

# General Operating Expenses

**F**rom its Central Office in Washington, DC, and through a nationwide system of field offices, the Department of Veterans Affairs (VA) administers its veterans' benefits programs. Responsibility for the various benefits programs is divided among 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 offices of the Secretary of Veterans Affairs and the Assistant Secretaries provide departmental management and administrative support. These offices, along with the Office of General Counsel and the Board of Veterans' Appeals, are the major activities under the General Administration portion of the General Operating Expenses appropriation. This appropriation funds the benefits delivery system—the VBA and its constituent line, staff, and support functions—and the functions under General Administration.

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

## Veterans Benefits Administration

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

*Fixing longstanding, systemic problems in the VA claims-processing system will require leadership and accountability at all levels and a shift from focusing on “reducing the backlog” to “getting claims done right the first time.”*

The Veterans Benefits Administration (VBA) is at a critical juncture in its efforts to reform an outdated, inefficient, and overwhelmed claims-processing system. After struggling for decades to provide timely and accurate decisions on claims for veterans benefits, the VBA over the past year has started down a path that may finally lead to essential transformation and modernization, but only if it has the leadership necessary to undergo a cultural shift in how it approaches the work of adjudicating claims for veterans, benefits.

For a number of reasons, including the recent wars in Iraq and Afghanistan, the addition of new presumptive conditions for Vietnam and Gulf War veterans, and the economic recession, the number of new claims for disability compensation, including both first-time claims for benefits and claims for increases or additional benefits, has risen to more than 1 million per year. In addition, both the average number of issues per claim and the complexity of claims have increased as complicated new medical conditions, such as traumatic brain injury, have become more prevalent.

To meet rising workload demands, *The Independent Budget* veterans service organizations (IBVSOs) have recommended, and Congress has provided, significant new resources to the VBA over the past several years in order to increase its personnel levels. Yet despite the hiring of thousands of new employees, the number of pending claims for benefits, often referred to as the backlog, continues to grow. As of January 31, 2011, there were 775,552 pending claims for disability compensation and pensions awaiting rating decisions by the VBA, an increase of 289,081 from one year ago.<sup>1</sup> About 41 percent of that increase is the result of the Secretary’s decision to add three new presumptive conditions for Agent Orange (AO) exposure: ischemic heart disease, B-cell leukemia, and Parkinson’s disease.

Even discounting those new AO-related claims, the number of claims pending rose by 171,522, a 37 percent increase of pending claims over just the past year.<sup>2</sup> Overall, there are 331,299 claims that have been pending longer than VA’s target of 125 days, which is an increase of 147,930, up more than 80 percent in the

past year.<sup>3</sup> Not counting the new AO-related, over 50 percent of all pending claims for compensation or pension are now past the 125-day target set by the VBA.

Worse, by the VBA’s own measurement, the accuracy of disability compensation rating decisions continues to trend downward, with its quality assurance program, known as the Systematic Technical Accuracy Review (STAR), reporting only an 83 percent accuracy rating for the 12-month period ending May 31, 2010.<sup>4</sup> Moreover, the VA Office of Inspector General (OIG) found that even those numbers were inaccurate, citing additional undetected or unreported errors that increased the error rate for the cases reviewed to 22 percent.<sup>5</sup> Complicating VA’s problems is its reliance on an outdated, paper-centric processing system, which now includes more than 4.2 million claims folders. In fact, a 2009 VA OIG report found that more than 300,000 claims files had been misplaced and more than 140,000 were lost outright.

Faced with all of these problems, Secretary Eric Shinseki in 2010 set an extremely ambitious long-term goal of zero claims pending more than 125 days and all claims completed to a 98 percent accuracy standard. Throughout the year he forcefully and repeatedly made clear his intention to “break the back of the backlog” as his top priority. While the IBVSOs welcome his intention and applaud his ambition, we would caution that eliminating the backlog is not necessarily the same goal as reforming the claims-processing system, nor does it guarantee that veterans are better served.

The backlog is not the problem, nor even the cause of the problem; rather, it is only one symptom, albeit a very severe one, of a much larger problem: too many veterans waiting too long to get decisions on claims for benefits that are too often wrong.

For example, while a person with a fever can take an aspirin to reduce that symptom, the aspirin will not address the cause of the fever, nor prevent the fever from recurring in the future. So, too, with the backlog: if the VBA focuses simply on getting the backlog number down, it can certainly achieve numeric success in the near term, but it will not necessarily have addressed

the underlying problems nor taken steps to prevent the backlog from eventually returning.

To achieve real success, the VBA must focus on creating a veterans' benefits claims-processing system designed to "get each claim done right the first time." Such a system would be based upon a modern, paperless information technology and workflow system focused on quality, accuracy, efficiency, and accountability. The foundation of this new system must be continuous improvement; the VBA must evolve its corporate culture to focus on information gathering, systems analysis, identification of problems, creative solutions, and rapid adjustments. This process must be a circle, not a series of lines with stoplights. If the VBA stresses quality control and training, and continues to receive sufficient resources, timeliness will improve and production will increase, and then and only then can the backlog be reduced and eventually eliminated.

Recognizing all of these problems and challenges, the IBVSOs do see some positive and hopeful signs of change. VBA leadership has been refreshingly open and candid in recent statements on the problems and need for reform. Over the past year, dozens of new pilots and initiatives have been launched, including a major new information technology system that is now being field-tested. The VBA has shared information with the veterans service organizations (VSOs) about its ongoing initiatives and sought feedback on these initiatives. These are all positive developments.

Yet, despite the VBA's new openness and outreach to the VSO community, we remain deeply concerned about its failure to fully integrate service organizations in reforming the claims process. The VBA has not and does not solicit our input at the beginning of the process, a critical mistake for a number of reasons. First, VSOs not only bring vast experience and expertise about claims processing, but our local and national service officers hold power of attorney for hundreds of thousands of veterans and their families. In this capacity veterans service organizations are an integral component of the claims process. The IBVSOs make the VBA's job easier by helping veterans prepare and submit better claims, thereby requiring less time and resources to develop and adjudicate them. VBA leadership must commit to a true partnership with service organizations and infuse this new attitude throughout the VBA from central office down to each of the 57 regional offices. Partnership with VSOs requires more than "checking a box" after holding pro forma meetings and informing the VSOs of actions after the fact. Similarly, VBA management must work more closely with employees and

employee representatives throughout the transformation process.

In order to make cultural changes at the VBA, there must be steady and consistent leadership and accountability at all levels of the organization. Although Secretary Shinseki has personally focused a significant amount of his time on the problems at the VBA, unfortunately, as 2010 drew to a close—nearly two years into this Administration—there was still no permanent under secretary for benefits in place. Although the VBA has completed some other management changes, the time is long overdue for a new under secretary to provide leadership and stability as it seeks to modernize and optimize its claims-processing system. No large organization can be expected to operate at peak efficiency, much less dramatically transform itself, without a chief executive in place to lead that change.

The VBA must also change how it measures and rewards performance in a manner designed to achieve the goal of "getting it right the first time." Unfortunately, most of the measures that the VBA employs today, whether for the organization as a whole or for regional offices or employees, are based primarily on measures of production, which reinforces the goal of ending the backlog. For example, the most common way to measure the VBA's progress is through its Monday Morning Workload Reports, which contain measures of production, but not accuracy or quality.<sup>6</sup> Another major tool used to review the VBA's status is its "Dashboard," which provides current performance statistics for each VA regional office (VARO). Like the Monday Morning Reports, Dashboard measures are primarily related to pending work inventory and production times, with just a few measures of accuracy included. Since the primary measures used to hold the VBA and VAROs accountable are focused on the size of the backlog and cycle times, it is not surprising that VARO management focuses so heavily on production, rather than accuracy or quality.

Given leadership and management's focus on production, therefore, it is not surprising that employees—veterans service representatives (VSRs) and rating veterans service representatives (RVSRs)—feel tremendous pressure to meet production goals first and foremost. While accuracy has been and remains one of the performance standards that must be met by employees, the new performance standards may have created new incentives to sacrifice quality for production. The previous performance standards for VSRs included 63 categories of weighted work activities; the new standards have only five production categories now called "outputs."

sentially, a VSR will receive one “output” credit for completing each stage of the work process: initial rating development, initial nonrating development, ready for decision, process award/decision, and authorize award. It appears that this system is designed to emphasize moving claims quickly toward completion by eliminating the piecemeal work credits that were based upon each activity related to development that was completed. The new system provides no work credit for Congressional inquiries, Freedom of Information Act requests, or conducting personal interviews. It also appears to eliminate work credit for appeals related activities, such as supplemental statements of case.

While the former work credit system may have created opportunities for “gaming” the system, such as delaying requests for routine future exams, in order to gain additional work credits, the new system may inadvertently create new incentives for “cutting corners” in order to complete a case, since more complex multi-issue cases get no more credit than simple one-issue cases.

There have been reports that a very high percentage of VSRs have failed to meet the new performance standards in the first few months of implementation, causing the VBA to reexamine the standards in conjunction with employee representatives. The VBA is also continuing to discuss proposed new performance standards for RVSRs and decision review officers with employee representatives. It is imperative that employee and management performance standards and other incentives be directed toward the goal of deciding claims accurately.

Over the past year, under the Secretary’s leadership, the VBA has established an aggressive strategy and schedule for reforming the benefits claims-processing system. In order to achieve lasting success, the VBA must first and foremost focus on quality and accuracy ahead of simply reducing the backlog. As the VBA seeks to modernize its IT infrastructure and optimize business processes, it will require strong and effective leadership, something it cannot fully realize until there is a new under secretary in place. In addition, veterans service organizations firmly believe that the VBA cannot be completely successful unless it truly seeks and realizes a mutually beneficial partnership with the VSO community.

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## Recommendations:

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The Veterans Benefits Administration should develop regular and ongoing roles for veterans service organizations’ participation in reforming the claims process, particularly in the planning, development, implementation, evaluation, and integration of pilots and initiatives, including the Veterans Benefit Management System.

The VBA must have a permanent under secretary for benefits to provide steady and consistent leadership, and the Administration and Congress must ensure that future transitions fill the position of under secretary for benefits in a timely manner.

The VBA and Congress must shift their approach for reforming the claims-processing system so that the goal is not just reducing the backlog, but, first and foremost, creating a system that provides accurate decisions in a timely manner.

The VBA should change its measurement and reporting of progress so that there are more and better indicators of the quality and accuracy of work, thereby demonstrating its commitment to “getting claims done right,” not just “getting claims done quickly.”

The VBA should continue to review employee performance standards and its work credit system to ensure that it creates sufficient and proper incentives and accountability to achieve quality and accuracy, not just increased speed or production.

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<sup>1</sup> <http://www.vba.va.gov/REPORTS/mmwr/index.asp>.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Department of Veterans Affairs, *FY 2010 Performance and Accountability Report Part II*, 107.

<sup>5</sup> <http://www4.va.gov/OIG/pubs/VAOIG-statement-20100324-Finn.pdf>.

<sup>6</sup> <http://www.vba.va.gov/REPORTS/mmwr/index.asp>.

## REFORMING AND MODERNIZING THE CLAIMS PROCESS:

*As the Veterans Benefits Administration moves forward with dozens of pilots and initiatives designed to modernize and streamline the claims-processing system, it is imperative that the VBA have a systematic method for analyzing and integrating “best practices” that improve quality and accuracy, rather than just those that may increase production.*

Recognizing that the current claims-processing system is irretrievably broken, the Veterans Benefits Administration (VBA) last year undertook a comprehensive new effort to reform and modernize the claims process. There are currently dozens of initiatives under way that could potentially lead to new ways of establishing, developing, rating, and awarding claims for benefits.

Over the past year, representatives of *The Independent Budget* veterans service organizations (IBVSOs) visited or were briefed on many of the more prominent pilot programs, including ones at Little Rock, Arkansas; Providence, Rhode Island; and Pittsburgh. While the pilots in Little Rock and Providence, as well as the Fully Developed Claim and Individual Claimant Checklist, were Congressionally mandated in Public Law 110-389, many others, such as the Quick Pay Disabilities pilot in St. Petersburg, Florida; the Rapid Evaluation of Veterans’ Claims pilot in Atlanta; and the Case Management pilot in Pittsburgh, were initiated by VBA regional offices with central office approval. Other ideas come from the VBA’s “Innovation Initiative,” which produced 10 winners from hundreds of submissions by regional offices, 8 of which are actively being implemented.<sup>7</sup> In addition, the VBA also approved eight “quick hit” ideas at the Regional Directors Workshop in spring 2010, including pilots that are testing phone development and a walk-in claims rating program. Many other ideas that the IBVSOs and others have been promoting, including the increased use of private medical evidence and interim ratings, are also currently being tested in the field. The challenge the VBA faces in the coming year will be analyzing and synthesizing the results of all this experimentation into a new claims-processing system.

The Little Rock pilot, developed under contract with Booz Allen Hamilton, sought to infuse Lean Six Sigma<sup>8</sup> principles of continuous improvement and reduction of waste into the current claims-processing system. This pilot reorganized a portion of the VA regional office (VARO) workforce into integrated teams called “pods,” which included both veterans service representatives (VSRs) and rating veterans service representatives (RVSRs), working as one integrated unit on claims. The pilot also developed new changes to the mailroom operations as well as physical layout changes to improve

oversight of workload. Although the contract is complete, the Little Rock “pod” pilot continues and is being expanded to two additional VA regional offices in New York and Montgomery, Alabama. In addition, a number of other VAROs have begun limited experiments with the lean processing and “pod” concepts.

Since moving to the current Claims Process Improvement (CPI) model of processing claims, based upon specialization of function, the VBA has lost some of the benefits inherent in a team-based approach. For example, by mixing together more experienced RVSRs and VSRs in Little Rock with those less experienced, there has been a natural increase in mentoring and unofficial “on-the-job” training of newer employees. Over time the IBVSOs would expect a measureable improvement in the quality of decision making. While we do not advocate that the VBA simply replace the current model with the “pod” model, we believe that the VBA should continue to explore greater use of team approaches, whether in particular locations, or for specific types of claims.

The Providence pilot begun in October 2009 was designated as the VBA’s Business Transformation Laboratory to provide a testing capability for future paperless processes in a live environment. In addition, they also have been testing a new phone development program. After the regional office sends a veteran claimant a notification letter explaining the veteran’s rights and what he or she needs to do in order to prove the claim, a VSR calls the veteran to answer any questions he or she may have about that letter as well as to assist with fulfilling the veteran’s required burden of development. In essence, VA employees help distill the boilerplate in development letters into something more understandable for veterans. As a result, Providence has been able to shorten development time and the average number of days to complete claims.

The telephone development program has shown promising results, and we support the continued exploration of this concept. It is imperative, however, that the VBA develop and implement proper methods to notify and involve service officers and other power of attorney holders for claimants who are represented.

The Pittsburgh Regional Office has two major initiatives under way: one establishing distinct case-management teams and the other developing templates for private medical evidence that was borne out of the VBA's Innovation Initiative. The IBVSOs have long advocated for the expanded use of private medical evidence, which has too often been discounted because it was submitted in a multitude of nonstandard formats, not always appropriate or sufficient for rating a disability under the rating schedule. These templates, constructed to solicit the information needed to address specific criteria in the rating schedule could, if given proper weight during the rating process, save the VBA time and resources by eliminating unnecessary and redundant VA medical exams for claimants.

Late last year a joint task force with experts from both the VBA and the Veterans Health Administration (VHA) began developing these templates, which are now called Disability Benefits Questionnaires (DBQs).<sup>9</sup> The first three DBQs completed, which have been approved and are now in use, are for the three new presumptive conditions associated with Agent Orange exposure: ischemic heart disease, Parkinson's disease, and B-cell leukemia. Currently, the joint task force is working on 76 additional DBQs. The DBQs will be used by the VHA and its contract examiners, and will also be available for veterans who would like to have a private physician examine them. While the DBQs are not yet able to be electronically completed and submitted, the VBA is working with the new IT development team to ensure that DBQs can be seamlessly made a part of a veteran's electronic claims file when such a system exists.

The IBVSOs have been provided the opportunity to offer comment on some of the draft DBQs. We believe the VBA will produce better and more useful DBQs if it continues to actively solicit and incorporate the input of veterans service organizations at the earliest stage possible.

We support the development and use of DBQs as a method to streamline and improve the quality and timeliness of decisions, but with one caveat. It is crucial that VSRs and RVSRs be trained and understand that DBQs are but one piece of evidence that must be considered in the development and decision-making process. In many instances, claimants will have other medical evidence that is related to the issue at hand. If so, decision makers must properly consider the evidentiary weight and value of all evidence related to the claim and address it adequately in the reason and bases of the subsequent decision.

We are also concerned that the burdensome review process for approvals of or modifications to DBQs could delay their use. The VBA has indicated that it must re-

ceive Office of Management and Budget approval in order to release or modify any of the DBQs, a process that can take months or years in some cases. The IBVSOs urge VA to work with the OMB to ensure that approval or modification of DBQs are done in a timely manner.

The VBA has also launched another new pilot program designed to improve the collection of private medical evidence. The VBA is contracting with private vendors who will seek to retrieve medical records from private physicians when such records have been identified during the development process, thereby relieving the VBA of that function, which consumes significant VBA resources and delays processing of the claim. This pilot is expected to be operated at six VA regional offices until sufficient information is available to determine whether this approach could reduce the time and resources required for obtaining private medical records.

One of the major new claims-process reform initiatives is the Fully Developed Claims (FDC) program, which began as a pilot program mandated by P.L. 110-389, and was rolled out to all VAROs last year.<sup>10</sup> In response to concerns expressed by the IBVSOs, the VBA has modified the FDC application process so that a veteran can make an informal notification to the VBA of their intention to file a FDC claim, thereby protecting his or her earliest establishment date. This change ensures that veterans who do the work necessary to file a fully developed claim not only get a quicker decision, but also can be assured of their earliest establishment date.

Although the FDC program is fully operational at all VAROs, the VBA reports that the participation level of veterans remains low. In addition, there have been reports that a significant number of claims filed under the FDC program are being removed from the program, often because the veteran (usually those unrepresented) sends in additional information or evidence related to his or her claims after the initial FDC filing. The VBA must work with veterans service organizations, as well as make direct outreach efforts, to better inform veterans of the advantages of, as well as the rules governing, the FDC program.

The VBA has recently stood up an Office of Strategic Planning, charged with managing and implementing the VBA's transformation plan. This new office will be responsible for overseeing the pilots and initiatives and developing plans to integrate them into a new 21st century claims-processing system. In order to develop that new claims process, the VBA will operate an "integration lab" at the Indianapolis Regional Office to consider which of the "best practices" from the many pilots will work best together.

The IBVSOs, however, do have concerns about whether the VBA will successfully extract and then integrate the best practices from so many ongoing initiatives, while simultaneously meeting the Secretary's ambitious goals with regard to "breaking the back of the backlog." Given the enormous pressure to reduce the backlog, we are concerned that there could be a bias toward process improvements that result in greater production over those that lead to greater quality and accuracy. In addition to these many pilots and other initiatives, there are also legislative and regulatory changes that could be made to streamline and modernize the claims process.

The IBVSOs have always encouraged VA to use private medical evidence when making its decisions, as it saves the veteran time in development and VA the cost of unnecessary examinations. While recent court decisions have indicated that VA should accept private medical opinions that are credible and acceptable for rating purposes, we have seen no evident reduction in remands to obtain medical opinions.

In order to support efforts to encourage the use of private medical evidence, Congress should also consider amending 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 also 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. Further, should VA determine that a private medical opinion is not adequate for rating purposes or to establish service connection, any further opinions obtained from VA health-care providers must be obtained from a provider whose qualifications are at least equal to those of the provider of the private medical opinion.

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 VARO will issue a statement of the case 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 instead issues an 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. In implementing such a change, VA must provide sufficient notice to a veteran that new evidence may be considered at the regional office level, should the veteran so desire, and should allow the veteran to provide electronic notice of his or her decision, rather than adding the time and expense of mailing a response. We believe this change should result in reduced waiting times for the appellant and much less appellant confusion, and could potentially save tens of thousands of VA work hours by eliminating, in many cases, the requirement to issue SSOCs.

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### Recommendations:

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Congress must provide sufficient oversight of the Veterans Benefits Administration's myriad ongoing pilots and initiatives to ensure that best practices are adopted and integrated into a cohesive new claims process and that each pilot or initiative is judged first and foremost on its ability to help VA get claims "done right the first time."

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

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

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<sup>7</sup> <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1852>.

<sup>8</sup> Lean Six Sigma is a business management strategy originally used in many sectors of industry that seeks to improve the quality of process outputs by identifying and removing the causes of defects (errors) and minimizing variability in manufacturing and business processes.

<sup>9</sup> <http://www.vba.va.gov/disabilityexams/>.

<sup>10</sup> <http://www.vba.va.gov/fastclaims/>.

## TRAINING AND QUALITY CONTROL:

*Training and quality control are necessarily interrelated and must be given the highest priority by the Veterans Benefits Administration in order to successfully reform the claims-processing system.*

Training and quality control are interrelated and must be part of a continuous improvement program, both for employees and for the claims process itself. Quality control programs should identify areas and subjects that require new or additional training for Veterans Benefits Administration (VBA) employees; better training programs for employees and managers should improve the overall quality of the VBA's work.

The VBA's primary quality assurance program is the Systematic Technical Accuracy Review (STAR) program. The STAR program can identify three types of errors—benefit entitlement, decision documentation and notification, and administrative. STAR looks at actions such as whether a proper Veterans Claims Assistance Act predecision “notice” was provided and whether the rating decision was merited based on the available evidence. Under the STAR program, VA reviews a sampling of decisions from regional offices and bases its national accuracy measures on the percentage with errors that affect entitlement, benefit amount, and effective date. The STAR program was also intended to identify major national error trends so that the Compensation and Pension (C&P) program could initiate corrective measures. Such corrective measures could include training, improved procedural guidance, or automated system improvements.

The STAR program was last evaluated by the VA Office of Inspector General (OIG) as part of its review of compensation rating accuracy in March 2009 in the report *Audit of Veterans Benefits Administration Compensation Rating Accuracy and Consistency Views*.<sup>11</sup> The OIG determined that the VBA STAR program does not provide a complete assessment of rating accuracy. During the 12-month period ending in February 2008, the VBA STAR process did not effectively identify and report all errors in compensation claim rating decisions. The VBA identified a national compensation claim rating accuracy of 87 percent. Of the approximately 882,000 compensation claims measured by STAR reviewers, the VBA estimated that about 87 percent were technically accurate. The OIG, on the other hand, reviewed a random sampling of cases that had also been reviewed by STAR reviewers and found additional errors. They projected an accuracy rate of only 78 percent. They also audited brokered cases. Of that sampling, they found an accu-

racy rate of 69 percent. Combining the audit of brokered claims with those STAR-reviewed claims results in a projected accuracy rate of about 77 percent of claims. The OIG determined that this equates to approximately 203,000 claims in that one year alone where veterans' monthly benefits may be incorrect.

*The Independent Budget* veterans service organizations (IBVSOs) agree with the VA OIG that the Veterans Benefits Administration could improve the STAR program by establishing a mechanism to ensure STAR reviewers evaluate all documentation related to the claim selected for review; a requirement that all STAR reviewer comments receive a second review to make sure the reviewer appropriately recorded the comment instead of a benefit entitlement error; procedures to review brokered claims as part of the STAR program; and minimum annual training requirements for each STAR reviewer that are comparable to regional office rating staff training requirements.

In addition, the IBVSOs recommend that the VBA establish a quality control program that looks at claims in process in order to determine not just whether a proper decision was made, but how it was arrived at in order to identify ways to improve the system. The data from all such reviews could be incorporated into the VBA's new IT system (VBMS) so that analysis can provide management and employees important insights into processes and decisions. This, in turn, would lead to quicker and more accurate decisions on benefits claims, and, most important, the delivery of all earned benefits to veterans, particularly disabled veterans, in a timely manner.

The VBA has mountains of data about the quality and accuracy of work performed under the current system that comes from the STAR program, “coaches” reviews of employees, Inter-Rater Reliability reviews, employee certification testing, and data from remands from the Board of Veterans' Appeals and the Court of Appeals for Veterans Claims. However, there is currently no process or system to aggregate or analyze the data to spot error trends or breakdowns in the claims process that need improvement or additional training of employees or managers. The new VBMS system should include this capability and be used to modify training programs.

Training is essential to the professional development of individuals and tied directly to the quality of work they produce, as well as the quantity they can accurately produce. The IBVSOs remain concerned that the VBA has historically emphasized production over training. Veterans service organization officers have been told by many VBA employees that meeting production goals is the primary focus of management, whereas fulfilling training requirements and increasing quality is perceived as being secondary. An overemphasis on productivity must not interfere with the training of new employees who are still learning their jobs.

The training program in the VBA is basically a three-stage system, which requires new veterans service representatives (VSRs) and rating veterans service representatives (RVSRs) to complete orientation training at their respective VA regional office (VARO). Next, they participate in a two- to three-week centralized or “Challenge” training course at the VA training academy, which provides a basic introduction to job responsibilities. When each returns to his or her respective VARO, new VSRs and RVSRs spend several more months in training, which includes completing a required curriculum by way of online learning known as the Training and Performance Support System, as well as on-the-job training and/or instructor-led classroom training. VBA training consists of approximately 11 training modules in the Training and Performance Support System, each consisting of multiple sections and each with some testing requirements. Subjects range from very general orientation to more in-depth subjects, such as medical terminology, how to utilize the VBA’s computer-based programs, how to review and interpret medical evidence, and how to understand and apply the law and regulations when evaluating evidence and rendering decisions.

Once these individuals have successfully completed their initial training, they begin their on-the-job-training phase, in which they will be moved into productive roles in developing and rating cases with supervision. They will continue this on-the-job training phase with mentoring and supervision, slowly increasing the number and complexity of cases until they are assigned a full case load approximately two years from their hire date. Some VBA employees have reported that trainees are being rushed into production in an effort to assist with the reduction of the backlog. It must be understood that increasing the number of claims processors will not immediately translate into greater productivity. The benefit of new claims processors will not be realized for more than two years after they have completed their on-the-job training. This must be taken into consideration during the training phase, and em-

ployees must be allowed adequate time to complete their training, allowing them to move slowly into a productive capacity focused on the quality of decisions they render versus the quantity of work produced. From that point forward, they will have the same training requirements as all other experienced VSRs and RVSRs, which requires all employees to complete 80 hours of training annually, along with an additional 5 hours on VA’s online Learning Management System for cybersecurity and ethics. VBA training is broken down to 40 hours of standardized training on VBA selected subjects and 40 hours of training on subjects selected by the VARO from the Core Technical Training Requirements and other subjects of their choosing.

The Government Accountability Office (GAO) recently conducted a study to determine the appropriateness of training for experienced claims processors and the adequacy of VBA’s monitoring and assessment of such training.<sup>12</sup> Of particular interest are GAO findings that experienced claims processors had concerns with the training received—specifically the hours, amount, helpfulness, methods, and timing of training. Likewise, as the GAO report pointed out, there is very little done by the VBA to ensure the required training is completed or to assess the adequacy and consistency of the training, nor to properly ascertain the total number of VSRs and RVSRs who have met the annual training requirement. In fact, only one VARO met the annual training requirement, and nine VAROs had less than half their employees meet the annual training requirement. It is simply unacceptable to have only one VARO meet the simple requirement of ensuring that all employees complete 80 hours of training. The VBA must place greater emphasis on training by implementing stricter monitoring mechanisms for all VAROs and ensure that they are held accountable for failure to meet this minimal standard.

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

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

In 2008, Congress approved Public Law 110-389, the “Veterans’ Benefits Improvement Act of 2008,” which required the VBA to develop and implement a certification examination for claims processors and managers; however, today there are still gaps in the implementation of these provisions. While tests have been developed and piloted for VSRs and RVSRs, additional tests need to be developed and deployed for decision review officers and supervisory personnel. None of these certification tests are mandatory for all employees, nor are they done on a continuing basis. The VBA has begun administering certification examinations for some employees; however, the examination is primarily being used for grade level increases, not for proficiency purposes. For example, if a VSR wants to raise his or her pay grade level from a GS-10 to GS-11, the VSR must pass a certification examination; however, the VSR may opt out of the examination and remain at his or her current level. Conversely, if that same VSR fails the certification examination, there is no penalty and the VSR may remain in his or her current position. Moreover, the VBA has no remedial training programs for employees that fail certification tests, nor are these employees required to retake the test to show that they have mastered the skills and knowledge required to do their job.

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

- It could be used to measure the proficiency and knowledge required for promotion or be used as a factor in determining other incentives.
- It could be used to identify subject matters or competencies that need required additional training of the test-taker.
- It could help evaluate the effectiveness of the training programs.
- It could help identify weaknesses in the claims process that may require systemic improvements.

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

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

Successful completion of training must be an absolute requirement for every VARO and must be a shared responsibility of both employees and management. Managers must be held responsible for ensuring that training is offered and completed by all of its employees. However it is also the responsibility, as well as part of the performance standard, for employees to complete their training requirements. Managers must provide employees with the time to take training, and employees must fully and faithfully complete their training as offered. Neither should be able or pressured to just “check the box” when it comes to training.

The only way that the VBA can make any tangible and lasting gains toward decreasing the backlog will be by producing better quality decisions the first time. The VBA must undergo a cultural change that focuses on the accountability of managers and employees to ensure the training is being accomplished on time and with consistency.

## Recommendations:

The Veterans Benefits Administration must ensure that its existing quality assurance programs, particularly the Systematic Technical Accuracy Review (STAR) program, are sufficiently funded and staffed to allow it to adequately measure accuracy.

The VBA should ensure that the new IT system is able to systematically aggregate and analyze the information that comes from the STAR program, “coaches” reviews of employees, Inter-Rater Reliability reviews, employee certification testing, and data from remands from the Board of Veterans’ Appeals and the Court of Appeals for Veterans Claims to identify error trends and emerging issues that call for process improvements or additional training of employees or managers.

The VBA should develop real-time, in-process quality control mechanisms utilizing the new information technology system once it is fully implemented.

The VBA should consider designating a quality control officer at each VA regional office and look for ways to

strengthen the relationship between training and quality control at each station.

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

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

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

<sup>11</sup> <http://www4.va.gov/oig/52/reports/2009/VAOIG-0802073-96.pdf>.

<sup>12</sup> <http://www.gao.gov/new.items/d10445.pdf>.



## NEW VBA INFORMATION TECHNOLOGY SYSTEM:

*The Veterans Benefits Administration must ensure that the new Veterans Benefits Management System is provided with sufficient time and resources to develop into a comprehensive, paperless, and rules-based platform for processing veterans’ claims for benefits.*

Undoubtedly the most important new initiative under way at the Veterans Benefits Administration (VBA) is the Veterans Benefits Management System (VBMS), which is designed to provide a comprehensive, paperless, and ultimately rules-based method of processing and awarding claims for VA benefits, particularly disability compensation and pension.<sup>13</sup> The VBMS would replace the current suite of applications known as the Veterans Service Network (VETSNET), including Share, MAP-D, RBA-2000, Awards, and FAS.<sup>14</sup> VETSNET itself was designed to replace the Benefits Delivery Network.

Following initial design work, the VBMS had its first phase of development in Baltimore in 2010 where a pro-

totype information technology system was tested in a virtual regional office environment. The main purpose of the virtual regional office was to develop the business requirements for the VBMS system. Although the VBA provided several briefings to *The Independent Budget* veterans service organizations (IBVSOs) about the VBMS prior to the virtual regional office pilot, the phase of the VBMS development in Baltimore was completed without any significant veterans service organization observation, participation, or input.

The first actual pilot of the VBMS system was begun in November 2010 at the Providence Regional Office. The six-month pilot began by working with simulated claims

but was scheduled to begin actual “live” claims in January of this year. Over the course of the Providence pilot, the VBMS will take over functions currently being performed by the VETSNET application, beginning with intake and claims establishment (Share), then development (MAP-D), and finally the rating function (RBA 2000).

The entitlement and awarding of claims (awards) will likely not be performed by VBMS at the Providence pilot. A second six-month pilot is expected to begin in May 2011 at the Salt Lake City Regional Office, which will build on the work begun at Providence. A third pilot is scheduled to begin in November 2011 at an undesignated location, and the final national rollout of the VBMS is scheduled to take place in 2012.

Although the development and deployment of a modern information technology system to process claims in a paperless environment is long overdue, the IBVSOs also have concerns about whether the VBMS is being rushed to meet self-imposed deadlines in order to show progress toward “breaking the back of the backlog.” While we have long believed that the VBA’s IT infrastructure was insufficient, outdated, and constantly falling further behind modern software, web, and cloud-based technology standards, we would be equally concerned about a rushed solution that ultimately produces an insufficiently robust IT system.

In initial discussions about the VBMS with VBA officials early last year, the IBVSOs were told that rules-based decision support might not be a core component of the VBMS, but that it could be treated as a component to be added later, perhaps years later, after rollout. We questioned whether the VBA could achieve significant improvements in quality, accuracy, and efficiency without taking full advantage of the processing capabilities offered by modern IT, such as the use of rules-based decision support. In more recent discussions with VBA officials, there seemed to be a greater emphasis on using rules-based capabilities; however, the IBVSOs remain concerned on this point. In addition, the VBMS must be designed to provide comprehensive quality control to ensure that there is real-time, in-process quality control and robust data collection and analysis in order to support continuous process improvements.

Given the highly technical nature of modern IT development, the IBVSOs urge Congress to fully explore these issues with the VBA and suggest that it could be helpful to have an independent, outside, expert review of the VBMS system while it is still early enough in the development phase to make course corrections, should they be necessary.

The IBVSOs are also concerned about VBA plans for transitioning legacy paper claims into the new VBMS environment. While the VBA is committed to moving forward with a paperless system for new claims, it has not yet determined how it intends to handle reopened paper claims; specifically whether, when, or how they will be converted to digital files. Since a majority of claims processed each year are for reopened or appealed claims and files can remain active for decades, until legacy claims are converted to digital data files the VBA would be forced to continue paper processing, perhaps 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 even greater complexity and could negatively affect quality, accuracy, and consistency.

There are very difficult technical questions to be answered about the most efficient manner of transitioning to all-digital processing, particularly involving legacy paper files. One way forward would be to leave paper files as they are in their current format unless or until there is new activity. At the time a paper file is pulled, it could then be sent to a conversion center which would scan and enter data into the new VBMS system. The important element would be that it be completely converted into usable digital data, not flat images. Whether this is technically, logistically, or financially feasible in the near term remains to be fully explored and reviewed by experts. However, the IBVSOs believe that the VBA should do all it can to shorten the length of time this transition takes to complete and that it should provide a clear roadmap for eliminating legacy paper files, one that includes timelines and resource requirements.

It remains imperative that input from veterans service organizations be regularly and comprehensively integrated throughout the further development of the VBMS, as well as other new IT initiatives, including the Veterans Relationship Manager.<sup>15</sup> As the IBVSOs have stated elsewhere in this *Independent Budget*, veterans service organizations not only have relevant expertise and perspectives that will benefit the development of these IT systems, we are also direct participants in the claims-processing system and therefore must be integrated into their initial planning. The IBVSOs encourage the VBA to develop regular and ongoing roles for veterans service organization participation and input into future VBMS development. We understand that the VBMS is regularly reviewed by internal panels of subject matter experts and we urge the VBA to include a veterans service organization representative on those panels. Inclusion of even a single service officer or claims expert selected from one of the

IBVSOs could provide important perspective from the veterans service community and our considerable experience in claims processing without slowing down the important development work of the new IT system.

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### Recommendations:

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Congress and VA must ensure that the new Veterans Benefits Management System (VBMS) system is provided sufficient time and resources so that it will develop into a comprehensive, paperless, and rules-based platform for processing veterans' claims for benefits.

The Veterans Benefits Administration must include the maximum level of rules-based decision support feasible at the earliest stages of development of the VBMS in order to build a system capable of providing accurate and timely decisions, as well as include real-time, quality control as a core component of the system.

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

Congress should consider having an independent, outside, expert review the VBMS system while it is still early enough in the development phase to make course corrections, should they be necessary.

The VBA should develop regular and ongoing roles for veterans service organizations' participation in future VBMS development.

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<sup>13</sup> [http://www1.va.gov/oamm/docs/business/TAC-APBI\\_BpeoInitiatives.pdf](http://www1.va.gov/oamm/docs/business/TAC-APBI_BpeoInitiatives.pdf).

<sup>14</sup> <http://www.virec.research.va.gov/DataSourcesName/VETSNET/VETSNET.htm>.

<sup>15</sup> <https://www.ebenefits.va.gov/ebenefits-portal/appmanager/eb/veterans>.



## Compensation and Pension Service

### SUFFICIENT STAFFING LEVELS:

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

As a result of the generous support of Congress, the Veterans Benefits Administration Compensation and Pension (C&P) Service hired more than 1,500 new personnel between fiscal years 2008 and 2009 and projected hiring another 1,600-plus full-time employees (FTEs) in FY 2010. This planned staffing increase, as well as those projected for the next couple of years, are essential to the C&P's ability to effectively adjudicate an increasing disability claims workload with cases of even greater complexity than in years past. In FY 2008, the C&P had 10,266 FTEs on board. At the end of FY 2009, its FTE level increased by 1,591 and the VBA projects that in FY 2010 and 2011 staffing will increase by 1,620 and 1,750, respectively. In the near term this increase in claims processors actually can result in a net decrease in productivity, since experienced personnel

are taken out of production to conduct extensive training and mentoring of the new hires. This can be seen in the VBA's projected increase in the average number of days necessary to complete a claim rising from 179 days in FY 2008 to a projected 190 days in FY 2011. 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.

Congress has come to recognize that staffing reductions in the VBA in the previous decades contributed to the VBA's claims-processing breakdowns, leading to less

accurate and timely decisions and thus creating the backlogs of the present. Congressional actions to dramatically increase staffing in recent years have provided the VBA a major tool in its efforts to reform the claims process, better manage the pending claims backlog, and begin the process of regaining control of the growing claims for benefits. It is vital, however, 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. Congress should recognize that it will be several years before the full impact of recent hiring initiatives is felt.

The VBA is faced with challenges that must be addressed by increased resources. For example, the number of veterans receiving benefits has significantly increased in whole numbers and as a percent of that population. While this veteran population demonstrates similar disability profiles to older veterans in terms of the body systems affected, newer veterans are claiming eight or more disabilities with orthopedic, mental health, cardiovascular, endocrine, and hearing problems being the most frequent. Also, the average disability rating has increased steadily from 30 percent in 2001 to 40 percent through 2009, reflecting both the existence of large, unique disability cohorts, such as traumatic brain injury, mental disorders, diabetes, and cancers, as well as the general aging of the earlier service population.<sup>16</sup> In fact, the number of original claims for eight or more disabilities increased from 43,655 in FY 2005 to 67,175 in 2009, an increase of 54 percent.<sup>17</sup>

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## Recommendations:

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Congress should provide the Veterans Benefits Administration the appropriate level of resources and staff at or above the FY 2011 request to facilitate its ability to adjudicate disability compensation claims under anticipated workload requirements so that veterans' claims are "done right the first time."

Congress should require the VBA to conduct a study on how to determine the number of full-time employees necessary to manage its growing claims inventory so that claims are decided accurately and in a timely manner.

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<sup>16</sup> <http://veterans.house.gov/news/PRArticle.aspx?NewsID=635>.

<sup>17</sup> Department of Veterans Affairs, *FY 2011 Budget Submission—Benefits and Burial Programs and Departmental Administration*, Vol. 3 of 4 (February 2010) 4A-4.

## Vocational Rehabilitation and Employment

### ADEQUATE STAFFING LEVELS:

*Congressional funding for the VA Vocational Rehabilitation and Employment Service must keep pace with veterans' demand for VR&E services.*

VA's Vocational Rehabilitation and Employment (VR&E) program, also known as chapter 31 benefits, is authorized by Congress under title 38, United States Code. The program provides the critical counseling and other adjunct services necessary to enable service-disabled veterans to overcome employment barriers as they prepare for, find, and maintain gainful employment. In FY 2010, there were 117,130 individuals receiving VR&E benefits. Of that, 11,000 eligible recipients were successfully rehabilitated, according to the Department of Veterans Affairs.

Tens of thousands of regular military personnel, guardsmen, and reservists are returning home from the global war on terrorism and transitioning to veteran status. In FY 2009, VR&E's continued outreach to newly transitioning personnel and service members on medical hold resulted in more than 78,000 applications, an increase of more than 13 percent from FY 2008.<sup>18</sup> At the end of FY 2009, VR&E was assisting 106,841 veterans and service members.<sup>19</sup> Given the protracted nature of the current conflicts, combined with an aging veterans community and the slow recovery of the economy, the demand for services may well outpace the present funding levels for VR&E programs and overtax current staffing levels as they work diligently to deliver these important benefits.

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

While VR&E Service funding has improved in recent years, the IBVSOs encourage Congress to continue to provide the necessary funding in FY 2012; otherwise, VR&E's ability to meet a rising demand for services may prove inadequate to the task.

#### Case Manager Workload

VR&E's VetSuccess program is a five-track employment process, which aims to advance employment opportunities for disabled veterans. This is an essential program, providing participants comprehensive reha-

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

The Government Accountability Office (GAO) conducted a 2009 study to assess VR&E's ability to meet its core mission functions. It noted that the implementation of the five-track employment process has "strengthened its focus on employment but veterans' incentives have not been updated to reflect this emphasis."<sup>20</sup> A GAO survey of VA regional office staff found that "54 percent of all 57 regional offices reported they had fewer counselors than they need and 40 percent said they have fewer employment coordinators than they need"<sup>21</sup> and "90 percent of the regional offices we surveyed reported that their caseloads have become more complex since veterans began returning from Afghanistan and Iraq."<sup>22</sup>

VR&E officials indicated that the current caseload target, which is 1 counselor for every 125 veterans, is based on a study of the state vocational rehabilitation programs, not VR&E's own workloads. Feedback received by the IBVSOs from counselors in the field found a workload ranging as high as 1 to 160.

To ensure that staff size and skill mix are adequate to the task of serving the eligible population, an accurate assessment of the workload and full spectrum of daily

tasks contributing to that workload must be undertaken. According to the FY 2011 Congressional Budget Submission, in June 2009, VR&E contracted with the Millennium Corporation to conduct a work measurement study. The final report was due for delivery in June 2010. It also worked with the VBA's Employment Development and Training staff to design and contract for a national survey to identify the skills training needed from both management's and the professional staff's perspective. According to the FY 2011 Congressional Budget Submission, the work measurement study and skills assessment study was funded in FY 2009 and, once complete, "funding may be necessary to adjust staffing levels and to provide training targeted toward any core competency gaps identified."<sup>23</sup>

Given its increased reliance on contract services, VR&E needs approximately 100 new staff counselors and 50 additional full-time employees 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.

Last year the IBVSOs noted that the VA pilot program at the University of Southern Florida, called "Veteran Success on Campus," placed a qualified vocational rehabilitation counselor and a Veterans Health Administration outreach coordinator who works with the cohort counselor on the campus to assist veterans in vocational rehabilitation as well as veterans enrolled in the Post-9/11 or other VA educational programs. The pilot has garnered praise from the university, the American Council on Education, the press, and veterans service organizations. Given its success on one campus, the IBVSOs recommend that VA be authorized to expand the program significantly in the next fiscal year. We are pleased to note that this is the case. In January 2010, Veteran Success on Campus was activated at Cleveland State University, Ohio, and San Diego State College, California. It will expand further to Rhode Island Community College, Texas A&M, Arizona State University in Tempe, and Salt Lake City Community College. VR&E requested at least 10 full-time employees in FY 2012 to manage expanding campus programs and the IBVSOs support this request.

## Recommendations:

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

Congress should authorize at least 150 additional full-time employees for the VR&E Service for FY 2012 to reduce current case manager workload and allow for additional one-on-one dialogue for all veterans generally and for our most severely disabled veterans particularly.

Congress should authorize at least 10 new full-time employees in FY 2012 to manage VR&E's expanding campus program.

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

<sup>18</sup> Ibid., 4E-5.

<sup>19</sup> Ibid.

<sup>20</sup> Government Accountability Office, *VA Vocational Rehabilitation and Employment: Better Incentives, Workforce Planning, and Performance Reporting Could Improve Program*, GAO-09-34, January 26, 2009, 6.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> Department of Veterans Affairs, *Benefits and Burial Programs and Department Administration*, Congressional Submission, FY 2011, Volume 1, 4B-5.

## Board of Veterans' Appeals

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

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

The Board of Veterans' Appeals (Board) makes final decisions on behalf of the Secretary on appeals from decisions of local VA offices. It reviews all appeals for benefit entitlement to include claims for service connection, increased disability ratings, total disability ratings, pension, insurance benefits, educational benefits, home loan guaranties, vocational rehabilitation, dependency and indemnity compensation, and health-care delivery (medical reimbursement and fee-basis claims).<sup>24</sup> The Board's mission is to conduct hearings and issue timely, understandable, and quality decisions for veterans and other appellants in compliance with the requirements of law.

While the Board has jurisdiction over a range of issues, 95 percent of appeals considered involve claims for disability compensation or survivor benefits. Other types of claims that are addressed by the Board include fee-basis medical care, waiver of recovery of overpayments, reimbursements for emergency medical treatment expenses, education assistance benefits, vocational rehabilitation training, burial benefits, and insurance benefits.<sup>25</sup>

While the number of claims has increased over the past several years, so, too, has the number of appeals to the Board. On average the Board receives appeals on 5 percent of all claims. The chairman's report notes:

In Fiscal Year 2009, the Board issued 48,804 decisions and conducted 11,629 hearings with a cycle time of 100 days. Cycle time measures the time from the date an appeal is physically received at the Board until a decision is dispatched, excluding the time the case is with a Veterans Service Organization (VSO) representative. The cycle time of 100 days was 55 days faster than in 2008 and the lowest since 2004. The Board physically received 49,783 appeals in Fiscal Year 2009 and expects to receive at least that many appeals in Fiscal Year 2010....

...The Board issued 48,804 decisions in Fiscal Year 2009, an increase of 5,047 over the 43,757 decisions issued in Fiscal Year 2008. The Board's productivity in Fiscal Year 2009 represents the greatest number of decisions is-

sued by the BVA in any year since the beginning of judicial review of Board decisions in 1990. VLJs [veteran law judges] conducted 11,629 hearings, which is an increase of 977 hearings over Fiscal Year 2008 and the most hearings ever held by the Board in a year. All of the line VLJs exceeded their productivity goals and most traveled to at least three ROs to conduct one week of Travel Board hearings at each site. This productivity was possible because of the extraordinary efforts of the VLJs, staff counsel, and administrative support staff.

In addition to dispatching the 48,804 decisions issued by the Board in Fiscal Year 2009, the Board's administrative support staff reviewed 67,411 pieces of mail, determined the nature of the correspondence, and associated them with claims files. The administrative staff also answered over 88,000 inquiries from Veterans or their representatives."<sup>26</sup>

A review of the budget allocations finds only a minimal increase in funding, however, in 2012.

The Board has effectively executed its budget each year so that when funds were available they have been allocated toward bringing on board additional personnel. Nevertheless, as the BVA budget table on page 42 reflects, the Board's overall budget increase has been slight, particularly in 2012, given the cost-of-living increase allowance.

The Board has demonstrated over time that its rate of appeals averages approximately 5 percent of all claims received. An examination of table 3 on page 42, titled "VBA/BVA Workload Correlation," in the block "Actual/Expected BVA Case Receipts" graphically displays the continued growth in appeals.

Given this increasing workload, *The Independent Budget* veterans service organizations are concerned that the Board will have to operate under a constrained budget. The Veterans Benefits Administration has received significant increases in resources over the past several years with a goal of reducing the backlog to an

**TABLE 2. BVA BUDGET (DOLLARS IN MILLIONS)**

FY	2009	2010	2011	2012	2009 to 2012 Increase
Funding	\$69	\$74	\$79	\$80	\$11
Funding Increase	–	7.2%	6.7%	1.3%	15.9%
Workload	49,783	52,526	60,000	66,000	16,817
Workload Increase	–	5.5%	14%	11%	33.8%

**TABLE 3. VBA/BVA WORKLOAD CORRELATION**

VBA Projected Workload and FTE Requirements	2008	2009	2010	2011	2012 (estimated)	2013 (estimated)	2014 (estimated)	2015 (estimated)	2016 (estimated)
C&P Direct Labor FTE	10,277	11,868	13,479	15,299	15,300	15,300	15,300	15,300	15,300
Receipts*	888,112	1,013,712	1,332,347	1,318,753	1,516,500	1,744,000	2,005,600	2,306,500	2,652,500
		14%	31%	-1%					
Year-end Inventory	379,842	416,335	700,669	804,460					
Production**	899,863	977,219	1,048,013	1,214,962	1,348,600	1,496,955	1,661,600	1,844,400	2,047,300
		9%	7%	14%					
Average Days to Complete Compensation and Pension Rating Related Claims	179	161	165	190					
Actual/Expected BVA Case Receipts***	40,916	49,783	52,526	60,000	66,600	73,926	82,058	91,084	101,103
Percentage of VBA Production	4.55%	5.09%	5.01%	4.94%	4.94%	4.94%	4.94%	4.94%	4.94%
Appeals Decided	43,757	48,804	49,127	49,500	49,500	49,500	49,500	49,500	49,500

\* Assumes 15% growth \*\* Assumes 11% growth \*\*\* Assumes 11% increase

acceptable claims inventory level. According to a Government Accountability Office report, “VA increased claims processing staff about 58 percent from fiscal years 2005 to 2009, which has helped to increase the total number of decisions VA issues annually.”<sup>27</sup> New claims continue to rise, many of which are of a more complex nature than before. “The number of compensation claims VA decided with 8 or more disabili-

ties increased from 11 to 16 percent from fiscal years 2006 to 2008.”<sup>28</sup> As claims rise, the number of appeals to the Board will likely increase in a corresponding fashion. Therefore, increased funding to meet the needs of the Board is essential.

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## Recommendations:

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Funding for the Board of Veterans' Appeals must rise at a rate commensurate with its increasing workload so it is properly staffed to decide veterans' cases in an accurate and timely manner.

The increased funding recommended above should be contingent upon Board of Veterans' Appeals development of an acceptable plan that will focus on the performance of mission critical activities, reduce the processing time for appeals, and improve the quality of Board decision making, as measured by the consis-

tently high error rate found in those decisions on appeal to the U.S. Court of Appeals for Veterans Claims. Given these criteria, *The Independent Budget* recommends a staffing increase of 28 new personnel for FY 2012 to address the continuing growth in appeals at the BVA.

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<sup>24</sup> Board of Veterans' Appeals, *Fiscal Year 2009 Report of the Chairman*, 1.

<sup>25</sup> *Ibid.*

<sup>26</sup> *Ibid.*

<sup>27</sup> Veterans' Disability Benefits, Preliminary Findings on Claims Processing Trends and Improvement Efforts, Statement of Daniel Bertoni, Director, Education, Workforce, and Income Security, GAO-09-910T (July 29, 2009), 2.

<sup>28</sup> *Ibid.*, 10.