

**STATEMENT OF
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OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
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Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to appear before you on behalf of the Disabled American Veterans (DAV), as one of four of the organizations that create *The Independent Budget* (IB) for veterans programs, to discuss some of the IB recommendations for fiscal year (FY) 2007. As you know, the IB is a budget and policy document that sets forth the collective views of the DAV, AMVETS, the Paralyzed Veterans of America (PVA), and the Veterans of Foreign Wars of the United States (VFW), with each organization having principal responsibility for a major component of the budget. My testimony will focus primarily on the benefit programs for veterans.

To improve administration of the benefit programs, the IB recommends investments in information technology and training programs, adequate resources to support a long-term strategy for improvement in claims processing, and adequate staffing for the programs under the Veterans Benefits Administration (VBA) of the Department of Veterans Affairs (VA).

With the continually changing environment in claims processing and benefits administration, VBA must continue to upgrade its information technology infrastructure and revise its training tools to stay abreast of program changes and modern business practices, to maintain efficiency, and to meet ever increasing workload demands. In recent years, Congress has provided reduced levels of funding for such VBA initiatives, however. With restored investments in initiatives, VBA could complement staffing adjustments for increased workloads with a support infrastructure designed to increase operations effectiveness. VBA could resume an adequate pace in its development and deployment of information technology solutions, as well as upgrading and enhancement of training systems, to improve operations and service delivery. Some of the initiatives for priority funding are:

- Replacement of the antiquated and inadequate Benefits Delivery Network (BDN) with VETSNET for C&P, The Education Expert System (TEES) for Education Service, and Corporate WINRS (CWINRS) for VR&E

VETSNET serves to integrate several subsystems into one nationwide information system for claims development and adjudication and payment administration. TEES serves to provide for electronic transmission of applications and enrollment documentation along with automated expert processing. CWINRS is a case management and information system allowing for more efficient award processing and sharing of

information nationwide.

- Continued development and enhancement of data-centric benefits integration with “Virtual VA” and modification of The Imaging Management System (TIMS), which serve to replace paper-based records with electronic files for acquiring, storing, and processing of claims data

Virtual VA supports pension maintenance activities at three Pension Maintenance Centers. Further enhancement would allow for the entire claims and award process to be accomplished electronically. TIMS is the Education Service’s system for electronic education claims files, storage of imaged documents, and workflow management. This initiative is to modify and enhance TIMS to make it fully interactive to allow for fully automated claims and award processing by Education Service and VR&E nationwide.

- Upgrading and enhancement of training systems

VA’s Training and Performance Support Systems (TPSS) is a multimedia, multi-method training tool that applies Instructional Systems Development (ISD) methodology to train and support employee performance of job tasks. These TPSS applications require technical updating to incorporate changes in laws, regulations, procedures, and benefit programs. In addition to regular software upgrades, a help desk for users is needed to make TPSS work effectively.

VBA initiated its “Skills Certification” instrument in 2004. This tool aids VBA in assessing the knowledge base of Veterans Service Representatives. VBA intends to develop additional skills certification modules to test Rating Veterans Service Representatives, Decision Review Officers, Field Examiners, Pension Maintenance Center employees, and Education Veterans Claims Examiners.

- Accelerated implementation of Virtual Information Centers (VICs)

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

Congress has reduced funding for VBA initiatives every year since 2001, from \$82 million in FY 2001 to \$23 million in FY 2006. The IB calls for restoration of funding for this purpose to the 2001 level, with a 5 percent adjustment for each year to cover inflation and increased demands upon the system. The IB therefore recommends that Congress provide \$109.9 million for VBA initiatives in FY 2007.

To overcome the persistent and long-standing problem of large claims backlogs and consequent protracted delays in the delivery of crucial benefits to veterans and their families, VA must invest adequate resources in a long-term strategy to improve quality, proficiency, and efficiency. VA has neither maintained the necessary capacity to match and meet its claims

workload nor corrected systemic deficiencies that compound the problem of inadequate capacity. Rather than making headway and overcoming the chronic claims backlog and consequent protracted delays in claims disposition, VA has lost ground to the problem, with the backlog of pending claims growing substantially larger and benefit awards being delayed.

Historically, many underlying causes acted in concert to bring on this now intractable problem. These dynamics have been thoroughly detailed in several studies into the problem. Most of the causes can be directly or indirectly associated with inadequate resources. The problem was triggered primarily, and is now perpetuated, by insufficient resources.

Insufficient resources are the result of misplaced priorities, in which the agenda is to reduce spending on veterans' programs despite a need for greater resources to meet a growing workload in a time of war and a need for added resources to overcome the deficiencies and failures of the past. Instead of requesting the additional resources needed, the President has sought and Congress has provided fewer resources. Recent budgets have sought reductions in fulltime employees for VBA. Such reductions in staffing are clearly at odds with the realities of VA's workload and its failure to improve quality and make gains against the claims backlog. During congressional hearings, VA is forced to defend a budget that it knows is inadequate.

The priorities and goals of the immediate political strategy are at odds with the need for a long-term strategy by VA to fulfill its mission and the nation's moral obligation to disabled veterans in an effective manner. VA must have a long-term strategy focused principally on attaining quality and not merely achieving production numbers. It must have adequate resources, and it must invest them in that long-term strategy rather than reactively targeting them to short-term, temporary, and superficial gains. Only then can the claims backlog really be overcome. Only then will the system serve disabled veterans in a satisfactory fashion, in which their needs are addressed timely with the effects of disability alleviated by prompt delivery of benefits. Veterans who suffer disability from military service should not also have to needlessly suffer economic deprivation because of the inefficiency of their government.

Adequate staffing is essential to any strategy to get claims processing and backlogs under control. The IB recommends 10,820 FTE for Compensation and Pension Service (C&P). During FY 2004 and FY 2005, the total number of compensation, pension, and burial claims received in C&P increased by 9 percent, from 735,275 at the beginning of FY 2003 to 801,960 at the end of FY 2005. This represents an average annual growth rate in claims of 4.5 percent. During this same period, the number of pending claims requiring rating decisions increased by more than 33 percent. (As the Undersecretary for Benefits has stated, "[c]laims that require a disability rating determination are the primary workload component because they are the most difficult, time consuming, and resource intensive.") With an aging veterans' population and ongoing hostilities in Iraq and Afghanistan, no reason exists to believe that growth rate will decline during FY 2006 and FY 2007. With a 9 percent increase over the FY 2005 number of claims, VA can expect 874,136 claims for C&P in FY 2007. Moreover, legislation requiring VA to invite veterans in six states to request review of past claims decisions and ratings in their cases and to conduct outreach to invite new claims from other veterans in these states will add substantially to the expected increased workload. It is projected that, of the approximately 325,000 veterans receiving disability compensation and the additional estimated 50,000 who will

be invited to file new claims, 15 percent will seek new or increased benefits, resulting in an estimated 56,000 additional claims. Given past claims processing times, much of this workload will carry over into FY 2007, making the new total more than 930,000 claims in FY 2007.

In its budget submission for FY 2006, VA projected production based on an output of 109 claims per direct program FTE. The Independent Budget Veterans Service Organizations have long argued that VA's production requirements do not allow for thorough development and careful consideration of disability claims, resulting in compromised quality, higher error and appeal rates, and even more overload on the system. In addition to recommending staffing levels more commensurate with the workload, we have maintained that VA should invest more in training adjudicators and that it should hold them accountable for higher standards of accuracy. In response to survey questions from VA's Office of Inspector General, nearly half of the adjudicators responding admitted that many claims are decided without adequate record development. They saw an incongruity between their objectives of making legally correct and factually substantiated decisions and management objectives of maximizing decision output to meet production standards and reduce backlogs. Nearly half reported that it is generally or very difficult to meet production standards without sacrificing quality. Fifty-seven percent reported difficulty meeting production standards if they make sure they have sufficient evidence for rating each case and thoroughly review the evidence. Most attributed VA's inability to make timely and high quality decisions to insufficient staff. They indicated that adjudicator training had not been a high priority in VA.

To allow for more time to be invested in training, we believe it prudent to recommend staffing levels based on an output of 100 cases per year for each direct program FTE. With an estimated 930,000 claims in FY 2007, that would require 9,300 direct program FTE. With the FY 2006 level of 1,520 support FTE added, this would require C&P to be authorized 10,820 total FTE for FY 2007.

To meet its ongoing workload demands and to implement the important new initiatives the VA Vocational Rehabilitation and Employment Task Force recommended, VR&E needs increased staffing. As a part of its strategy to enhance accountability and efficiency, the Task Force recommended creation and training of 200 new staff positions for this purpose. Other new initiatives recommended by the Task Force also require an investment of personnel resources. With its increased reliance on contract services, VR&E also needs approximately 50 additional FTE for management and oversight of contract counselors and employment service providers.

As it has with its other benefit programs, VA has been striving to provide more timely and efficient service to its claimants for education benefits. Though the workload (number of applications and recurring certifications, etc.) increased by 11 percent during FY 2004 and FY 2005, direct program FTE were reduced from 708 at the end of FY 2003 to 675 at the end of FY 2005. Based on experience during FY 2004 and FY 2005, it is very conservatively estimated that the workload will increase by 5.5 percent in FY 2007. VA must increase staffing to meet the existing and added workload, or service to veterans seeking educational benefits will decline. Based on the number of direct program FTE at the end of FY 2003 in relation to the workload at that time, VBA must increase direct program staffing in its Education Service in FY 2007 to 873 FTE, 149 more direct program FTE than authorized for FY 2006. With the addition of the 160

support FTE as currently authorized, Education Service should be provided 1,033 total FTE for FY 2007.

The benefit programs are effective for their intended purposes only to the extent VBA can deliver benefits to entitled veterans and dependents in a timely fashion. However, in addition to ensuring that VBA has the resources necessary to accomplish its mission in that manner, Congress must also make adjustments to the programs from time to time to address increases in the cost of living and needed improvements. The IB makes a number of recommendations to adjust rates and improve the benefit programs administered by VBA. Some of those recommendations are:

- cost-of-living-adjustments for compensation, specially adapted housing grants, and automobile grants, with provisions for automatic annual increases in the housing and automobile grants based on increases in the cost of living
- a presumption of service connection for hearing loss and tinnitus for combat veterans and veterans who had military duties involving high levels of noise exposure who suffer from tinnitus or hearing loss of a type typically related to noise exposure or acoustic trauma
- removal of the provision that makes persons who first entered service before June 30, 1985, ineligible for the Montgomery GI Bill, along with other improvements to the program
- no increase in, and eventual repeal of, funding fees for VA home loan guaranty
- increase in the maximum coverage and adjustment of the premium rates for Service-Disabled Veterans' Life Insurance
- increase in the maximum coverage available on policies of Veterans' Mortgage Life Insurance
- legislation to restore protections for veterans' benefits against awards to third parties in divorce actions

We invite the Committee's attention to the section of the IB addressing the Benefit Programs for details on these and other IB recommendations for improvement.

Another important component of our system of veterans' benefits is the right to appeal VA's benefits decisions to an independent court. The IB includes recommendations to improve the processes of judicial review in veterans' benefits matters. Again, we invite the Committee's attention to the IB for the details of these recommendations. In addition, the IB recommends that Congress enact legislation to authorize and fund construction of a courthouse and justice center for the United States Court of Appeals for Veterans Claims.

A continuing major concern is adequate funding for veterans' medical care. Because the Administration typically seeks funding substantially below the amount necessary to maintain medical services for veterans and because discretionary appropriations have continually fallen short of what is needed, the IB supports legislation to fund veterans' medical care under a mandatory account. Ranking Member Lane Evans introduced H.R. 515 for that purpose. His bill has 127 cosponsors, of which 10 cosponsors are members of this Committee. We urge the Chairman to schedule a hearing on this bill.

Because of the timing of this hearing, we were unable to include our views on the President's budget in conjunction with our own recommendations as we have historically done. For the benefit of the Committee, we will therefore provide a written supplement to our testimony to address the President's budget.

In preparing the IB, the four partners draw upon their extensive experience with the workings of veterans' programs, their firsthand knowledge of the needs of America's veterans, and the information gained from their continual monitoring of workloads and demands upon, as well as the performance of, the veterans' benefits system. Historically, this Committee has acted favorably on many of our recommendations to improve services to veterans and their families, and we hope you will give our recommendations full and serious consideration again this year.