

General Operating Expenses

From its central office in Washington, D.C., and through a nationwide system of field offices, the Department of Veterans Affairs administers its veterans' benefits programs. Responsibility for the various benefit programs is divided among five services within the Veterans Benefits Administration: 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 receive benefit applications, determine entitlement, and authorize benefit payments and awards.

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-VBA and its constituent line, staff, and support functions—and the functions under General Administration.

The best-designed 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 introduced several new initiatives 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. Among these measures are better quality assurance and accountability for technically correct decisions. The VBA's current management structure presents a serious obstacle to enforcement of accountability because program directors lack direct authority over those who make claims decisions in the field. Of VBA management, 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.

While higher-level VBA managers are properly positioned to direct operational aspects of field offices, they are indirectly involved in the substantive elements of the benefit programs. To enforce accountability for technical accuracy and to ensure uniformity in claims decisions, program directors logically should have more accountability for the field decision-making process and should be enabled 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) attributed many of the VBA's problems to unclear lines of accountability. NAPA found that a sense of powerlessness to take action permeates the VBA. In turn, field personnel perceived VBA's central office staff as incapable of taking firm action. NAPA said that a number of executives interviewed by its study team 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. Neither 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 its 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 (IBVSOs) continue to agree with that assessment and urge the Under Secretary to empower the C&P director to become more involved in direct 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 IBVSOs agree with this assessment as well.

Recommendation:

To improve the management structure of the Veterans Benefits Administration for purposes of enforcing program standards and raising quality, the VA Under Secretary for Benefits should give VBA program directors more accountability for the performance of VA regional office directors.

Compensation and Pension Service

IMPROVEMENTS IN CLAIMS PROCESSING:

Congress should restore fairness to the claims process by providing solid structure and enforceable rights to claims development where too much personal discretion otherwise exists.

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 compensation program is not workers compensation, nor is it akin to Social Security Disability Insurance (SSDI). The first is intended to protect workers from lost wages as the result of disabilities related to employment. This benefit is usually limited in both amount and duration of payment. It provides basic income for a finite period to injured employees. It also protects employers by providing a limit on payments. Social Security Disability Insurance is, at its heart, an insurance program. Both employees and employers pay premiums to the federal government which, in turn, pays a monthly benefit based on a number of factors.

Both workers compensation and SSDI decisions are relatively simple. With workers compensation, the decision maker gathers information on the origins and severity of a job-related injury. Workers compensation is paid if the injury is work related and at least temporarily disabling. SSDI is simpler still. Once basic eligibility is determined, the Social Security Administration need merely decide if the disability keeps the individual from working. If it does, the benefit is paid.

The payment of veterans' disability compensation, on the other hand, 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. 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 rating purposes. As a consequence, VA routinely continues to develop many claims rather than making timely decisions.

Inadequately trained and overworked employees are not limited to the Veterans Benefits Administration (VBA). Such actions usually result in appeals, followed by needless remands by the Board of Veterans' Appeals (BVA) and/or the Court of Appeals for Veterans Claims (CAVC/the Court). In many of these cases, the evidence of record supports a favorable decision on the appellant's behalf, yet the appeal is remanded nonetheless. These unjustified remands usually do nothing but perpetuate the hamster-wheel reputation of veterans law.

In far too many cases, VA continues to develop cases, and the BVA remands appeals, solely to obtain a VA medical opinion even when the claimant's submission of a private medical opinion is adequate for rating purposes. VA's conduct in these cases violates the very purpose of its pro-claimant, nonadversarial claims process.

In order to understand the complex, procedural characteristics of the claims process—and how these characteristics delay timely adjudication of claims—one must focus on the procedural characteristics and how they affect the claims process as a whole. Whether through expansive judicial orders, repeated mistakes, or variances in VA decision making, some aspects of the claims process have become complex, loosely structured, and open to the personal discretion of individual adjudicators. By strengthening and properly structuring these processes, Congress can build on what otherwise works.

These changes should begin by providing solid, nondiscretionary structure to VA's "duty to notify." Congress

meant well when it enacted VA's current statutory "notice" language. It has nonetheless led to unintended consequences that have proven detrimental to the claims process. Many Court decisions have expanded upon VA's statutory duty to notify, in terms of both content and timing. However, with the recent passage of P.L. 110-389, the "Veterans Benefits Improvement Act of 2008," Congress, with the Administration's support, took an important step to correct this problem. However, *The Independent Budget* veterans service organizations (IBVSOs) believe VA can do more.

There is ample room to improve the law concerning medical opinions 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 VA decides to do so. However, these notice letters do not inform the claimant of what elements make 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 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 VA's notice requirements should be amended to include specific information concerning the basic elements that make a medical opinion adequate for rating purposes, such as a medical statement indicating what records (for example, service medical records, copy of VA claims file, treatment records, etc.) were reviewed in reaching the opinion, a medical rationale for the opinion, and a conclusion to the opinion stated in terms of "as likely as not," "more likely than not," or "less likely than not" rather than "maybe," "possibly," or "could be."

The IBVSOs believe 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 no longer needs to delay making a decision on a claim by obtaining its own medical opinion. This would reduce the number of appeals that result from conflicting medical opinions—appeals that—more often than not—are ultimately decided in an appellant's favor.

If the Administration refuses to promulgate regulations that incorporate the foregoing suggestion, Congress should amend VA's notice requirements in section 5103 to require that VA provide such notice regarding the adequacy of medical opinions. As a matter of fairness, VA does relay this exact information to its own doctors when it seeks a medical opinion.

Congress should 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 such evidence from a Department provider. These suggested changes to VA's "duty to notify" and its "duty to assist" would ensure uniformity between the two procedures.

Congress has previously attempted, to a lesser degree, to fix this problem. Congress enacted title 38, United States Code, section 5125 for the express purpose of eliminating the former 38 Code of Federal Regulations, section 3.157(b)(2) requirement that a private physician's medical examination report be verified by an official VA examination report prior to an award of VA benefits. Section 5125 states:

For purposes of establishing any claim for benefits under chapter 11 or 15 of this title, a report of a medical examination administered by a private physician that is provided by a claimant in support of a claim for benefits under that chapter *may* be accepted without a requirement for confirmation by an examination by a physician employed by the Veterans Health Administration if the report is sufficiently complete to be adequate for the purpose of adjudicating such claim.¹³

Section 5125 was therefore codified to eliminate unnecessary delays in the adjudication of claims and to avoid the costs associated with unnecessary medical examinations. In addition to unnecessary costs, this type of overdevelopment significantly adds to VA's increasing claims and appeals backlog.

In spite of the elimination of 38 Code of Federal Regulations, section 3.157, and the enactment of title 38, United States Code, section 5125, VA consistently refuses to make decisions in claims wherein the claimant secures a private medical opinion until a VA medical opinion is obtained. Such actions are an abuse of discretion, delay decisions, and prompt needless appeals. When claimants

submit private medical evidence that is competent, credible, probative, and otherwise adequate for rating purposes, Congress should mandate that VA *must* decide the case based on such evidence rather than delaying the claim by arbitrarily requesting it provide additional medical opinion. Therefore, section 5125 should also be amended to ensure harmonious law with enforceable rights that is to a lesser degree than current law open to such wide discretionary interpretations by VA employees.

Some may view these suggestions as an attempt to tie VA's hands with respect to its consideration of private medical opinions. However, they do not. The language in these recommended changes 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 VA rating purposes.

Recommendations:

VA should issue proposed regulations to implement the recent amendment of 38, United States Code, section

5103 as quickly as possible. VA's proposed regulations should include provisions that will require it to notify a claimant, in appropriate circumstances, of the elements that make medical opinions adequate for rating purposes.

Congress should amend section 5103A(d)(1) to provide that when a claimant submits a private medical opinion that is competent, credible, probative, and otherwise adequate for rating purposes, the Secretary shall not request another medical opinion from a Department health-care facility.

Congress should amend title 38, U.S.C., section 5125, insofar as it states that a claimant's private examination report "may" be accepted. The new language should direct that VA "must" accept such report if it is (1) provided by a competent health-care professional, (2) probative to the issue being decided, (3) credible, and (4) otherwise adequate for adjudicating such claim.

¹³38 U.S.C. § 5125 (West 2002) (emphasis added).



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 Veterans Benefits Administration (VBA) 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. First, VBA policy requires new staff to complete some orientation training, which is provided in their home offices. Second, they are required to attend a two- to three-week centralized training course that provides a basic introduction to job responsibilities. Third, new staff are required 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 use of an online learning tool called the Training and Performance Support System (TPSS). VBA policy states that 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; this 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, ROs 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. Participants from multiple ROs are typically 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.

The VBA has increased the number of training sessions because of the influx of new staff. In fiscal year 2007 the VBA increased the frequency of centralized training and its student capacity at the Veterans Benefits Academy. During FY 2007, the VBA held 67 centralized training sessions for 1,458 new VSRs and RVSRs. Centralized training sessions were conducted at 26 different ROs during FY 2007, in addition to the Veterans Benefits Academy. By comparison, during FY 2006, the VBA held 27 centralized training sessions for 678 new claims processors. Nonetheless, the VBA has not run its benefits academy near to full capacity in 2008, the reasons for which are unclear.

When new VSRs and RVSRs return to their home office 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 the RO. New VSRs and RVSRs typically take about 6 to 12 months after they return from centralized training to complete all the training requirements for new staff.

In addition to the foregoing 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. At least 60 hours must come 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 specificities of the remaining 20 hours.

Despite the foregoing, 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, 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."¹⁴ Little if anything has changed since the Inspector General issued this report.¹⁵

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 VA 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.

Without resorting to a critique of the substance of the VBA's subject matter taught during phase-two training, or any other phase for that matter, we limit our analysis again to accountability. As in phase one, the VBA refuses to test participants of phase-two training. The obvious goal is to ensure employees attend the required course—ensuring that employees achieve the VBA's learning objectives appears to have no priority.

By now, a new employee has had approximately one month of training and is supposedly prepared for phase-three training. Keep in mind that during phase three, new employees will work on real-world cases in which the outcomes affect the lives and livelihoods of disabled veterans and their families. Real cases notwithstanding, again there is no accountability, no testing, and no oversight outside that provided locally; again, that oversight is not measured nationally.

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 further reduces, or even eliminates, employee motivation to excel. This institutional mind-set is further epitomized in VBA's day-to-day performance, where employees throughout VBA are reminded that optimum work output is far more important than quality performance and accurate work.

The effect of VBA's lack of accountability in its training program was demonstrated when it began offering skills certification tests to support certain promotions. Beginning in late 2002, VSR job announcements began identifying VSRs at the GS-11 level, contingent upon successful completion of a certification test. The open-book test consisted of 100 multiple-choice questions. VA allowed participants to use online references and any other reference material, including individually prepared notes in order to pass the test.

The first validation test was performed in August 2003. There were 298 participants in the first test. Of these, 75 passed for a pass rate of 25 percent. The VBA conducted a second test in April 2004. Out of 650 participants, 188 passed for a pass rate of 29 percent. Because of the low pass rates on the first two tests, a 20-hour VSR "readiness" training curriculum was developed to prepare VSRs for the test. A third test was administered on May 3, 2006, to 934 VSRs nationwide. Still, the pass rate was only 42 percent. Keep in mind that these tests were not for training; they were to determine promotions from GS-10 to GS-11.

These results reveal a certain irony, in that the VBA will offer a skills certification test for promotion purposes, but does not require comprehensive testing throughout its training curriculum. Mandatory and comprehensive testing designed cumulatively from one subject area to the next, for which the VBA then holds trainees accountable, should be the number one priority of any plan to improve VBA's training program. Further, VBA should not allow trainees to advance to subsequent stages of training until they have successfully completed such testing.

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.

It is quite evident that a culture of quality neither exists, nor is much desired, in the Veterans Benefits Administration.

Recommendation:

VA should undertake an extensive training program to educate its adjudicators on how to weigh and evaluate medical evidence. In addition, to complement recent improvements in its training programs, VA should 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.

¹⁴Department 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).

¹⁵A 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*, p. 12.

STRONGER ACCOUNTABILITY

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

In addition to training, accountability is the key to quality, and therefore to timeliness as well. As it currently stands, almost everything in the VBA is production driven. Performance awards cannot be based on production alone; they must also be based on demonstrated quality. However, in order 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 between rating, authorization, and fiduciary end-products. However, VA recognizes that these samples are only large enough to determine national and regional office quality. Samples as small as 10 cases per month per office are woefully 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 those employees with the greatest 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 with quality problems fail to receive the extra training and individualized mentoring that might allow them to be competent raters.

In the past 15 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 the requirement of 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.

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 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 that focuses on the achievement of excellence—and change a mind-set focused mostly on quantity-for-quantity's sake to a focus of quality and excellence. Those who produce quality work are rewarded and those who do not are finally held accountable.

Recommendation:

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 those 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.

**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 (VBA) 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.

To meet ever-increasing demands while maintaining efficiency, the VBA must continually modernize the tools it uses to process and resolve claims. Given the current challenging environment in claims processing and benefits administration, and the ever-growing backlog, the VBA must continue to upgrade IT infrastructure and revise its training to stay abreast of program changes and modern business practices. However, as noted in the "Centralized Information Technology Impact on VA Health Care" section of this *Independent Budget*, the centralization of all IT to one chief information officer has brought many crucial VBA IT initiatives to a halt—or at best a slow crawl—to the detriment of reforms essential to improving the claims-processing system. Also, in spite of undeniable needs, Congress has steadily reduced funding for VBA initiatives over the past several years. In FY 2001, Congress provided \$82 million for VBA-identified IT initiatives. In FY 2002, it provided \$77 million; in 2003, \$71 million; in 2004, \$54 million; in 2005, \$29 million; and in 2006, \$23 million.

Funding for FY 2006 was only 28 percent of FY 2001 funding, without regard to inflation. Moreover, some VBA employees who provided direct support and development for VBA's IT initiatives were transferred to the VA chief information officer when the Department centralized all IT operations, governance, planning, and budgeting. Continued IT realignment through FY 2007 and 2008 shifted more funding to VA's agency IT account, further reducing funding for these VBA initiatives

in the General Operating Expenses account to \$11.8 million. It should be noted that in the FY 2007 appropriation, Public Law 110-28, Congress provided \$20 million to VBA for IT to support claims processing, and in 2009 Congress designated \$5 million in additional funding specifically to support the IT needs of new VBA Compensation and Pension Service personnel—also authorized by that appropriations act.

The Independent Budget veterans service organizations (IBVSOs) urge the Department of Veterans Affairs to use new funds for the purposes enumerated in this section and to ensure that new VBA personnel are properly supported with 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 to upgrade and enhance training systems for staff to improve operations and service delivery to veterans. Whereas all IT initiatives are now being funded in VA's IT appropriation and tightly controlled by the chief information officer, needed and ongoing VBA initiatives include 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; in-

formation exchange; quality assurance programs and controls; and employee skills certification and training.

The IBVSOs believe these initiatives should receive priority funding in FY 2010:

- Complete the replacement of the antiquated and inadequate Benefits Delivery Network (BDN) with the Veterans Service Network (VETSNET) for the Compensation and Pension Service. VETSNET is a suite of applications, which include Share/Search and Participant Profile, Modern Award Processing-Development, and Rating Board Automation, that integrates several subsystems into one 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 new GI Bill recently enacted by Congress 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.

Also, the IBVSOs believe the VBA should continue to develop and enhance data-centric benefits integration with “Virtual VA” and modification of The Imaging Management System (TIMS). All 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.

VBA initiated its skills certification instrument in 2004. This tool helps the VBA assess the knowledge base of veterans service representatives. 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.

With the effects of inflation, the growth in veterans’ programs, and the imperative to invest more in advanced IT, the IBVSOs believe a conservative increase of at least 5 percent annually in VBA’s IT initiatives is warranted. Had Congress increased the FY 2001 funding of \$82 million by 5 percent each year since then, the amount available for FY 2010 would be nearly \$130 million. Unfortunately, these programs have been chronically underfunded, and now with IT centralization, IT funding in the VBA is even more restricted and bureaucratic.

Congress has taken notice of the chronic disconnect between VBA IT and lagging improvements in claims processing. Section 227 of Public Law 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 reduc-

tion 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 lack of accountability to ensure these programs work as intended.

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.

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 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 chief information officer on these key VBA programs and, if warranted, shift appropriate responsibility for their management, planning, and budgeting from the chief information officer to the Under Secretary for Benefits.



SUFFICIENT STAFFING LEVELS

Recent staffing increases in the Veterans Benefits Administration (VBA) may now 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 foreseeable 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. While pending rating claims remain at an unacceptably high level, with more than 386,000 pending at the end of the fiscal year, that number represents a nearly 4 percent reduction from FY 2007. Total compensation and pension (C&P) issues, both rating and nonrating, also decreased during this period by 3.2 percent. While both reductions are encouraging, an increase of 18,282 appeals (11.3 percent) to a record high of nearly 180,000 for this same period clearly indicates that VA has merely shifted resources from processing appeals to processing ratings.¹⁶

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 C&P 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 organizations (IBVSOs) 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 it were 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' actions to dramatically increase staffing has 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. The IBVSOs do not suggest that VBA staffing remain off limits to Congressional budget considerations. What we believe, however, is

that 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 through oversight that management and leadership reforms in the VBA are completed and permanent.

¹⁶Monday Morning Workload Report, October 6, 2008, showing October 4, 2008, data (www.vba.va.gov/REPORTS/mmwr/index.asp).



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. Integral to attaining and maintaining employment through this process, the employment specialist position was changed to employment coordinator and was expanded to incorporate employment readiness, market-

ing, 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 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.

In FY 2009, VR&E was authorized 1,073 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. This recommendation is still valid and VR&E staffing should be increased by 302 FTEs to total 1,375 FTEs.

Recommendation:

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



VOCATIONAL REHABILITATION AND EMPLOYMENT AND CHAPTER 33 OFFSETS:

Disabled veterans who are eligible or become eligible for Vocational Rehabilitation and Employment (VR&E) and who are already entitled to chapter 33 benefits should receive the same financial assistance provided under chapter 33 in lieu of the VR&E subsistence allowance.

With the passage of the Post 9/11 Veterans Education Assistance Act of 2008 (chapter 33), veterans eligible for VR&E who are also eligible for chapter 33 face a financial disincentive to participate in VR&E because the VR&E subsistence allowance is significantly lower than the monthly housing allowances provided under chapter 33. Consequently, disabled veterans who choose to receive the higher amount under chapter 33 will be deprived of the other significant advantages provided by VR&E, including counseling, employment services, independent living services, etc.

The Independent Budget veterans service organizations do not believe that Congress intended chapter 33 benefits to replace those of VR&E. It is imperative that veterans with employment handicaps or serious em-

ployment handicaps have access to the wide array of services provided through VR&E. In fact, that is the very purpose of its existence.

Given the unique services required to enable disabled veterans to return to the workforce, we believe that veterans eligible for both programs should receive the full benefit of VR&E with the same level of housing allowance as the chapter 33 housing allowance.

Recommendation:

Congress should amend title 38, United States Code, section 3108 (f)(1)(A) to include recipients of chapter 33 benefits.

Education Service

ADEQUATE STAFFING LEVELS:

To meet its increasing workload demands, the Education Service must increase direct program full-time employees.

As it has with its other benefit programs, the Department of Veterans Affairs has been striving to provide more timely and efficient service to its claimants for education benefits. Given the fact that Congress has authorized the Post 9/11 Veterans Education Assistance Act (chapter 33) with benefits beginning in August of 2009, *The Independent Budget* veterans service organizations are concerned that VA's Education Service will find itself severely understaffed. Chapter 33 benefits are extremely complex to administer, and VA has reported that it is unlikely that the software technology will be developed by the August 2009 deadline, so processing will have to be done man-

ually. While we do not know at this time what this will mean in terms of the manpower necessary to manage this workload, we believe that it is obvious that VA will need a significant increase in resources to begin benefit processing in a timely manner and at a productivity level sufficient to prevent an instant backlog of claims.

Recommendation:

Congress should support VA requests for additional full-time employees at a level sufficient to minimize current claims backlogs and to fully manage the new workload they will incur with the addition of chapter 33 claims.