. The GOE appropriation funds the benefits delivery system—the VBA and its constituent line, staff, and support functions—and the functions under General Administration.

VA's 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 recommendations to maintain VA's benefits delivery infrastructure and to improve VA performance and service to veterans.

VETERANS BENEFITS ADMINISTRATION

VBA Management

MORE AUTHORITY OVER FIELD OFFICES:

VA program directors should have more accountability for benefits administration in the field offices.

The Veterans Benefits Administration (VBA) has long sought to improve its claims processes. Besides fundamental reorganization of claims-processing methods to achieve increased efficiencies, the initiatives include several measures to improve quality in claims decisions through better quality assurance and accountability for technically correct decisions. However, the VBA's current management structure presents a serious obstacle to enforcement of accountability because the program directors who have responsibility for the success of these programs lack direct authority over those who make claims decisions in the field.

There is a natural tension between “field operations” and “program.” Field operations managers are primarily responsible for efficient resource utilization, capital maintenance and improvements, and general management concerns, such as claims backlogs. The program management should and must be primarily responsible for program policy and implementing procedures. This includes processing priorities. When too much authority devolves to field management, program integrity is put at risk. This is the situation the VBA finds itself in.

VBA management's program directors have the most hands-on experience with and intimate knowledge of their benefit lines, and they have the most direct involvement in day-to-day monitoring of field office compliance. Program directors are therefore in the best position to advise the Under Secretary on enforcing quality standards and program policies within their respective benefit programs.

However, while higher-level VBA program directors are properly positioned to direct operational aspects of field offices, they are only indirectly involved in the substantive elements of the benefit programs. It should be a logical conclusion that, in order to enforce accountability for technical accuracy and to ensure uniformity in claims decisions, program directors should (1) have more responsibility for the field decision-making process and (2) be empowered to advise the Under Secretary to order remedial measures when variances are identified.

In its August 1997 report to Congress, the National Academy of Public Administration (NAPA) noted, “The VBA, to date, has not shown the discipline necessary to provide in its plans and actions the degree of detail and integration needed for efficient plan implementation or that it can monitor plan implementation and hold responsible officials accountable.”¹ The report attributed many of the VBA's problems to unclear lines of accountability. NAPA found VBA permeated with a sense of powerlessness to take action.²

In turn, field personnel perceived VBA central office staff as incapable of taking firm action. NAPA reported that a number of executives interviewed indicated that VBA executives have difficulty giving each other bad news or disciplining one another. NAPA concluded that, until the VBA is willing to deal with this conflict and modify its decentralized management style, it will not be able to effectively analyze the variations in performance and operations existing among its regional offices, nor will it be able to achieve a more uniform level of performance.

Regarding the Compensation and Pension (C&P) Service especially, NAPA concluded that the C&P director's lack of influence or authority over field office employees would greatly hamper any efforts to implement reforms and real accountability.

NAPA recommended that the Under Secretary for Benefits strengthen C&P influence over field operations and close the gaps in accountability. *The Independent Budget* veterans service organizations continue to agree with that assessment and urge the Under Secretary to empower the C&P director to be more directly involved in field operations. In its March 2004 “Report to the Secretary of Veterans Affairs: The Vocational Rehabilitation and Employment Program for the 21st Century Veteran,” the VA Vocational Rehabilitation and Employment (VR&E) Task Force recommended that the director of the VR&E Service be given “some line-of-sight authority for the field administration of the program.” *The Independent Budget* veterans service organizations continue to agree with this assessment.

Recommendation:

To improve the responsiveness of the Veterans Benefits Administration, the VA Under Secretary for Benefits should give VBA program directors more responsibility for the performance of VA regional office directors.

¹ Report by a Panel of the National Academy of Public Administration for Congress and the Department of Veterans Affairs, 1997, ix.

² *Ibid.*, 40.



Compensation and Pension Service

CLAIMS PROCESS IMPROVEMENTS NEEDED:

While simultaneously enhancing training and increasing individual and managerial accountability, Congress and the Department of Veterans Affairs must take definitive steps to reduce delays in the disability claims process caused by policies and practices that were developed in a disjointed and haphazard manner.

The Department of Veterans Affairs administers a complex set of laws and regulations designed to compensate veterans for the average impairment of earnings capacity due to disabilities (the residuals of disease or injury) incurred coincident with or as a result of military service.

The payment of veterans disability compensation requires a decision that each claimed disability be related to service, a medical examination for each service-connected disability to assess the severity or impairment of the condition, and the assignment of a numerical evaluation for each condition. Finally, the decision-maker must select an effective date of service connection for each condition and the level of severity for each disability, and, if the disability worsened during the pendency of the claim, determine whether higher evaluations should be assigned at different points of time during that period.

The adjudication of compensation claims is complex and time-consuming. The policy of linear or serial development creates many problems. It extends the process and results in a loss of trust among veteran-claimants. Failure to develop evidence correctly requires serial redevelopment, which delays claims resolution and increases opportunities for mistakes. Further, inadequately trained employees fail to recognize claims that have been adequately prepared for rat-

ing purposes. The lack of effective on-the-job training, as well as the failure to involve program expertise (senior veteran service representatives (VSRs) and rating veteran service representatives (RVSRs)) earlier in the process, are critical failures. As a consequence, VA routinely continues to develop many claims rather than making timely decisions. Processing policy should be changed to get claims into the hands of experienced technicians (journey-level VSRs or RVSRs) earlier in the process so that issues with sufficient evidence can be evaluated, while development of other outstanding issues continue (as directed by those technicians).

The Independent Budget veterans service organizations (IBVSOs) commend Congress, acting without regard to party affiliation over the past few years, for addressing the critical staffing needs of the Veterans Benefits Administration (VBA). Inadequate staffing budgets over the past two decades directly and significantly contributed to the worst claims backlog in VA's history.

Although the recent focus of Congress and VA on hiring new personnel is critical to reducing the backlog, this action alone will not solve the problems inherent in the current disability claims-processing system. Adequate staffing alone will not allow the VBA to operate in an efficient, timely manner while producing quality decisions. The increase in the number and complexity of disability claims, and the time required for new em-

ployees to become proficient in processing claims, has left VA marking time as the claims backlog continues to grow.

On the surface, the disability claims process appears simple: A veteran applies for compensation or pension; VA develops evidence necessary to decide the claim; and VA evaluates the evidence, applies the facts to the law, and grants or denies benefits. However, the complexity of the statutes and regulations requires careful analysis before a proper decision can be made.

It is understandable that VA wants to be deliberative as it determines the next best course of action to address how to improve the claims process. After all, VA estimates it will manage as many as 946,000 total claims this fiscal year and provide more than \$30 billion in compensation and pension benefits. The IBVSOs recognize that VA has a responsibility to administer these programs according to the law.

The claims process is a series of steps VA goes through to identify necessary evidence, obtain that evidence, and then make decisions based on the law and the evidence gathered. What fails here is the execution. While the rules are fairly clear, it is the overwhelming volume of the work, inadequate training, lack of adequate accountability, and pressure to cut corners to produce numbers that result in an 18 percent substantive error rate (by VA's own admission).

It is difficult to maintain quality control when individual performance reviews are limited to five cases per month and when there is virtually no oversight on the propriety of end-product closures. There is virtually no in-process quality control that could detect errors before they create undue delays and provide real-time feedback to technicians.

The converse of the underdevelopment problem plaguing the VA's claims process is its apparent propensity to overdevelop claims. One possible cause of this problem is that many claims require medical opinion evidence to help substantiate their validity. There are dozens of legal decisions on the subject of medical opinions (e.g., who is competent to provide them, when are they credible, when are they adequate, when are they legally sufficient, and which ones are more probative). There is anecdotal evidence that indicates that some rating specialists—rather than grant a claim based on the substantive evidence of record—request additional examinations and medical opinions.

There is ample room to improve the law in a manner that would bring noticeable efficiency to VA's claims process, such as when VA issues a Veterans Claims Assistance Act (VCAA) notice letter. Under current notice requirements and in applicable cases, VA's letter to a claimant normally informs the claimant that he or she may submit a private medical opinion. The letter also states that VA may obtain a medical opinion if it decides to do so. However, these notice letters do not inform the claimant of what elements render private medical opinions adequate for VA rating purposes. To correct this deficiency, the IBVSOs recommend that, when VA issues proposed regulations to implement the recent amendment of title 38, United States Code, section 5103, its proposed regulations contain a provision that will require it to inform a claimant, in a VCAA notice letter, of the basic elements that make medical opinions adequate for rating purposes.

The IBVSOs believe that, if a claimant's physician is made aware of the elements that make a medical opinion adequate for VA rating purposes and provides VA with such an opinion, VA will no longer need to delay making a decision on a claim in order to obtain its own medical opinion. This would reduce the number of appeals that result from conflicting medical opinions—appeals that are frequently decided in an appellant's favor.

Congress should also consider amending 38 U.S.C. § 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 such evidence from a VA health-care facility. 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.

In FY 2007 the Board of Veterans' Appeals (BVA) remanded more than 12,000 cases to obtain a medical opinion. In FY 2008 that number climbed to more than 16,000. In the view of the IBVSOs, many of these remands could have been avoided if VA had accepted sufficient medical opinions already provided by veterans. 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 evident reduction in remands to obtain medical opinions.

Remands significantly lengthen the time it takes for a veteran to receive a final decision. A remand adds about a year to the appellate process. Remands not only delay individual cases, but also divert resources from new appeals. About 75 percent of cases remanded are returned to the BVA, increasing its workload and further degrading the timeliness of decisions. In addition, the BVA generally decides oldest cases.³ Processing of newer appeals is delayed when remanded appeals are returned to the BVA for readjudication. Thus, eliminating avoidable remands is a goal that will provide better service to veterans and their families and, ultimately, will help reduce the growing backlog.

Modifying regional office jurisdiction regarding supplemental statements of the case (SSOCs) will improve the timeliness of the appeals process. In the current process, when an appeal is not resolved, the VA regional office (VARO) will issue a statement of the case (SOC) along with a VA Form 9 to the claimant, who concludes, based on the title of the Form 9 (Appeal to the Board of Veterans' Appeals) that the case is now going to the BVA.

Consequently, the veteran may feel compelled to submit additional or repetitive evidence in the mistaken belief that his or her appeal will be reviewed immediately by the BVA. But the VARO issues another SSOC each time new evidence is submitted. This continues until VA finally issues a VAF-8, Certification of Appeal, which actually transfers the case to the BVA.

The IBVSOs propose an amendment to this process that will explain that evidence submitted after the appeal has been certified to the BVA will 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. The IBVSOs believe this change should result in reduced appellant lengths, much less appellant confusion, and nearly 100,000 reduced VA work hours by eliminating, in many cases, the requirement to issue supplemental statements of the case. A legislative change, amending 38 U.S.C. § 5103 in a manner that would incorporate an automatic waiver of jurisdiction

of regional office jurisdiction authorizing VA to allow the veteran to instead opt out of having his or her case be transferred to the BVA would grant this flexibility. Additional legislative modification could provide greater flexibility to the appeals process as well by substantially reducing the issuance of SSOCs.

The IBVSOs are confident these recommendations, if enacted, will help streamline the protracted claims process and drastically reduce undue delays. These recommendations will assist Congress and VA in taking deliberate steps aimed at making efficient an inefficient process without sacrificing a single earned benefit or right provided under the law.

Recommendations:

Congress should require the Secretary to establish a quality assurance and accountability program that will detect, track, correct, and prevent future errors and to create a work environment that properly aligns incentives with goals and holds both VBA employees and management accountable for their performance.

Congress should modify current “duty to assist” requirements that VA undertake independent development of the case, including gathering new medical evidence, when VA determines the claim already includes sufficient evidence to award all benefits sought by the veteran.

Congress should allow the Board of Veterans' Appeals to directly hear new evidence in cases certified to it, rather than require VA's regional offices to hear the evidence and submit supplemental statements of case.

Congress and VA must develop and deploy a new electronic document management system, capable of converting all claims-related paperwork into secure, official electronic documentation that is easily accessible and searchable by all official personnel involved in the process.

³ *BVA Dispositions by VA Program, 2008*, Report of Chairman, Board of Veterans' Appeals, 4/23/2009, 5.

IMPROVEMENTS IN VBA TRAINING:

Although the Department of Veterans Affairs has improved its training programs to some extent, more needs to be done to ensure decision-makers and adjudicators are held accountable to training standards.

The Independent Budget veterans service organizations (IBVSOs) have consistently maintained that VA must invest more in training adjudicators in order to hold them accountable for accuracy. VA has made improvements to its training programs in the past few years; nonetheless, much more improvement is required in order to meet quality standards that disabled veterans and their families deserve.

Training, informal instruction as well as on-the-job training, has not been a high-enough priority in VA. The IBVSOs have consistently asserted that proper training leads to better-quality decisions, and that quality is the key to timeliness of VA decision making. VA will achieve such quality only if it devotes adequate resources to perform comprehensive and ongoing training and imposes and enforces quality standards through effective quality assurance methods and accountability mechanisms. The Administration and Congress should require mandatory and comprehensive testing designed to hold trainees accountable. This requirement should be the first priority in any plan to improve training. VA should not advance trainees to subsequent stages of training until they have successfully demonstrated that they have mastered the material.

The Veterans Benefits Administration has a standard training curriculum for new claims processors and an 80-hour annual training requirement for all claims processors. The training program in VBA is basically a three-stage system. Stage one requires new staff to complete some orientation training in their home offices. Stage two requires them to attend a two- to three-week centralized training course that provides a basic introduction to job responsibilities. Stage three requires new staff to spend several more months in training at their home offices, which includes on-the-job training and/or instructor-led training that follows a required curriculum via the Training and Performance Support System (TPSS), an online learning tool. All claims processors are required to complete a minimum of 80 hours of training annually. VA regional offices (ROs) have some discretion over what training they provide to meet this requirement.

The first phase of training for new rating veteran service representatives (RVSRs) is prerequisite training, and

it begins at their home regional offices. This training is designed to lay the foundation for future training by introducing new employees to topics, such as the software applications used to process and track claims, medical terminology, the system for maintaining and filing a case folder, and the process for requesting medical records. The VBA specifies the topics that must be covered during prerequisite training; however, regional offices can choose the format for the training and the time frame. New veteran service representatives (VSRs) and RVSRs typically spend two to three weeks completing prerequisite training in their home office before they begin the second program phase.

The second phase of training is known as centralized training, wherein new VSRs and RVSRs spend approximately three weeks in classroom training. Typically, participants from multiple regional offices are brought together in centralized training sessions, which provide an overview of the technical aspects of the VSR and RVSR positions.

To practice processing different types of claims, VSRs work on either real or hypothetical claims specifically designed for training. Centralized training for new RVSRs focuses on such topics as systems of the human body, how to review medical records, and how to interpret medical exams. To provide instructors for centralized training, the VBA relies on senior RO staff who are trained as instructors. Centralized training instructors may be VSRs, RVSRs, supervisors, or other staff identified by RO managers as having the capability to be effective instructors.

When new VSRs and RVSRs return to their home offices after centralized training, they are required to begin their third phase of training, which is supposed to include on-the-job, classroom, and computer-based training modules that are part of the VBA's TPSS, all conducted by and at their regional office. New VSRs and RVSRs typically take about 6 to 12 months after they return from centralized training to complete all training requirements for new staff.

In addition to the aforementioned three-phase training program, the VBA also requires 80 hours of annual training for all VSRs and RVSRs. The training is divided into

two parts. Phase one consists of at least 60 hours of training from a list of core technical training topics identified by the Compensation and Pension Service. The VBA specifies more core topics than are necessary to meet the 60-hour requirement, so regional offices can choose those topics most relevant to their needs. They can also choose the training method used to address each topic, such as classroom or TPSS training. The RO managers decide the specifics of the remaining 20 hours (phase two).

Despite this program, training has not been a high priority in the VBA. One of the most essential resources is experienced and knowledgeable personnel devoted to training. More management devotion to training and quality requires a break from the status quo of production goals above all else. In a 2005 report from the VA Office of Inspector General (OIG), VBA employees were quoted as stating: “Although management wants to meet quality goals, they are much more concerned with quantity. An RVSR is much more likely to be disciplined for failure to meet production standards than for failing to meet quality standards,” and “There is a lot of pressure to make your production standard. In fact, your performance standard centers around production and a lot of awards are based on it. Those who don’t produce could miss out on individual bonuses, etc.”⁴ Little if anything has changed since the OIG issued this report.⁵ VBA employees continue to report that they receive minimal time for training, whether it is self-study, training broadcasts, or classroom training. They report that management remains focused on production over quality.

The VBA’s problems caused by a lack of accountability do not begin in the claims development and rating process—they begin in the training program. There is little measurable accountability in the VBA’s training program. For example, some VBA employees anonymously informed *The Independent Budget* veterans service organizations that many candidates begin centralized training without having had the opportunity to participate in and/or complete phase one training. Additionally, candidates are not held responsible by formal testing on subjects taught during phase one training. While oversight may exist for this portion of training, we could find none.

The result of such an unsupervised and unaccountable training system is that no distinction exists between unsatisfactory performance and outstanding performance. This lack of accountability during training negatively impacts employee motivation to excel. An institutional mind-set is further epitomized in the VBA’s day-to-day

performance, where employees throughout the VBA are reminded that optimum work output is far more important than quality performance and accurate work output.

The Veterans’ Benefits Improvement Act of 2008 mandated some testing for claims processors and VBA managers, which is an improvement; however, it does not mandate the type of testing during the training process as explain herein. Measurable improvement in the quality of and accountability for training will not occur until such mandates exist. A report from the Government Accountability Office addressing veterans’ benefits, *Improvements Needed in VA’s Training and Performance Managements Systems*, noted that, while a training program was in place, additional steps needed to be taken.

Although the VBA has taken steps to plan its training strategically, the agency does not adequately evaluate training and may be falling short in training design and implementation. The VBA has a training board that assesses its overall training needs. However, the agency does not consistently collect feedback on regional office training, and both new and experienced staff GAO interviewed raised issues with their training. Some new staff raised concerns about the consistency of training provided by different instructors and about the usefulness of an on-line learning tool. Some experienced staff believe that 80 hours of training annually is not necessary, some training was not relevant for them, and workload pressures impede training.⁶

Personnel perform best when they are trained properly, given time to effectively perform the tasks for which they were trained, and then recognized for the success in delivering quality products. That recognition should translate to comments in performance appraisals but the VBA’s performance management system also requires attention. The GAO commented:

The performance management system for claims processors generally conforms to GAO-identified key practices, but the formula for assigning overall ratings may prevent managers from fully acknowledging and rewarding staff for higher levels of performance. The system aligns individual and organizational performance measures and requires that staff be given feedback throughout the year. However, VBA officials raised concerns about the formula used to assign overall ratings. Almost all staff in the offices GAO visited were placed in only two of five overall rating cat-

egories, although managers said greater differentiation would more accurately reflect actual performance differences. The Department of Veterans Affairs (VA) has not examined the ratings distribution, but acknowledges a potential issue with its formula and is considering changes.⁷

Training will be effective only if the VBA training board, or a more robust oversight entity, can ensure communication and coordination between the Office of Employee Development and Training, Technical Training and Evaluation, the Veterans Benefits Academy, and the five business lines. Feedback should be collected from regional offices to assess the effectiveness of their training, and this can be incorporated into revised lesson plans as necessary. Communication and close, continued coordination by each of these offices is essential to the establishment of a comprehensive, responsive training program. Future training initiatives must also be responsive to the expectations of the audience. Technology presents substantial opportunities today for training through distance learning presentations, webinars, and virtual classrooms—all of which will require additional investments in such technology and the training staff necessary to develop training modules for such learning vehicles.

For a culture of quality to thrive in the Veterans Benefits Administration, VA leaders must be the change agents to achieve this important goal. Training is an essential component in transforming the organization from a production-at-all-costs focus to one of decisions based on quality and delivered in a timely manner.

Recommendations:

VA should undertake an extensive training program to educate its adjudicators on how to weigh and evaluate medical evidence and require mandatory and comprehensive testing of the claims process and appellate staff. To the extent that VA fails to provide adequate training and testing, Congress should require mandatory and comprehensive testing, under which VA will hold trainees accountable.

VA should hold managers accountable to ensure that the necessary training and time is provided to ensure all personnel are adequately trained. Feedback on the effectiveness of the training should be collected from regional offices, and the Office of Employee Development and Training, Technical Training and Evaluation, Veterans Benefits Academy, and the five business lines should incorporate any emerging trends into revised training plans.

⁴ Department of Veterans Affairs Office of Inspector General, Rep. No. 05-00765-137, *Review of State Variances in VA Disability Compensation Payments* 61 (May 19, 2005).

⁵ A survey conducted by the Center for Naval Analysis Corporation for the Veterans' Disability Benefits Commission found that "some raters felt that they were not adequately trained or that they lacked enough experience." Veterans' Disability Benefits Commission, October 2007, *Honoring the Call to Duty: Veterans' Disability Benefits in the 21st Century*, 12.

⁶ General Accounting Office Report GAO-08-1126T, testimony to Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans' Affairs, House of Representatives, September 2008.

⁷ General Accounting Office Report GAO-08-1126T, testimony to Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans' Affairs, House of Representatives, September 2008, 1.



STRONGER ACCOUNTABILITY:

The Veterans Benefits Administration must overhaul its outdated and ineffective accountability mechanisms.

As it is, almost everything in the VBA is production driven. Performance awards cannot be based on production alone; they must also be based on demonstrated quality. But for this to occur, the VBA must implement stronger accountability measures for quality assurance.

The quality assurance tool used by the Department of Veterans Affairs for compensation and pension claims is the Systematic Technical Accuracy Review (STAR) program. 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.

However, there is a gap in quality assurance for purposes of individual accountability in quality decision making. In the STAR program, a sample is drawn each month from a regional office workload divided among rating, authorization, and fiduciary end-products. However, VA recognizes that these samples are only large enough to de-

termine national and regional office quality. Samples as small as 20 cases per month per office are inadequate to determine individual quality.

While VA attempts to analyze quality trends identified by the STAR review process, claims are so complex, with so many potential variables, that meaningful trend analysis is difficult. As a consequence, the VBA rarely obtains data of sufficient quality to allow it to reform processes, procedures, or policies.

As mentioned above, STAR samples are far too small to allow any conclusions concerning individual quality. That is left to rating team coaches, who are charged with reviewing a sample of ratings for each rating veteran service representative (RVSR) each month. This review should, if conducted properly, identify employees with the greatest success as well as those with problems. In practice, however, most rating team coaches have insufficient time to review what could be 100 or more cases each month. As a consequence, individual quality is often underevaluated, and employees performing successfully may not receive the recognition they deserve and employees in need of extra training and individualized mentoring may not get the attention they need to become more effective.

The VBA can get significant trend data from the STAR program to identify issues that should be explored further; however, it does not spend adequate time or resources on that component of the quality assurance process. The VBA should add resources tasked with reviewing national quality assurance trends and devise countermeasures to address the trends. These countermeasures could include process revisions, legislative corrections, staffing distribution, and/or training. Because inadequate resources are currently dedicated to this effort, error trends recycle and deteriorate.

In the past 16 years the VBA has moved from a quality-control system for ratings that required three signatures on each rating before it could be promulgated to a system that requires but a single signature. Nearly all VA rating specialists, including those with just a few months' training, have been granted some measure of "single signature" authority. Considering the amount of time it takes to train an RVSR, the complexity of veterans disability law, the frequency of change mandated by judicial decisions, and new legislation or regulatory amendments, a case could and should be made that the routine review of a second well-trained RVSR would avoid many of the problems that today clog the appeals system.

Greater oversight of the VBA end-product system is also needed. The VBA spends too much time and effort looking at, tracking, and taking credit for end products, but too little time ensuring the integrity of the system. Just as VBA employees need to be accountable for the integrity of their case analyses, VBA management needs to be accountable for its work credit practices.

The Veterans' Benefits Improvement Act of 2008 (section 226) required VA to conduct a study on the effectiveness of the current employee work-credit system and work-management system. In carrying out the study, VA is required to consider, among other things: (1) measures to improve the accountability, quality, and accuracy for processing claims for compensation and pension benefits; (2) accountability for claims adjudication outcomes; and (3) the quality of claims adjudicated. The legislation requires VA to submit the report to Congress, which must include the components required to implement the updated system for evaluating VBA employees, no later than October 31, 2009. This report was not delivered on time.

This study is a historic opportunity for VA to implement a new methodology—a new philosophy—by developing a new system with a primary focus of quality through accountability. Properly undertaken, the outcome would result in a new institutional mind-set across the VBA—one focusing on the achievement of excellence—and change a mind-set focused mostly on quantity for quantity's sake. Those who produce quality work are rewarded, and those who do not are finally held accountable.

Recommendations:

The VA Secretary's upcoming report must focus on how the Department will establish a quality assurance and accountability program that will detect, track, and hold responsible VA employees who commit errors, while simultaneously providing employee motivation for the achievement of excellence. VA should generate the report in consultation with veterans service organizations most experienced in the claims process.

The performance management system for claims processors should be adjusted to allow managers greater flexibility and enhanced tools to acknowledge and reward staff for higher levels of performance.

Investments in VBA Initiatives

VBA INFORMATION TECHNOLOGY AND STAFF TRAINING INITIATIVES:

To maintain and improve efficiency and accuracy of claims processing, the Veterans Benefits Administration must continue to upgrade its information technology (IT) and training programs. Also, the VBA must be given more flexibility to install, manage, and plan upgraded technology to support claims management improvement.

The problems related to the quality of decisions, the timeliness of decisions, workload management, and safeguarding case files can be significantly improved by incorporating a robust IT solution. VA should establish systems that rapidly and securely convert paper documents into electronic formats, and establish new electronic information delivery systems that provide universal searchability and connectivity. This would increase the ability of veterans who have the means and familiarity with digital approaches to file electronic claims using VONAPP (Veterans On Line Application) or other future digital claims filing options. Lost or incorrectly destroyed records must become a problem of the past, as should the need to transfer thousands of case files from one location to the next.

The Independent Budget veterans service organizations (IBVSOs) urge VA to identify new funding for the purposes enumerated herein and to ensure that new VBA personnel are properly supported with the necessary IT resources. With restored investments in these initiatives, the VBA could complement staffing adjustments for increased workloads with a supportive infrastructure to improve operational effectiveness. The VBA could resume an adequate pace in its development and deployment of IT solutions, as well as in upgrading and enhancing training systems for staff to improve operations and service delivery to veterans. Recent changes in VA's IT management have resulted in all IT initiatives now being funded through VA's IT appropriation—and tightly controlled by the chief information officer. While centralization has some advantages, it is vital to the VBA that many of their unique needs are met in a timely manner, including the following: expansion of web-based technology and deliverables, such as a web portal and Training and Performance Support System (TPSS); “Virtual VA” paperless processing; enhanced veteran self-service and access to benefit application, status, and delivery; data integration across business lines; use of the corporate database; information exchange; quality assurance programs and controls; and employee skills certification and training.

The IBVSOs believe the following initiatives should receive priority funding in FY 2011:

- Complete the replacement of the antiquated and inadequate Benefits Delivery Network (BDN) with the Veterans Service Network (VETSNET), or a successor system that creates a comprehensive nationwide information system for claims development, adjudication, and payment administration;
- Enhance the Education Expert System (TEES) for the Education Service (this program will be crucial to support the GI Bill enacted in Public Law 110-181). TEES provides for electronic transmission of applications and enrollment documentation along with automated expert processing; and
- Update the corporate WINRS (CWINRS) to support programs of the Vocational Rehabilitation and Employment (VR&E) Service. CWINRS is a case management and information system allowing for more efficient award processing and sharing of information nationwide.

It is imperative that TEES and WINRS develop common architecture designs that maximize data sharing between the new GI Bill and the Vocational Rehabilitation programs. These programs share common information about programs of education, school approvals, tuition and fees, and other similar data that their processing systems should share more effectively.

Also, the IBVSOs believe the VBA should continue to develop and enhance datacentric benefits integration with “Virtual VA” and modification of The Imaging Management System (TIMS). All of these systems serve to replace paper-based records with electronic files for acquiring, storing, and processing claims data.

Virtual VA supports pension-maintenance activities at three VBA pension-maintenance centers. Further enhancement would allow for the entire claims and award process to be accomplished electronically. TIMS is the Education Service system for electronic education claims

files, storage of imaged documents, and workflow management. The current VBA initiative is to modify and enhance TIMS to make it fully interactive and allow for fully automated claims and award processing by the Education Service and VR&E nationwide.

Upgrade and Enhance Training Systems

VA's TPSS is a multimedia, multimethod training tool that applies the instructional systems development methodology to train and support employee performance of job tasks. These TPSS applications require technical updating to incorporate changes in laws, regulations, procedures, and benefit programs. In addition to regular software upgrades, a help desk for users is needed to make TPSS work effectively.

The skills certification instrument, initiated by the VBA in 2004, helps it assess the knowledge base of veterans service representatives. The VBA intends to develop additional skills certification modules to test rating veteran service representatives, decision review officers, field examiners, pension-maintenance center employees, and veterans claims examiners in the Education Service.

Accelerate Implementation of Virtual Information Centers

By providing veterans regionalized telephone contact access from multiple offices within specified geographic locations, VA could achieve greater efficiency and improved customer service. Accelerated deployment of virtual information centers will more timely accomplish this beneficial effect.

Congress has taken notice of the chronic disconnect between VBA IT and lagging improvements in claims processing. Section 227 of P.L. 110-389 places new requirements on VA to closely examine all uses of current IT and comparable outside IT systems with respect to VBA claims processing for both compensation and pension. Following that examination, VA is required to develop a new plan to use these and other relevant technologies to reduce subjectivity, avoid remands, and reduce variances in VA regional office ratings for similar specific disabilities in veteran claimants. The act requires the VA Secretary to report the results of that examination to Congress in great detail and includes a requirement that the Secretary ensure that the plan will result, within three years of implementation, in a reduction in processing time for compensation and pension claims processed by the VBA. The requirements of this section will cause heavy scrutiny on IT systems that VBA has been attempting to implement, improve, and

expand for years. We believe the examination will reveal that progress has been significantly stymied as a result of a lack of directed funding to underwrite IT development and completion and a lack of accountability to ensure these programs work as intended.

The VA has been working to provide more effective, disciplined management and oversight to its IT systems, realigning resources to ensure oversight and accountability. In a review of the realignment effort, the Government Accountability Office noted:

The department's chief information officer (CIO) now has responsibility for ensuring that there are controls over the budget and for overseeing all capital planning and execution, and has designated leadership to assist in overseeing functions such as portfolio management and IT operations. In addition, the department has established and activated three governance boards to facilitate budget oversight and management of its investments. Further, VA has approved an IT strategic plan that aligns with priorities identified in the department's strategic plan and has provided multi-year budget guidance to achieve a more disciplined approach for future budget formulation and execution.⁸

While these steps are critical to establishing control of the department's IT, it remains too early to assess their overall impact because most of the actions taken have only recently become operational or have not been fully implemented. Thus, their effectiveness in ensuring accountability for the resources and budget has not yet been clearly established. For example, according to Office of Information and Technology officials, the governance boards' first involvement in budget oversight only recently began (in May 2007), with activities to date focused primarily on formulation of the fiscal year 2009 budget and on execution of the fiscal year 2008 budget. Thus, none of the boards has yet been involved in all aspects of the budget formulation and execution processes and, as a result, their ability to help ensure overall accountability for the department's IT appropriations has not yet been fully established. In addition, because the multiyear programming guidance is applicable to future budgets (for FY 2010 through FY 2012), it is too early to determine VA's effectiveness in implementing this guidance. Further, VA is in the initial stages of developing management processes that are critical to centralizing its control over the budget. However, while the department had originally stated that the processes

would be implemented by July 2008, it now indicates that implementation across the department will not be completed until at least 2011. Until VA fully institutes its oversight measures and management processes, it risks not realizing their contributions to, and impact on, improved IT oversight and accountability within the department.⁹

Recommendations:

Congress should provide the Veterans Benefits Administration adequate funding for its information technology initiatives to improve multiple information and information-processing systems and to advance ongoing, approved, and planned initiatives such as those enumerated in this section. These IT programs should be increased annually by a minimum of 5 percent or more.

The VBA should revise its training programs to stay abreast of IT program changes and modern business practices.

VA should ensure that recent funding specifically designated by Congress to support the IT needs of the VBA, and of new VBA staff authorized in FY 2009, are provided to VBA as intended, and on an expedited basis.

The chief information officer (CIO) and Under Secretary for Benefits should give high priority to the review and report required by Public Law 110-389 and redouble their efforts to ensure these ongoing VBA initiatives are fully funded and accomplish their stated intentions.

The VA Secretary should examine the impact of the current level of IT centralization under the CIO on key VBA programs and, if warranted, shift appropriate responsibility for management, planning, and budgeting from the CIO to the Under Secretary for Benefits.

⁸ GAO-08-449T, February 13, 2008, 2.

⁹ Government Accountability Office, Statement of Valerie C. Melvin, director, Human Capital and Management Information Systems Issues, Testimony Before the Subcommittee on Oversight and Investigations, House Committee on Veterans' Affairs, February 13, 2008, 1-3.



SUFFICIENT STAFFING LEVELS:

Recent staffing increases in the Veterans Benefits Administration may be sufficient to reduce the backlog of pending claims once new hires complete training. However, any move by Congress to reduce VBA staffing in the near future will guarantee a return to unacceptably high backlogs.

The Department of Veterans Affairs began making some progress in reducing pending rating claims in FY 2008. At the end of FY 2009, more than 940,000 claims had been processed, well more than the projected 816,211 pending claims for FY 2008.¹⁰ More than 388,000 compensation claims were pending rating decisions, which is greater than the 386,000 of FY 2008.¹¹

During FY 2008, VA hired nearly 2,000 staff authorized by Congress. This is in addition to those hired in the previous year. In the near term, this increase in claims processors is a net drain on VBA resources as experienced personnel are taken out of production to conduct extensive training and mentoring of the new hires. Historically, it takes at least two years for new nonrating

claims processors to acquire sufficient knowledge and experience to be able to work independently with both speed and quality. Those selected to make rating decisions require a separate period of at least two years of training before they have the skills to accurately complete most rating claims.

The VBA has modified its training regimen in recent years in an attempt to obtain increased production from new personnel at an earlier stage in their training. While it is impossible to isolate the underlying reasons for the modest reductions in pending rating and total compensation and pension claims, it is reasonable to assume that a part of the decrease in the backlog is due to this VBA strategy. *The Independent Budget* veterans service or-

ganizations believe that rushing trainees into production encourages managers to skimp on training and ensures that completed work is of lower quality than it would be if done by fully trained personnel.

In recent years, Congress has come to recognize that staffing reductions in the VBA in the previous decades laid the foundation for the backlogs of the present. Congress's actions to dramatically increase staffing have provided VBA a major tool in stopping chronic increases in the pending claims and begin the process of regaining control of the backlog. It is vital, however, that Congress recognize that the backlog will not go away overnight: it developed through years of increasing complexity of the claims development process with an overlay of judicial review. Neither of these causes is inherently bad; in fact, both 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. However, the impact of these factors was, in the view of the IBVSOs, never fully appreciated—that is, until now. Congress should recognize that it will be several years before the full impact of recent hiring initiatives is felt.

Once everyone is fully trained and reductions in the backlog are seriously under way, it would be a mistake of monumental proportions if Congress were to allow staffing levels to decline. This is not to suggest that VBA staffing remain off limits to Congressional budget con-

siderations; however, staffing reductions should occur only after the VBA has demonstrated, through technological innovation and major management and leadership reforms, that it has the right people and the right tools in place to ensure that claims can be processed both timely and correctly. As with backlog reductions, these changes will also not occur overnight. Congressional oversight, therefore, is critical to buttress any real improvements in claims processing and quality decisions.

Recommendations:

Congress should continue to monitor current staffing levels and ensure that they remain in place until such time as the backlog is eliminated.

Once the backlog is eliminated, Congress could consider staffing reductions in the Veterans Benefits Administration but only after ensuring that quality problems are fully and adequately addressed.

Congress should ensure thorough oversight that management and leadership reforms in the VBA are completed and permanent.

¹⁰ Veterans Affairs, *Monday Morning Workload Report*, January 26, 2009.

¹¹ VA, *Monday Morning Workload Report*, October 3, 2009, 1.

Vocational Rehabilitation and Employment

ADEQUATE STAFFING LEVELS:

To meet its ongoing workload demands and to implement new initiatives recommended by the Secretary's Vocational Rehabilitation and Employment (VR&E)

Task Force, VR&E needs to increase its staffing.

The cornerstone among several new initiatives is VR&E's Five-Track Employment Process, which aims to advance employment opportunities for disabled veterans. Because it is integral to attaining and maintaining employment for veterans through this process, the employment specialist position was

changed to employment coordinator and was expanded to incorporate employment readiness, marketing, and placement responsibilities. In addition, increasing numbers of severely disabled veterans from Operations Enduring and Iraqi Freedom (OEF/OIF) benefit from VR&E's Independent Living Program,

which empowers such veterans to live independently in the community to the maximum extent possible. Independent living specialists provide the services required for the success of severely disabled veterans participating in this program. VR&E needs approximately 200 additional full-time employees (FTEs) to offer these services nationally.

Given its increased reliance on contract services, VR&E needs approximately 50 additional FTEs dedicated to management and oversight of contract counselors and rehabilitation and employment service providers. As a part of its strategy to enhance accountability and efficiency, the VA VR&E Task Force 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.

Finally, VA has a pilot program at the University of Southern Florida, titled “Veteran Success on Campus,” that places a qualified vocational rehabilitation counselor on the campus to assist veteran in Vocational Rehabilitation as well as veterans enrolled in the Post-9/11 or other VA educational programs. The pilot has garnered high praise from the university, the Amer-

ican Council on Education, and the press. VA should be authorized to expand the program significantly in the next fiscal year.

In FY 2009, VR&E was authorized 1,105 FTEs. *The Independent Budget* veterans service organizations have been informed that this number has been “frozen” due to the unknown impact the implementation of Chapter 33 benefits will have on the VR&E program. Last year we recommended that total staffing be increased to manage the current and anticipated workload, as stated in the Secretary’s VR&E Task Force. We believe that this increase is still warranted. VA currently has approximately 106,000 enrollees in Chapter 31. The IBVSOs believe that a ratio of 1:96 (which includes administrative support) is inadequate to provide the level of counseling and support that our wounded and disabled veterans need to achieve success in their employment goals.

Recommendation:

Congress should authorize 1,375 total full-time employees for the Vocational Rehabilitation and Employment Service for FY 2010.