OVERSIGHT HEARING ON FISCAL YEAR 2013 BUDGET OF THE VETERANS BENEFIT ADMINISTRATION, NATIONAL CEMETERY ADMINISTRATION, AND RELATED AGENCIES

HEARING

BEFORE THE

SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS

OF THE

COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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OVERSIGHT HEARING ON FISCAL YEAR 2013 BUDGET OF THE VETERANS BENEFIT ADMINISTRATION, NATIONAL CEMETERY ADMINISTRATION, AND RELATED AGENCIES

Thursday, February 16, 2012

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
SUBCOMMITTEE ON DISABILITY ASSISTANCE
AND MEMORIAL AFFAIRS,
Washington, D.C.

The Subcommittee met, pursuant to notice, at 10:07 a.m., in Room 334, Cannon House Office Building, Hon. Jon Runyan, [Chairman of the Subcommittee] presiding.

Present: Representatives Runyan, Lamborn, Buerkle, Stutzman, Turner, McNerney, Barrow, Michaud, and Walz.

OPENING STATEMENT OF CHAIRMAN JON RUNYAN

Mr. RUNYAN. Good morning, everyone and I want to welcome everyone to this hearing on the budget for fiscal year 2013 as it pertains to the Veterans Benefit Administration, National Cemetery Administration, the U.S. Court of Appeals for Veterans Claims, and American Battle Monuments Commission.

Last year this Subcommittee held its first hearing of the 112th Congress and I made my intentions and hopes clear that as Chairman of this Subcommittee, my priority would be a laser focus on tackling the size of the backlog of claims for disability benefits.

Over the past year, the VA has demonstrated their desire and commitment to be partners in bringing the VA into the 21st Century, as reflected in the 2013 budget. I support the VA's goal of completing 1.4 million disability compensation and pension claims, marking an increase of 36 percent over 2011.

I can assure the administration that this Subcommittee will vigorously pursue the necessary oversight to ensure this goal becomes a reality for all of our Nation's veterans.

In these uncertain and turbulent economic times, it is the duty of all of us here and those that we represent to ensure that benefits earned by our Nation's heroes are administered as efficiently and timely as possible.

Justice delayed is justice denied and benefits delayed are benefits denied. To this end, I note the forthcoming role out of the VBMS program, which I believe signifies a turning point for the claims backlog. In addition to the VBMS program, the VA has also

recently launched several pilot programs, and consolidated its pension and fiduciary programs.

However, technology alone will not solve the issues pertaining to the backlog. It is our solemn responsibility to remain vigilant. We will continue to oversee these programs to ensure that they are operating efficiently, while also serving the needs of our Nation's veterans.

Although VA continues to emphasize its initiatives in the area of people, progress, and technology, it is important that VA follow through on these programs while not forgetting its primary goal of providing timely, quality benefits to our veterans.

A second major area I'd like to discuss involves the final resting grounds of our Nation's veterans. The National Cemetery Administration provides the invaluable role of serving veterans and their families during this burial process and maintaining our national shrines and cemeteries.

However, like every human institution, mistakes and oversights are made from time to time. In November, the NCA self-reported to this Committee of misalignment of a row of head stones at the Fort Sam Houston National Cemetery. Families of those affected were notified and a nationwide audit began.

Initial reports from the audit, which are still ongoing, have identified similar issues of at least five other national cemeteries in just the first phase of the audit. These errors appear to have a common origin that they all occurred during raise and realignments projects performed by outside contractors.

The reason this is relevant to a budget hearing is because in most of these cases, the contractors' work was approved and payment made without adequate oversight of review to ensure the quality and accuracy of the work done. Because of an omission of fiscal oversight, the work has to be done right the second time, and a nationwide audit at great expense.

Statistically, less than 60 percent of discrepancies reported after auditing almost 1.5 million grave sites computes to a tiny fraction of one percent. The NCA, however, is not in the business of percentages and statistics. They're in the business of providing the final resting place of honor and dignity for our national heroes.

While I commend the NCA's initiative and quick response in identifying and addressing the situation, I must reiterate my resolve that no mistake going forward will be acceptable. We owe it to our veterans and their families to get it right the first time, every time. Anything less, regardless of the statistics, is unacceptable.

Toward this end, I want to ensure that America's most valuable memorials to its honored dead have the necessary amount of resources and institutional oversight going forward to prevent such problems from occurring. While we must do so mindful of the budget deficit crisis we have at hand, we must continue to ensure that the sacred grounds are well prepared for current and future generations of veterans and their families.

Finally, it is my hope that the NCA continues to move closer to near universal veteran access to burial options around this Nation.

This hearing will also take a look at the budgets of the Court of Appeals for veterans claims and the American Battle Monuments

Commission. While I do not anticipate many controversial issues within these budgets, I would like to express my hope that they too reflect the trying times we face, and will strive for increased efficiency over waste and better performance over tradition solely for tradition's sake.

And I appreciate everyone's attendance at this hearing and I will now call on the Ranking Member, Mr. McNerney, for any opening comment.

[THE PREPARED STATEMENT OF CHAIRMAN JON RUNYAN APPEARS IN THE APPENDIX]

OPENING STATEMENT OF HON. JERRY MCNERNEY, RANKING DEMOCRATIC MEMBER

Mr. MCNERNEY. Should I try the mic? Good morning. It's still pretty loud. Is that acceptable?

Well, good morning and welcome to our hearing this morning. Thank you all for extending both panels and the witnesses. I want to thank the Chairman for holding this hearing today. The goal to these hearings is to examine the various fiscal—it's kind of echoing in here—to examine the various fiscal year 2013 budget requests of the agencies over which the Disability Assistance and Memorial Affairs Subcommittee has jurisdiction of those organizations who were identified by the Chairman.

But they also receive many major benefit services and protections for our Nation's veterans, their families and survivors, raising from pension compensation and burial benefits to ensuring appellate rights to maintaining our national shrine requirements both here and abroad.

I look forward to hearing how these benefits and services will be administered with the optimum level of efficiency and effectiveness within the new budget request. Today's hearing is an important one. As all of you know, Congress is working hard to balance our budget and reduce the deficit, while at the same time provide earned and needed benefits to our veterans and their families.

The overall fiscal 2013 VA budget requested is $143 million, of the totals, department budget requests, 76.3 million or 54.4 percent is designated for mandatory funding to pay for and administer benefits to veterans, their families, and survivors.

So this Subcommittee has the largest stack of the VA pie. This represents a 16.2 increase in the 2012 level of $70.6 billion. This shows the administration is committed to supporting our troops and our veterans. It's not just a slogan.

Like many of the DSOs and other stakeholders who represent our veterans, one of my top priorities is to continue to address the glacial nature of the claims processes and suspended challenges of accuracy and accountabilities. It's a disgrace that we have such a large claims backlog, and it's an insult to the veterans who have served our Nation. And we're going to continue to work with the VA to make sure that we reduce that backlog. There's no valid reason why we are still processing claims with 20th Century technology and paradigms. And I really mean early 20th Century technology.

I agree with Secretary Shinseki, that we need to get our claims processing under control to deliver these benefits in the 21st Century in a better and focused manner. Getting the claims right the first time and don't sacrifice quality for quantity.

The VA reports that it's making progress on this front, and the budget seems to support that commitment, particularly on the IT front. However, I don't want to confuse activities on the one hand with progress on the other. Further, I don't want the VA to place the problems of new technology at the top of a flawed system, because that will just make—that will just result in inaccuracies being rendered more quickly. Comprehensive reform is what we need here.

Finally, I also want to know more about the budgetary implications of the contacts with the ACS Incorporated to develop hundreds of thousands of pending claims. With that, I look forward to hearing from all the witnesses today. And I particularly want to thank the VSO members of the independent budget for your diligence, commitment in helping to ensure that the VA's budget is sufficient to meet the needs of our veterans. I welcome the opportunity to work closely with all of you, and with all of my colleagues, to make sure that the needs of our veterans, those returning from Iraq and Afghanistan and those that are in previous conflicts are met. Thank you, Mr. Chairman, I yield back.

[THE PREPARED STATEMENT OF HON. JERRY MCNERNEY APPEARS IN THE APPENDIX]

Mr. RUNYAN. We're going to try and get these mics working. One, two, three, four. Is that good? Thank you.

At this time, I'd like to welcome the first panel to the table. First, we have Ms. Diana Rubens, the Deputy Under Secretary for Field Operations for the Veterans Benefits Administration. She is also accompanied by Mr. Jamie Manker, the CFO of the Veterans Benefits Administration.

And next, we welcome the Honorable Steve Muro, the Under Secretary for Memorial Affairs of the National Cemetery Administration. And he is accompanied by Mr. Ronald Walters, the Acting Principal Deputy Under Secretary for Finance and Planning in the National Cemetery Administration.

All of your complete written statements will be entered into the hearing record, and with that, Ms. Rubens, we will start with you for your oral testimony.

STATEMENT OF DIANE RUBENS, DEPUTY UNDER SECRETARY FOR FIELD OPERATIONS FOR THE VETERANS BENEFITS ADMINISTRATION, ACCOMPANIED BY JAMIE MANKER, CFO OF VETERANS BENEFITS ADMINISTRATION; HONORABLE STEVEN MURO, UNDER SECRETARY FOR MEMORIAL AFFAIRS OF THE NATIONAL CEMETERY ADMINISTRATION, ACCOMPANIED BY RONALD WALTER, ACTING PRINCIPAL DEPUTY UNDER SECRETARY FOR FINANCE AND PLANNING IN THE NATIONAL CEMETERY ADMINISTRATION

STATEMENT OF DIANE RUBENS

Ms. RUBENS. Chairman Runyan, Ranking Member McNerney, Members of the Subcommittee, thank you for the opportunity to

discuss the fiscal year budget for the Veterans Benefits Administration. As you mentioned, Chairman Runyan, I'm accompanied by Jamie Manker, our Chief Financial Officer.

Under the leadership of Secretary Shinseki, we're working to transform VA into a 21st Century organization, that is people centric, results driven and forward looking. We've disciplined ourselves to understand that successful execution of our vital mission requires that we continually improve our stewardship of the resources entrusted to us by Congress.

Accountability and efficiency are practices consistent with our philosophy of leadership and management. Approximately 97 percent of the nearly 77 billion in appropriated funds requested for VBA are for direct payments to veterans, their dependents, and their survivors. The remaining three percent is dedicated to administering VBA's benefits programs.

VBA's budget request also directly supports VA's three key priorities: Improving access to benefits and services, eliminating the claims backlog and improving decision accuracy to 98 percent, and ending veteran homelessness in 2015.

The disability claims workload from the newest generation of returning war veterans, as well as from veterans of earlier periods, continues to increase. The growth of disability claims volume is driven by a number of factors, including our successful outreach efforts, increased demand as a result of ten years at war, and improved access to benefits through joint VA and DoD pre-discharge programs.

Other major factors include the Agent Orange presumptive disabilities, the aging of our veteran population, new regulations for processing certain claims related to Gulf War service, traumatic brain injuries, Post-Traumatic Stress Disorder, and the impact of a difficult economy.

The complexity of that workload also continues to rapidly increase as veterans claim greater numbers of disabilities, and the nature of those disabilities become increasingly complex.

Last year, the number of disabilities claimed by veterans who had served in Iraq and Afghanistan averaged 8.5 issues per claim, a dramatic difference when we look at veterans of earlier eras. Wherein, in World War II, we saw veterans claim an average of 2½ disabilities, and even the more recent Gulf War conflict veterans who claimed 4.3 disabilities per claim.

I would tell you that even with this unprecedented workload increase, VBA has achieved a 15 percent increase in output over the last four years, completing over one million disability claims in each of the past two years.

VBA recognizes that it must do all it can to simplify and expedite the claims process for our veterans and beneficiaries. We're committed to and are actively pursuing comprehensive improvements to the process, to the systems used to access and for our employees to deliver those benefits and services. We know we must do better, and that's why we're undergoing this large scale transformation.

In 2013, general operating expense budget request of $2.2 billion is vital to that transformation strategy that will drive our performance improvements. VBA does plan to process a record 1.4 million compensation claims in 2013, and we're pursuing transformational

changes that will enable us to meet those emerging needs of veterans and their families.

This transformation plan is a series of tightly integrated people, process and technology initiatives. The people focused initiatives recognize that our employees are the key to the success, that we're strengthening the expertise of our workforce by changing the way we are organized and trained to do the work.

A new standardized operating model is being implemented in all regional offices, beginning this year, that incorporates a case management approach to claims processing. Additionally, process improvement initiatives have been pursued through a design team concept to support the transformation of business processes.

Using design teams, VBA is conducting rapid development and testing of process changes, automated processing tools, and innovating incentives in the workplace to ensure that the changes will be actionable and effective before they're implemented nationally.

Some initial process improvements include quality review teams, a simplified rating and notification process, rules based calculators, and disability benefits questionnaires.

We're also pursuing technology initiatives, key to our transformation, ending the reliance on the out-moded paper intensive process, that often thwart timely and accurate claims processing. VBA will deploy technology solutions that improve access, drive automation, reduce variance and enable faster and more efficient operations.

Our transformation plan includes the following major technology initiatives: The Veterans Relationship Management initiative, our eBenefits Portal, and the Veterans Benefits Management System.

We appreciate the opportunity to provide additional information on the budget request, and to share with you the progress we are making in transforming the delivery of benefits and services for our veterans, their families, and survivors. We recognize there's still a tremendous amount of work to be done. I assure you of our commitment to achieving fundamental and dramatic improvements that will expedite the delivery of benefits; improve quality; and ensure we're providing timely, accurate, and comprehensive information and assistance to all those we serve.

I'm happy to respond to any questions you or Members of the Subcommittee might have.

[THE PREPARED STATEMENT OF DIANA RUBENS APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you, Ms. Rubens, and with that, we'll recognize the Under Secretary, Mr. Muro for his oral testimony.

STATEMENT OF STEVE MURO

Mr. MURO. Thank you, Chairman Runyan, Ranking Member McNerney, and Members of the Subcommittee. Thank you for asking me to provide an overview of the fiscal year 2013 budget for the National Cemetery Administration.

A hundred and fifty years ago this July, Congress authorized President Abraham Lincoln to purchase grounds for the use of national cemeteries. From that day to this, we, and all the cemeterians who preceded us have considered ourselves the keep-

ers of a sacred trust. Our mission of honoring veterans and their families with a final resting place and national shrines has not changed significantly since President Lincoln's time, but the technology, and the expectation of operations of national cemeteries certainly have.

Currently, we are conducting a self-initiated audit of the entire inventory of 3.1 million grave sites. Phase I of the examination of 1.4 million grave sites is underway in sections where raise and realign projects were completed by contractors. As a result, we have reset or replaced 119 headstones and markers, and relocated eight remains. We acknowledged this problem immediately, we reached out to the affected families, and we corrected the errors.

We then set forth Phase II of the audit, to examine 1.7 million of the rest of the grave sites. We expect to complete this review in 2012, and we will share our findings with you.

I will make no excuses for these mistakes, but I would like to tell you about the procedures we have and are putting in place to minimize these types of errors.

First, we have implemented stricter accountability procedures for remains introduced this last spring. Secondly, we are requiring the contractors to keep the headstones and markers at the grave sites during renovation. And third, we are hiring contracting officer representatives at each of our five memorial service network offices to provide additional oversight.

I want to again express our regret over these errors, and I emphasize our continuous commitment to providing excellent service to the veterans and their families. And that brings me to the budget for FY13.

The President's budget request of 372 million for NCA's discretionary programs, allows us to meet an increasing demand for benefits and services while maintaining outstanding customer service.

Of this amount 258 million is included for operation and maintenance. This includes nearly 32.9 million for projects to raise, realign, and clean headstones and markers, and repair sunken graves. 9.6 million is requested for major construction and 58 million for minor construction.

The requested budget moves us down the path towards our 2015 target of providing nearly 95 percent of the veterans with a burial option in a national, state, or tribal veteran's cemetery within 75 miles of their home. The budget continues our initiative to build columbarium-only satellite cemeteries in five urban locations. We are requesting funding for the New York City area in FY13.

The budget provides for a new rural burial initiative, that will provide 132,000 currently unserved veterans in eight states with a convenient burial option. These National Veteran's Burial Grounds will be in public or private cemeteries, but owned and managed by the National Cemetery Administration. The budget request also includes 46 million for the Veterans Cemetery Grants Program to construct and improve state and tribal cemeteries.

In support of the goal to end veteran's homelessness, NCA will provide employment opportunities through a new paid apprenticeship program for our homeless veterans. We also remain committed to hiring veterans returning from Iraq and Afghanistan.

Since 2009, we have hired 257 veterans from these conflicts. Today, 73.5 percent of NCA employees and 80 percent of my cemetery directors are veterans. NCA's budget request for 2013 will help end homeless veterans, and increase veteran's access to benefits they have earned. Your continued support will enable us to build on recent improvements, and the appearance and operation of our national cemeteries, and to serve our veterans as well as they have served us. Thank you and I'm ready for any questions.

[THE PREPARED STATEMENT OF STEVE MURO APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you very much and we'll begin the questioning round.

Mr. Muro, since 2001, with the raise and realignment and in the contracts and/or they were paid for by ACE NCA, how many of those were contracted and/or paid for, and how many of them have been completed since '01?

Mr. MURO. We have about 90 cemeteries that had raise and realign projects, and of those 90, I would say about 40 percent of them have a completed project, and we've audited those and are double-checking the audit to make sure we're accurate with what we did.

We have ongoing projects right now that we are managing and reviewing, and we're actually revising some of the procedures to ensure that they don't take the headstones off the grave.

Mr. RUNYAN. That was my next question, to make sure you were implementing lessons learned——

Mr. MURO. Yes.

Mr. RUNYAN. —in that manner.

Ms. Rubens, other than encouraging our VSOs to reach out to our veterans by making some of its own initiatives to encourage veterans enroll in eBenefits, what has the VA done to help bolster that sign-up?

Ms. RUBENS. Chairman Runyan, we've actually taken a number of initiatives to pursue access to eBenefits. Obviously we're very much partnered up with our VSOs. But we have also worked with hiring opportunities and job fairs that we've held to encourage applicants to sign up for eBenefits.

As part of our national call center script, when veterans call looking for information about their claims, we will also encourage them to take advantage of the opportunity that eBenefits has, and actually have the ability now to enroll callers into our eBenefits system there on the phone. At every opportunity where we do outreach efforts, stand-downs, we do those same kinds of efforts to ensure that they're signing up for eBenefits.

And, of course, as part of the VOW Act, as we begin to implement that, coming through a TAP Program will be mandatory for all servicemembers as they're departing from service. That's actually the easiest and fastest way for us to enroll them. We will be working to encourage them and require them to also put that CAC Card in the reader and get them assigned up for an eBenefits account right there before they ever get out of service.

Mr. RUNYAN. Is there a current reach back to the DoD to get our current veterans transitioning or is that part of the process already?

Ms. RUBENS. That's part of the process, as they're coming through and getting any kind of transition briefing, we'll encourage them to sign up. We are also using our Servicemembers Group Life Insurance sign-up as the opportunity for when they're going in and establishing that, to also establish their eBenefits account.

And we're very closely engaged with every bit of outreach, DoD and ensuring that we have opportunities to get them access to eBenefits.

Mr. RUNYAN. I know the Ranking Member commented a little bit on continuing to hire people, and making sure that we're not repeating the same mistakes that we have in the past. But other than the VBMS, how is the VA planning to achieve its goal of 1.4 million compensation claims in 2013? Because that's a big number you're trying to tackle. I believe we've said we're going to actually process more than we take in this year?

Ms. RUBENS. Our goal is to begin to process more than we take in, yes, sir. Ranking Member McNerney's points, I think were right on and lined up with our transformation plan, in terms of, you can't just automate the process we've got. We recognize we need to make changes in the process.

That is why the component around the process, changes are so important, looking for things that we can change, ensuring that they are, if you will, lined up to take even better advantage of technology, but recognizing we can't just automate the way we do business today and expect a better outcome.

Mr. RUNYAN. Thank you. That's all I have right now for this witness. I'll recognize the Ranking Member.

Mr. MCNERNEY. Thank you, Mr. Chairman. Ms. Rubens, you mentioned early in your testimony that there's eight disability claims, eight disabilities per claim, whereas in past conflicts, there were four in the earlier Gulf War and two in World II, what do you mean by eight disabilities per claim? What is that? What would an example of that be?

Ms. RUBENS. Certainly. So it may be that at the end of World War II when a serviceman or a veteran when they were applying got out, they might have applied for two separate conditions, a knee condition and a shoulder condition.

Our discharging Iraq and Afghanistan veterans are now, when they apply, coming in and claiming, an average of 8½ conditions. And so it may be that knee and that shoulder, but it also might include a TBI and PTSD and an ankle and a back. And so there are a lot more individual decisions on each veteran's claim, that as we review their records, we're having to make in terms of identifying the occurrence in service, connecting the occurrence to the current condition and providing a disability rating.

Mr. MCNERNEY. And so you have to make decisions on each disability independently basically?

Ms. RUBENS. Yes, sir.

Mr. MCNERNEY. That's a lot of work. So the independent budget recommends that the VA add forty FTEs to the Board of Appeals. As you know the BVA has its own backlog which looks like 800

days or 880 days, yet the VA's budget flatlines the general administration account for the VBA.

In light of the recent CVAC's Freeman versus Shinseki decision, it's going to allow beneficiaries to appeal the VBA's appointment of a fiduciary, which is going to add to that backlog. So I'm a little concerned about that.

Are more FTEs needed or how are we going to address this critical backlog?

Ms. RUBENS. Sir, I'm going to tell you that as we look at the Freeman decision, the first part of that appeal will come to the Veterans Benefits Administration to make a decision. I will take, for the record, the need of the Board to add any FTE because I'm not familiar with what their current staffing needs might be.

We've not yet seen within VBA tremendous influx from that Freeman decision, but are watching very closely to ensure we're attuned to what we might get from those appeals.

Mr. MCNERNEY. Well, I'm going to follow-up on this fiduciary issue a little bit. I was at the hearing last week, and it was just very stark. And I know that there's no maleficence, it's just that there's a miscommunication or something.

One of the things that came up was the effectiveness of the Western Hub centralization effort, excuse me, and the ethicacy of the VA's audit process, it seems that this program gets short-shrift at the VA, and the results due to the beneficiaries. What is the level of funding of the VA's fiduciary program?

Ms. RUBENS. Mr. McNerney, I'm going to defer that to my friend, the CFO, Jamie Manker.

Mr. MCNERNEY. Well, when you're looking that up, what are the performance measures of the VA fiduciary program?

Ms. RUBENS. Yes, thank you. I can talk to the performance measures for our fiduciary program.

As our responsibility for oversight for that veteran who may be incompetent to handle his or her funds, it is proposed by a rating specialist, as a result of the information we received from the medical doctors, we will provide them due process, and make a final determination that they'll be in need of a fiduciary. And then the fiduciary hub in Salt Lake, for instance, will get the final decision that the veteran needs to have a fiduciary established.

They have 45 days to do an initial visit and assign and appoint an initial fiduciary. When we do that, we will have already released the initial payment. If there's a retroactive payment due to that veteran, we'll wait until we get a fiduciary appointed to ensure those funds are appropriately disbursed.

Excuse me. We also have a process that requires follow-on field exams from every one to three years, to ensure that fiduciary continues to adequately disburse those funds.

During that time, we'll also conduct an annual accounting of the records to ensure the funds are being appropriately disbursed. And so we've got the 45 day mark for an initial appointment, and the follow-up field exams within 120 days.

For the annual——

Mr. MCNERNEY. These aren't qualitative or quantitative performance measures that you're describing? You're describing how the system works, and I think that's great, it's a—you know, I need to

know that as well. But how—is there any way in place to judge the quality of the performance of the fiduciaries?

Ms. RUBENS. I would tell you that our annual accounting reviews is set to look at the quality, if you will, of the disbursement that that fiduciary does on behalf of that veteran.

And so if we find discrepancies within the bank accounts from the veteran and the expenditures as we have set up for how those funds should be disbursed, we will raise that to a higher lever review.

I will also tell you that the accounting reviews that we do, looking at how that fiduciary is managing that money, is also reviewed by a quality review staff from the Pension and Fiduciary Service to ensure as we're doing oversight to the fiduciaries, we're looking to make sure that they are applying the appropriate rules to ensure those funds are disbursed appropriately.

Mr. MCNERNEY. Okay. Well, what I would recommend is a systematic quality review program, so that you can come in here and say, well, here's our quality measures next year when you give us this presentation.

Ms. RUBENS. Absolutely. And I will tell you that the Pension and Fiduciary Service, having been stood up last year, is working closely with us out in the field to ensure that we've got the best guidance, the best training, and make sure that we're focused on the best quality outcomes to protect that veteran.

Mr. MANKER. Mr. McNerney, to answer your question, we have roughly 673 FTE dedicated to the fiduciary program, as well as three million dollars in non-pay activity for that, so the pay associated was 673 FTE and then three million additional dollars.

Mr. MCNERNEY. Okay. Well, we need—continue to need to work on revising this program.

Ms. RUBENS. And, sir, we'd be happy to come in and talk with your staff at any time about the quality review process that we've got in place to ensure a good oversight of the veterans' funds as well as a review of our process.

Mr. MCNERNEY. Okay. Thank you.

Mr. RUNYAN. Thank you, Mr. McNerney. Mr. Stutzman.

Mr. STUTZMAN. Thank you, Mr. Chairman. And thank you to you all for your work and what you do. And it's obviously very, very important for our veterans, as well as for our country.

But I'd like to talk just a little bit or ask a couple of questions about—to Mr. Muro. Is that—that's a bad echo, is there a way to—it's still too loud? All right. I'm just going to turn the microphone off.

Mr. Muro, the situation in—at Fort Sam Houston, National Cemetery in Texas, you obviously were over it, you ordered the audit, and what went with the original raise and realignment done there? And who did that project?

Mr. MURO. Thank you for the question, Congressman. The project was started in 2001 or 2002, by a contractor that was hired to do the raise and realign work in a flat marker section. We had staff that was overseeing the contract, to ensure the work was done, and it appears that they missed 47 stones that were placed one off in that row.

Mr. STUTZMAN. So the misalignment of headstones, that was discovered in 2001?

Mr. MURO. No, it was discovered in October of 2011.

Mr. STUTZMAN. 2011?

Mr. MURO. Yes. The new director that arrived at Fort Sam Cemetery was auditing the sections with the new maps and updating them, and he came across the error and he immediately notified us. And then we put a plan in place to notify Congress and the family members, and we made the corrections.

Mr. STUTZMAN. When was that correction actually taken? And has that been completed?

Mr. MURO. Yes. It was completed, I believe, in October. We contacted the family members and we hired a funeral director to be present if the family so desired to do the relocation of the full remains.

The remains were actually second interments that were completed after the renovation. And all of that has been corrected.

Mr. STUTZMAN. Thank you. Ms. Rubens, what feedback have you received on the use of the disabilities benefits questionnaires thus far?

Ms. RUBENS. Thus far, there are largely DBQs being used internally by VHA doctors. At this point, we've got a limited number of them that have been out and released from the public for any length of time.

Over the last year, we did over 500,000 DBQs within VHA and have seen an improvement of five days in terms of the timeliness to return exams. VBA and VHA did some joint training last Fall to ensure the awareness of the DBQs, the how to use them has been out there.

Largely, I would tell you that they've been received favorably, and any kind of, I'll say, constructive criticism, we've worked to incorporate into making improvements, not only to the paper forms, but as we look to find a way to get them into an electronic environment as well.

Mr. STUTZMAN. What kind of—how do you encourage veterans to—how do they know that the DBQs are available? Do you have a doctor, do you have other ways they communicate to them? And also, is there an on-line access for them?

Ms. RUBENS. We are. So for the first three DBQs that were made available, they were associated with the three new presumptive conditions that we did last year as part of the Agent Orange addition of ischemic heart disease, Parkinson and the Leukemias. They were incorporated into the external facing Fast Track System that was out there for any Vietnam era veteran that wanted to apply for one of those three disabilities, as a result of the exposure to Agent Orange.

As we move forward, we are looking at how best to incorporate those into our electronic environment, which will also be available then through eBenefits, and our on-line application process as we look forward to the spring to get VONAPP Direct Connect established and incorporated to that on-line accessibility.

Mr. STUTZMAN. Are you seeing any interest from veterans using eBenefits?

Ms. RUBENS. We are seeing interest in veterans using eBenefits. We have over 1.3 million users signed up today. I will tell you that we look at not only eBenefits as an access channel, but also our telephone structure.

What we've seen since '09 is an increase in contacts, up from over 9 million to up over 14 million, whether it's on-line access through eBenefits, whether it's through our telephone system. And so we are seeing more contact from veterans.

Mr. STUTZMAN. Thank you. I yield back.

Mr. RUNYAN. Thank you, Mr. Stutzman. Mr. Barrow?

Mr. BARROW. I thank the chair. First off, I want to apologize to the witnesses and to my colleagues in my tardiness this morning, it's because I'm double booked this morning. And unlike a United States Senator, I can't be in two places at once. I'm still trying to work on tri-location, much less bi-location.

Second, I want to acknowledge the presence of our next panel of a real American hero, and a hero of mine, and a fine public servant, the Secretary of the American Battle Monuments Commission, former Senator Max Cleland, a great friend of mine. I would be remiss if I didn't—he's a panel all unto himself coming up. And with that, Mr. Chairman, what I want to do is yield the balance of my time to the Ranking Member of the Subcommittee in deference to his rank, and the fact that he's been here from the beginning of this hearing.

Mr. RUNYAN. Well——

Mr. MCNERNEY. I thank the gentleman from Georgia, I didn't know it was that rank, sir.

Ms. Rubens, I'd like to explore the claims processing initiative involving the ACS, Incorporated, which is a private contractor.

A recent project on government oversight, also known as POGO, had a study that issued—that it issued on 9/11—on 9/13/11 indicating that contractors cost more than Federal employees. On average, it says the contractors are paid 1.83 times as much as Federal employees. And, in fact, the claims processing contractors are the most expensive, in this case, for claims assistance and examination work at 57,000 compared to 75,000 for contractors doing the same job.

So why is it necessary for us to go to private contractors for this sort of work, and could you elaborate on that, please?

Ms. RUBENS. Ranking Member McNerney, I will profess my ignorance about the study to which you refer, but I will tell you that the ACS contract for us, really is to help us address the backlog as VBA is working through several items.

I would point to the increasing receipts that we are continuing to see; the fact that we have this burgeoning workload, and quite frankly, the opportunity for us to use a short-term help as we move through a transformation to offset any training deficit that we see, as we build new skill sets in our own employees.

It's meant to do a rapid development of roughly 300,000 claims from increased claims for benefits, to initial compensation claims, pension claims, as well as dependency issues.

We are also taking advantage of this contract to encourage veterans to sign up for eBenefits. We are also using ACS to look at our processes to ensure that we're using the most efficient process.

And so it is around several areas that we think that the short-term one year contract will help us as we move through transformation to encourage our resources to be as effective and efficient as they can, in an effort to most timely and accurately serve veterans.

Mr. MCNERNEY. So it sounds like you're looking at this as a temporary situation?

Ms. RUBENS. Yes, sir.

Mr. MCNERNEY. And you mentioned a number, 300,000 claims, so that's sort of your goal, and I'd like to see that number remain, that number—or get smaller, not get bigger.

Ms. RUBENS. And that actually is a high water mark, sir, as we work with ACS to get that development done in those four areas. We are looking for an opportunity to help as we move through transformation to see what kinds of technology they use, to see what good ideas they might have, and incorporate that into the system that we have. This is only a one year shot in the arm, if you will.

Mr. MCNERNEY. And during that time, you're going to be training—it's kind of almost like out-sourcing, you're going to ask them to train our—your employees, your Federal employees; is that right?

Ms. RUBENS. No, sir. They're doing the development for us. We provided them some initial training, to help them understand our process, and have had one person on the ground with ACS to ensure quality reviews are done of the work that they're completing. But they are then going to provide those ready-for-decision claims back to us, and our employees will make those decisions using our systems, using our own technology.

Mr. MCNERNEY. But you're not—you said you're using them as an opportunity to look at what technology might be used to improve your own processes.

Ms. RUBENS. And use any ideas that they might have developed to help improve our VBMS system, and our VRM system to ensure that we've got the best tools in the hands of our employees.

Mr. MCNERNEY. So you're training them, and then they're going to train our folks as well. Is there any reverse training? Are they going to be training our folks at all?

Ms. RUBENS. No, sir. And we train them in our process. They largely built their own system. We've got somebody on the ground to make sure that the development work, the gathering of evidence, if you will, that they're doing in association with these claims, meets the quality and the requirements that we need then to make a good decision for our veteran.

Mr. MCNERNEY. Okay. Well, we're going to keep an eye on that. That's——

Ms. RUBENS. Yes, sir.

Mr. MCNERNEY. There's a lot of opportunity there for abuse and there's a lot of opportunity for gain as well. So thank you, Mr. Chairman.

Mr. RUNYAN. Thank you. And I think I have a few more questions. So we'll start a second round pertaining to VBMS. Do you have an approximate date of the nationwide roll-out coming this year, or excuse me, in '13?

Ms. RUBENS. Thank you, Chairman Runyan. We will begin—as you know, we've got Phase I that was released in Providence, and we've got Phase II that went to Salt Lake last Fall. Phase III is scheduled for release in May of this year. We will then begin a phased roll-out to the Nation in July, after we finish testing, user acceptance testing, make sure it does all that we would like it to do.

Because of the concern about the volume of work that we've got, we want to make sure that we don't throw everybody into a state of change at once, and so it will be a phased roll-out through the end of 2012, and through 2013, as we get it into each and every regional office.

Mr. RUNYAN. Thank you. And my next question again is for the Under Secretary Muro. There's two categories that both receive increases in your budget. I'd like you to define what they are. You have personal services and other accounts, and the rationalization behind them?

Mr. MURO. The increases in our budget are for increased workload. We're increasing FTE, to cover the expected interment workload and contract funding for the expansion and maintenance of the amount of graves that we're going to maintain.

We completed 117,000 burials this past year. We expect to do 119,000 plus in 2013, so there is a growth in acreage maintained, and a growth of graves maintained. With all that maintenance, and with all the workload, we're only increasing by 4 FTE.

Mr. RUNYAN. Well, and talking about workload, obviously the audit you're undertaking is a tremendous lift. Where is that fitting into your budget? And are we going to have to address this again next year as you continue to dig through that process?

Mr. MURO. No, because the workload s picked up by the cemetery directors as part of their oversight responsibilities. We're requiring the directors to actually go out with their foremen with maps, and the ledgers, and walk all the graves. So it's not an increased FTE or workload, we're doing the audit completely in-house.

Mr. RUNYAN. Okay. That's all I have. Mr. McNerney, do you have anything else?

Mr. MCNERNEY. Yes, Mr. Chairman, I have one single question.

Concerning the use of flat-fast track for the Agent Orange claims, is this being effective, is it—how much does it cost, and do you plan on using it for any other purpose? Ms. Rubens?

Ms. RUBENS. Yes, sir, Ranking Member McNerney, I will have to take the costs for the record and come back to you with that information.

Mr. MCNERNEY. Sure.

Ms. RUBENS. We have seen a great deal of our Nehmer Agent Orange Veterans utilize that Fast Track System. I will need to bring you the specific numbers for the record.

Mr. MCNERNEY. Are they finding it satisfactory?

Ms. RUBENS. I think that they are. The challenge, of course, is it's—when they bring all the things that we need and they put it into the electronic system, it'll go much more quickly. If they, for instance, still require a medical examination, we'll still need to do that for them, to ensure that we've got all the relevant information to make the decision.

Mr. MCNERNEY. And do you plan on sort of expanding the use of that system if it's successful in the operating——

Ms. RUBENS. The concepts behind the Fast Track System have been incorporated in a lot of ways to, I would say not only our VBMS system, but our Veterans Relation Management System, as it incorporates the VONAPP Direct Connect on-line application process, enhancing the ability for a veteran or a servicemember as we get ready to roll out that compensation application later this spring, that we'll put it into a, I'm going to use, TurboTax-like environment that is a question and answer, to ease the burden of applying for benefits.

So that if there are sections of an application, that they don't need to complete, it will skip those and walk them through only the information that we need.

Mr. MCNERNEY. Thank you, Mr. Chairman, I yield back.

Mr. RUNYAN. Thank you, Mr. McNerney. Mr. Barrow, do you have anything further?

Well, with that, on behalf of the Subcommittee, I thank all of you for your testimony and we do look forward to working with you as we take care of our national heroes, whether they're fallen and deceased, or they're currently with us in the administration. So I thank you and you're excused.

I'd like to ask our second panel to come to the table. We welcome the Honorable Max Cleland, the Secretary of the American Battle Monuments Commission.

STATEMENT OF MAX CLELAND

Mr. CLELAND. Thank you, Mr. Chairman.

Mr. RUNYAN. Sir, thank you very much for being here, and you are recognized for your oral testimony.

Mr. CLELAND. Thank you, Mr. Chairman, and thank you for those kind words from the gentleman from Georgia. We thank you very much. Thanks.

I thought I was going to be on a panel with the DAV. I was going to say that the DAV gave a half a million dollars to our World War II Memorial fund-raising campaign, and I thought the AMVETS were going to be here. If they're in the audience, I'd just like to recognize them for their national service foundation contribution. They give a carillon each year to each one of our commemorative cemeteries abroad.

I would like to also say that—echoing the comments of the Ranking Member that I was head of the VA in the 20th Century, back when putting claims processing, the GI Bill compensation and pension benefits on a computer was a new idea. I'm kind of glad hearing the challenges of our VA friends, that I'm not the head of the VA now. I'm glad I'm a former head of the VA.

I'm the Secretary of America's commemorative agency, the American Battle Monuments Commission. We commemorate through commemorative cemeteries and markers in fourteen different Nations, American battles from the Mexican War, the Spanish American War, World War I, and World War II, that's basically our mission.

We maintain commemorative cemeteries, 24 of them, and we maintain 25 markers throughout the world. We have three mark-

ers or memorials in the United States. One is the East Coast Memorial, marking the names of the missing from World War II in the coastal waters of the Atlantic. That's located in Battery Park in Manhattan.

We have a commemorative memorial marking the loss of life of the names of the missing, and the names of the missing from the Pacific waters, the coastal waters of the United States. And we have a memorial at the Punch Bowl Cemetery. The cemetery is run by the VA, but we have a memorial there.

And we have the names of the missing from the Nimitz theater of operations from World War II, Korea, and Vietnam. Soon we'll be dedicating the battle maps and pavilions for the Vietnam War. We will be dedicating this year a marker, a memorial, in Pusan, Korea marking the American participation in the Korean War, sixty years after the truce. So we are still engaged in marking America's battles.

Our budget has declined about five percent over the last couple of years, so we're losing money and people. We're still able to do our job of commemoration, but it's getting tighter and tighter. So with that, Mr. Chairman, I'd like to open the discussion for questions.

[THE PREPARED STATEMENT OF MAX CLELAND APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you, and I guess I'll start right there, and I know I asked you this question last year, and I commend you for your leadership again, because I know you're requesting a $2 million cut in your overall FY13 budget. And I commend you for that aspect of being fiscally conservative, but at the same light, are we—again, I'll ask quick, are we able to maintain this in the long term or are we creating a bigger problem down the road?

Mr. CLELAND. We're not severely conservative. We can——

Mr. RUNYAN. But again, you just said you had budget shortfalls.

Mr. CLELAND. We can do our job. But this can't go on forever, Mr. Chairman. I told our appropriations Subcommittee on the House side last year, that when it came to that point where we couldn't do our job, then I would be ranting and raving on his desk and on yours about that. Because I can't be a participant, and you can't be a participant in something where the American Battle Monuments Commission can't do its job.

But there are ways with which we can tighten up and we're doing that. I think in terms of, shall we say, deferred maintenance, we have a better handle on what we need to do with our memorial—commemorative memorial cemeteries and our markers than we've ever had, and we're able to deal with that. We have controls put in place for major construction projects that only I can approve, and we are also very sensitive about not messing up what has already been there. We call it our historical assets program. Making sure that we don't paper over or screw up history.

So we're all right. We're okay. But this five percent cut every two years can't go on forever, because ultimately we wouldn't be able to do our work.

Mr. RUNYAN. And going down that same line, and you want to talk about the foreign currency fluctuations account, obviously with

the volatility of the dollar against other currencies, are we in the same boat on that line also?

Mr. CLELAND. We're okay. We don't know whether the European Union is going to disband. We don't know whether the euro is going to explode. That's why we have about, I don't know, a 10 to $15 million foreign currency account with the Department of Treasury, so that if a really great weirdness breaks out in France, Luxemburg, Belgium, Italy, the Netherlands, and so forth, we can handle it. We can adjust it. So we have about 15 million in the foreign currency account.

The dollar seems to be okay. It's the euro that's in trouble now, so. But we were able to monitor that, and we have flexibility to handle that, so I think we're good in terms of the foreign currency account. I really don't anticipate any problem with that.

Now, if the euro just goes belly up, all those European Nations start their own currency, if we get in trouble, we'll be back to you.

Mr. RUNYAN. In dealing with modernizing how we do this, what kind of resources are you doing, say Web site, mobile phone apps to, I guess, educate the people?

Mr. CLELAND. Well, you put your finger on it. One of the problems of growing up in the 20th Century is that you're pretty much stuck in the 20th Century. So I, myself, have had to adjust to the 21st Century, and the incredible technology available out there, the worldwide technology, through the Internet, Facebook, Twitter and so forth, in which you communicate or can communicate with people.

So we have brought on, in terms of telling our story, what I call a Web guru, someone who—a young person who really understands that world, and I'm getting educated.

We have a Facebook page, and as we monitor that Facebook page daily, we get our usage going up, more and more people are hearing about us. We're also going into interactive videos, where right now we have up on our Web site, an interactive video about the Normandy Invasion and the taking of the cliffs at Pointe du Hoc. But we hope to have over the next few years, about forty some odd interactive videos.

So that if you're sitting somewhere in the world and have access to the Internet, you can access our Web site, and learn the story of these American battles in forty different locations.

We have the, shall we say, the timeline, or the theme of World War I already coming up in the next few months on our Web site. And we have the commemoration of World War I, which is big in Europe, it may not be big here, but it's big in Europe. World War I started a hundred years ago come August 2014. So we are heavily engaged with those countries that were heavily engaged in that, France, Belgium, and England, with our World War I commemorations, and our World War I commemorative cemeteries.

We are more and more putting stuff online, on Facebook, and more and more reaching out to people. That is the cutting edge of what we're trying to do. So we can—we're doing that, we're able to do that, and that's an initiative we're able to execute.

Mr. RUNYAN. I have one final question, and it seems that at some point, there's going to be people pounding on the table like yourself saying we need help. I ask that question right here, in the anticipa-

tion and creation of the United States memorial at the UN Cemetery in Korea, what do you anticipate coming down the pipeline there as a cost factor?

Mr. CLELAND. Well, it's just about $300,000, we can handle that. We've already got the design. We're planning it for a dedication some time this summer. We've got that one in our budget, we're okay on that.

Mr. RUNYAN. Thank you very much.

Mr. CLELAND. It'll be at Pusan, Korea, as a matter of fact, sir. And the only UN cemetery that the United Nations has. Out of the eleven Nations that fought the Korean War, ten have a memorial there. We don't. And we want to correct that, and that's what we do, and we will do that this summer, and we can handle it within our budget. We've already planned for it.

Mr. RUNYAN. Thank you very much. Mr. McNerney?

Mr. MCNERNEY. Thank you, Mr. Chairman. I want to join my colleague in—from Georgia in congratulating the current panelist for your service and current service as well. And I'm also glad to hear that you're not severely conservative.

So at our budget hearing last year, you mentioned that the American Battle Monuments Commission had an effort to standardize its operations across all the cemeteries. Can you give us a little update on that effort?

Mr. CLELAND. The gut part of that, sir, is what we call our new financial management system. If anybody says to you, we're going to put in a new computer plan, run. Don't walk, run. But we had to because the other financial management system really wasn't a financial management system. It was held together by adhesive tape and chewing gum, and it was going to pot real fast.

So we have a brand new financial management system, which is standardizing our financial management at every one of our locations, whether it's central office here in Arlington or our commemorative cemeteries.

So, you know, garbage in/garbage out. The challenge of this new system is that we make sure that people know how to use it, so we have to become a little bit more user-friendly with it, but that happens with any computer system. Ultimately, however, that becomes the backbone by which we manage effectively and efficiently, and in terms of accountability, the entire worldwide system. So that's the backbone of it.

I would say another part of it, too, is that we have centralized, I have centralized the operations in Paris with the implementation of five regional directors, which then relate to our twenty-four superintendents, all of which happen to be, believe it or not, retired military veterans.

So we feel that organizationally, we pretty much got a handle on it now. And financially, we've got a world class 21st Century financial management system now. And as we go through the peaks and valleys of bringing both those new systems in, we'll get better and better, and we're able to account to you and to the country better.

Mr. MCNERNEY. Thank you. You've mentioned the time spans of fifteen to twenty years to get projects completed. What's your target timeline to fully complete the renovations to accommodate the state-of-the-art interpretive exhibits?

Mr. CLELAND. Our whole focus on that has been adjusted due to the access to the Internet which we're now doing. We are going to do some interpretive centers, like at Cambridge, England, and at Sicily—Rome in Italy. I would say we'll complete about five of those over the next four or five years. However, in two years, we should have all of our commemorative cemeteries up with some interpretive capability.

For instance, we don't have to build brand new, shall we say boxes at a particular cemetery, we can use some of the existing buildings. For instance, at Meuse-Argonne, which is the biggest cemetery in Europe from World War I, we're using an existing building and making sure we provide some interpretive capability there. The French like that because they want to capitalize on the tourism coming for the World War I Centennial.

But at most other sites, we don't need a big box, we don't need even a minor adjustment, we just need to make sure that there's some interpretive capability there.

So I would say, sir, that in the space of two years, all of our commemorative cemeteries will have some capability of interpreting the battles and why that cemetery is there. And within the space of five years, we should have all of our boxes, all of our major new interpretive centers up and running.

Mr. MCNERNEY. Thank you. I'm going to yield back.

Mr. RUNYAN. Thank you, Mr. McNerney. Mr. Walz.

Mr. WALZ. Thank you, Mr. Chairman.

Mr. RUNYAN. We've been having that problem all day.

Mr. WALZ. Thank you. It wasn't just me. Well, thank you for coming, and as I'm sure my colleagues said, I'll echo those sentiments, thank you to your service——

Mr. CLELAND. Thank you.

Mr. WALTZ. —both in uniform and as we've said here, and I would like to point out I know we certainly—began the flagship of the VA health care system since that multi-trauma center in Minneapolis, Minnesota that was built during your time as VA Secretary. So as someone who understands legacy, someone who understands many years later and several wars later, that that facility has continued to serve our veterans. And so I, for one, certainly rest assured knowing you're out there protecting the sacred grounds for our families and for future generations.

Mr. CLELAND. Thank you, sir.

Mr. WALZ. I also appreciate listening to the Chairman's questions, Senator, your candidness about making this work, and I think that at least helps us know where the line is at, to know that when you tell us you can't sustain this for years, because looking at your plan of 15 to 20 year projects, whatever, we've got to make sure there's a consistency in that funding to allow you to do that.

Mr. CLELAND. Right.

Mr. WALZ. So I for one, I have no questions, other than just to say thank you for this, leave it to your expertise and I—having you as the guardian certainly makes me sleep well at night, so——

Mr. CLELAND. Thank you.

Mr. WALZ. —with that, I yield back.

Mr. CLELAND. Thank you, sir.

Mr. RUNYAN. Thank you, Mr. Walz, and I do have one more question, and we'll go through the Members again if they do. But concerning some of our cemeteries in places like Tunisia and Mexico City, what is the state of security for those that are interred there, our American veterans that are buried there?

Mr. CLELAND. Tunisia. I never thought that I would have to give an award for courage to a foreman who kept a cemetery going when the tanks and machine guns were right outside the gate. And he kept it going, and he kept the employees paid, and I've personally given him an award for courage and merit for keeping that going. I never thought I'd ever have to do that in terms of a cemetery foreman. But in that case, in Tunisia, I did.

We are actually not only in good shape in Tunisia, with a great leadership team, but we are actually doing about a million dollar's worth of improvements there in Tunisia. During the, shall we say, the revolution, we were okay. As a matter of fact, we worked closely with the State Department because if the State Department had to evacuate, they were going to land their helicopters on our grounds. So I never realized that I'd ever have to plan for an evacuation of anybody, but in Tunisia, we had to go through all that process.

Our grounds were not invaded. They were not put upon, and our foreman and our team there kept it all together, and for which, we've honored them.

In terms of Mexico City, we had to reduce not because of any disturbance or whatever, but it went from about two acres to one acre, we consolidated our operations. And we lean on the background information from the Army that took it over in 1851 after the Mexican War, then it was run by the State Department, then we took it over.

So we are okay in terms of Mexico City. They'll soon have in the next couple of years, some interpretive capability. And these are soldiers, a small number of soldiers, 750 in commingled remains there from the Mexican War, but we have a good cemetery and a good cemetery leader there.

Mr. RUNYAN. Thank you for that. Mr. McNerney, anything further?

Mr. MCNERNEY. I have nothing else.

Mr. RUNYAN. Mr. Walz?

Mr. WALZ. No.

Mr. RUNYAN. Well, Mr. Secretary, I thank you for your service on every level. I appreciate you coming in and being honest and straight-forward and giving us the heads up that you'll be pounding on that table some time in the near future so——

Mr. CLELAND. Thank you, sir.

Mr. RUNYAN. —thank you and you're excused.

Mr. CLELAND. Thank you, sir.

Mr. RUNYAN. I now would like to welcome Chief Justice Bruce Kasold of the United States Court of Appeals for Veterans Claims. We appreciate your attendance today and you are now recognized for five minutes for your oral testimony.

STATEMENT OF BRUCE E. KASOLD

Mr. KASOLD. Thank you, Mr. Chairman. It's a pleasure to be before you today and your Committee. I will present a summary of my testimony here and at the same time submit my written statement for the record.

The fiscal year 2013 budget request by the United States Court of Appeals for Veterans' Claims is $32,480,000. It comes in two separate parts. If you'll recall, one part is for the courts' operations, which is $29,754,000, and the other part is for the veterans consortium pro bono program, which is 2.7 million, and that's just a flow-through our budget and appropriation.

The overall request is 1.7 million above the FY12 appropriation. The court is one of the busiest Federal appellate courts based on the number of appeals filed and decided per judge. We currently have six active judges with one permanent and two temporary authorizations still vacant. We have six senior judges, all of whom have been recalled to serve this past year, and they perform about a quarter of the workload of the rest of the judges.

In response to our heavy case load, we've identified ways to gain efficiency, while preserving for all veterans the right to a full and fair decision on their appeals. The measures we have employed include making administrative adjustments and hiring some temporary staff to assist chambers in providing prompt judicial review; and adjusting the tasks assigned to our central legal staff attorneys to allow them to concentrate their efforts on the pre-briefing conferencing that was established by my predecessor, Chief Judge Greene, and to assist our recalled senior judges.

We streamlined the decision process for cases where the parties are both represented by counsel and are fully briefed, and we continue to adapt our electronic case management case filing system.

Above all, I can assure you that being down three judges, it's the tireless effort and focus of our active judges, our six senior judges, and everybody at the court, that has allowed us to continue to function as efficiently as we have.

We continue to encourage the appointment of a commission to evaluate the costs and benefits of the unique two-tiered Federal appellate review system that we have for veteran's benefit decisions, and I've said more in my statement that I submitted, and I can answer questions as we go further.

We remain the only Federal appellate court in a leased commercial office building, to my knowledge. We are, however, mindful of the budget constraints faced by Congress and this Committee, however, we strongly urge that if Federal courthouses are going to be built, that the Committee authorize and ultimately appropriate funds for our courthouse, but we understand the dynamics perhaps of this year, and we'll stay on top of that as best we can.

One thing I would like to report on to you, I have mentioned before, that there were two areas of unprogrammed delay that I identified fairly soon after becoming chief judge. One was the number of cases that were in the chambers and how long it was taking to get them out, and I'm pleased to report that that number is significantly down. Virtually all cases are being decided within 30 days of going to chambers, unless they're at panel, or stayed for cases at panel.

The other area was the number of cases that had finished the briefing, finished the conferencing, and were waiting for our central legal staff to prepare the memorandum that went with the case to chambers. That number was in the neighborhood of 700, and that's down below 400 now. So we've made some improvements on that. Also, the number of cases in the court over 18 months is significantly down. The total number of cases actually in the court is also down somewhat.

So, we've identified some areas that we could work on. I think we're finally squeezing out as much as we can though. We know that there are two nominees pending; there were three, as you know—one pulled out. I believe they're going to have a hearing in March, and we anxiously await their appointment. And with that, Mr. Chairman, I'll turn it over for questions.

[THE PREPARED STATEMENT OF CHIEF JUSTICE BRUCE E. KASOLD APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you. The one, and you probably anticipate this being the first question, but nearly all of the additional funding you've requested is for the contribution of the court's retirement fund.

Can you explain in more detail why you feel that such a substantial increase to the fund is necessary?

Mr. KASOLD. Yes. First, in preparing my first budget as Chief Judge I went back and looked at the requests made for the fund in our budget requests—and at the end of the year, there was always a million or odd dollars being added. As you know, we have statutory authorization to use funds that have not been expended, to keep the retirement fund at a fully funded level. This past year, we ended up adding a little bit more than a million dollars.

With that—and I mentioned last year that we'd taken a look at the process and noted that the actuaries are required to evaluate the amount of money in the fund, and compute increases over the future at a five percent rate. We're actually getting a .025, rate increase. This means that on $20 million, a little bit more than that, but about $20 million, you have a million dollar shortfall at the beginning of the next fiscal year every single time that happens.

The second thing we did was review the number of estimates that were used to determine the participants in the program. We discussed them, and we refined them to try and reduce the amount of money that would go in at the end of the year to bring the retirement fund up to full funding.

Now, full funding basically means that at the end of the fifteen-year term of a judge, what would be the amount of money necessary to pay the judges' retirement until their death. It will continue to adjust over time, obviously, depending on the death rate, whether there are survivor benefits, whether there are increases to salaries, whether there's inflation or not inflation, so it will continue to adjust depending on the full funding picture at that time.

So over the fifteen-year term, you put in the funds to bring it to that point for full funding. And there are adjustments. I'm just trying to bring transparency to the budget, if you will, to identify the amount that it takes to keep the retirement fund at full funding, and reduce the amount needed at the end of the year.

It doesn't mean we won't need more funding at the end of the year, because there are a whole lot of estimates that go into this. So we will look again at the end of the year, but I'm anticipating that at the end of 2013—actually I'm anticipating at the end of this year, any shortfall will be less, because I think last year we were already adjusting for the five percent interest rate differential.

And I'm anticipating at the end of 2013 that we would have a much significant smaller number to transfer over, if anything.

Mr. RUNYAN. What steps has the court taken to promote more efficiency in the operations to help cut costs?

Mr. KASOLD. Well in the costs?

Mr. RUNYAN. And to help cut costs.

Mr. KASOLD. To help cut costs. One example would be in its expenses. The court had been on a three-year program of replacing its computer equipment. We delayed that one year. So there's an area where somewhere in the neighborhood of $300,000 to $400,000 has been delayed.

At the same time, however, we have additional expenses that we've identified in the COOP Arena. Our COOP Arena is not programmed to permit participation off site, and on site—it only allows for fourteen people. So, to take care of the COOP issue, we have asked for funding. Is that an area you could delay? You could, I suppose—it depends on how much you want to support the COOP program.

So you had some offset, some savings in the computer arena, some offsets in the other arena. I think the increase that you see in here for the court, outside of the judge's fund, is about a half a million dollars as I recall, and it's directly related to the compensation for the employees and the normal step increases, the participation that might occur in the Thrift Savings Program, which is an estimate you have to make, and just the normal increases, the health insurance, any cost that could go with that. There is no other increase in this budget, other than that judge's fund.

Mr. RUNYAN. And one last question. In your capacity as the Chief Judge, what are your observations about the overall efficiency of the veteran's consortium pro bono program?

Mr. KASOLD. I can speak to the program in that I think it's helpful. Over 60 percent of the cases filed at court are still pro se. But about 25 percent are pro se as it goes through the process, and the pro bono consortium, I believe, is responsible for assisting on that.

On actual dollars, I don't get into or look at that. It flows through our budget over to legal services, if I'm not mistaken, down into the consortium, and I defer to them coming in and explaining their particular program. But I think that they have been very helpful in that the number of pro se cases goes from 60% down to 20%.

I know they have an extensive training program because all the judges—we support that, and they have training programs throughout the Nation. Some of our travel expenses, by the way, are for judges going out to the training program to speak to them, to let them know how important the program is.

Mr. RUNYAN. Okay. Thank you. Mr. McNerney.

Mr. MCNERNEY. Well, thank you. Thank the witness for appearing before us today.

You noted a down tick in appeals of at least 400 cases, fewer than last year. Could you explain that reduction?

Mr. KASOLD. I think it's a consequence of the number of decisions at the Board, and the number, in particular, of denials at the Board. I haven't gone into the actual Board numbers to study them, but there appears to be a direct relation to those decisions from the Board that are negative, obviously, and the appeals to the court.

Whether or not there was a greater—we've talked analytically—whether or not there's a greater effort by the Board to remand before they come up to court, I don't know that for sure. In fact, I've got a meeting tentatively scheduled in March with the Secretary and members of the Bar and the court, to discuss some of those particular issues. But I believe it's the number at the Board.

They also had, if I'm not mistaken, a hiring freeze at the Board, and I think they were reduced a team or two, and that would affect the numbers of decisions that they produce.

Mr. MCNERNEY. Is the Court still remanding 50 to 60 percent?

Mr. KASOLD. About—well——

Mr. MCNERNEY. I think——

Mr. KASOLD. I think it's higher than that overall. The conferencing program that was established two or three years ago is working very, very well, resulting in a remand of about 50 percent of all the cases where you have representation of counsel and the matter goes through that conferencing program. On top of that, you have the cases remanded by a judge. So it's about 70, 75 percent by the end of the day.

We have about a 50 percent remand rate, which is agreed to by the parties, by the Secretary who reviews it and agrees to a remand. The Secretary, well actually his representative, his counsel agrees to those remands, and they go back.

Then you have the rest of the cases that go into chambers and you have a number of them. And the total number remanded, I believe, is still around 70 percent. I didn't specifically look at it before coming, but I believe it's still around 70 percent of the overall cases.

Mr. MCNERNEY. So that number hasn't changed in the last few years?

Mr. KASOLD. I'll get back to your staff to confirm it, but I believe it's still about 70 percent. The 50 percent has not changed, that one I do know, and I believe the chambers are still about the same. So the total is about 70, but I will confirm it back with staff, sir.

Mr. MCNERNEY. Well, with the down tick in appeals, do you still believe that it's necessary to add two additional judges as currently authorized?

Mr. KASOLD. My understanding is that the request for judges and the need for judges was premised on the continued growth of claims at VA, which I understand is going to 1.4 million. If those claims get appealed to the Board, and the Board gets the staffing to make the decisions, you get increased decisions from the Board, and I would anticipate that the appeals to the court would continue to grow.

I'll also say that we cannot do what we're doing now without the recall of our senior judges. When you look at that particular program—they actually are retired, but we have recalled them all. If you take them off the table, the numbers that I've given you are going to go up significantly.

Part of the program changes that we made and that I mentioned before—about the unprogrammed delays—was a reduction in the type of briefing that was done internally by our central legal staff before sending cases into the chambers. That shift allowed a number of our central legal staff to assist the senior judges and prepare the cases that they have. And we've also directed them to review these cases ahead of time, so that when the senior judges come on board, they're ready to go and process cases. And so that's been an efficiency also that we've added.

But it really comes down to one of those policy calls. When you have a senior judge who is retired, as long as they continue to come back, you're going to get productivity from them—about a quarter of the case load. If they were to retire, we've lost——

Mr. MCNERNEY. They will retire.

Mr. KASOLD. We have six active judges. We absolutely need seven, in my view. And then if we get any increase in these cases, the additional judges that are authorized, I believe, will be needed.

Now, that, as you recall, is a temporary authorization. They have to be filled by the end of this year. And even if filled, they will go away when the next two judges retire from the court, and that, as I understand it, was for the court and the Committee to review the continued need of nine judges versus the seven that are permanently authorized.

So I think it's a good plan. And I think if we get the two judges—I know definitely the one filling the permanent position—if we get the two, I think it'll be good for the court.

We still have about 4,000 cases in the court. Now, a lot of those in the court are in the processing phase. But before judges, we have about 400 cases pending.

And so if you think the flow is kind of steady now, you're going to have about 400 cases in that pending decision arena, and each judge does in the neighborhood of 200 to 250 per year give or take, depending on how difficult they are.

Mr. MCNERNEY. Okay. Well, thank you. Yield.

Mr. RUNYAN. Thank you, Mr. McNerney. Mr. Walz, nothing?

Mr. WALZ. Nothing.

Mr. RUNYAN. I actually have one more question, just going back to talking about the two additional justices being authorized.

Aside from staff, and obviously their position, is there any other fluctuation in the court's budget by bringing them on?

Mr. KASOLD. We have budgeted for the last two years, if I'm not mistaken, for these additional chambers. Judge Greene retired the year before, so we were budgeting for two additional chambers. Frankly, this past year, we budgeted for three chambers that have not been filled.

You're talking about three judges, three secretaries, and four clerks, so it's eighteen people, and we returned about three and a half million dollars from our budget last year. So the budget is there for the fully staffed chambers.

Obviously, this fiscal year, we will be returning funds again because we'll have half of the year or maybe two-thirds of a year or maybe three-quarters of a year or maybe a whole year where we don't fund those particular chambers. So we have requested the funding for them.

Mr. RUNYAN. Thank you. Anything further?

I guess that's all we have. Again, thank you for your testimony. We thank you for your service in making sure we get our veterans taken care of, and appreciate you coming and your testimony here today. So you're excused.

Mr. KASOLD. Thank you very much. On behalf of the Board of Judges, and all the court, we really appreciate the support from Congress. It's been very good. Thank you very much.

Mr. RUNYAN. Thank you.

And finally, I would like to invite the witness of our last panel to the table. First, we have Mr. Jeffery Hall, who's the Assistant National Legislative Director for Disabled American Veterans, who will be followed by Ms. Diane Zumatto, the National Legislative Director for AMVETS. Mr. Hall, we will start with you. You're recognized for five minutes for your statement.

STATEMENT OF JEFFREY HALL, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR FOR DISABLED AMERICAN VETERANS, AND DIANE ZUMATTO, NATIONAL LEGISLATIVE DIRECTOR FOR AMVETS

STATEMENT OF JEFFREY HALL

Mr. HALL. Thank you, Mr. Chairman. Good morning to you and Ranking Member McNerney, and other Members of the Subcommittee. On behalf of the DAV and it's 1.4 million members, I'm pleased to be here today to offer DAV's views and recommendations regarding the budget for FY2013 as it relates to veterans' benefits programs, judicial review, and the Veterans Benefits Administration.

Mr. Chairman, VBA is now in the third year of their latest effort to transform its outdated and inefficient claims processing system into a modern rules-based digital system.

Over the next year, we will begin to see whether their strategies to transform the people, processes, and technologies will finally result in a cultural shift away from focusing on speed and production, to a business culture of quality and accuracy. Which is the only way to truly get the backlog under control.

Although we have been very pleased with VBA's increased collaboration with VSO stakeholders, we urge this Committee to provide constant and aggressive oversight of the many transformation activities taking place throughout this year.

Perhaps the most important initiative is the new Veterans Benefits Management System, or VBMS, which will begin rolling out in June with full deployment planned to occur by the end of 2013. As VBA works to complete, perfect, and deploy this vital new IT system, it is absolutely crucial that sufficient resources are provided and protected.

We note that the budget for VBMS drops down from $148 million in FY2012 to $128 million in FY2013. We hope the Committee will thoroughly examine whether that level of funding is sufficient.

In order to sustain VBA's transformation efforts during FY2013, DAV recommends maintaining current staffing levels in most business lines. Given the large increases in claims processors over the past few years, we believe that VBA's focus should now be on properly training new and existing employees, which is why we're concerned about recent reports from the field, indicating that VBA is already short on training dollars, and cutting back on challenge training done through its centralized academy.

Yet, at the same time, we've heard that VBA is instituting a new round of mandatory overtime for compensation service employees, which at time and a half would have significant cost implications. We hope the Committee shares our concerns and will look into these reports to ensure that VBA's focus remains on quality and accuracy and not just production.

Mr. Chairman, the VR&E budget proposal for FY2013 does request funding for approximately 150 new counselors designated for expansion into the integrated disability evaluation system, and for the VetSuccess on campus program. And we support both of these increases and programs. However, in order to reach the target of having one counselor for 125 veterans served, they will need approximately 195 additional counselors for FY2013, in order to meet the projected workload increase.

DAV also recommends a staffing increase for the Board of Veterans Appeals. Although the Board is currently authorized to have 544 full-time employee equivalents, its adopted budget for FY2012 only supports 532. And for FY2013, the budget requests would further reduce that to 527 full-time employee equivalents.

In looking at historical appeal rates, and the rising number of original compensation claims, DAV recommends that the Board of Veterans Appeals be given sufficient funding for an authorized workforce in FY2013 of at least 585 full-time employee equivalents.

Mr. Chairman, DAV also recommends that Congress this year finally enact legislation to repeal the inequitable requirement that veterans military longevity retirement paid be offset by an amount equal to their disability compensation if rated less than 50 percent.

We also recommend that Congress eliminate the SBP and DIC offset. This offset is inequitable because there is no duplication of benefits since payments under the SBP and DIC programs are made for different purposes.

And finally, Mr. Chairman, DAV strongly recommends that Congress and VA come together to determine the most practical and equitable manner of providing compensation for non-economic loss and loss of quality of life suffered by service-connected disabled veterans, and then move expeditiously to implement this new component.

The Institute of Medicine, congressionally mandated Veterans Disability Benefits Commission, as well as the Dole-Shalala Commission all recommended the current disability benefit system be reformed, and include non-economic loss and quality of life loss as factors in compensation.

Both the Canadian and Australian disability compensation programs already do that, and it is time that we did the same for the brave Americans who have suffered permanent disabilities affecting their entire lives in service to this great Nation. Mr. Chairman, this concludes my statement, I'll be happy to answer any questions.

[THE PREPARED STATEMENT OF JEFFREY HALL APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you, Mr. Hall. Ms. Zumatto, you're now recognized for five minutes for your statement.

STATEMENT OF DIANE ZUMATTO

Ms. ZUMATTO. Good morning, Chairman Runyan, Ranking Member McNerney, and Congressman Walz. I thank you for this opportunity to share AMVETS' recommendations in what we believe to be the most financially responsible way while ensuring the quality and integrity of the care and benefits earned by American veterans.

In light of this Nation's unresolved fiscal crisis, AMVETS has concerns about the potential reductions in VA spending, which will seriously impact our veterans, their families, and survivors. That being said, my main focus today will be the NCA or National Cemetery Administration.

The single most important obligation of the NCA is to honor the memory, achievements, and sacrifices of our veterans, who so nobly served in this Nation's armed forces. These acts of self-sacrifice by our veterans obligate America to preserve, rehabilitate, and expand our national cemetery system as necessary.

These venerable and commemorative spaces are part of America's historic material culture. They are museums of art and American history. They are fields of honor and hallowed grounds, and they deserve our most respectful stewardship.

The sacred tradition of our national cemeteries spans roughly 150 years back to the time when the earliest military graveyards were situated at battle sites, at field, or general hospitals, and at former prisoner-of-war sites.

The NCA currently maintains stewardship of 131 of the Nation's 147 national cemeteries, as well as 33 soldiers' lots. Since 1862, when President Lincoln signed the first legislation establishing the National Cemetery concept, more than three million burials have taken place in national cemeteries, which are currently located in 39 states and Puerto Rico.

As of late 2010, there were more than 20,021 acres of historic landscape, funerary monuments and other architectural features included within established NCA sites. VA estimates that of the roughly 22.4 million veterans alive today, that approximately 14.4 percent of them will choose a national or state veteran's cemetery as their final resting place.

With the transition of an additional one million servicemembers into veterans status over the next twelve months, this number is expected to continue rising until approximately 2017.

The NCA, which is the Nation's largest cemetery system invested an estimated $31.4 million into the national shrine initiative from 2011 funding in its efforts to improve the appearance of our national cemeteries. While a NCA survey conducted in October 2011,

indicated that progress continues to be made in reaching its performance measures, more needs to be done.

In order to adequately meet the needs for interment, grave site maintenance and related essential elements of separate cemetery operations, AMVETS recommends $280 million for the NCA's operation and maintenance budget in FY13 with an annual increase of 20 million until the national shrine commitment goals regarding the height and alignment of headstones and markers and the appearance of grave sites are reached.

Finally, AMVETS calls on the administration and Congress to provide the resources needed to meet the sensitive and critical nature of the NCA's mission, and to fulfill the Nation's commitment to all veterans, who have served their country so honorably and faithfully.

The State Cemetery Grants Program compliments the NCA's mission by establishing grave sites for veterans in areas unable to fulfill veteran burial needs. In FY2011, the State Grants Program budget was $46 million, and it funded sixteen cemeteries, including establishing five new ones. AMVETS recommends an increase to $51 million for 2013, in order to meet the rising demands, which should peak in 2017.

Since burial benefits were first introduced in 1917, they have continually evolved, and this process needs to continue in order to—in order for this benefit to meet 21st Century needs and expenses. Benefits should be split into two categories, veterans within the accessibility model, and those outside the accessibility model.

Plot allowances as well as burial benefits for both service and non-service-connected veterans need to be increased to meet rising costs. And that's the end of my statement.

[THE PREPARED STATEMENT OF DIANE ZUMATTO APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you very much and I'll begin the round of questioning with Mr. Hall actually.

In your experience, is it true that it takes a new VSR a full two years to be able to work independently with both the speed and accuracy, and is this because of inadequacies in VA's training program, or the complexity of the subject matter?

Mr. HALL. I believe—yes, it takes approximately two years for that person to become at the fully trained level to perform those duties, an additional two years for an RVSR. But looking specifically, I believe it's a combination, but the complexity of the material, there's a lot that goes into being a VSR, a lot that goes—a lot more that goes into being an RVSR.

So I would say that while it's shared jointly between the complexity of the job itself, and the training, we just want to ensure the training that is being provided is adequate and appropriate, one, for the position, and two, for the level of experience of the individual.

Mr. RUNYAN. Thank you. And I know we've brought this up in a few hearings in the last month in talking about metrics and how we measure a lot of different things. What factors would you ask the VBA to emphasize if they were to initiate a scientific study to determine the workforce necessary to effectively manage its rising

workload? What are those factors? Because obviously both sides of the equation have different responses to that.

Mr. HALL. Well, we—they have to look at people and processes first. And again, there's a lot of things going on in transformation in VBA right now. A lot of good initiatives going on.

If they're going to measure it, they have to be able to have a system. We think VBMS will do this later on down the road to be able to aggregate data and best practices, things like that, discovery of error, the STAR program is another major aspect to a quality review to be able to identify error trends and such.

The quality review team, something that we're learning something more about now, will also be able to help VBA identify those problem areas.

Mr. RUNYAN. And as we roll out VBMS, do you believe there will be a significant effect on the backlog and what warning signs would you give the VA as this happens. What do you see coming down the road as we try to roll this out in this transitional period?

Mr. HALL. First, let me say that we really appreciate the collaboration that VBA has demonstrated towards the VSOs, especially with something as important, probably the most important initiative going on in VBA right now, which is the VBMS.

We will—we hope that they continue that outreach and collaboration with the VSOs. Do we think that it'll have an immediate impact on the backlog? Probably not, not an immediate one. Because it's such a complex system. And again, remember, we are talking about completely changing how they approach claims and how they process claims. VBMS being a paperless system, there's so many things that are involved with that.

So I would say first and foremost, they must always have the stakeholders, VSO and stakeholders involved into the collaboration process, whether it's during the development and implementation periods as they have been doing. We can offer expertise along the way to help them in problem areas or identify certain things that might be able to be changed before it gets to the full implementation phase, and then maybe not be able to be changed.

Mr. RUNYAN. Thank you. Mr. McNerney.

Mr. MCNERNEY. Thank you, Mr. Chairman. Mr. Hall, what do you think of the VA's goal of 125 days at 98 percent accuracy?

Mr. HALL. It's an ambitious goal.

Mr. MCNERNEY. Do you think it's achievable?

Mr. HALL. But it's an attainable goal, I think.

Mr. MCNERNEY. You think it's achievable—attainable?

Mr. HALL. I think it's—it is achievable. There's just so many things that can affect what is going on right now. Because we're pushing VA to reduce the backlog of claims. Our clients, your constituents, the veterans they serve, everybody's concerned about the backlog, let's reduce the backlog. And it's not as simple as reducing the backlog.

There's no one in VBA right now that doesn't want to reduce the backlog. However, having an ambitious goal in front of you of 125 days when I think it's in the past year, that's increased or out of the roughly 900,000 claims that are pending right now, roughly 600,000 are over 125 days. That's not far off of where we were from a year ago.

So—but I also know that it's not as simple as looking at it saying well you haven't made any progress on the backlog. The accuracy is equally important. If VA—if VBA puts it out there and says 125 days, 98 percent accuracy, we believe that they can achieve it. But right now it's just simply too difficult to tell where they're going to be a year from now without the full implementation of things like VBMS, which is going to have a major impact, eBenefits, VRM, those things will all have a major impact. So right now it's just too soon to tell where they're going to be.

Mr. MCNERNEY. Is the funding in the budget adequate to continue to improve that backlog?

Mr. HALL. Overall. I think the biggest concern as I had mentioned earlier, the biggest concern is in the transformation process. I'm not sure about the overall budget, whether it's adequate or it's not adequate. But the VBMS or the IT really, I don't want to just limit it to VBMS, because it's the overall IT.

But looking, if there's any cuts in that or a reduction I should say in the budget, we would encourage you as well, we're going to be looking at it. We just received it. To look and see where—why that money's been reduced and is that going to have a significant impact, especially adversely on the ability to complete these IT initiatives, which will then come back to whether or not the backlog can be reduced.

Mr. MCNERNEY. Do you have any final recommendations for what the VA should be doing to reform and modernize its claim processing system?

Mr. HALL. We think that they're doing a lot of great things, as I mentioned. So I think they need to keep moving forward. With so many—again, with so many different things that they do have in motion right now, a simple recommendation would be to continue working, primarily working towards their goal, but also including VSO stakeholders into the process at the earliest stage and throughout the process, and not just picking certain aspects of where they reach out to us. Because it has a major affect again on whether or not that we can offer guidance, advice, expertise in the process.

And again, I would just say that VBA leadership, while we appreciate their collaboration that they're demonstrating at this particular level at the headquarters level, we want to ensure that that also occurs all the way down to the VA regional office level.

And just finally on that, speed and production in this cultural shift, it must happen. Equal weight has got to be given, at least equal weight has to be given to quality and accuracy, as it is being given to speed and production. Otherwise, they may just end up with short-term gains, but miss out on the long-term reform necessary.

Mr. MCNERNEY. Ms. Zumatto, thank you for your contribution in the independent budget, and for your in-depth analysis of the National Cemetery Administration. Do you believe the NCA has sufficient funds to carry out its mission?

Ms. ZUMATTO. I certainly hope that they do. We are recommending some increases. I—as you probably know, I don't have a wealth of expertise. I'm fairly new in this area, and it might be

more beneficial to step back and perhaps provide a more in-depth answer, you know, to you in writing after the fact.

Mr. MCNERNEY. That's acceptable. I yield back.

Mr. RUNYAN. Thank you, Mr. McNerney. Mr. Walz, do you have anything?

I actually have one more question for Ms. Zumatto. Pertaining to your statistical analysis of the grave sites that we're going to need, and you'll probably have to respond to this in writing also, but as the Under Secretary said in his testimony, they like to keep them close to home, in a kind of a—on a more regional basis.

Where are we lacking in those abilities? And obviously yours was nationwide, and I'm sure there's some areas that, you know, we could look into, where we could really give direction to the Cemetery Administration to really look at that as you can anticipate through your VSOs and knowing where people live and where they reside, and where they would actually like to be—would like to be buried. So I'd appreciate if you could get that to us.

Ms. ZUMATTO. Okay. I can do that.

Mr. RUNYAN. Thank you very much. Mr. McNerney, anything further?

Mr. MCNERNEY. Yeah. I'd like to reserve the right to submit questions to the VA for later response.

Mr. RUNYAN. Without objection, so moved.

Do you have a closing statement?

Then on behalf of the Subcommittee, I would thank both of you for your testimony, and we look forward to working with you on the future on these issues. And you are both excused.

I would like to conclude this budget hearing by recognizing the reality of times laid before us. We face a deficit crisis and we must act to be prudent stewards of our budget for generations yet born to ensure the survival of our common American values. But this should not and will not come at the expense of our Nation's heroes and the sacrifices they made to ensure we remain strong and the freest country on the face of the Earth. I'll stand ready to work with both sides of the aisle fulfilling this commitment, as we move forward for the remainder of this session.

I ask unanimous consent that all Members have five legislative days to revise and extend their remarks, and include extraneous material. Hearing no objection, so ordered.

I thank the Members for their attendance today and this hearing is now adjourned.

[Whereupon, at 11:59 a.m. the Subcommittee was adjourned.]

A P P E N D I X

Prepared Statement of Hon. Jon Runyan, Chairman

Good morning. I want to welcome everyone to this hearing on the budget for fiscal year 2013 as it pertains to the Veterans Benefit Administration, National Cemetery Administration, the U.S. Court of Appeals for Veterans Claims, and American Battle Monuments Commission.

Last year this Subcommittee held its first hearing of the 112th Congress and I made my intentions and hopes clear that as Chairman of this Subcommittee my priority would be a laser focus on tackling the size of the backlog of claims for disability benefits.

Over the past year VA has demonstrated their desire and commitment to be partners in bringing the VA into the 21st century, as reflected in the 2013 budget. I support VA's goal of completing 1.4 million disability compensation and pension claims, marking an increase of 36% over 2011. I can assure the administration that this Subcommittee will vigorously pursue the necessary oversight to ensure this goal becomes a reality for all of our Nation's veterans.

In these uncertain and turbulent economic times, it is the duty of all of us here and those we represent to ensure benefits earned by our Nation's heroes are administered as efficiently and timely as possible. "Justice delayed is justice denied" and benefits delayed, are benefits denied. To this end, I note the forthcoming roll out of the VBMS program, which I believe signifies a turning point for the claims backlog. In addition to the VBMS program, VA has also recently launched several pilot programs, and consolidated its pension and fiduciary programs.

However, technology alone will not solve the issues pertaining to the backlog. It is our solemn responsibility to remain vigilant. We will continue to oversee these programs to ensure that they are operating efficiently while also serving the needs of our Nation's veterans. Although VA continues to emphasize its initiatives in the area of people, process, and technology; it is important that VA follow through on these programs while not forgetting its primary goal of providing timely, quality benefits to veterans.

A second major area I'd like to discuss involves the final resting grounds of our Nation's veterans. The National Cemetery Administration provides the invaluable role of serving veterans and their families during the burial process and maintaining our National shrines and cemeteries.

However, like every human institution, mistakes and oversights are made from time to time. In November NCA self reported to this Committee the misalignment of a row of head stones at the Ft. Sam Houston National Cemetery. Families of those affected were notified and a nationwide audit was begun. Initial reports from that audit, which is still ongoing, have identified similar issues at at-least 5 other National Cemeteries in just the first phase of this audit. These "errors" appear to have a common origin in that they all occurred during raise and realignments projects performed by outside contractors.

The reason this is relevant to a budget hearing is because in most cases the contractors' work was approved and payment made without adequate oversight or review to ensure the quality and accuracy of the work done. Because of an omission of fiscal oversight the work has to be done right the second time and a nationwide audit at great expense conducted. Statistically, less than 60 discrepancies reported after auditing almost 1.5 million grave sites computes to be a tiny fraction of 1%.

NCA however is not in the business of percentages and statistics; they are in the business of providing a final resting place of honor and dignity for our Nation's heroes.

While I commend the NCA's initiative and quick response in identifying and addressing the situation, I must reiterate my resolve that no mistake going forward will be acceptable. We owe it to our veterans and their families to get it right the first time, every time. Anything less, regardless of the statistics, is unacceptable.

Towards this end, I want to ensure that America's most valuable memorials to its honored dead have the necessary amount of resources and institutional oversight going forward to prevent such problems from reoccurring. While we must do so mindful of the budget deficit crisis at hand, we must continue to ensure these sacred grounds are well prepared for current and future generation of veterans and their families. Finally, it is my hope that NCA continues to move closer to near universal veteran access to burial options around this Nation.

This hearing will also be taking a look at the budgets of the Court of Appeals for Veterans Claims and the American Battle Monuments Commission (ABMC). While I do not anticipate many controversial issues within these budgets, I would like to express my hopes that they too reflect the trying times we face and that will strive for increased efficiency over waste and better performance over tradition solely for tradition's sake.

Prepared Statement of Hon. Jerry McNerney,
Ranking Democratic Member

Thank you, Mr. Chairman. I would like to thank you for holding today's hearing.

The goal of today's hearing is to examine the various FY2013 budget requests of agencies over which the Disability Assistance and Memorial Affairs Subcommittee exercises jurisdiction, including the U.S. Department Veterans Affairs' Veterans Benefits Administration (VBA) and National Cemetery Administration (NCA); the Court of Appeals for Veterans Claims (CAVC); and the American Battle Monuments Commission (ABMC).

These organizations oversee many major benefits, services and protections for our Nation's veterans, their families, and survivors—ranging from providing compensation, pension and burial benefits to ensuring appellate rights, to maintaining our National Shrine requirements both here and abroad. I look forward to hearing how these benefits and services will be administered with the optimal levels of efficiency and effectiveness with the new budget request.

Today's hearing is an important one. As all of you know, Congress is working hard to balance our budget and reduce the deficit while at the same time provide earned and needed benefits to veterans and their families.

The overall FY2013 VA budget request is $140.3 billion. Of the total Department Budget request, $76.3 billion (54.4%) is designated for mandatory funding to pay and administer benefits to Veterans, their families and survivors. This represents 16.2% increase from the 2012 level of $70.6 billion. This Administration has shown that supporting the troops and our veterans is not just a slogan—it's a commitment.

Like many of the VSOs and other stakeholders who represent our veterans, one of my top priorities is to continue to address the glacial nature of the claims process and the systemic challenges of accuracy and accountability. It is a disgrace that we have such a large claims backlog, and it is an insult to the veterans who have served our Nation. There is no valid reason that we are still processing claims with 20th Century technology and paradigms.

I agree with Secretary Shinseki that we need to get our claims process under control to deliver these benefits in a 21st century, veteran-focused manner. Get the claim right the first time, and don't sacrifice quality for quantity.

The VA reports that it is making progress on this front and the budget seems to support its commitment, particularly on the IT front. However, I don't want VA to confuse activity with progress. Further, I don't want VA to place the promise of new technologies on top of flawed systems because that will just result in inaccurate decisions rendered more quickly. Comprehensive reform is in order. Finally, I also want to know more about the budgetary implications of the contract with ACS, Inc. to develop hundreds of thousands of pending claims.

With that, I look forward to hearing from all of our witnesses today. I particularly thank the VSO members of the Independent Budget for your diligence and commitment in helping to ensure the VA's budget is sufficient to meet the needs of our Veterans.

I welcome the opportunity to work closely with you and all of my colleagues to make sure that the needs of our Veterans, those returning from Iraq and Afghanistan, and those of the Veterans from our previous conflicts, are met.

Thank you Mr. Chairman, I yield back.

Prepared Statement of Diana Rubens

Chairman Runyan, Ranking Member McNerney, and members of the Subcommittee: Thank you for the opportunity to discuss the fiscal year (FY) 2013 budget for the Veterans Benefits Administration (VBA). I am accompanied today by Mr. Jamie Manker, VBA's Chief Financial Officer. We appreciate the strong collaboration and partnership between VBA and this Subcommittee, the full Committee and the entire Congress. We look forward to continuing our joint efforts to enhance the delivery of benefits and services to our Nation's Veterans.

The employees of the Veterans Benefits Administration are privileged to have the incredibly important mission of helping Americans fulfill the Nation's commitment to our Servicemembers and Veterans, who so courageously serve and sacrifice on our behalf. In carrying out its responsibilities, VBA has adopted and embraced the Department's newly established core values of Integrity, Commitment, Advocacy, Respect, and Excellence – appropriately captured in the phrase "I CARE". Our workforce includes more than 20,000 employees, 50 percent of whom are Veterans themselves, and 30 percent of whom have service-connected disabilities.

VBA manages an integrated program of benefits and services, administered through a nationwide network of 57 regional offices, including offices in Puerto Rico and the Philippines. The benefits include compensation for Veterans with service-connected disabilities; dependency and indemnity compensation for certain Veterans' survivors; pension for war-time Veterans and their survivors; vocational rehabilitation and employment services; educational and training assistance; home-loan assistance; fiduciary activities providing estate protection services for Veterans unable to manage their own funds; information and assistance through personalized contacts and outreach programs to separating Servicemembers and other special groups of Veterans; and life insurance programs.

Under the leadership of Secretary Shinseki, we are working to transform VA into a 21st Century organization that is people-centric, results-driven, and forward-looking. We have disciplined ourselves to understand that successful execution of our vital mission requires that we continually improve our stewardship of the resources entrusted to us by the Congress. Accountability and efficiency are practices consistent with our philosophy of leadership and management.

Of the Department's $140.3 billion budget request for 2013, 53 percent, or nearly $75 billion, is designated for mandatory funding of benefits programs administered by VBA. Our request supports these programs and identifies the performance levels expected to be achieved, ensuring that every dollar of the budget is being used wisely and effectively to help improve the lives of Veterans, their families, and their survivors.

Approximately 97 percent of the approximately $77 billion in appropriated funds requested for VBA are for direct payments to Veterans and their dependents and survivors. The remaining three percent is dedicated to administering VBA's benefits programs. VBA's budget request also directly supports VA's three key priorities: improving access to benefits and services; eliminating the claims backlog (defined as claims pending longer than 125 days) and improving decision accuracy to 98 percent in 2015; and ending Veteran homelessness in 2015.

VBA recognizes it must do all it can to simplify and expedite the claims process for our Veterans and beneficiaries. We are committed to – and actively pursuing – comprehensive improvements to the processes and systems Veterans use to access and employees to deliver those benefits and services. We know we must do better – that's why we are undergoing this large-scale transformation.

The 2013 General Operating Expense budget request of $2.2 billion is vital to the transformation strategy that drives our performance improvements. Technology resources include $92 million to support the Veterans Benefits Management System (VBMS), a comprehensive solution that integrates a business transformation strategy to address people and process with a paperless claims processing system. Technology resources also include $111 million to support the Veterans Relationship Management initiative, including development of self-service and technology-enabled interactions that provide access to information and the ability to execute transactions at the place and time convenient to the Veteran in every aspect of benefits and services we deliver to Veterans.

VBA plans to process a record 1.4 million compensation claims in 2013, and we are pursuing transformational changes that will enable us to meet the emerging needs of Veterans and their families. Through the resources provided in the President's 2013 Budget, VA is committed to improving the quality of life for our Nation's Veterans, their dependents, and survivors.

VBA Transformation Plan

VBA's transformation is demanded by a new era, emerging technologies, the latest demographic realities, and our renewed commitment to today's Veterans. In the face of dramatically increasing workloads, VBA must deliver first-rate and timely benefits and services – and they must be delivered with greater efficiency. VBA is aggressively pursuing its Transformation Plan, a series of tightly integrated people, process, and technology initiatives designed to improve Veterans' access, eliminate the claims backlog, and achieve our goal of processing all claims within 125 days with 98 percent accuracy in 2015.

VBA's Transformation Plan is based on more than 600 ideas solicited from our employees, Veterans Service Organization partners, and other stakeholders, including this Subcommittee and your staffs. After evaluating a multitude of innovative ideas, we focused on the 40 most promising, tested, and measured initiatives for inclusion in our Transformation Plan. As we design, test, further evaluate, and implement these initiatives, VBA is closely tracking current metrics (e.g., number of claims pending over 125 days, claims production, quality of rating decisions, decision timeliness, etc.) to assess results and, if necessary, adjust our efforts. We are also working to expand what we measure to more clearly show the impact of the Transformation Plan, both at local and national levels. VBA's Implementation Center, established at VBA headquarters as a program management office, is streamlining the process of transformation by ensuring new ideas are approved through a governance process, and that implementation and training are carefully planned and executed utilizing a comprehensive change management approach. This allows us to focus on implementing initiatives that will achieve the greatest gains, without degrading current performance.

People-Focused Initiatives

Our employees are the key to our success. We are strengthening the expertise of our workforce by changing the way we are *organized* and *trained* to do the work. A new standardized operating model is being implemented in all regional offices beginning this year that incorporates a case-management approach to claims processing. Distinct processing lanes are being established based on the complexity and priority of the claims and employees are assigned to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims processing issues to minimize rework and reduce processing time. More-easily rated claims move quickly through the system in a designated lane, and the quality of our decisions improves by assigning our more experienced and skilled employees to the more complex claims. The new operating model also establishes an Intake Processing Center at every regional office, adding a formalized process for triaging claims and enabling more timely and accurate distribution of claims to the production staff in their appropriate lanes. We predict that our people-focused initiatives will contribute to a 15–20 percent improvement in productivity and 4 percent improvement in quality.

At VBA we are increasing the productivity of our workforce and the quality of our decisions through national training programs and standards. Our redesigned and expanded 8-week centralized Challenge Training Program for new claims processors has achieved dramatic results. On completion of the training, employees work significantly faster and at a higher quality level. Trainees from the most recent class averaged 1.33 cases per day with 98 percent accuracy, compared to the legacy Challenge curriculum, following which trainees averaged one-half case per day and 60 percent accuracy. Our training and technology skills programs continue to deliver the knowledge and expertise our employees need to succeed in a 21st Century workplace.

Process-Improvement Initiatives

VBA has established a "Design Team" concept to support the transformation of its business processes. Using Design Teams, VBA is conducting rapid development and testing of process changes, automated processing tools, and innovative incentives in the workplace to assure that changes will be actionable and effective before they are implemented. The goal of our Design Teams is to implement, execute, and measure an improved facet of our operating model with a mindset toward increasing productivity and improving quality towards our goal of 98 percent accuracy. We are focusing on streamlining processes and eliminating repetition and rework in the claims process while delivering optimal service. We expect our process initiatives to contribute to a 15–20 percent increase in productivity and a minimum four percent improvement in claims quality as it relates to current processing initiatives. As we continue to find new, promising initiatives, these estimates could change.

Initial process improvements include:

Quality Review Teams: We are transforming our local quality assurance process, establishing dedicated teams of quality review specialists at each regional office. These teams will evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to identify and eliminate errors at the earliest possible stage in the claims process. The quality review teams are comprised of personnel trained by our national quality assurance (Statistical Technical Accuracy Review or "STAR") staff to assure local reviews are consistently conducted according to national standards. An initial focus of these teams is to reduce medical examination errors, which currently represent 36 percent of our benefit entitlement quality errors. In addition to quality improvements, the need for reexaminations will be minimized, thereby reducing claims processing time in 39-day increments for every reexamination avoided.

Simplified Rating Decision and Notice: In January 2012, we implemented a new claims processing initiative developed by our first Design Team that will result in meaningful improvements in the service we provide to our clients. The new decision notification process will streamline and standardize the communication of claims decisions. Veterans will receive one simplified notification letter in which the substance of the decision, including a summary of the evidence considered and the reason for the decision, are all rendered in a single document. Design-Team testing of this initiative at the St. Paul Regional Office resulted in productivity increases of 31 percent, while sustaining a 90-percent accuracy rate, and reductions of 14 days in average processing time.

Rules-Based Calculators: This initiative provides a new automated employee job-aid that uses rules-based programming to assist decision makers in assigning an accurate service-connected evaluation. These new calculators will significantly contribute to improvements in rating quality and consistency. Calculators that are currently being used by claims processors include:

1. Hearing loss calculator: Generates stand-alone paragraphs for use in rating decisions.
2. Special monthly compensation (SMC) calculator: Determines the total SMC award based on disabilities input by the decision-maker.
3. Evaluation builder: Helps assign correct evaluations and generates text to explain a disability grant as well as criteria for the next higher rating.

Disability Benefits Questionnaires: This month we plan to release 68 more Disability Benefits Questionnaires (DBQs) to the public, bringing the total number of DBQs publicly available to 71. DBQs are templates that solicit the medical information necessary to evaluate the level of disability for a particular medical condition. Currently used by Veterans Health Administration examiners, the release of these DBQs to the public will allow Veterans to take them to their private physicians, facilitating submission of fully developed claims packages for expedited processing.

VBA will continue reviewing the initial 600 ideas for process improvements to ensure all potentially valuable transformation actions are evaluated. We will also continue our quest for additional new and innovative ideas to further transform our claims processes.

Technology Initiatives

Key to VBA's transformation is ending the reliance on the outmoded paper-intensive processes that thwart timely and accurate claims processing. VBA will deploy technology solutions that improve access, drive automation, reduce variance, and enable faster and more efficient operations. VBA's planned digital, paperless environment will also enable greater exchange of information and increased transparency to Veterans, the workforce, and our stakeholders. We know that 73 percent of our Veterans prefer to interact with VA online. We are therefore taking a multichannel approach to improving access that includes online communications, social media, and telecommunications, to ensure Veterans get the information and assistance they need. Our strategy includes active stakeholder participation (Veterans Service Officers, State Departments of Veterans Affairs, County Veterans Service Officers, and Department of Defense (DoD)) to provide digitally ready electronic files and claims pre-scanned through online claims submission. This will be accomplished through electronic data sharing and utilizing a stakeholder portal.

Our Transformation Plan includes the following major technology initiatives that are expected to improve access and contribute to an additional 15–20 percent increase in productivity and a four percent improvement in claims quality.

Veterans Relationship Management Initiative (VRM): VRM engages, empowers and serves Veterans and other claimants with seamless, secure, and on-demand access to benefit and service information. VRM is transforming VBA's National Call

Centers through the introduction of new Veteran-friendly technologies and features. In October 2011, VA deployed Virtual Hold technology. During periods of high call volumes, this system enhancement allows callers to leave their name and phone number instead of waiting on hold for the next available operator, and the system automatically calls them back in turn. Over 800,000 return calls have been made through the Virtual Hold system since November 2011. This represents an acceptance rate for callers of 47 percent, exceeding the industry standard of 30 percent, and our successful re-connect rate is 92 percent.

Since launching Virtual Hold, the National Call Centers have seen a 31 percent reduction in the dropped-call rate. In December 2011, VA deployed Scheduled Callback technology, allowing callers to make an appointment with us to call them at a specific time. Since deployment, over 200,000 scheduled callbacks have already been processed. The J.D. Power and Associates client-satisfaction scores for our National Call Centers indicated a nine-point uptick in overall satisfaction for those callers that utilized the Virtual Hold option (from 731 to 740). In addition, there was a 15 percent uptick in the "promptness in speaking to a person" attribute score for the month of December 2011.

VRM also deployed a pilot of our new "Unified Desktop" technology. This initiative will provide National Call Center agents with a single, unified view of VA clients' military, demographic, and contact information and their benefits eligibility and claims status through one integrated application, versus the current process that requires VA agents to access up to 13 different applications. This will help ensure our Veterans receive comprehensive and accurate responses.

eBenefits Portal: eBenefits, the joint VA/DoD client-services portal for life-long engagement with Servicemembers, Veterans, and their families, is a fundamental component of the VRM initiative. Our life-long engagement begins with the Servicemember's entry into military service and extends throughout his or her lifetime – and includes access for Veterans' survivors. The eBenefits portal provides users with self-service options and greater access to VA information at the time and method of their choosing. In September 2011, VA and DoD, in a collaborative partnership, registered its one-millionth user on eBenefits. Current eBenefits enrollment exceeds 1.2 million users, representing a 450-percent increase since January 2011. This year, DoD is making enrollment in the eBenefits portal mandatory for all Servicemembers upon entry into military service.

The eBenefits portal provides an online capability to check the status of a claim or appeal; review the history of VA payments; request and download military personnel records; secure a certificate of eligibility for a VA home loan; generate letters to verify Civil Service employment preference eligibility; and numerous other benefit actions. We continue to aggressively expand and update on-line self-service and access capabilities. We are engaging our Veterans Service Organization partners in registering Veterans for eBenefits accounts. In 2012, Servicemembers will complete their Servicemembers' Group Life Insurance applications and transactions through eBenefits. Enhancements scheduled in 2012 will also allow Veterans to view their scheduled VA medical appointments, file benefits claims online in a "Turbo Claim" like approach and upload supporting claims information that feeds our paperless claims process. In 2013, funding supports enhanced self-service tools for the CHAMPVA and VetSuccess programs, as well as the Veterans Online Application for enrolling in VA healthcare. eBenefits can be accessed via *https://www.ebenefits.va.gov.*

Veterans Benefits Management System (VBMS): VBA will implement VBMS – the cornerstone of VA's claims transformation – beginning in 2012 and plans to complete its nationwide deployment to all regional offices in 2013. It is a comprehensive solution achieved through a business transformation strategy for process and people within a paperless claims processing system. Achieving a paperless claims processing system will result in higher quality, greater consistency, and faster claims decisions. The system will also achieve significant cost savings through the reduction of manual and paper-based processing requirements. VBMS will move VBA's internal, paper-based process to an automated system that integrates streamlined claims processes, rules-based processing, and Web-based technology. In January 2011, VA began processing some claims using VBMS and a pilot team at the Providence Regional Office. VA expanded VBMS to a team working at the Salt Lake City Regional Office in May 2011, and added functionality to support more claims and more claim types. This expansion also added system users and provided access to local VA Medical Centers and Veterans Service Organizations. This testing clearly demonstrated the value of the paperless VBMS process, reducing claims processing time to an average of 115 days. During 2012, VBA plans to deploy VBMS to additional regional offices. Funding requested in the 2013 budget supports expansion of

VBMS to all regional offices and development and deployment of enhanced functionalities.

Homeless Veterans Outreach and Initiatives

VBA is actively contributing to VA's plan to prevent and end Veterans' homelessness by 2015. VBA currently has 20 full-time Homeless Veterans Outreach Coordinators (HVOCs). In 2013, VBA will hire 200 additional HVOCs to support this priority goal. The role of the additional HVOCs will be twofold: 1) Provide case-management services to homeless Veterans and assure expedited processing of their claims; and 2) Conduct extensive outreach to at-risk Veterans and their families in a proactive effort to prevent homelessness.

It is projected that the increased staff in 2013 will accelerate services for an estimated 43,000 Veterans and their families by decreasing the frequency and duration of their episodes of homelessness. The resources will also assist Veterans and their family members maintain safe and permanent housing, get connected to employment opportunities, and improve their overall healthcare status.

VBA is also actively engaged in ending Veteran homelessness through its Loan Guaranty Program, which makes VA properties available for permanent housing and shelter for homeless Veterans and Veterans at risk for homelessness. Under the Homeless Shelter Program, we have made over 200 properties available to non-profit and faith-based organizations since inception of the program in 1991 – including four homes sold to shelters in 2011, two of which serve only homeless female Veterans. VBA recently launched two new homeless initiatives. Properties Available to Non-Profits and Veterans allows homeless Veterans and non-profit organizations to purchase VA-acquired properties at a discount (up to 75 percent) for permanent or transitional housing. The Distressed Homes Initiative offers VA properties that require extensive repairs to qualified non-profits at an even steeper discount (up to 90 percent).

Compensation and Pension Programs

Seventy-eight percent of the total mandatory funding supports monthly disability compensation and ancillary benefit payments to Veterans, their families, and their survivors. In addition to providing benefits to compensate Veterans' for their service-connected disabilities, the compensation program provides monthly payments to surviving spouses, dependent children, and dependent parents of Servicemembers and Veterans who die as a result of injuries or illnesses related to their military service. In 2013, funding for compensation for an estimated 4.0 million Veterans and survivors is projected at nearly $59 billion.

Additionally, VBA will provide an estimated $3.2 billion in income-based pension benefits to wartime Veterans who are permanently and totally disabled due to non-service-connected causes or are age 65 or older. Pension benefits to income-eligible surviving spouses and dependent children of deceased wartime Veterans who die as a result of a disability unrelated to military service are projected to total $1.7 billion. More than 517,000 Veterans and survivors will receive pension benefits in 2013.

Incoming Disability Claims Workload

The disability claims workload from the newest generation of returning war Veterans, as well as from Veterans of earlier periods, continues to increase. VBA's annual claims receipts increased 48 percent over the last four years, from 888,000 in 2008 to 1.3 million in 2011. Receipts in 2011 include nearly 231,000 claims for new Agent Orange presumptive disabilities. We anticipate total claims receipts will be 1.2 million in 2012 and 1.25 million in 2013.

The growth in disability claims volume is driven by a number of factors, including our successful outreach efforts, increased demand as a result of 10 years at war, and improved access to benefits through the joint VA and DoD Pre-Discharge Programs: Integrated Disability Evaluation System (IDES), Benefits Delivery at Discharge (BDD), and QuickStart. Other major factors include Agent Orange presumptive disabilities for Veterans who served in the Republic of Vietnam; the aging of our Veteran population; new regulations for processing certain claims related to Gulf War service, traumatic brain injuries, and post-traumatic stress disorder (PTSD); and the impact of a difficult economy.

IDES ensures seamless service delivery for our wounded, ill, and injured Servicemembers by addressing the duplicate, time-consuming, and often confusing and overlapping elements of the VA and DoD disability processes. Last year, IDES expanded from 21 sites to 139 sites. VBA currently dedicates 94 Veterans Service Representatives and Military Services Coordinators to full-time IDES processing, and we significantly increased rating resources dedicated to IDES (from 45 Rating Veterans Service Representatives (RVSRs) assigned to IDES at the start of FY 2011

to 126 RVSRs currently assigned). This level of staffing represents four times the FTE devoted to claims that are processed under our traditional model. We made major improvements in service delivery, decreasing processing time in areas of VA responsibility from 186 days to 104 days. We are on track to reach our target of processing IDES claims in 100 days. We are also in the process of integrating vocational rehabilitation and employment (VR&E) counselors into the IDES process to provide enhanced transition services. The 2012 budget supports 110 VR&E counselors to be placed at the busiest IDES sites around the country, and the 2013 budget provides an additional 90 counselors. In 2013, these counselors will serve 22,000 Servicemembers.

In 2011, VBA allocated significant resources to processing the approximately 231,000 Agent Orange presumptive claims received, dedicating our 13 resource centers exclusively to readjudicating over 90,000 previously denied claims for the new presumptive conditions under the stipulations of the Nehmer court decision. The complexity of the Nehmer claims processing significantly reduced employee output, as 1,100 Veterans Service Representatives (VSRs) and nearly 1,200 raters worked these Agent Orange claims in 2011, and their average decision output was reduced from 2.5 cases per day to one case per day. To date, over 114,000 Veterans and survivors received over $3 billion in retroactive benefits for the new Agent Orange presumptives. Although we are nearing completion of the Nehmer workload, we expect a residual impact on claims processing timeliness into 2012. Our focus on processing these complex claims had slowed processing of other claims and contributed to a larger claims backlog, but it remains the right thing to do for our Vietnam Veterans, many of whom have waited a long time for these benefits.

The complexity of the workload also continues to rapidly increase, as Veterans claim greater numbers of disabilities and the nature of the disabilities (such as PTSD, combat injuries, diabetes and related conditions, and environmental diseases) become increasingly complex. Last year, the number of disabilities claimed by Veterans who served in Iraq and Afghanistan averaged 8.5, a dramatic difference from Veterans of earlier eras (e.g., World War II Veterans claimed 2.5 disabilities, Gulf War Veterans claimed 4.3 disabilities). Even with the unprecedented workload increases, VBA has achieved a 15 percent increase in output over the last four years, completing over one million disability claims in each of the past two years. VBA expects production levels to continue to increase each year through transformational process changes and technological advances.

Pension Programs

VA's needs-based pension programs provide economic security to more than 313,000 wartime Veterans who are permanently and totally disabled as a result of disability not related to service or are age 65 or older, and to more than 203,000 survivors. In FY2013, VA expects to pay over $4.9 billion in pension benefits to these beneficiaries.

VA's consolidation of pension program operations at three Pension Management Centers (PMCs) in Philadelphia, Milwaukee, and St. Paul, with a workforce of nearly 1,200 employees, enables it to provide consistent, high-quality decisions on pension claims. As a result of the consolidation and other initiatives, the quality of pension decisions has steadily increased from 2008 to 2011. During this period, the national accuracy rate for pension entitlement claims improved from 87 percent to 98 percent, while the national accuracy rate for pension maintenance claims improved from 93 percent to 98 percent. In addition to maintaining a high quality rate, the PMCs demonstrate the advantages of moving toward a paperless work environment. In this future work environment, claims will be imaged and stored in an electronic format, eliminating the need for hard copy folders, allowing work to be completed without regard to the physical location of the decision maker, and allowing multiple individuals simultaneous access to the electronic record regardless of location.

Fiduciary Program

VA administers a comprehensive fiduciary program for our most vulnerable beneficiaries who are unable to manage their own funds. VA appoints and provides oversight of fiduciaries to ensure that beneficiaries receive the benefits and services they need.

VA has seen a steady increase in the number of beneficiaries who need fiduciary services. From 2008 to 2011, the number of beneficiaries in the program increased by 20 percent, and from 2010 to 2011 alone, beneficiaries in the program increased by over 10 percent. Today, there are more than 121,000 beneficiaries in the program with a combined estate value of more than $3.3 billion. This growth has resulted in a corresponding increase in VBA's fiduciary workload. Since 2008, VA experienced a 30 percent increase in field examinations, a 22 percent increase in account-

ing audits, and a 26 percent increase in the number of miles traveled by field examiners to conduct initial and follow-up fiduciary appointment investigations.

In early 2009, VBA initiated a pilot project, under which it consolidated 14 of its fiduciary activities into the Western Area Fiduciary Hub, which operates in a near paperless environment. VBA found that consolidation had a significant positive impact on the timeliness and quality of fiduciary appointments. Timeliness of initial appointment field examinations increased by 40 percent, while quality increased by 8 percent. The hub concept also allowed VBA to more efficiently allocate resources, resulting in a 6-percent decrease in miles traveled per field examination. Based upon the pilot results, VBA deployed the hub concept nationwide, with further consolidation into a near paperless environment occurring at five new hubs at regional offices. Full consolidation of VBA's fiduciary activities should be complete in June 2012. VBA's efforts to convert its fiduciary activities into regional, paperless processing centers demonstrate the potential of its ongoing transformation initiatives, which will build upon these early initiatives.

We continue to identify and develop methods to improve service to this vulnerable population of beneficiaries. These efforts include deploying a standardized field examination application, increasing fiduciary staffing according to a model that ensures that VBA efficiently deploys its field examiner workforce, developing a new information technology system for managing VBA's fiduciary workload and tracking fiduciary activity, development of standardized training for fiduciary personnel, and development of certification requirements and internet resources for fiduciaries. VBA has also initiated a complete revision of its fiduciary regulations to ensure that it has the rules it needs to meet its oversight obligations.

Concluding Remarks

We appreciate the opportunity to provide additional information on VBA's 2013 budget request and to share with you the progress we are making in transforming the delivery of benefits and services for our Veterans and their families and survivors. We recognize there is still a tremendous amount of work to be done. I assure you of our commitment to achieving fundamental and dramatic improvements that will expedite the delivery of benefits, improve quality, and ensure we are providing timely, accurate, and comprehensive information and assistance to all those we serve.

We will continue to promote efficient spending practices, and we acknowledge the importance of good stewardship of taxpayer dollars to achieving our mission. We are confident we are on the right path and making the investments necessary to accomplish the aggressive goals set for us by Secretary Shinseki.

This concludes my remarks. I am happy to respond to any questions from you or other Members of the Subcommittee.

Prepared Statement of Steve L. Muro

Chairman Runyan, Ranking Member McNerney and members of the Subcommittee, I am pleased to provide an overview of the Fiscal Year (FY) 2013 budget for the National Cemetery Administration (NCA). Within the Department of Veterans Affairs (VA), NCA is responsible for administering burial and memorial programs to meet the needs of Veterans, their families and survivors. Our responsibilities include: managing 131 national cemeteries and 33 soldiers' lots and monuments; furnishing headstones, markers and medallions for the graves of Veterans around the world; administering the Presidential Memorial Certificate program; executing the First Notice of Death Program; and, overseeing the Federal grants program for construction of state and tribal Veterans cemeteries.

As we move forward into the next fiscal year, we project our workload numbers will continue to increase. For FY 2013, we anticipate conducting over 119,000 interments of Veterans or their family members, maintaining and providing perpetual care for over 3.3 million gravesites, maintaining 8,700 developed acres, and processing approximately 350,000 headstone and marker applications. We plan to meet this demand while maintaining our high level of customer service to our clients. We are proud of the fact that for the fourth time in a 10-year period, NCA was ranked the best over the Nation's top corporations and other federal agencies in an independent survey of customer satisfaction.

VA's burial and memorial programs are funded from both discretionary and mandatory accounts. Mandatory funding is provided from the Compensation and Pension account, managed by the Veterans Benefits Administration (VBA). These funds are used to purchase headstones, markers, medallions and burial crypts. I will focus

my comments today on the discretionary funding, administered by NCA. The President's 2013 budget request includes a total of $372 million for NCA's discretionary programs. Of this amount, $258 million is included for operations and maintenance of our national cemeteries; $9.6 million is requested for our Major Construction program; $58 million for Minor Construction; and $46 million for the Veterans Cemetery Grants program. The budget request will permit NCA to hire an additional 4 FTE to address expected increases in burials and to provide contract funding for additional maintenance requirements.

VA's Fiscal Year 2013 budget outlines the Department's priorities and NCA continues to move forward to support the Department in achieving the specific goals of expanding access for our Veterans and ending Veteran homelessness.

With respect to increasing Veteran access to a burial option, the FY 2013 budget will enable VA to provide almost 90 percent—or close to 20 million—of the Veteran population with a burial option in a national, state or tribal Veterans cemetery within 75 miles of their homes. The budget will allow NCA to continue progress to establish new national and columbarium-only satellite cemeteries, support states and tribes in establishing Veterans cemeteries, and implement a new policy aimed at reaching unserved rural Veterans.

In FY 2011, VA reduced the minimum Veteran population threshold requirement for building new national cemeteries from 170,000 to 80,000 within 75 miles of a proposed site. As a result of this policy change, NCA is planning to establish five new national cemeteries in the areas of Central East Florida; Omaha, Nebraska; Western New York; Tallahassee, Florida; and Southern Colorado. NCA is actively searching for land at these locations and expects to request related construction funding in future budgets. With available resources, NCA will continue with land acquisition efforts and preliminary design for the five cemeteries in FY 2013.

The budget also continues to support our urban initiative. NCA plans to build columbarium-only satellite cemeteries in five urban locations: Chicago, Indianapolis, Los Angeles, New York and San Francisco. Construction of these facilities will better serve the urban core and address concerns raised by NCA's customers regarding time and distance challenges associated with accessing national cemeteries. Funding was provided for Los Angeles, San Francisco (design) and Chicago in prior years. The FY 2013 budget includes funding for the New York City area and Indianapolis will be included in a future budget request.

In addition, the FY 2013 budget request will allow NCA to implement a new policy aimed at reaching unserved Veterans in rural areas that do not qualify for a national cemetery and where the construction of a state cemetery is not likely. The budget includes an initiative to establish a national cemetery presence in eight rural areas where the Veteran population is less than 25,000 within a 75-mile radius service area. These National Veteran Burial Lots would be NCA-owned and managed lots in public or private cemeteries. As a result of this initiative, an additional 132,000 Veterans will have convenient access to a burial option in the following states: Idaho, Maine, Montana, Nevada, North Dakota, Utah, Wisconsin and Wyoming.

NCA will continue its close partnership with the states in FY 2013. The budget request provides $46 million for the Veterans Cemetery Grants Program. The grants program provides an important complement to VA's national cemeteries by further expanding burial access to Veterans, especially those living in rural areas. FY 2013 funds will allow NCA to support states in collaboratively meeting high priority projects that serve Veterans, including those projects submitted by tribal governments. As part of this program, VA will continue to offer operating grants to assist states and tribes in achieving and maintaining standards of appearance commensurate with national cemetery shrine status. States and tribes are also able to continue their high level of service to Veterans with the recent Congressional action to increase the plot allowance to $700, and the subsequent adjustments based on the Consumer Price Index. These funds, which are administered by VBA, are available to the states and tribes when they bury a Veteran and are used to offset operating costs.

Regarding the goal to end Veteran homelessness, NCA will provide employment opportunities through the establishment of a new, paid Apprenticeship Training Program serving Veterans who are homeless or at risk of homelessness. The program will be based on current NCA training for positions such as Cemetery Caretakers and Cemetery Representatives. Veterans who successfully complete the program at national cemeteries will be eligible for full-time permanent employment at a national cemetery or may choose to pursue employment in the private sector.

The 2013 budget will allow NCA to continue to achieve exceptionally high performance results. We will process 90 percent of headstone and marker applications for Veterans buried in locations other than VA national cemeteries (e.g., private

cemeteries, state and tribal Veterans cemeteries) within 20 days of receiving the request. Ninety-five percent of gravesites in national cemeteries will be marked within 60 days of an interment.

NCA is committed to maintaining its high level of customer satisfaction. NCA achieved the top national rating four times in ten years on the prestigious American Customer Satisfaction Index (ACSI) established by the University of Michigan. The Index is the only national, cross-industry measure of satisfaction in the United States. We surpassed over 100 other federal agencies, and industry leaders like Ford, FedEx, and Coca Cola. NCA's internal customer survey confirms this exceptional level of performance. In FY 2011, 98 percent of respondents rated the appearance of national cemeteries as excellent and 95 percent rated the quality of service as excellent. Our 2013 targets for cemetery appearance and quality of service are 99 and 98 percent, respectively.

NCA attributes our success to the development and application of rigorous operational standards and measures that promote transparency and accountability, a national focus on training and strategic planning, as well as the continued support of the President and Congress. The FY 2013 budget reflects the sustained and significant investments in national cemeteries provided over the past several years. The base budget for operations includes nearly $32.9 million for projects to raise, realign and clean headstones and markers and repair sunken graves, as part of our ongoing effort to maintain national cemeteries as national shrines worthy of Veterans' service and sacrifice. My personal expectation of each employee in NCA is that they will provide Veterans and their families with outstanding customer service.

All employees at the National Cemetery Administration are the custodians of a sacred trust. We strive to be the model of excellence in the delivery of burial benefits and we are proud of our unprecedented customer satisfaction scores. We have created a culture of accountability and continuous management improvement. We know we have just one chance to get it right. When we make a mistake, we address it immediately and openly. As you know, we recently became aware of headstones that were set one gravesite off at Ft. Sam Houston National Cemetery in Texas that resulted from a contracted gravesite renovation project. The discovery of these errors, for which we take full responsibility, led me to direct a system wide audit of all VA national cemeteries that have undergone gravesite renovations in the past 10 years. As part of this audit and other due diligence, NCA has reviewed an estimated 1.3 million gravesites as of January 23, 2012. In total, 115 headstones and markers were identified as being offset by one gravesite and needed to be reset, four headstones needed to be ordered and placed on unmarked gravesites, and eight caskets or urns needed to be reburied. We have contacted the affected families where possible, extended our sincere apologies and made the appropriate corrections. We will review the remaining 1.8 million gravesites at VA national cemeteries by the end of calendar year 2012, and report our findings to the Committee. To minimize these errors in the future, we have improved procedures for the accountability of remains and will hire certified contracting officer representatives at each of our Memorial Service Network (MSN) offices to oversee future gravesite renovation projects.

Our veteran-focused work ethic is no surprise, given that 73.5 percent of NCA employees are Veterans and 80 percent of our cemetery directors are Veterans. Since January 2009, NCA has hired more than 250 Operation Enduring Freedom/Operation Iraqi Freedom Veterans—almost 50 were hired since June 2011. NCA is also committed to contracting with small businesses, especially businesses owned by Veterans and service-disabled Veterans. In FY 2011, NCA far exceeded the Secretary's goals for awards to small businesses: NCA awarded 77 percent of contracts to service-disabled Veteran owned small businesses, which was significantly above the Secretary's target of 10 percent. In addition, NCA met all goals in every contracting set-aside. We expect to achieve similar results in FY 2013.

Building upon our success, we look toward the future and the needs our Veterans will have in the years to come. In 2011, NCA initiated an independent study of emerging burial practices including "green" burial techniques, such as biodegradable urns, underwater cremation reefs and other environmentally sensitive options, to identify those that may be appropriate and feasible for planning purposes. The study will be completed in 2012 and will include a survey of Veterans to ascertain their preferences and expectations for new burial options. The completed study will provide comprehensive information and analysis for leadership consideration of new burial options.

The VA's 2013 Office of Information and Technology (OIT) budget includes approximately $10 million for operation and maintenance and $11 million for development projects in support of NCA. These funds will enable NCA to not only maintain

its current network and data center, but to continue to upgrade its major information technology systems and processes that will improve quality, minimize the possibility of error and reduce the time needed to deliver burial and memorial benefits. As part of our oversight responsibilities and commitment to transparency, NCA instituted enhanced accountability measures and maintained our focus on workforce training. NCA shared these aspects of our success with Arlington National Cemetery and recently requested that a planning meeting be scheduled to establish the joint working group recommended by the Government Accountability Office (GAO). We look forward to sharing best practices with our Department of Defense partners.

Mr. Chairman, this concludes my remarks. I appreciate your and the subcommittee's continued support of NCA and its mission as the custodians of a sacred trust. I am happy to answer any questions. Thank you.

Prepared Statement of Max Cleland

Introduction

Mr. Chairman and Members of the Subcommittee . . .

Thank you for this opportunity to discuss the American Battle Monuments Commission's Fiscal Year 2013 Appropriation Request.

"Time will not dim the glory of their deeds"

Those words of our first chairman, General of the Armies John J. Pershing, have served as our mantra and are the foundational inspiration of our strategic plan.

Honoring our Nation's fallen overseas has been our purpose since the Commission's creation in 1923. We perform this mission by commemorating service and sacrifice worldwide—at sites entrusted to our care by the American people. It is our responsibility to honor America's war dead and missing in action, where they have served overseas.

ABMC's core mission is one of commemoration – honoring service and sacrifice by maintaining memorial shrines to our Nation's war dead and preserving their stories so that time, indeed, does not dim the glory of their deeds. It is not geography that defines the American Battle Monuments Commission—it is purpose.

And we execute that mission by providing historical context for why our overseas monuments and cemeteries were established, why those memorialized within them died, and the values for which they died.

Those whom we honor deserve nothing less.

We must ensure that the words of British citizen Thomas Gorden were not prophetic, when he wrote:

Gods and soldiers we adore
In times of danger not before
The danger past and all things righted
God's forgotten and soldiers slighted

Telling Their Story

Maintaining our monuments and cemeteries is and will remain the Commission's core mission and top priority. But we also have a responsibility to tell the stories of those we honor.

We have three visitor center projects we expect to award this year that will enable us to better tell stories of service and sacrifice at Cambridge American Cemetery in England, Sicily-Rome American Cemetery in Italy, and at the Pointe du Hoc Ranger Monument in Normandy, France.

At the same time, we recognize our responsibility to prudently match our interpretive program efforts to fiscal and visitation realities.

Normandy American Cemetery, whose visitor center was dedicated in 2007, is our most visited site, with one million visitors annually. Pointe du Hoc receives nearly 500,000 visitors a year. Cambridge and Sicily-Rome, with their proximity to the major tourist destinations of London and Rome, have visitation growth potential. Most of our cemeteries, however, receive far fewer visitors.

We also are sensitive to the Commission's responsibility to preserve the historic fabric of our sites, in keeping with their status as important national heritage assets. At sites such as Meuse-Argonne cemetery in France and Flanders Field cemetery in Belgium, rather than program new facilities, we will renovate the existing visitor buildings to accommodate state-of-the-art interpretive exhibits.

Experience also has demonstrated that facility and exhibit design is a multi-year process—many of our sites might wait 15 to 20 years before we are able to provide full interpretive services to their visitors. That is not acceptable.

To ensure that all of our cemeteries have basic interpretive information available much sooner, we are producing "temporary" exhibits that will be deployed within the next 18 months. This is particularly important for our World War I sites, as we approach the August 2014 beginning of the World War I Centennial.

Unfortunately, most American and foreign citizens will never have the opportunity to walk the hallowed grounds of our overseas sites. For them, our website must become a virtual visitation experience.

Over the next five years, we will produce 18 educational interactive programs on major U.S. campaigns of the world wars to supplement the Normandy Campaign and Battle of Pointe du Hoc programs available now. And this year we will produce a mobile phone app for a tour of the Pointe du Hoc battlefield that will also be produced in a web version, the first of many such virtual tours we want to make available to the public.

We must continue to adapt our message and our products to the interests and demands of younger generations, for whom these important heritage sites and timeless lessons must remain relevant. We are devoting resources to do just that.

Let me now turn to a brief discussion of the work we are doing, and the work we need to do, in the Pacific.

UN Cemetery Memorial in Korea

The United Nations Memorial Cemetery in Korea (UNMCK) is located in Pusan, Korea. This site is the only UN military cemetery in the world. The Korean government has given the United Nations the use of the land for the cemetery in perpetuity.

Eleven countries have members of their armed forces interred at the cemetery, including the United States. Most of those nations have memorials in the cemetery honoring their armed forces—the U.S. does not.

In 2010, the Commission received an inquiry about creating a United States Memorial at this UN cemetery. Our Commissioners approved the project and we will take a design concept to the Commission of Fine Arts for approval next month. We hope to dedicate the memorial this summer.

Pacific Memorials

We also will restore four of our existing Pacific memorials.

Honolulu Memorial

The Honolulu Memorial is located within the National Memorial Cemetery of the Pacific. The memorial and cemetery are located in Puowaina Crater, an extinct volcano referred to locally as the Punchbowl because of its shape. The Commission erected the Honolulu Memorial in 1964 and it was dedicated on May 1, 1966. The Department of Veterans Affairs administers the cemetery; our Commission administers the memorial.

With 2010 and 2011 funding, we installed lifts at the memorial to provide full accessibility, and we are working on a Vietnam battle maps project we expect to dedicate in November on Veterans Day. Additional renovation and infrastructure work is budgeted in FY 2012 and FY 2013s.

Cabanatuan Memorial

The Cabanatuan Memorial in the Philippines is located at the site of the camp and honors those who died during internment. The Commission, recognizing the significance of this memorial, accepted responsibility for its operation and maintenance in 1989.

Because it was built as a private memorial, the design was not approved by the Commission of Fine Arts. We will renovate the memorial to replace and upgrade cladding materials, address deficiencies in the memorial text, and make site improvements to include the outbuilding and restrooms.

Guadalcanal Memorial

The Guadalcanal Memorial was built through the joint efforts of ABMC and the Guadalcanal-Solomon Islands Memorial Commission. It honors Americans and Allies who lost their lives during the Guadalcanal Campaign of World War II (August 1942 to February 1943).

Problems with the memorial are related to its foundation and encroachment. The Solomon Islands experience intense seismic activity causing degradation of the granite, gaps at the joints, and cracks and breakage of the granite tiles. Vandalism is

rampant because of the lack of a fence on the property line. Fencing is required to bring this site up to ABMC standard.

West Coast Memorial

The West Coast Memorial is located on the grounds of the Presidio overlooking the entrance to San Francisco Bay. The memorial was erected in memory of those who met their deaths in the American coastal waters of the Pacific Ocean during World War II. On the wall are inscribed the names of 412 Americans whose remains were never recovered or identified.

A project has been approved to address *Americans with Disabilities Act* upgrades and landscaping improvements in FY 2013. Additionally, consideration is being given to adding an outdoor interpretive panel to provide historical context for the memorial to visitors.

Manila American Cemetery

The Manila American Cemetery in the Philippines is the Commission's largest cemetery and our only commemorative cemetery in the Pacific. It contains 17,201 graves of our military dead of World War II, most of whom lost their lives in operations in New Guinea and the Philippines. The headstones, aligned in 11 plots, are set among a wide variety of tropical trees and shrubbery.

The chapel, enriched with sculpture and mosaics, stands near the center of the cemetery. In front of it on a wide terrace are two large hemicycles. Twenty-five mosaic maps recall the achievements of the American armed forces in the Pacific, China, India and Burma. On rectangular limestone piers within the hemicycles are inscribed the Tablets of the Missing containing 36,285 names. Carved in the floors are the seals of the American states and territories.

During FY 2010 and 2011, ABMC invested in horticulture projects to modify existing irrigation and pump systems and replace landscape and horticulture features. The Manila cemetery requirements beginning in FY 2012 are two-fold: improve the infrastructure of the cemetery and establish an enhanced interpretation program.

In order to combine interpretation and infrastructure efforts in a thoughtful process, a master plan was funded in FY 2011 to evaluate the need for major facility upgrades and to assess current conditions and infrastructure priorities. The master plan is not complete, but early indications are that the Commission needs to address serious cemetery requirements. Two of those requirements will be addressed in FY 2013:

Perimeter Wall: There are serious encroachment and boundary issues at the cemetery. To protect the cemetery and to address security concerns, the Commission will replace the current chain link fence around the site with a robust perimeter wall. Unless marked by a substantial "permanent" wall, local culture ascribes a "temporary" definition to the boundary that will continue to subject our commemorative site to degradation by such intrusions as local highway projects and infiltration by squatters. The new perimeter wall will be constructed in FY 2013 and should protect ABMC land from future intrusion.

Quarters: The existing two quarters are aging and are deficient in structure (walls are not insulated) and air conditioning (low efficiency window units). There has been a significant change in the cemetery environment as a result of high rise building construction, creating a less desirable living environment. The buildings overlook the quarters leaving no privacy to the families. Major renovation of the existing quarters will be costly and unsatisfactory due to this environment. The two quarters will be moved to a vacant area of the cemetery grounds, away from the high rise buildings. Quarters design will be funded in FY 2013.

Interpretation: Although we will not address the interpretive program at Manila cemetery in FY 2013, I want to mention it briefly. Manila is the only ABMC cemetery in the Far East where we have the ability to tell the story of the war in the Pacific. The cemetery honors by burial and by name on tablets of the missing more than 53,000 service men and women, nearly 24 percent of the 225,000 individuals honored at ABMC commemorative sites worldwide. The site also provides the Commission its best opportunity to feature accounts of the competence, courage and sacrifice of United States Navy and Marine Corps forces. Our Manila cemetery is an important venue for telling the World War II story in the Pacific.

Our requirements in the Pacific are extensive. Manila American Cemetery and our memorials in the Pacific are important elements of ABMC's worldwide commemorative mission and must receive appropriate attention and care, as that provided to our sites in Europe. We are committed to correcting the problems at these Pacific sites in future budgets.

Appropriation Request

To execute this mission, our Fiscal Year 2013 request is for $73,600,000 in total budget authority and a 400 Full-Time Equivalent (FTE) employment level.

The $58.4 million we request for Salaries and Expenses supports Commission requirements for compensation and benefits; rent and utilities; maintenance, infrastructure, and capital improvements; contracting for services; procurement of supplies and materials; and replacement of equipment. Our Salaries and Expenses request is $2.7 million below the funding provided for FY 2012.

The request to replenish our Foreign Currency Fluctuations Account under "such sums as may be necessary" language is estimated to be $15,200,000, a reduction of $800,000 from FY 2012. The $15.2 million will be used to defray losses resulting from changes in the value of foreign currencies against the U.S. Dollar. The ability to maintain purchasing power in an uncertain financial environment is critical when 60 percent of our annual appropriation is spent overseas.

We have taken a balanced approach to the projected reduction in our Salaries and Expenses account. Just over $2.0 million of the $2.7 million reduction will be taken in our Engineering & Maintenance and Interpretation programs. The other $700,000 reduction will be taken in Travel and in Services, Supplies and Equipment. This decrease also implements the Office of Management and Budget Director's September 12, 2011 guidance regarding "Eliminating Excess Conference Spending and Promoting Efficiency in Government."

The Commission requests no increase for Salaries & Benefits. The reduction in FTE is in line with our actual personnel requirements in FY 2011, our anticipated requirements for FY 2012, and reflects one of the results of the Secretary's reorganization plan to streamline the Commission in 2009. The reduction permits the Commission to fully fund mandatory overseas compensation expense increases that we incur without being constrained by Federal pay guidance, and an estimated 0.5 percent pay increase under the Administration's FY 2013 pay assumptions.

Conclusion

The essence of the Commission's mission success does not change from year to year: (1) keep the headstones white; (2) keep the grass green; and (3) tell the story of those we honor.

The Commission's $73,600,000 request will provide the resources needed to accomplish those core mission requirements, to a level that our war dead deserve and that the American people have come to expect.

With the support of the Administration and the Congress, we strive do our part to meet the challenge posed by the poet Archibald MacLeish—words I have shared with you before but which forever ring true:

" . . . We leave you our deaths: give them their meaning ..."

Mr. Chairman, Members of the Sub-Committee, I hope that you have the opportunity during your travels to visit our commemorative sites. Those that do never forget the inspiration, the humility—the gratitude—they felt as they walked those hallowed grounds.

Thank you for allowing me to present this summary of our mission operations and our appropriation request.

Executive Summary

Total Budget Authority Requested for Fiscal Year 2013

The American Battle Monuments Commission requests $73,600,000 in total budget authority for fiscal year (FY) 2013 to provide funding for Salaries and Expenses and the Foreign Currency Fluctuation Account. The FTE reduction is in line with the actual personnel requirements in FY 2011, anticipated requirements for FY 2012, and reflects one of the results of the Secretary's 2009 reorganization plan to streamline the Commission.

($ in thousands)	FY 2011 Appropriation	FY 2012 Appropriation	FY 2013 Request	FY 2012–FY 2013 Change
Salaries & Expenses	$64,072	$61,100	$58,400	($2,700)
Foreign Currency	$16,000	$16,000	$15,200	($800)
Total	$80,072	$77,100	$73,600	($3,500)
FTE Authorized	409	409	400	(9)
FTE Actual/Estimated	396	400	400	0

Salaries and Expenses Request

The Commission's FY 2013 budget request for salaries and expenses of $58,400,000 is $2,700,000 below the funding provided by the *Consolidated Appropriations Act* (Public Law 112–74) for FY 2012. Adjustments to the Commission's budget request are shown below:

FY 2012 Appropriation			**$61,100,000**.
Adjustments:	***Notes***		
Rent and Utilities, net increase	1	$87,000	
Travel		($504,000)	
Services, Cemetery Supplies, Equipment, net decrease	2	($237,000)	
Maintenance and Infrastructure Programs, net decrease	3	($2,046,000)	
Total Adjustments			($2,700,000).
FY 2013 Budget Request			**$58,400,000**.

Notes:

1 Increase per GSA office space rent estimate net of Utilities adjustments.
2 Net decrease in requirements for Services, Supplies and Equipment.
3 Decrease in Maintenance and Infrastructure Programs at ABMC cemeteries and monuments due to reduced number of projects in FY 2013.

Foreign Currency Fluctuations Account Request

The Commission's FY 2013 budget request to replenish its Foreign Currency Fluctuations Account under "such sums as may be necessary" language is estimated to be $15,200,000, a reduction of $800,000. This funding estimate is required to retain the Commission's buying power against currency losses, primarily against the European Euro.

Prepared Statement of Hon. Bruce E. Kasold

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE:

I am pleased to appear before you again and to present testimony on the fiscal year (FY) 2013 budget request and performance plans of the United States Court of Appeals for Veterans Claims. My remarks today will (1) summarize our budget request, (2) provide an update on the Court, its caseload, and its Operation Plan, and (3) touch on two important initiatives I have mentioned in the past – a broad examination of the structure of federal appellate review of veterans benefits decisions, and the Veterans Courthouse project.

I. Budget Request

The Court's FY 2013 budget request totals $32,480,700. This request is comprised of two parts – the Court's necessary operating expenses of $29,754,700, and a request by the Veterans Consortium Pro Bono Program (Pro Bono Program) for $2,726,000. Since FY 1997, the Pro Bono Program's budget request has been provided to Congress as an appendix to the Court's budget request. Accordingly, I offer no comment on that portion of our budget request.

As to the Court's operating expenses, our FY 2013 request reflects an increase of $1,710,700 over our FY 2012 appropriation. This increase results primarily from (1) an increase of $1.443M in the statutorily required contribution to the Court of Appeals for Veterans Claims Retirement Fund (Retirement Fund or Fund) (*see* 38 U.S.C. § 7298); (2) an increase of $455K in payroll compensation and benefits; and (3) a decrease of almost $190K in the Court's other operation expenses.

As to the Retirement Fund expense, as I noted in my testimony on the budget last year, upon becoming Chief Judge in 2010 I initiated a review of the Fund and the Court's past contributions. I noted that our internal budgeting for this expense routinely had been underestimated, resulting in an insufficient appropriations request and requiring funds originally planned for other activities, but not ultimately expended for those purposes, to be contributed to the Fund at the end of the year to reduce the unfunded liability pursuant to 38 U.S.C. § 7298. One reason for the past-years under-budgeting was that estimates were based on an anticipated average 5% growth in the Fund. In reality, there was less than .25% growth (the funds are invested in Treasury instruments), and that alone accounted for a guaranteed shortfall of about $1M at the end of the fiscal year. The same will occur each year that the actual interest return is less than the projected.

This low growth performance was taken into consideration in our FY 2012 budget request, although that was only a partial fix. Since submission of last year's request, with the assistance of the Court's actuary, we have further refined what is necessary to maintain the statutorily required funding with the goal of significantly reducing the need for end-of-year funding from appropriations provided for other purposes but not used. Our FY 2013 budget request of $3.8M reflects the funding necessary to maintain, on an actuarial basis, full funding through FY 2013.

For FY 2013 the Court requests $18.318M for Personnel Compensation and Benefits, an increase of $455K from FY 2012. The number of full time employees remains at 127, unchanged from FY 2012. The Court's appropriations request covers anticipated expenses for employees including salary, health benefits, insurance, and employee matching contributions to the Thrift Savings Plan, as well as routine promotions.

For FY 2013 the Court requests $7.637M for all other operation expenses ("Other Objects"), a decrease of nearly $190K from FY 2012. These funds are used to satisfy the Court's daily operations needs, and cover such expenses as rent, contract services, communication and utility expenses, equipment, furniture, supplies, subscriptions, travel and transportation, and printing expenses. These funds will also support enhancements to our capability to sustain continued operations in accordance with changes in the Court's Continuation of Operation Program (COOP) plan.

II. The Court, its Caseload, and its Operations

Since its creation in 1988, the Court has become one of the busiest federal appellate courts based on the numbers of appeals filed and decided per judge.

Over the past five years approximately 4,500 appeals and petitions have been filed annually at the Court, although last year the number of appeals and petitions dropped to just over 4,000. This likely is reflective of fewer Board decisions denying benefits, as our history of appeals generally tracks the rise and fall in the number of Board decisions that deny benefits. In addition to appeals and petitions filed, the Court receives hundreds of motions each month, each requesting that the Court take some action.

In FY 2011, on top of the significant number of motions, the Court, as a whole, disposed of over 7,500 matters, including over 4,600 appeals, over 2,500 applications for attorney fees and expenses, over 160 petitions, and hundreds of requests for reconsideration or panel review. Although short one permanent judge due to retirement, and two additional judges who are authorized if appointed by the end of this year, the Court has managed to decide more cases than ever before. This has been the result of 1) tremendous focus and effort by the active and senior judges and Court staff, 2) additional, temporary hires, and 3) managerial adjustments to streamline and facilitate the review process.

As I have testified to before, on becoming Chief Judge I examined our review process and noted two areas of un-programmed delay. One was the time it took to decide cases once they were assigned for judicial review, and second was the time it took our Central Legal Staff (CLS) to prepare case summary and research memoranda in advance of forwarding cases for judicial review.

With regard to judicial review, it must be recognized that quality significantly trumps quantity. With a continuous eye on quality, we also have focused this past year on the number of cases in chambers pending decision. We made some administrative adjustments and hired some temporary staff, and I am pleased to report that

virtually all cases assigned to chambers are now being decided within 90 days of that assignment, not including cases sent to panel or stayed pending decision in another case that might govern the result.

With regard to the time to prepare cases for judicial review, we initiated an aggressive review of all pending cases where there was representation; those with issues fully and adequately briefed were promptly transferred for judicial review without the case summary and research memoranda that traditionally had been prepared by CLS attorneys. I am pleased to report that this has reduced the number of cases pending preparation for judicial review from a high of over 800 to under 400 by the end of calendar year 2011, and we continue to work toward a goal of forwarding cases for judicial decision no more than 30 days after the matter is fully briefed by the parties.

With fewer case summary and research memoranda, additional CLS support was shifted to our Senior Judges. CLS attorneys prepare and draft cases and orders for the Senior Judges and are able to maintain a steady flow of work so that the Senior Judges are as productive as possible throughout their 90-day recall period. At the same time, we have continued our very successful mandatory conferencing process for all cases where the appellant is represented. This focus on resource allocation has proven to be tremendously helpful in reducing the overall number of cases pending decision by a judge or panel – from 709 at the end of FY 2010 to 388 at the end of FY 2011, and reducing the number of appeals at the Court over 18 months that are pending judicial decision from 709 to 170.

We also continue to use and adapt our innovative electronic case management/electronic case filing system (CM/ECF), which allows us to receive most documents and issue most orders and decisions electronically. CM/ECF permits remote 24-hour filing access, reduced storage space needed for record retention, the opportunity for multiple users to access records, efficient electronic notification procedures, and reduced mailing/courier costs – all useful and time saving features for case processing and management. We still do have paper filing and orders for self-represented appellants, who in fiscal year 2011 accounted for 54% of the number of appeals at the time of filing, and 24% at termination.

Although our managerial adjustments have been very helpful, I cannot stress enough the extra effort that all judges and Court staff have made, and are making, to decide cases. There are limits to how long one can continue "game-day" performance on a daily basis. Without question, if the number of Board decisions denying benefits grows significantly, and our appeals do the same, the time to process an appeal will grow, and only grow faster if our judicial vacancies are not filled.

III. Examination of the Structure of Federal Appellate Review of Veterans Benefits Decisions, and the Veterans Courthouse Project

In October 2009, and again in early 2010, I testified before our authorizing committees and this subcommittee regarding a proposal to establish a commission to evaluate the process of appellate review of veterans benefits decisions and to make recommendations on how to improve that system. Because such an independent commission may well identify beneficial changes to the current appellate structure that could result in reduced time to decide an appeal, as well as reduced time to adjudicate claims below, I again make that recommendation.

Under the unique system of judicial review we currently have, a party dissatisfied with a decision from our Court may appeal, as of right, to yet another appellate court before seeking review at the U.S. Supreme Court. The Court continues to believe that the time is right for a working group to review this system, critically examine its strengths and weaknesses, and identify measures that could benefit the overall appellate process. Specifically, we support and encourage a commission to weigh the costs and benefits of the unique, two-tiered federal appellate review system in place for veterans benefits decisions. With more that two decades of experience in appellate review of veterans benefits claims, and the resultant seasoned body of case law, it is time to consider the added value of the second layer of federal appellate review now in place.

I also want to follow up on the Veterans Courthouse Project. The United States Court of Appeals for Veterans Claims remains, to my knowledge, the only federal appellate court housed in a leased commercial office building. We were very close to receiving appropriations for the Courthouse in our FY 2010 appropriation, but circumstances combined to warrant delay. Specifically, the General Services Administration's estimated cost virtually doubled from the time of our FY 2010 budget testimony before this committee and passage of the FY 2010 appropriations bill, and at the same time the Nation's fiscal crisis was becoming better understood. We remain sensitive to budget constraints and understand that priorities must be set by

Congress. However, we stand with Congress in its intent to build a "dedicated courthouse [ ] symbolically significant of the high esteem the Nation holds for its veterans [that would] express the gratitude and respect of the Nation for the sacrifices of those serving and those who have served in the Armed Forces, and their families" (H.R. 3936) or "to provide the image, security, and stature befitting a court that provides justice to the veterans of the United States" (S. 1315). And, we also stand with the many Veterans Service Organizations and veterans at large who believe if any federal courthouses are to be funded for construction, their courthouse should be one of them.

IV. Conclusion

On behalf of the judges and staff of the Court, I express my appreciation for your past and continued support, and for the opportunity to provide this testimony today.

Executive Summary

- The fiscal year (FY) 2013 budget request of the United States Court of Appeals for Veterans Claims (Court) totals $32,480,700, which is made up of two separate and distinct parts: (1) $29,754,700 for the Court's necessary operating expenses, and (2) $2,726,000 sought by the Veterans Consortium Pro Bono Program. This request reflects an increase of $1,710,700 over the FY 2012 appropriation.
- The Court is one of the busiest federal appellate courts based on the number of appeals filed and decided per judge. The Court currently has six active Judges, with one permanent and two temporary authorizations vacant. In response to its heavy caseload, the Court has worked to identify ways to gain efficiency while preserving for all veterans the right to a full and fair decision on their appeals. The measures we have employed toward this end include: making administrative adjustments and hiring temporary staff to assist chambers in providing prompt judicial review; adjusting the tasks assigned to our central legal staff attorneys to allow them to concentrate their efforts on our very successful pre-briefing dispute resolution program and to assisting our recalled Senior Judges; streamlining the decision process for cases where the parties both have legal representation; continuing to adapt our electronic case management/electronic case filing system; and above all else, relying on the tireless effort and focus of our active judges, our six recall-eligible Senior Judges, and each and every member of the Court's staff.
- The Court continues to encourage appointment of a commission to evaluate the costs and benefits of the unique two-tiered federal appellate review system we have for veterans benefits decisions.
- The Court remains the only federal appellate court housed in a leased commercial office building. The Court is mindful of budget constraints but strongly urges that if any federal courthouses are to be funded for construction, a courthouse for our Nation's veterans should be among them.

Prepared Statement of Jeffrey C. Hall

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

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

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

RESOURCE RECOMMENDATIONS

Adequate Staffing for the Veterans Benefits Administration

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

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

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

Staffing Increase for Vocational Rehabilitation and Employment Service

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

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

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

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

Staffing Increase for the Board of Veterans Appeals

The Independent Budget also recommends a staffing increase at the Board of Veterans' Appeals of at least 40 full-time employee equivalents (FTEE) for FY 2013. Based on historical trends, the number of new appeals to the Board averages ap-

proximately five percent of all claims received, so as the number of claims processed by VBA is expected to rise significantly, so too will the Board's workload rise commensurately. With the number of claims processed at VBA having risen to over one million, and projected to rise even higher, it is virtually certain that the Board's workload will begin to rise even faster.

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

Dedicated Courthouse for the Court of Appeals for Veterans Claims

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

VETERANS BENEFITS RECOMMENDATIONS

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

Eliminate Remaining Concurrent Receipt Penalties

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

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

Repeal the DIC - SBP Offset

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

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

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

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

Adaptive Housing and Automobile Grants

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

Compensation for Quality of Life and Noneconomic Loss:

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

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

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

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

CLAIMS PROCESSING REFORM RECOMMENDATIONS

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

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

But more important than the number of claims processed is the number of claims processed correctly. The VBA quality assurance program is known as the Systematic Technical Accuracy Review (STAR) and is now available publicly on VA's ASPIRE Dashboard. The most recent STAR measure for rating claims accuracy for the one-year period ending September 2011 is 84 percent, about the same level as one year prior, and slightly lower than several years earlier. However, the VA Office of Inspector General (VAOIG) reported in May 2011 that based on inspections of 45,000 claims at 16 of the VA's 57 regional offices (VAROs), claims for disability compensation were correctly processed only 77 percent of the time. This error rate would equate to almost 250,000 incorrect claims decisions in just the past year.

Cultural Change Needed to Fix Claims-Processing System:

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

One of the more positive signs has been the open and candid attitude of VBA leadership over the past several years, particularly progress towards developing a new partnership between VBA and veterans service organizations (VSOs) who assist

veterans in filing claims. The IBVSOs have been increasingly consulted on a number of the new initiatives underway at VBA, including disability benefit questionnaires (DBQs), Veterans Benefit Management System (VBMS), and many, but not all business process pilots, including the I–LAB at the Indianapolis Regional Office. Building upon these efforts, VBA must continue to the reach out to its VSO partners, not just at central office, but also at each of the 57 regional offices.

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

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

Implementing a New Operating Model for Processing Claims:

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

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

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

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

Critical to the success of this implementation strategy will be the choices made by VBA this year. It will also be absolutely essential for Congress to provide strong oversight to ensure that the enormous pressures on VBA to show progress toward

eliminating or reducing the claims backlog does not result in short term gains at the expense of long-term reform.

Stronger Training, Testing and Quality Control

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

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

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

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

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

New Information Technology Systems

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

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

funding required and designated for the VBMS is protected from cuts or reprogramming, and spent as Congress intended.

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

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

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

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

Executive Summary

VBA AND GOE RESOURCE RECOMMENDATIONS

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

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

VETERANS BENEFITS REOMMENDATIONS

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

CLAIMS PROCESSING REFORM RECOMMENDATIONS

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

Prepared Statement of Diane M. Zumatto

Chairman Runyan, Ranking Member McNerney, Congressman Walz and distinguished members of the subcommittee, as an author of *The Independent Budget (IB),* I thank you for this opportunity to share with you the IB's recommendations in what we believe to be the most fiscally responsible way of ensuring the quality and integrity of the care and benefits earned by Americans veterans.

The Department of Veterans' Affairs (VA) National Cemetery Administration (NCA) maintains 131 of the nation's 147 national cemeteries, as well as 33 soldiers' lots. The 131 NCA operated cemeteries are composed of approximately 3.1 million gravesites and are located in 39 states and Puerto Rico. As of late 2010, there were more than 20,021 acres within established installations in the NCA.

VA estimates that approximately 22.4 million veterans are alive today and with the transition of an additional 1 million service members into veteran status over the next 12 months, this number is expected to continue to rise until approximately 2017. On average, 14.4 percent of veterans choose a national or state veterans' cemetery as their final resting place. As new national and state cemeteries continue to open and as our aging veterans' population continues to grow, we continue to be a nation at war on multiple fronts. The demand for burial at a veterans' cemetery will continue to increase.

The single most important obligation of the NCA is to honor the memory of America's brave men and women who have selflessly served in this nation's armed forces. Many of the individual cemeteries, monuments, grave stones, grounds and related memorial tributes within the NCA system are richly steeped in history and represent the very foundation of these United States.

The Independent Budget veterans service organizations (IBVSOs) would like to acknowledge the dedication and commitment demonstrated by the NCA leadership and staff in their continued dedication to providing the highest quality of service to veterans and their families. It is in the opinion of the IBVSOs that the NCA continues to meet its goals and the goals set forth by others because of its true dedication and care for honoring the memories of the men and women who have so selflessly served our nation. We applaud the NCA for recognizing that it must continue to be responsive to the preferences and expectations of the veterans' community by adapting or adopting new interment options and ensuring access to burial options in the national, state and tribal government-operated cemeteries. We also believe it is important to recognize the NCA's efforts in employing both disabled and homeless veterans.

NCA Accounts

In FY 2011 the National Cemetery Administration operated on an estimated budget of $298.3 million associated with the operations and maintenance of its grounds. The NCA had no carryover for FY 2011. The NCA was also able to award 44 of its 48 minor construction projects and had four unobligated projects that will be moved to FY 2012. Unfortunately, due to continuing resolutions and the current budget situation, the NCA was not able to award the remaining four projects.

The IBVSOs support the operational standards and measures outlined in the National Shrine Commitment (PL 106–117, Sec. 613) which was enacted in 1999 to ensure that our national cemeteries are the finest in the world. While the NCA has worked diligently improving the appearance of our national cemeteries, they are still a long way from where they should be.

The NCA has worked tirelessly to improve the appearance of our national cemeteries, investing an estimated $39 million into the National Shrine Initiative in FY 2011. According to NCA surveys, as of October 2011 the NCA has continued to make progress in reaching its performance measures. Since 2006, the NCA has improved headstone and marker height and alignment in national cemeteries from 67 percent to 70 percent and has improved cleanliness of tombstones, markers and niches from 77 percent to 91 percent. Although the NCA is nearing its strategic goal of 90 percent and 95 percent, respectively, for height and alignment and cleanliness, more funding is needed to continue this delicate and labor-intensive work. Therefore, the IBVSOs recommend the NCA's Operations and Maintenance budget to be increased by $20 million per year until the operational standards and measures goals are reached.

The IBVSOs recommend an Operational and Maintenance budget of $280 million for the National Cemetery Administration for FY 2013 so it can meet the demands for interment, gravesite maintenance and related essential elements of cemetery operations. This request includes $20 million for the National Shrine Initiative.

The IBVSOs call on the Administration and Congress to provide the resources needed to meet the critical nature of the NCA's mission and to fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully.

State Cemetery Grant Programs

The State Cemetery Grants Program (SCGP) complements the National Cemetery Administration's mission to establish gravesites for veterans in areas where it cannot fully respond to the burial needs of veterans. Several incentives are in place to assist states in this effort. For example, the NCA can provide up to 100 percent of the development cost for an approved cemetery project, including establishing a new cemetery and expanding or improving an established state or tribal organization veterans' cemetery. New equipment, such as mowers and backhoes, can be provided for new cemeteries. In addition, the Department of Veterans' Affairs may also provide operating grants to help cemeteries achieve national shrine standards.

In FY 2011 the SCGP operated on an estimated budget of $46 million, funding 16 state cemeteries. These 16 state cemeteries included the establishment or ground breaking of five new state cemeteries, three of which are located on tribal lands, expansions and improvements at seven state cemeteries, and four projects aimed at assisting state cemeteries to meet the NCA national shrine standards. Since 1978 the Department of Veterans' Affairs has more than doubled the available acreage and accommodated more than a 100 percent increase in burials through this program.

With the enactment of the "Veterans Benefits Improvement Act of 1998," the NCA has been able to strengthen its partnership with states and increase burial services to veterans, especially those living in less densely populated areas without access to a nearby national cemetery. Through FY 2010, the state grant program has established 75 state veteran's cemeteries in 40 states and U.S. territories. Furthermore, in FY 2011 VA awarded its first state cemetery grant to a tribal organization.

The Independent Budget veteran's service organizations recommend that Congress fund the State Cemetery Grants Program at $51 million for FY 2013. The IBVSOs believe that this small increase in funding will help the National Cemetery Administration meet the needs of the State Cemetery Grant Program, as its expected demand will continue to rise through 2017. Furthermore, this funding level will allow the NCA to continue to expand in an effort of reaching its goal of serving 94 percent of the nation's veteran population by 2015.

Veteran's Burial Benefits

Since the original parcel of land was set aside for the sacred committal of Civil War Veterans by President Abraham Lincoln in 1862, more than 3 million burials have occurred in national cemeteries under the National Cemetery Administration.

In 1973, the Department of Veterans' Affairs established a burial allowance that provided partial reimbursement for eligible funeral and burial costs. The current payment is $2,000 for burial expenses for service-connected deaths, $300 for nonservice-connected deaths and a $700 plot allowance. At its inception, the payout covered 72 percent of the funeral costs for a service-connected death, 22 percent for a nonservice-connected death and 54 percent of the cost of a burial plot.

Burial allowance was first introduced in 1917 to prevent veterans from being buried in potter's fields. In 1923 the allowance was modified. The benefit was determined by a means test until it was removed in 1936. In its early history the burial allowance was paid to all veterans, regardless of their service connectivity of death. In 1973, the allowance was modified to reflect the status of service connection.

The plot allowance was introduced in 1973 as an attempt to provide a plot benefit for veterans who did not have reasonable access to a national cemetery. Although neither the plot allowance nor the burial allowance was intended to cover the full cost of a civilian burial in a private cemetery, the recent increase in the benefit's value indicates the intent to provide a meaningful benefit. *The Independent Budget* veterans service organizations are pleased that the 111th Congress acted quickly and passed an increase in the plot allowance for certain veterans from $300 to $700 effective October 1, 2011. However, we believe that there is still a serious deficit between the original value of the benefit and its current value.

In order to bring the benefit back up to its original intended value, the payment for service-connected burial allowance should be increased to $6,160, the nonservice-connected burial allowance should be increased to $1,918 and the plot allowance should be increased to $1,150. The IBVSOs believe Congress should divide the burial benefits into two categories: veterans within the accessibility model and veterans outside the accessibility model.

Congress should increase the plot allowance from $700 to $1,150 for all eligible veterans and expand the eligibility for the plot allowance for all veterans who would be eligible for burial in a national cemetery, not just those who served during wartime. Congress should increase the service-connected burial benefits from $2,000 to $6,160 for veterans outside the radius threshold and to $2,793 for veterans inside the radius threshold.

Congress should increase the nonservice-connected burial benefits from $300 to $1,918 for all veterans outside the radius threshold and to $854 for all veterans inside the radius threshold. The Administration and Congress should provide the resources required to meet the critical nature of the National Cemetery Administration's mission and to fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully.

Executive Summary

Introduction: The Department of Veterans Affairs (VA) National Cemetery Administration (NCA) maintains 131 of the nation's 147 national cemeteries, as well as 33 soldiers' lots. The 131 NCA operated cemeteries are composed of approximately 3.1 million gravesites and are located in 39 states and Puerto Rico. As of late 2010, there were more than 20,021 acres within established installations in the NCA. Nearly 60 percent are yet to be developed and hold the potential to provide approximately 5.5 million more gravesites, composed of 4.9 million casket sites and 600,000 in-ground cremation sites. Of these 131 national cemeteries, 71 are open to all interments, 19 can accommodate cremated remains only, and 41 will perform only interments of family members in the same gravesite as a previously deceased family member.

VA estimates that approximately 22.4 million veterans are alive today, and with the transition of an additional 1 million service members into veteran status over the next 12 months, this number is expected to continue to rise until approximately 2017. These veterans have served in both World Wars, the Korean War, the Vietnam War, the Gulf War, Operation Enduring Freedom, Operation Iraqi Freedom, Operation New Dawn, and hostile conflicts around the world and during times of peace. On average, 14.4 percent of veterans choose to be laid to rest in a national or state veterans' cemetery. As new national and state cemeteries continue to open, as our aging veterans' population continues to grow, and as we continue to be a nation at war on multiple fronts, the demand for burial at a veterans' cemetery will continue to increase.

The most important obligation of the NCA is to honor the memory of America's brave men and women who have selflessly served in the armed forces. Therefore, maintaining NCA cemeteries as a national shrine dedicated to the memory of these men and women is a top priority. In fact, many of the individual cemeteries within the NCA system are steeped in history, and the monuments, markers, grounds, and related memorial tributes represent the very foundation of the United States.

The Independent Budget veterans service organizations (IBVSOs) would like to acknowledge the dedication and commitment demonstrated by NCA leadership and staff in their continued dedication to providing the highest quality of service to veterans and their families. It is in the opinion of the IBVSOs that the NCA continues to meet its goals and the goals set by others because of its true dedication and care for honoring the memories of the men and women who have so selflessly served our nation. We applaud the NCA for recognizing that it must continue to be responsive to the preferences and expectations of the veterans' community by adapting or adopting new burial options and ensuring access to burial options in the national, state, and tribal government-operated cemeteries. We also believe it is important to recognize the NCA's efforts in employing disabled and homeless veterans.

Topics to be discussed:

1. NCA Accounts: The IBVSOs recommend an Operational and Maintenance budget of $280 million for the National Cemetery Administration for FY 2013 so it can meet the demands for interment, gravesite maintenance and related essential elements of cemetery operations. This request includes the $20 million for the National Shrine Initiative. The IBVSOs further call on the Administration and Congress to provide the resources needed to meet the critical nature of the NCA mission and fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully.

2. The State Cemetery Grants Program (SCGP): The Independent Budget recommends an appropriation of $51 million for the SCGP for FY 2013. This funding level will allow the SCGP to establish new cemeteries, at their current rate, that will provide burial options for veterans who live in regions that currently have no reasonable accessible state or national cemetery. The IBVSOs further believe this

small increase in funding will help the National Cemetery Administration meet the needs of the State Cemetery Grant program, as its expected demand will continue to rise through 2017. Furthermore, this funding level will allow the NCA to continue to expand in an effort of reaching its goal of serving 94 percent of the nation's veteran population by 2015.

3. Veterans' Burial Benefits: Congress should divide the burial benefits into two categories: veterans within the accessibility model and veterans outside the accessibility model. Congress should increase the plot allowance from $700 to $1,150 for all eligible veterans and expand the eligibility for the plot allowance for all veterans who would be eligible for burial in a national cemetery, not just those who served during wartime. Congress should increase the service-connected burial benefits from $2,000 to $6,160 for veterans outside the radius threshold and to $2,793 for veterans inside the radius threshold. Congress should also increase the non-service-connected burial benefits from $300 to $1,918 for all veterans outside the radius threshold and to $854 for all veterans inside the radius threshold. Finally, the Administration and Congress should provide the resources required to meet the critical nature of the National Cemetery Administration's mission and fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully. able

February 9, 2012

The Honorable Representative Jon Runyan, Chairman
U.S. House of Representatives
Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, D.C. 20510

Dear Chairman Runyan:

Neither AMVETS nor I have received any federal grants or contracts, during this year or in the last two years, from any agency or program relevant to the February 16, 2012, House Veterans Affairs Committee hearing on the U.S. Department of Veterans Affairs Budget Request for Fiscal Year 2013.

Sincerely,

Diane M. Zumatto
AMVETS National Legislative Director

Question For The Record

Letter and Post-Hearing Questions for Diana Rubens, Deputy Under Secretary for Field Operations, Veterans Benefits Administration, U.S. Department of Veterans Affairs From: Hon. Jerry McNerney, Ranking Democratic Member, Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Services

February 17, 2012

Ms. Diana Rubens
Deputy Under Secretary for Field Operations
Veterans Benefits Administration
U.S. Department of Veterans Affairs
801 Vermont Avenue, NW
Washington, DC 20420

Dear Secretary Rubens:

In reference to our Subcommittee on Disability Assistance and Memorial Affairs hearing entitled "Budget Hearing FY 2013" that took place on February 16, 2012, I would appreciate it if you could answer the enclosed hearing questions by the close of business on Friday, March 30, 2012.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for materials for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively and single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Jian Zapata at *jian.zapata@mail.house.gov,* and fax your responses to Jian at 202–225–2034. If you have any questions, please call 202–225–9756.

Sincerely,

JERRY MCNERNEY
Ranking Democratic Member
Subcommittee on Disability Assistance and Memorial Affairs

KR/jz

1. The Independent Budget recommends that VA add 40 FTEs to the Board of Veterans' Appeals. As you know, the BVA has its own backlog, with appeals averaging 883 days (over two years). Yet, VA's budget flat funds the General Administration account under which BVA receives its funding.

a. In light of the CAVC's recent Freeman v Shinseki decision, which allows a beneficiary to appeal to the BVA the appointment of the fiduciary selected by VA (resulting in even more potential appeals), what is VA doing to address the backlog of appeals at the Board of Veterans' Appeals in its budget?

b. Are more FTEs for BVA needed?

2. Please elaborate on the claims processing initiative involving ACS, Inc., a private contractor. A recent POGO (Project on Government Oversight) study issued on 9/13/11, indicated that contractors cost more than federal employees. On average contractors are paid 1.83 times more than federal employees. In fact, claims processors are the most expensive contractors according to POGO, with average federal annual compensation for claims assistance and examining work at $57,292, compared to $75, 637 for contractors doing the same job.

a. Why is this contract necessary?

b. What are the costs associated with the contract with ACS, Inc. for claims development?

c. How many claims will ACS develop or process?

d. What will happen to current FTEs under the applicable C&P accounts?

e. Please elaborate on how the contracted employees through ACS, Inc. are trained within a matter of a few months while VBA employees are trained over the span of two years?

3. VBMS is slated to receive $128 million this budget cycle.

a. Does this funding level represent a decrease, if so what is the reason for the decrease?

b. Have all of VA's claims processing legacy systems been properly interfaced. How will VBMS interface with the Fiduciary Program's case management system?

4. VA requested funding for additional IDES employees for FY 2013.

a. Is this request level adequate given the amount of resources you disclose this process requires?

b. Is it adequate given the expect influx of new Veterans returning from war and expected to file claims?

5. What is the status of the Virtual Lifetime Electronic Record Initiative?

a. What is the funding level requested?

b. When is roll-out and implementation expected?

6. Will VA continue to use the Fast Track system for Agent Orange claims?

a. If so, how much will it cost during this budget cycle? Will it be used for any other purpose?

7. Certain stakeholders informed the Committee that the VBA Training Academy may not be operational and training for claims processors has ceased.

a. Is this true?

b. Are VBA training needs adequately addressed in this budget?

8. What is the Stakeholder Enterprise portal (allows VSOs access to some VA records)?

a. Who has access to it? How is it funded?

b. Will it be expanded to include access for other Veteran advocates/stakeholders?

Post-Hearing Questions for Diana Rubens, Deputy Under Secretary for Field Operations, Veterans Benefits Administration, U.S. Department of Veterans Affairs From: Hon. Michael H. Michaud, Member, Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Services

1. How often does the VA grant fiduciary power to a trusted family member who has power of attorney as opposed to a paid fiduciary?

Post-Hearing Response From Diana Rubens, Deputy Under Secretary for Field Operations, Veterans Benefits Administration, U.S. Department of Veterans Affairs To: Hon. Jerry McNerney, Ranking Democratic Member, Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Services, and Hon. Michael H. Michaud, Member, Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Services

Questions from Ranking Member McNerney (CA–11)

Question 1: The Independent Budget recommends that VA add 40 FTEs to the Board of Veterans Appeals .As you know, the BVA has its own backlog, with appeals averaging 883 days (over two years). Yet,VA's budget flat funds the General Administration account under which BVA receives its funding.

a. In light of the CAVC's recent *Freeman v. Shinseki* decision,which allows a beneficiary to appeal to the BVA the appointment of the fiduciary selected by VA (resulting in even more potential appeals),what is VA doing to address the backlog of appeals at the Board of Veterans' Appeals in its budget.

b. Are more FTEs for BVA needed?

Response: VA acknowledges the fiscal constraints facing all agencies in 2013 and appreciates Congress' approval of an increase in 2012 funds to address the appeals claims workload. BVA historically receives an average of 5 percent of all compensation claims that VBA receives. In FY 2011, BVA issued approximately 90 decisions per FTE, which includes Veterans Law Judges (VLJ) , attorneys, and administrative support staff,for a total of 48,588 decisions . In FY 2012, BVA projects issuing 47,600 decisions based on the current level of FTE supported . While additional FTE would result in additional decisions, VA must allocate its resources with consideration of needs across the entire Department.

To meet the challenge of the growing appeals workload, BVA has implemented efficiencies in two key areas: hearings and remands. The Department also submitted several legislative proposals to improve the appeals process. These initiatives are discussed more fully below.

With respect to hearings, approximately 25 percent of appellants before BVA request a hearing before a VLJ. The majority of appellants request an in-person hearing (e.g., 66 percent in FY 2011). An average of 75 percent of scheduled in person hearings in FY 2011 took place, meaning that 25 percent of those Veterans scheduled for hearings did not appear for the hearing. Data confirms that over the past five years, the national average show rate for field hearings is 73 percent. This leaves the VLJ who traveled to the field station with substantial down time.

The annual hearing schedule depends on demand, and slots are allocated to field stations well in advance of the beginning of each fiscal year. In planning for the FY 2012 hearing schedule, BVA decreased the number of available field hearings offered by 25 percent in favor of increasing video teleconference (VTC) hearings, which take place between the VLJ in Washington, DC and the Veteran at his or her local Regional Office (RO). This results in both monetary and time savings for VA. VLJs will gain time in the office, with an anticipated increase in decisional output (ranging from 2 percent to 5 percent) over the next few years. Additionally, VA will save an estimated $864,000 in travel costs through 2015.

Remands generate a substantial amount of rework for both VBA and BVA, which increases workload, while also greatly increasing the delay for Veterans. In FY 2011, BVA remanded 44 percent of appeals before the Board (21,464) to the Agency of Original Jurisdiction (AOJ), generally VBA. Historically, approximately 75 percent of all remands return to the Board. VLJs determined that 40 percent of FY 2011's remands (8,585) could have been avoided if the RO properly processed and reviewed the case in accordance with existing laws and regulations.

BVA has analyzed the data from its Remand Reasons Database (collecting reasons for remands since 2004) and determined that the top reason for remand is inad-

equate medical examinations and opinions. To reduce the number of remands that are returned to the Board, BVA has partnered with the Veterans Health Administration (VHA) to develop training tools and provide direct training to VA clinicians to improve VA compensation and pension examinations. Additionally, BVA and VBA have agreed to a mandatory joint training program to aid in standardizing adjudication across the system, driven by the most common reasons for remand. BVA has established an interactive training relationship with VBA's key organizations involved in the appellate process, i.e., the Systemic Technical Accuracy Review (STAR) staff, Decision Review Officers, and the Appeals Management Center staff. The goal of these efforts is to reduce the number of avoidable remands in the system.

VA has submitted legislative proposals to Congress that would streamline the appellate process. Specifically, VA has proposed a provision that would allow BVA to determine the most expeditious type of hearing for those appellants who requests a hearing before a VLJ. The proposal includes a "good cause" exception for those appellants who do not desire a video conference hearing. VA has also proposed an automatic waiver provision, establishing a presumption that an appellant, or his or her representative, has waived RO consideration of any evidence he or she files after filing the Substantive Appeal to the Board. This would eliminate readjudication of the appeal by the Ro in some cases, in favor of the Board directly addressing the evidence . Additionally ,VA has proposed reducing the time period to file a Notice of Disagreement (NOD) from 365 days to 180 days, to ensure timely processing of appeals and less rework due to stale evidence.

Question 2: Please elaborate on the claims processing initiative involving ACS , Inc., a private contractor . A recent POGO (Project on Government Oversight) study issued on September 13,2011, indicated that contractors cost more than federal employees. On average contractors are paid 1.83 times more than federal employees. In fact, claims processors are the most expensive contractors according to POGO,with average federal annual compensation for claims assistance and examining work at $57,292,compared to $75,637 for contractors doing the same job.

a. Why is this contract necessary?

Response: The Veterans Benefits Management Assistance Program (VBMAP) contract was issued as a means to address the current backlog in VBA claims development workload. The contractor develops claims and returns them to VA for decision. Secondary purposes included increasing enrollment in eBenefits, and providing training to VBA employees on change management and Lean Six Sigma.

VBMAP is a one-year professional services contract to perform disability claims development. This effort was developed and awarded on a firm-fixed price basis that only pays the contractor for claims returned at a 100 percent accuracy rate. The contractor is not paid for claims not meeting acceptance criteria , and the work is returned to normal VBA channels for correction or additionalfollow-up as necessary. The VBMAP contract does not specify the number or type of employees, but focuses on process automation, expedited actions,and transition/maintenance in the electronic (vice paper) environment.

b. What are the costs associated with the contract with ACS, Inc. for claims development?

Response: The VBMAP contract is for $18.6 million for claims development, eBenefits enrollment , and training to VBA employees on change management and Lean Six Sigma. $16.4 million is focused on the claims development task.

c. How many claims will ACS develop or process?

Response: The maximum amount of claims is 357,600.

d. What will happen to current FTEs under the applicable C&P accounts?

Response: There will be no changes to FTE as a result of the VBMAP contract.

e. Please elaborate on how the contracted employees through ACS, Inc. are trained within a matter of a few months while VBA employees are trained over the span of two years?

Response: The VBMAP contract focuses only on claims development and only for a narrowly defined type of claims vice the entire scope of duties of typical VBA employees. Additionally, the VBMAP contractor breaks the claims development processes into small discrete tasks, and their employees focus on single segmented tasks that feed back into the automated work stream . Thus, contractor employees tend to know only parts of the claims development workflow process. Supervisors and a

dedicated quality control team provide workflow monitoring and oversight to ensure accuracy of the final products.

Question 3: VBMS is slated to receive $128M this budget cycle.

a. Does this funding represent a decrease , if so what is the reason for the decrease?

Response: Yes,this funding represents a decrease, which is attributable to higher levels of investment in VBMS' core infrastructure and claims processing capabilities completed prior to FY 2013. FY 2013 funding requested will support continuation of national deployment, scanning, system enhancements, and defect repairs.

b. Have all of VA's claims processing legacy systems been properly interfaced. How will VBMS interface with the Fiduciary Program's case management system?

Response: VBMS currently interfaces with the Corporate Database and the VETSNET suite of applications . VBMS is initially focused on the establishment, development , and rating sections of the claims process. VA will evaluate interfaces with fiduciary and other programs as systems development and requirements gathering continue.

Question 4: VA requested funding for additional IDES employees for FY 2013 .

a. Is this request level adequate given the amount of resources you disclose this process requires?

Response: VA is staffed to support the current level of separations ,estimated at 27,000 claims per year. VA and the Department of Defense (DoD) continue to assess the impact of troop movement and drawdown of forces to the IDES program. We will continue to monitor resource needs as part of our overall evaluation of the program.

b. Is it adequate given the expect influx of new Veterans returning from war and expected to file claims?

Response: VA's estimate of claims receipts is based on available information. VA and DoD will continue to assess the impact of the drawdown of forces, as well as the impact of the recent VOW to Hire Heroes Act of 2011.

Question 5: What is the status of the Virtual Lifetime Electronic Record Initiative?

Response: Virtual Lifetime Electronic Record (VLER) enables VA and its partners to proactively provide the full continuum of services and benefits to Veterans through Veteran-centric processes made possible by effective, efficient, and secure standards-based information sharing. VLER is neither an IT program nor an information service provider. VLER is a multi-faceted business and technology initiative that includes a portfolio of health, benefits, and personnel information sharing capabilities ,with four over-arching goals that align to VA Strategic Plans. They are:

- Empower Veterans to securely access and control the use and dissemination of their health, benefits, and personnel information;
- Eliminate material and non-material barriers to information sharing across the VA enterprise and with external partners;
- Exploit information sharing innovations to ensure that the VA proactively delivers services and benefits; and
- Ensure that Veterans, their families , and other stakeholders are engaged to better understand their needs and increase participation in the development and use of VLER-enabled services.

To achieve its goals, VLER efforts are managed in four VLER Capability Areas (VCAs):

- VCA 1- Exchange health information required to support clinical healthcare between VA , DoD and private providers;
- VGA 2 - Expand the exchange of health, benefits , military personnel and administrative data in order to support disability claims adjudication;
- VGA 3 - Exchange additional health, benefits, military personnel and administrative information required to proactively deliver the full spectrum of benefits and services including, but not limited to, compensation , housing, education, pension, insurance and memorials; and
- VCA 4 - Provide Service members and Vetera ns the ability to securely access and control the use and dissemination of their health, benefits, and personnel information via the eBenefits portal.

a. What is the funding level requested?

Response: VA's FY 13 budget request for VLER is for $52.939 million.

b. When is roll-out and implementation expected?

Response: Each VLER capability area includes multiple projects in different stages of development. Some projects are in the early stages of development and will be implemented in FY 2013 and FY 2014. However, other VLER projects are already delivering valuable benefits. The following is a sample of VLER projects which have already made major impacts for millions of Service members and Veterans in numerous ways:

- More than 800,000 Servicemembers and Veterans use the VLER eBenefits portal (VCA–4) to manage their Servicemembers Group Life Insurance, obtain GI Bill Certificates of Eligibility and access more than 40 capabilities made available via eBenefits; new capabilities are being added to eBenefits on a quarterly basis.
- "Blue Button" has been implemented , providing online self-service downloads for on-demand access to personal health information to 750,000 active users.
- More than 1.6 million Veteran and Servicemember medical records have been shared via the VLER Bidirectional Health Information Exchange (BHIE) and Clinical Data Repository/Health Data Repository (CHOR) projects.
- Tens of thousands of Servicemembers and Veterans are taking advantage of DoD and VAparticipation in the nationwide health information network (NwHIN) being piloted in 13 areas across the country.
- VLER has impacted thousands of disabled Servicemembers , including our most severely wounded, ill, and injured by automating information management and sharing between DoD and VA in support of the Federal Recovery Coordinator and Integrated Disability Evaluation System.

Planned VLER Deliverables:

- Making Blue Button self-service downloads of on-demand personal health information available via eBenefits .
- Expanding NwHIN nationwide starting in July 2012, making health information exchange between VA, DoD, and private sector available to all Veterans.
- Providing VA Compensation and Pension examiners direct access to existing/legacy DoD health record systems (AHLTA & TMDS).
- Incorporating career transition assistance behind eBenefits portal (resume building, job search, entrepreneurship and voe/tech training).
- Completing automation of the transfer of all required claims adjudication information between DoD and the VA.
- Helping reduce the backlog of disability claims, VLER is planning to deliver the following in the latter half of FY 2012 and FY 2013:
  - — A "TurboTax® like" web-based forms which facilitate the collection of specific disability rating schedule information from DoD, VAand private clinicians performing compensation and pension (C&P) examinations.
  - — Enabling and automating the electronic sharing of rating schedule information so that systems used by VAto determine a Servicemember 's or Veteran's eligibility for benefits, and
  - — Providing VA C&P clinicians access to the information they need (from DoD systems) to make it easier and less time consuming to perform C&P exams for initial applications from active duty and recently discharged Servicemembers (including mobilized national Guard and Reservists).

Question 6: Will VA continue to use the Fast Track system for Agent Orange claims?

Response: Yes,VBA will continue to use the Fast Track system for Agent Orange claims.

a. If so, how much will it cost during this budget cycle? Will it be used for any other purpose?

Response: The FY 2013 budget request includes $1.8 million annually for operations and maintenance. Fast Track will not be used for any other purpose beyond processing of Agent Orange claims.

Question 7: Certain stakeholders informed the Committee that the VBA Training Academy may not be operational and training for claims processors has ceased.

a. Is this true?

Response: No - the Veterans Benefits Academy is in full operation. The Academy remains the main training site for VBA 's centralized training for new claims processor (Challenge). The FY 2013 budget request supports centralized training for more than 1,000 claims processors. The Academy is also the site of VBA's new supervisor training classes,which are also supported in the FY 2013 budget request.

b. Are VBA training needs adequately addressed in this budget?

Response: Yes, VBA's training needs are adequately addressed in the FY 2013 budget request.

Question 8: What is the Stakeholder enterprise portal (allows VSOs access to some VA records)?

Response: The Stakeholder Enterprise Portal (SEP) project supports the long term vision of a 21st Century VA ,which will enable convenient and seamless interactions between VA and Veterans . SEP will streamline access to self service capabilities and provide process improvements for identifying and granting access to VA's business partners and service providers. Essentially,VA business partners and service providers, including Veterans Service Organizations ,will be able to access VA benefits applications through a single online portal/access point.

a. Who has access to it? How is it funded?

Response: The portal is envisioned as the single entry point for all external, non-Veteran , stakeholders requiring access to VA self service applications . SEP is funded under the Veterans Relationship Management (VRM) Major Initiative.

b. Will it be expanded to include access for other Veteran advocates/stakeholders?

Response: Yes, expansion will allow access for Veteran advocates and stakeholders, including Veterans Service Organizations.

Question from Rep. Michaud (ME–2)

Question 1: How often does the VA grant fiduciary power to a trusted family member who has power of attorney as opposed to a paid fiduciary?

Response: VA's current workload management system does not track how many family members hold durable power of attorney (POA) for a beneficiary and also serve as the beneficiary's Federal fiduciary . However, VA's fiduciary appointment process always considers the beneficiary's preference first. If VA cannot qualify the beneficiary's preference,VA will consider a family member, custodian, care provider, or any other person willing to provide fiduciary services without charge. Thus, while the existence of a POA is not criteria for appointment, it is likely that some current fiduciaries ,the majority of whom are family members, also hold POA for the beneficiary.

Relying on POAs alone as criteria for appointment of Federal fiduciaries could prove difficult. POAs often have an expiration date or other limiting terms, and VA might find it necessary to determine whether the beneficiary executed the document with full understanding of its effect. Such determination might unnecessarily complicate and delay the fiduciary appointment process. Accordingly ,absent the appointment of the beneficiary's preference, the current significance of a POA in VA's fiduciary program is that it may help identify an individual whom the beneficiary trusts regarding financial matters and might be best suited for appointment.

Regarding paid fiduciaries , as of February 24, 2012, less than eight percent of the more than 123,000 beneficiaries in VA's fiduciary program have a paid fiduciary. VA's policy is to find the least restrictive and most effective method of payment, which is generally a family member who by law cannot charge a fee for fiduciary services.

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