

**EXECUTIVE SUMMARY OF TESTIMONY OF  
JEFFREY C. HALL, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR  
DISABLED AMERICAN VETERANS**

**HOUSE COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON DISABILITY AND MEMORIAL AFFAIRS  
FEBRUARY 16, 2012**

**VBA AND GOE RESOURCE RECOMMENDATIONS**

In order to sustain the transformation efforts underway at VBA, the DAV and *The Independent Budget* recommends generally maintaining current staffing levels for FY 2013 in the Veterans Benefits Administration, with modest increases for the Vocational Rehabilitation and Employment Service (VR&E) and the Board of Veterans Appeals.

- Increase funding for VR&E to allow 195 new counselors to reach proper staffing ratios
- Increase funding to the Board to allow 585 total FTEE to keep up with rising workload.
- Provide the funding necessary to construct a permanent courthouse for the United States Court of Appeals for Veterans Claims.

**VETERANS BENEFITS RECOMMENDATIONS**

- Congress should enact legislation to repeal the inequitable requirement that veterans' military longevity retired pay be offset by an amount equal to their disability compensation if rated less than 50 percent.
- Congress should fully repeal the offset between dependency and indemnity compensation (DIC) and the Survivor Benefit Plan (SBP).
- Congress and VA should determine the most practical and equitable manner to provide compensation for noneconomic loss and loss of quality of life for service connected disabled veterans and move expeditiously to implement this new component.

**CLAIMS PROCESSING REFORM RECOMMENDATIONS**

- Congress must provide close and continuing oversight of VBA's transformation of their claims processing system in order to ensure that it is built on the principal of enhancing quality and accuracy, rather than simply reducing the backlog by any means.
- Congress must fully fund VBA's new IT systems, particularly the Veterans Benefits Management System (VBMS) and e-Benefits.
- All VBA employees, coaches, and managers should undergo regular training and testing to measure job skills and knowledge, as well as the effectiveness of the training.

**STATEMENT OF  
JEFFREY C. HALL  
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR  
OF THE  
DISABLED AMERICAN VETERANS  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES  
FEBRUARY 16, 2012**

Chairman Runyan, Ranking Member McNerney and Members of the Subcommittee:

On behalf of the Disabled American Veterans (DAV) and our 1.2 million members, all of whom are wartime disabled veterans, I am pleased to be here today to offer our views regarding the fiscal year (FY) 2013 budget in the area of veterans' benefits.

Mr. Chairman, we are now in the third year of the Veterans Benefits Administration's (VBA's) latest effort to transform its outdated, inefficient, and inadequate claims processing system into a modern, automated, rules-based, and paperless system. VBA has struggled for decades to provide timely and accurate decisions on claims for veterans benefits, especially veterans disability compensation, and there have been numerous prior reform attempts that began with great promise, only to fall far short of success. Over the next year we will begin to see whether their strategies to transform the people, processes and technologies will finally result in a cultural shift away from focusing on speed and production to a business culture of quality and accuracy, which is the only way to truly get the backlog under control.

## **RESOURCE RECOMMENDATIONS**

### **Adequate Staffing for the Veterans Benefits Administration**

In order to sustain the transformation efforts underway at VBA, the DAV, as part of *The Independent Budget* for FY 2013 generally recommends maintaining current staffing levels in the VBA, with only modest increases for the Vocational Rehabilitation and Employment Service and the Board of Veterans Appeals. Due to substantial support from Congress, VBA's Compensation Service experienced significant staffing increases between fiscal years 2008 and 2010, which supported an increase in the number of claims processed each of those years. Unfortunately, however, an even larger increase in new and reopened claims volume contributed to a rising backlog. Historically, it takes approximately two years for a new Veterans Service Representative (VSR) to acquire sufficient knowledge and experience to be able to work independently with both speed and accuracy. It takes an additional period of at least two years of training to become a Rating Veterans Service Representative (RVSR) with the skills to accurately complete most rating claims. As such, the full productive capacity of the employees hired in recent years are only now becoming evident.

This year VBA will roll out a new operating model for processing claims for disability compensation, which will change the roles and functions of thousands of VSRs and RVSRs at

Regional Offices across the country. VBA is also planning to launch new IT systems, including the Veterans Benefits Management System (VBMS) and expand the functionality of their e-Benefits system. Together these transformations are expected to have a significant effect on the productive capability of VBA's workforce. While these changes are being fully implemented, and the effect on workforce requirements analyzed, the *Independent Budget* veterans service organizations (IBVSOs) do not recommend an increase in staffing for VBA's Compensation Service for FY 2013. However, we do recommend that VBA initiate a scientific study to determine the workforce necessary to effectively manage its rising workload in a manner that produces *timely* and *accurate* rating decisions.

Moving forward, should there be a decline in personnel dedicated to producing rating decisions, an increase in claims or the backlog, or should any of the long-awaited VBA information technology initiatives fail to produce the projected reductions in processing times for claims, Congress must be prepared to act swiftly to intervene with the additional staffing resources.

### **Staffing Increase for Vocational Rehabilitation and Employment Service**

The IBVSOs do recommend that funding for VA's Vocational Rehabilitation and Employment Service (VR&E) be increased to accommodate at least 195 additional full-time employees for the VR&E Service for FY 2013 and at least nine new full-time employees to manage its expanding campus program.

The Government Accountability Office (GAO) conducted a study in 2009 to assess VR&E's ability to meet its core mission functions. GAO found that 54 percent of VBA's 57 regional offices reported they had fewer counselors than needed, 40 percent said they have fewer employment coordinators than needed and 90 percent reported that their caseloads have become more complex since veterans began returning from Afghanistan and Iraq.

VBA's current caseload target is one counselor for every 125 veterans served; however, feedback received by the IBVSOs from counselors in the field suggested an actual workload as high as one to 145. Based on comparisons with state vocational rehabilitation programs and discussions with VR&E personnel, even the 1:125 ratio may be too high to effectively manage VR&E's workload, particularly in providing service to seriously disabled veterans. However, to reach the 1:125 standard, VR&E needs approximately 195 new staff counselors.

The VA VetSuccess on Campus program places a full-time Vocational Rehabilitation Counselor and a part-time Vet Center Outreach Coordinator on college campuses to help the transition from military to civilian and student life. The President's 2012 budget submission requested funding to support further expansion of the program beyond the eight existing sites to nine more campuses: the University of South Florida, Cleveland State University, San Diego State University, Community College of Rhode Island, Arizona State University, Texas A&M, Central Texas, Rhode Island College, and Salt Lake Community College. *The Independent Budget* recommends that Congress provide funding for at least nine additional full-time employees in FY 2013 to manage this expanding campus program.

## **Staffing Increase for the Board of Veterans Appeals**

*The Independent Budget* also recommends a staffing increase at the Board of Veterans' Appeals of at least 40 full-time employee equivalents (FTEE) for FY 2013. Based on historical trends, the number of new appeals to the Board averages approximately five percent of all claims received, so as the number of claims processed by VBA is expected to rise significantly, so too will the Board's workload rise commensurately. With the number of claims processed at VBA having risen to over one million, and projected to rise even higher, it is virtually certain that the Board's workload will begin to rise even faster.

The Board is currently authorized to have 544 FTEEs; however, its budget in FY 2011 could only support 532 FTEEs. Expected workload projections by the Board indicate that the authorized level for FY 2013 should be closer to 585 FTEEs. We are concerned that unless additional resources are provided to the Board, its ability to produce timely and accurate decisions will be constrained by an inadequate budget, and either the backlog will rise or accuracy will fall. Neither of these outcomes is acceptable. At a minimum, Congress should increase funding to the Board in order to sustain 585 FTEE in FY 2013.

## **Dedicated Courthouse for the Court of Appeals for Veterans Claims**

Mr. Chairman, I would also like to highlight a recommendation in this year's *Independent Budget* concerning the United States Court of Appeals for Veterans Claims. During the 24 years since the Court was formed in accordance with legislation enacted in 1988, it has been housed in commercial office buildings, making it the only Article I court that does not have its own courthouse. The IBVSOs believe that the Veterans Court should be accorded at least the same degree of respect enjoyed by other appellate courts of the United States. Congress previously acted on this in fiscal year 2008 by allocating \$7 million for preliminary work on site acquisition, site evaluation, preplanning for construction, architectural work, and associated studies and evaluations for the construction of the courthouse. It is time for Congress to provide the funding necessary to construct a permanent courthouse in a location of honor and dignity befitting the Veterans Court and the veterans it serves.

## **VETERANS BENEFITS RECOMMENDATIONS**

The Veterans Benefits Administration provides an array of benefits to our nation's veterans, including disability compensation, dependency and indemnity compensation, pensions, vocational rehabilitation, education benefits, home loan guarantees, and life insurance. Unfortunately, the failure to regularly adjust benefit rates or to tie them to realistic annual cost-of-living adjustments (COLAs), can threaten the effectiveness of these other benefits. For example, the annual COLAs do not take into account the rising cost of some basic necessities, such as food and energy. In addition to prudent increases in a number of specific benefits programs to meet today's rising costs of living, *The Independent Budget* includes a number of recommendations designed to make several existing benefits more equitable for all veterans, particularly disabled veterans.

## **Eliminate Remaining Concurrent Receipt Penalties**

Today, many veterans retired from the armed forces based on longevity of service must forfeit a portion of their retired pay, earned through faithful performance of military service, before they can receive VA compensation for service-connected disabilities. This is inequitable: military retired pay is earned by virtue of a veteran's career of service on behalf of the nation, careers of usually more than 20 years. Entitlement to compensation, on the other hand, is paid solely because of disability resulting from military service, regardless of the length of service. Most nondisabled military retirees pursue additional careers after serving in order to supplement their income, thereby justly enjoying a full reward for completion of a military career with the added reward of full civilian employment income. In contrast, military retirees with service-connected disabilities do not enjoy the same full earning potential.

In order to place all disabled longevity military retirees on equal footing with nondisabled military retirees, there should be no offset between full military retired pay and VA disability compensation. Congress has previously removed this offset for veterans with service-connected disabilities rated 50 percent or greater. Congress should enact legislation to repeal the inequitable requirement that veterans' military longevity retired pay be offset by an amount equal to their disability compensation if rated less than 50 percent.

## **Repeal the DIC - SBP Offset**

The current requirement that the amount of an annuity under the Survivor Benefit Plan (SBP) be reduced on account of and by an amount equal to dependency and indemnity compensation (DIC) for survivors of disabled veterans is inequitable and should be repealed.

A veteran disabled in military service is compensated for the effects of service-connected disability. When a veteran dies of service-connected causes, or following a substantial period of total disability from service-connected causes, eligible survivors or dependents receive DIC from the Department of Veterans Affairs. This benefit indemnifies survivors, in part, for the losses associated with the veteran's death from service-connected causes or after a period of time when the veteran was unable, because of total disability, to accumulate an estate for inheritance by survivors.

Survivors of military retirees have no entitlement to any portion of the veteran's military retirement pay after his or her death, unlike many retirement plans in the private sector; however, they may participate in the survivor benefit plan (SBP), which makes deductions from their spouses military retirement pay to purchase a survivors' annuity. Upon the military retiree's death, the annuity is paid monthly to eligible beneficiaries under the plan. If the veteran died of other than service-connected causes or was not totally disabled by service-connected disability for the required time preceding death, beneficiaries receive full SBP payments. However, if the veteran's death was a result of military service or after the requisite period of total service-connected disability, the SBP annuity is reduced by an amount equal to the DIC payment. When the monthly DIC rate is equal to or greater than the monthly SBP annuity, beneficiaries lose all entitlement to the SBP annuity.

This offset is inequitable because there is no duplication of benefits since payments under the SBP and DIC programs are made for different purposes. Under the SBP, coverage is purchased by a veteran and paid to his or her surviving beneficiary at the time of the veteran's death. On the other hand, DIC is a special indemnity compensation paid to the survivor of a service member who dies while serving in the military, or a veteran who dies from service-connected disabilities. In such cases, DIC should be added to the SBP, not substituted for it. Surviving spouses of federal civilian retirees who are veterans are eligible for DIC without losing any of their purchased federal civilian survivor benefits. The offset penalizes survivors of military retirees whose deaths are under circumstances warranting indemnification from the government separate from the annuity funded by premiums paid by the veteran from his or her retired pay. Congress should fully repeal the offset between dependency and indemnity compensation and the Survivor Benefit Plan.

### **Adaptive Housing and Automobile Grants**

Service-connected disabled veterans who have impairments or loss of use of at least one of their hands, feet or eyes may be eligible for several grants to adapt their housing or automobiles, including the Specially Adapted Housing Grant and the Automobile and Special Adaptive Equipment Grants. However, when veterans who have already received these grants are forced to move to a new home, or stay temporarily in someone else's home, or need to replace an outdated automobile, they are restricted in accessing the full benefits of this program. To remedy this, Congress should establish a supplementary housing grant that covers the cost of new home adaptations for eligible veterans who have used their initial, once in-a-lifetime grant on specially adapted homes they no longer own and occupy. A separate grant should be provided for special adaptations to homes owned by family members in which veterans temporarily reside. VA should also be authorized to provide a supplementary auto grant to eligible veterans in an amount equaling the difference between their previously used one-time entitlement and the increased amount of the grant.

### **Compensation for Quality of Life and Noneconomic Loss:**

Mr. Chairman, our nation's 3.2 million service-disabled veterans rely greatly on VA's disability compensation program as an essential source of financial support for themselves and their families. However, a number of recent studies and commissions have all agreed that VA's disability compensation program does not do enough and should be revised to compensate for the loss of quality of life and other non-economic losses that result from permanent disabilities suffered while serving in the armed forces.

In 2007, the Institute of Medicine (IOM) published a report entitled, "A 21st Century System for Evaluating Veterans for Disability Benefits," recommending that the current VA disability compensation system be expanded to include compensation for noneconomic loss and loss of quality of life. The IOM report stated that, "... Congress and VA have implicitly recognized consequences in addition to work disability of impairments suffered by veterans in the Rating Schedule and other ways. Modern concepts of disability include work disability, nonwork disability, and quality of life (QOL)..."

The congressionally-mandated Veterans Disability Benefits Commission (VDBC), established by the National Defense Authorization Act of 2004 (Public Law 108-136), in 2007 also recommended that the, "... veterans disability compensation program should compensate for three consequences of service-connected injuries and diseases: work disability, loss of ability to engage in usual life activities other than work, and loss of quality of life." That same year, the President's Commission on Care for America's Returning Wounded Warriors, chaired by former Senator Bob Dole and former Health and Human Services Secretary Donna Shalala, also agreed that the current benefits system should be reformed to include noneconomic loss and quality of life as a factor in compensation.

The IBVSOs concur with all these recommendations and calls on Congress to finally address this deficiency by amending title 38, United States Code, to clarify that disability compensation, in addition to providing compensation to service-connected disabled veterans for their average loss of earnings capacity, must also include compensation for their noneconomic loss and for loss of their quality of life. The Canadian Veterans' Affairs disability compensation program and the Australian Department of Veterans' Affairs disability compensation program already do just that. It is now time for our Congress and VA to determine the most practical and equitable manner in which to provide compensation for noneconomic loss and loss of quality of life and then move expeditiously to implement this updated disability compensation program.

## **CLAIMS PROCESSING REFORM RECOMMENDATIONS**

Over the past decade, the number of veterans filing claims for disability compensation has more than doubled, rising from nearly 600,000 in 2000 to over 1.4 million in 2011. This workload increase is the result of a number of factors over the past decade, including the wars in Iraq and Afghanistan, an increase in the complexity of claims and a downturn in the economy causing more veterans to seek VA assistance. Furthermore, new presumptive conditions related to Agent Orange exposure (ischemic heart disease, B-cell leukemia and Parkinson's disease) and previously denied claims, resulting from the Nehmer decision added almost 200,000 new claims this year; leading to a workload surge that will level off in 2012. During this same decade, VBA's workforce grew by about 80 percent, rising from 13,500 FTEE in 2007 to over 20,000 today, with the vast majority of that increase occurring during the past four years.

Yet despite the hiring of thousands of new employees, the number of pending claims for benefits, often referred to as the backlog, continues to grow. As of February 4, 2012, there were 891,402 pending claims for disability compensation and pensions awaiting rating decisions by the VBA, an increase of more than 114,000 from one year ago, and almost double the 487,501 that were pending two years prior. The number of claims pending over 125 days, VBA's official target for completing claims, reached 591,243, which is a 66 percent increase in one year and more than double the 185,040 from two years ago.

But more important than the number of claims processed is the number of claims processed correctly. The VBA quality assurance program is known as the Systematic Technical Accuracy Review (STAR) and is now available publicly on VA's ASPIRE Dashboard. The most recent STAR measure for rating claims accuracy for the one-year period ending September 2011 is 84 percent, about the same level as one year prior, and slightly lower than several years earlier. However, the VA Office of Inspector General (VAOIG) reported in May 2011 that

based on inspections of 45,000 claims at 16 of the VA's 57 regional offices (VAROs), claims for disability compensation were correctly processed only 77 percent of the time. This error rate would equate to almost 250,000 incorrect claims decisions in just the past year.

### **Cultural Change Needed to Fix Claims-Processing System:**

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

One of the more positive signs has been the open and candid attitude of VBA leadership over the past several years, particularly progress towards developing a new partnership between VBA and veterans service organizations (VSOs) who assist veterans in filing claims. The IBVSOs have been increasingly consulted on a number of the new initiatives underway at VBA, including disability benefit questionnaires (DBQs), Veterans Benefit Management System (VBMS), and many, but not all business process pilots, including the I-LAB at the Indianapolis Regional Office. Building upon these efforts, VBA must continue to reach out to its VSO partners, not just at central office, but also at each of the 57 regional offices.

In order to drive and sustain its transformation strategies throughout such a massive organization, VBA must change how it measures and rewards performance in a manner designed to achieve the goal of getting claims decided right the first time. Unfortunately, most of the measures that VBA employs today are based primarily on production goals, rather than quality. This bias for speed over accuracy has long been VBA's cultural norm, and it is not surprising that management and employees today continue to feel a tremendous pressure to meet production goals first and foremost. While accuracy has been and remains one of the performance standards that must be met by all employees, new performance standards adopted over the past two years appear to have done little to create sufficient incentives to elevate quality above production.

Over the next couple of crucial years, it will be particularly important for VBA and Congress to remain focused on the principal goal of enhancing quality and accuracy, rather than focusing on reducing the backlog. VBA should change the way it measures and reports progress so that there are more and better indicators of quality and accuracy, at least equal in weight to measures of speed and production. In addition, VBA should develop a systematic way to measure average work output for each category of its employees in order to establish more accurate performance standards, which will also allow the VBA to better project future workforce requirements.



## **Implementing a New Operating Model for Processing Claims:**

As the Veterans Benefits Administration begins to implement a new operating model for processing claims for disability compensation, it must give priority to “best practices” that have been validated to increase quality and accuracy, not just speed and production. VBA has conducted more than 40 different pilot programs and initiatives looking at new ways of establishing, developing, rating, and awarding claims for benefits. Dozens of other ideas flowed from individual employees and regional offices, leadership retreats, and an internal “innovation competition,” leading to new initiatives such as quick pay, walk-in claims, and rules-based calculators.

In order to test how best to integrate these and other pilots and initiatives conducted over the past two years, VA established the I-LAB at the Indianapolis Regional Office to develop a new end-to-end operating model for claims processing. The I-LAB settled on the segmentation of claims as the cornerstone principle for designing the new operating model. The traditional triage function was replaced at the I-LAB with an Intake Processing Center, staffed with an experienced claims processor, whose responsibility was to divide claims along three separate tracks; Express, Core, and Special Ops. The Express lane is for simpler claims, such as fully developed claims, claims with one or two contentions, or other simple claims. The Special Ops lane is for more difficult claims, such as those with eight or more contentions, longstanding pending claims, complex conditions, such as traumatic brain injury and special monthly compensation, and other claims requiring extensive time and expertise. The Core lane is for the balance of claims with between three and seven contentions, claims for individual unemployability (IU), original mental health conditions, and others.

VBA has seen some early indications that productivity could increase through the use of the new segmentation strategy at the I-LAB; however, it may still be too soon to judge whether such results would be reproduced if applied nationally. While the VBA certainly needs to reform its claims-processing system, it must first ensure that proper metrics are in place in order to make sound decisions about the elements of its new operating model.

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

Critical to the success of this implementation strategy will be the choices made by VBA this year. It will also be absolutely essential for Congress to provide strong oversight to ensure that the enormous pressures on VBA to show progress toward eliminating or reducing the claims backlog does not result in short term gains at the expense of long-term reform.

## **Stronger Training, Testing and Quality Control**

Mr. Chairman, training, testing, and quality control must be given the highest priority within the Veterans Benefits Administration if the current claims processing reform efforts are to be successful. Training is essential to the professional development of individuals and tied directly to the quality of work they produce, as well as the quantity they can accurately produce. However, the IBVSOs remain concerned that under the rising pressure of increasing workload and backlogs, VBA managers and employees often choose to cut corners on training in order to focus on production at all costs. It is imperative that efforts to increase productivity not interfere with required training of employees, particularly new employees who are still learning their job.

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

In 2008, Congress enacted Public Law 110-389, the Veterans' Benefits Improvement Act of 2008, which required VBA to develop and implement a certification examination for all claims processors and managers. While tests have been developed and conducted for VSRs, RVSRs, and DROs, the tests for supervisory personnel and coaches have yet to be completed. VBA cannot accurately assess its training or measure an individual's knowledge, understanding, or retention of the training material without regular testing. The IBVSOs believe it is essential that all VBA employees, coaches, and managers undergo regular testing to measure job skills and knowledge, as well as the effectiveness of the training. At the same time, VBA must ensure that certification tests are developed that accurately measure the skills and knowledge needed to perform the work of VSRs, RVSRs, DROs, coaches, and other managers.

One of the most promising developments over the past year is VBA's new initiative to stand up Quality Review Teams (QRTs) in every regional office. Developed from a review of the best practices used at certain high-performing regional offices, the QRT program will assign full-time, dedicated employees whose sole function is to seek out and correct errors in claims processing. QRTs will also work to develop in-process quality control measures to prevent errors before decisions are made. The IBVSOs strongly support this program and recommend that VBA make service in a QRT unit a career path requirement for those seeking to rise to senior positions in Regional Offices or at VBA's headquarters in Washington, DC.

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

## **New Information Technology Systems**

After two years of development, VBA's Veterans Benefits Management System (VBMS) is planned to be rolled out nationally beginning in June of this year. The VBMS is designed to provide a comprehensive, paperless, and rules-based method of processing and awarding claims for VA benefits, particularly disability compensation and pension. The IBVSOs have been especially pleased with VBA efforts to incorporate the experience and perspective of our organizations throughout the VBMS development process. Understanding the important role that VSO service officers play in the claims process, VBA proactively sought frequent and substantive consultation with VSOs, both at the national VBMS office and at the pilot locations. We are confident that this promising partnership will strengthen VBMS for VBA, VSOs, and most importantly, veterans seeking VA benefits.

As VBA turns the corner on VBMS development leading to deployment, it is imperative that Congress provide full funding to complete this essential IT initiative. In today's difficult fiscal environment, there are concerns that efforts to balance the federal budget and reduce the national debt could result in reductions to VA programs, including IT programs. Over the next year Congress must ensure that the funding required and designated for the VBMS is protected from cuts or reprogramming, and spent as Congress intended.

Another key IT component is e-Benefits, VA's online portal that allows veterans to apply for, monitor, and manage their benefits over the Internet. With more than 2 million users registered, e-Benefits provides a web-based method for veterans to file claims for disability and other benefits that will ultimately integrate that information directly into the VBMS to adjudicate those claims. As with VBMS, it is crucial that Congress and the VBA provide e-Benefits full funding in order to support the ongoing transformation of the claims processing system.

Additionally Mr. Chairman, the IBVSOs remain concerned about VBA's plans for transitioning legacy paper claims into the new VBMS work environment. While VBA is committed to moving forward with a paperless system for new claims, it has not yet determined how to handle reopened paper claims; specifically whether, when or how they would be converted to digital files. Because a majority of claims processed each year are for reopened or appealed claims and because files can remain active for decades, until all legacy claims are converted to digital data files, VBA could be forced to continue paper processing for decades. Requiring VBA employees to learn and master two different claims processing systems—one that is paper-based and the other digital—would add unnecessary complexity and could negatively affect quality, accuracy, and consistency.

While there are very difficult technical questions to be answered about the most efficient manner of transitioning to all-digital processing, particular involving legacy paper files, we believe the VBA should do all it can to shorten the length of time this transition takes to complete, and should provide a clear roadmap for eliminating legacy paper files, one that includes clear timelines and resource requirements. While this transition may require significant upfront investment, it will pay dividends for the VBA and veterans in the future.

Mr. Chairman, that concludes my statement and I would be happy to answer any questions from you or other members of the Subcommittee.