

# OVERSIGHT OF GI BILL IMPLEMENTATION

---

---

HEARING  
BEFORE THE  
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY  
OF THE  
COMMITTEE ON VETERANS' AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED TENTH CONGRESS  
SECOND SESSION

SEPTEMBER 11, 2008

**Serial No. 110-103**

Printed for the use of the Committee on Veterans' Affairs



U.S. GOVERNMENT PRINTING OFFICE

44-929

WASHINGTON : 2009

---

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

## COMMITTEE ON VETERANS' AFFAIRS

BOB FILNER, California, *Chairman*

CORRINE BROWN, Florida	STEVE BUYER, Indiana, <i>Ranking</i>
VIC SNYDER, Arkansas	CLIFF STEARNS, Florida
MICHAEL H. MICHAUD, Maine	JERRY MORAN, Kansas
STEPHANIE HERSETH SANDLIN, South Dakota	HENRY E. BROWN, JR., South Carolina
HARRY E. MITCHELL, Arizona	JEFF MILLER, Florida
JOHN J. HALL, New York	JOHN BOOZMAN, Arkansas
PHIL HARE, Illinois	GINNY BROWN-WAITE, Florida
SHELLEY BERKLEY, Nevada	MICHAEL R. TURNER, Ohio
JOHN T. SALAZAR, Colorado	BRIAN P. BILBRAY, California
CIRO D. RODRIGUEZ, Texas	DOUG LAMBORN, Colorado
JOE DONNELLY, Indiana	GUS M. BILIRAKIS, Florida
JERRY MCNERNEY, California	VERN BUCHANAN, Florida
ZACHARY T. SPACE, Ohio	STEVE SCALISE, Louisiana
TIMOTHY J. WALZ, Minnesota	
DONALD J. CAZAYOUX, JR., Louisiana	

MALCOM A. SHORTER, *Staff Director*

---

## SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

STEPHANIE HERSETH SANDLIN, South Dakota, *Chairwoman*

JOE DONNELLY, Indiana	JOHN BOOZMAN, Arkansas, <i>Ranking</i>
JERRY MCNERNEY, California	JERRY MORAN, Kansas
JOHN J. HALL, New York	STEVE SCALISE, Louisiana

Pursuant to clause 2(e)(4) of Rule XI of the Rules of the House, public hearing records of the Committee on Veterans' Affairs are also published in electronic form. **The printed hearing record remains the official version.** Because electronic submissions are used to prepare both printed and electronic versions of the hearing record, the process of converting between various electronic formats may introduce unintentional errors or omissions. Such occurrences are inherent in the current publication process and should diminish as the process is further refined.

# CONTENTS

SEPTEMBER 11, 2008

	Page
Oversight of GI Bill Implementation .....	1
OPENING STATEMENTS	
Chairwoman Stephanie Herseth Sandlin .....	1
Prepared statement of Chairwoman Herseth Sandlin .....	26
Hon. John Boozman, Ranking Republican Member .....	2
Prepared statement of Congressman Boozman .....	26
Hon. Bob Filner .....	3
WITNESSES	
U.S. Department of Veterans Affairs, Keith Pedigo, Associate Deputy Under Secretary for Policy and Program Management, Veterans Benefits Adminis- tration .....	6
Prepared statement of Mr. Pedigo .....	27
MATERIAL SUBMITTED FOR THE RECORD	
Post-Hearing Questions and Responses for the Record: Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity, Committee on Veterans' Affairs, to Hon. James B. Peake, Secretary, U.S. Department of Veterans Affairs, letter dated December 8, 2008, and VA responses .....	31



## OVERSIGHT OF GI BILL IMPLEMENTATION

---

THURSDAY, SEPTEMBER 11, 2008

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON VETERANS' AFFAIRS,  
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 1:07 p.m., in Room 340, Cannon House Office Building, Hon. Stephanie Herseth Sandlin [Chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth Sandlin, Donnelly, McNerney, Hall, Boozman, Moran, and Scalise.

Also Present: Representatives Filner and Snyder.

### OPENING STATEMENT OF CHAIRWOMAN HERSETH SANDLIN

Ms. HERSETH SANDLIN. Good afternoon, ladies and gentlemen. The Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, oversight hearing on the implementation of the GI Bill, as updated in Public Law 110-252, will come to order.

Before we proceed with today's hearing, I would like to take a moment to remember the lives we lost on the morning of September 11, 2001. As our country continues to heal from this tragic event of 9/11, we must never forget that today we have thousands of troops serving honorably in Iraq and Afghanistan, many of whom have served in multiple deployments overseas.

I would like to express my sincere thanks and appreciation to our men and women in uniform who have answered the Nation's call to duty, and reinforced my commitment to serve them honorably as they continue to serve us all.

Keeping this in mind, we must never forget that today's service-members are tomorrow's veterans, who will require the resources to succeed in life after military service. To this end, this Subcommittee has held numerous hearings, here in Washington, DC, and our Congressional districts, on programs critical to their continued success. One such program in which we were able to make significant progress is the Montgomery GI Bill. Public Law 110-252 will provide our veterans the educational entitlements needed to attend a college or university of their choice. Certainly this landmark legislation makes significant improvements, but we must remain vigilant to ensure Congressional intent is fully implemented, and the U.S. Department of Veterans Affairs (VA) is afforded the resources to meet the needs mandated by Congress.

Today's hearing will give the Subcommittee the opportunity to better understand the VA's implementation plan as required by Public Law 110-252. As many of you may be aware, there have

been numerous concerns over the VA's plan to contract out services, contracting transparency, and time constraints to implement the requirements of the newly enacted law. Last month, we sent a letter inviting Secretary Peake to participate in today's hearing. This letter specifically states that the purpose of the hearing today was to have the VA present its plan on implementing Chapter 33 with as much detail as possible. I am deeply disappointed that the testimony that was submitted was not as extensive as we were hoping, although we did get some additional material at about 12:30 today. I hope that over the next few weeks we can be properly informed on the VA's plan to meet Public Law 110-252, including the information that is presented today.

I look forward to working with Ranking Member Boozman and Members of this Subcommittee to provide oversight on the implementation of the new Montgomery GI Bill requirements.

[The prepared statement of Chairwoman Herseth Sandlin appears on p. 26.]

Ms. HERSETH SANDLIN. I now recognize Mr. Boozman for any opening remarks he may have.

#### **OPENING STATEMENT OF HON. JOHN BOOZMAN**

Mr. BOOZMAN. Thank you, Madam Chairman. I would like to associate my remarks concerning the anniversary of today and things, and appreciate you taking the time to mention that, along with the recognition of our people in uniform now.

I would like to concur with the chair's dissatisfaction with the prepared testimony. I believe the invitation letter was sufficiently detailed regarding our expectations for today's hearing. And while I recognize the VA may be constrained regarding competition-sensitive information, describing the Department's desires expressed in the statement of objectives provided to the industry is well within their authority.

I expect the Department to provide the Subcommittee with a very detailed briefing on those objectives, and the winning bidder's plan to meet them, very shortly after the contract is awarded, at the least. It is ironic and fitting that we are holding a hearing on the 9/11 GI Bill 7 years after the attack on America, an event that contributed to today's global conflict. The Global War on Terror has highlighted the need to create a new GI Bill that reflects the increased obligations of today's servicemembers and their families. In addition to caring for our dead and wounded, there is no more important benefit to offer a path to personal growth than through a generous education benefit. As you may remember, the Subcommittee on Economic Opportunity, under Chairwoman Herseth Sandlin's leadership, reported a GI Bill that I believe was an excellent bill, and I think superior in many ways to what eventually became law. H.R. 5684 was simpler to administrate, more flexible, and offered \$19,000 per year for full-time enrollment. The bill was eventually passed by the full Committee, but failed to make it to the floor. So we're here today to really have the VA describe how they intend to implement the very complex program in Chapter 33. Frankly, I am very concerned that despite VA's best efforts, they will not meet the August 1, 2009, deadline. We are aware that VA intends to contract out a significant portion of the effort to bring

the program online, but they now have less than 11 months to get the work done. I hope that we have not given them an insurmountable task.

I am also aware there is some opposition to VA's intent to contract out development of the new information technology (IT) system, and possibly some personnel issues. I would remind those who oppose using modern information technology to manage the system that it is the most promising way to shorten the processing time. While a small number of cases may require manual intervention, because of the complexity, the vast majority should lend themselves to automated process. I am confident that if we ask veterans whether they would prefer the current method that now takes about 20 days, or an automated process that could provide an answer in minutes, that they will choose the latter. I believe there is an example of this at the Department of Education, and I would ask VA whether they have looked into that model.

As to whether the IT should be developed in-house or via contract, those who point to the failure of Core FLS should also remember that VETSNET is primarily an in-house project that has been in development since the late eighties, and has experienced numerous failures, and has cost the Government over \$600 million. From reading VA's testimony, there is ample opportunity for VA employees to remain employed in the Education Service or elsewhere within the Veterans Benefits Administration (VBA).

My point is that we have given the VA a complex new program to manage, and until their selected approach to implementing that program fails, we should not interfere. You should be about meeting the need of veterans seeking education, and no other agenda.

Madam Chair, this Subcommittee has worked hard for 4 years in a bipartisan way to do the right thing by those who have borne the battle. If VA believes they need any additional legislation, I hope they will provide that to us in time for us to act. I look forward to hearing from the Department today, and I hope their testimony will not only describe the major features of the proposed contract, but also a frank and candid assessment of the challenges they face.

I yield back.

[The prepared statement of Congressman Boozman appears on p. 26.]

Ms. HERSETH SANDLIN. Thank you very much, Mr. Boozman. I would now like to recognize the Chairman of the full Committee, Mr. Filner, for an opening statement.

#### **OPENING STATEMENT OF HON. BOB FILNER**

Mr. FILNER. Thank you, Madam Chair. I want to thank you and Mr. Boozman for your leadership on these issues over the past several years. You have been a model of bipartisan cooperation, and the bill that was passed and signed by the President is a great bill. And now, of course, timely oversight. So I thank you for your leadership.

As you stated, this was an opportunity for the VA to tell us how they were going to meet their deadlines. Like you, when I saw only four pages of testimony, and a PowerPoint presentation, I am not sure that gives us enough detail to understand what is happening.

I do not believe that is a service to all of the stakeholders who are looking to this with such great optimism and hope. The letter that the Chair and Ranking Member sent to Secretary Peake stated that the purpose of the hearing was to present VA's plan with as much detail as possible. We wanted to have a thorough understanding of what was going on, and I hope you will do that in the testimony today.

I have great doubts about contracting out. VA employees have administered education benefits since the end of World War II. We know that many changes have been made over the years and they have been successfully implemented. You have, as I understand it, about 250,000 employees that are working. You have a year to do this and you have close to a \$100 billion budget. If I was in charge of all of that, I would not be asking for more money. I do not know what your ballpark is because you have not put that in any of the figures before us today. I do not know why you need to contract out services, with so many employees, so much money, and so much time.

I do not think that replacing the VA employees with inexperienced contractors is very good business. Many VA employees, as you well know, are veterans themselves and identify with those veterans applying for benefits. VA employees are there for one reason, to help the veterans. How can the VA justify replacing employees with contractors, which I bet in the Request For Proposal (RFP) it does not say, "Do you relate to veterans?" Their primary concern is not serving veterans. You argue, that the need is to have this in place by August of 2009. I do not see how you can meet that deadline when you are spending all of your time seeking bids out to contract out, implementing a new software program, and training new staff with very little or zero experience. If the VA has been improving its processing time for educational entitlements over the years, why throw away all those gains that have been made?

I notice in the handout, and I am sure you will explain this further, your first objective of the RFP is that you will meet all the requirements. And then, number four says, "Oh, by March 2009, we will determine if the solution meets these requirements."

What are you giving out in an RFP about meeting the requirements and what happens in March if they have not met the requirements? It seems to me that we are back to square one.

Can you give me a yes or no right now? Are there any penalties if they do not meet these deadlines? Where in the RFP is a statement of penalties? I did not see any.

Mr. PEDIGO. There are penalties in the statement.

Mr. FILNER. Like what?

Mr. PEDIGO. Statement of objectives—

Mr. FILNER. Do they get any money for the contract if they do not meet the objectives?

Mr. PEDIGO. Let me ask Mr. Wilson to address that.

Mr. WILSON. The RFP proposes that the vendor will propose both monetary incentives and monetary disincentives.

Mr. FILNER. Oh, they are proposing?

Mr. WILSON. And the reason that we did that is that will help us get an understanding of how confident they are in their proposed solution.



Mr. FILNER. Someday I would like you to read what you just said, and see why the public has so little confidence in people we call bureaucrats. You want someone, and I do not know how much money we are going to pay, perhaps millions of dollars, to meet a deadline, and you want to know about their confidence in meeting it as part of the RFP? That sounds pretty ridiculous to me. I am just a layman, but someone is going to get a lot of money, so why should they be paid if they do not even meet the objectives that you have laid out here? I do not understand that at all.

You should be right now in the process of implementing this program in-house, training your staff, and giving them a year of preparation instead of contracting it out. This is a Government function, and it should continue to be a Government function. If we have capable employees that have been trained in this capacity to implement and distribute Montgomery GI Bill entitlements, and the VA was given money this year for over 800 more employees, why is there a need to outsource the whole program? The VA's focus should be on building up your internal success, and not just saying, "Hey, we cannot do it."

We have received, on this Committee, letters from VA employees expressing their concerns. One person wrote that the VA employees are better equipped to handle the educational benefits because, number one, they are familiar with the U.S. Department of Defense (DoD) documents that need to be reviewed to establish veterans' benefits eligibility; number two, they are trained to use various DoD databases to locate and confirm information; they are trained to process claims when veterans appeal the decision; they are trained to contact individual service branches; and, they are trained to contact State approving agencies, colleges, universities, and veterans service organizations. Your contractor is going to have to figure all that out.

In addition, employees need to understand all the benefit programs, not just the GI Bill. Knowing all of the benefit programs helps in processing education benefits, because most veterans are eligible for benefits that they may not know about or they may be under different categories.

I do not see how you can expect to train new employees, or the contractors, to know all the ins and outs of the VA, be familiar with these DoD documents and databases, and be familiar with the benefit programs, in 1 year.

Finally, I am concerned that the contracting bids are not as accessible to the public as they should be. There is a need for transparency, and the VA has not been totally forthcoming with all the information. I hope you take the opportunity today to clear up any of these misconceptions, and thoroughly inform the Committee of your plans to meet the requirements of Public Law 110-252. It is very discouraging to see how all of this started. Again, you give us four pages of testimony, and a PowerPoint presentation. It does not look like you have any accountability in this whole process. It says you are not going to determine if they meet the requirements of the GI Bill until March 1, 2009. What kind of nonsense is that? That you are giving out an RFP, and you do not even know if it is going to meet the requirements until next March? And what if it does

not? As I said, we are back to square one. And the penalties, “they” are going to suggest the penalties? Come on, guys.

To me, I do not want to pay for this if they do not meet the requirements that you have set out. But we should not be doing this anyway, because we have the employees who know how to do it, and they have been doing it for years and years. Let them do the job.

Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Thank you, Mr. Chairman.

I now want to welcome our two panelists testifying before the Subcommittee today. Joining us on the first and only panel today is Mr. Keith Pedigo, Associate Deputy Under Secretary for Policy and Program Management, Department of Veterans Affairs. Mr. Pedigo is accompanied by Mr. Keith Wilson, Director of the Office of Education Service, Veterans Benefits Administration, Department of Veterans Affairs.

Mr. Pedigo, you are now recognized to make your presentation to the Subcommittee.

**STATEMENT OF KEITH PEDIGO, ASSOCIATE DEPUTY UNDER SECRETARY FOR POLICY AND PROGRAM MANAGEMENT, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY KEITH M. WILSON, DIRECTOR OF EDUCATION SERVICE, VETERANS BENEFIT ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS**

Mr. PEDIGO. Thank you, Madam Chairwoman. We are happy to be here this afternoon. I want to take this opportunity to try to provide as much information as possible about the approach that we are using to implement the new GI Bill. As I say, we appreciate the opportunity to be here, to talk to you about the strategy for implementation of Public Law 110-252, the post-9/11 GI Bill. And as you said, accompanying me today is Mr. Keith Wilson, Director of the VA’s Education Service.

My testimony will highlight the staffing information and technology solutions being pursued by VA. Mr. Wilson and I are also prepared to provide a PowerPoint presentation that addresses selected element of the procurement process that is presently underway to identify a contractor to provide a secure solution to support VA’s efforts to administer this new program.

Our strategy for implementation of this program calls for contractor support to build upon and accelerate an already existing strategy to employ a rules-based industry-standard technology in the delivery of education benefits. VA’s numerous education programs contain eligibility rules and benefit determinations that work well with rules-based technology that requires minimal human intervention.

The goal of minimizing human intervention through the electronic processing of applications and enrollment information was outlined in both the VA’s fiscal 2008 and 2009 budgets. I would like to emphasize that the contractor will not have full responsibility over the administration of the post-9/11 GI Bill. Instead, the contractor will be responsible for development of the information technology solution, and general administrative and data entry func-

tions. Education claims that are rejected by the automated process and require manual eligibility determinations will remain the responsibility of trained VA personnel.

VA plans to award a contract for support in the very near future. The contractor will be accountable for providing timely and accurate education claims processing by completing original claims in at least 10 days, supplemental claims in at least 7 days, and by achieving an accuracy rate of at least 98 percent. The technological solution and services provided will be under close direction and oversight of VA employees.

Since enactment of the post-9/11 GI Bill, VA's Education Service has been working with other elements of VA to enhance key existing VA IT systems. For example, the VA application that allows schools' certifying officials to transmit enrollment data electronically to VA is being modified to accommodate the reporting requirements of the new program.

VA is also working closely with elements of the Department of Defense to establish data requirements and procedures for implementation of the transferability provisions of the new program. Our goal is to transition servicemembers and veterans into the new program with no disruption in the payment of educational benefits, in accordance with the August 1, 2009, effective date for the new program.

Based on the implementation strategies being pursued, VA does not anticipate a loss of Federal employment for any present employees associated with VA's education programs. Since the post-9/11 bill will result in tuition and fee payments being made directly to educational institutions, some current claims processing resources will be shifted to increase compliance and oversight responsibilities. VA employees will continue to staff and operate our nationwide call center in Muskogee, Oklahoma. VA employees will also continue to respond to all online inquiries through the VA Web site, including post-9/11 GI Bill inquiries.

The provisions of the post-9/11 GI Bill require VA to develop regulations to administer the program. VA is actively engaged in this process, and we anticipate publishing the program's final regulations in the Federal Register in May of 2009.

Outreach to veterans and servicemembers is a key objective of our implementation plan for the new program. The VA's GI Bill Web site has been updated to include information regarding the new program, and already over a quarter of a million have viewed the "frequently asked questions" section of that site.

In addition to our web-based outreach, VA is preparing posters, pamphlets, and direct mailings to veterans, servicemembers, colleges, and university Executives. Also, in late 2008, VA will launch a multimedia advertising campaign in an effort to reach individuals who may have dropped from our direct mailing rolls. These are individuals who have left the military and have not used VA benefits, or have relocated since last using a VA benefit.

Madam Chairwoman, this concludes my statement. I will be pleased to answer any questions you or other Members of the Subcommittee may have.

[The prepared statement of Mr. Pedigo, and the PowerPoint slides, appears on p. 27.]

Ms. HERSETH SANDLIN. Did you want to take us through the PowerPoint presentation at this time, Mr. Pedigo?

Mr. PEDIGO. We would be happy to do that.

Ms. HERSETH SANDLIN. Okay.

Mr. PEDIGO. What I would like to do, if it is okay with you, is I will handle the first couple of slides, and then I will ask Mr. Wilson to go through the remaining portions of the presentation. If we could please go to the first slide.

What I want to make sure that the Subcommittee understands is that our decision to basically provide a secure IT solution for the new GI Bill is not a new strategy. As I said in my testimony, that strategy was articulated in both the 2008 and 2009 President's budgets. It has been our intent for at least the last 2 years to take our existing systems in VA, and primarily, what we call the TEES system, which is The Education Expert System, and develop that into a rules-based engine that would be capable of making most of the decisions on the existing VA education programs. And when I say "existing programs," I'm talking about those that existed prior to the implementation of the new GI Bill.

Under the strategy that we are using to implement the new GI Bill, we are simply accelerating the already-existing strategy. And because of the urgency of meeting the August 1, 2009, effective date for this program, we felt the need to seek vendor support to help build this implementation technology solution. At the present time, because of the nature of the procurement that we are using, we do not know the details of the proposed solution from the vendors to implement the GI Bill. And that is because the vehicle that we are using is what is known as a performance-based contract, where essentially we go out to those who would provide bids to us, and we tell them what the basic requirements are that we want them to solve, and then they use industry best practices, and propose a solution on how we can best implement the new GI Bill.

So at this point in the procurement process, we do not know, we have not seen the proposals that the bidders are going to submit to us. But before the end of this month, we will have a very good idea of what those proposals are.

And I want to emphasize that with respect to VA employees, we do not have any plans to put any VA employees out on the street as a result of this new program. Our intention is to use what will probably be a significant number of the existing employees to continue to process the programs that existed in the education area prior to the new GI Bill, and we have five programs that will have to continue to be administered. We are going to use these new employees to take all the calls at the Muskogee, Oklahoma, call center. And these employees will be particularly involved in—if you could go to the next slide, please—these employees will be particularly involved with handling cases that the information technology solution is not able to handle. It is our expectation that the rules-based system that we will have will be capable of making most decisions on veterans' entitlement and eligibility for the new GI Bill in an automated fashion without human intervention, but we recognize that because of the complexity of this bill, and because of the nuances of the service time and nature of military service for

some veterans that the system cannot handle all cases. And so the exceptions will be handled by full-time VA staff.

I want to mention that the VA, especially VBA, the Veterans Benefits Administration, has a solid record over the last 15 years of making significant consolidations in operations, and providing a soft landing for the employees who might no longer be engaged in the activity of that particular consolidated program. In the VA's insurance program, as well as the education program, in the early nineties, and the loan guarantee program in the late nineties and the early part of this century, we underwent significant consolidations, and no employee lost VA employment as a result of that.

At this point, Madam Chairwoman, I am going to turn it over to Keith Wilson, to go through the remainder of the slides.

Mr. WILSON. Thank you, Keith. Good afternoon.

I would like to go over, first, two timelines; the first being the acquisition timeline, followed by the project milestone timelines, once the contract is awarded, starting with slide four, the acquisition timeline.

This is fairly self-explanatory, but I would like to go over it anyway. We released a Request for Proposals on August 29th. The vendors have asked for an extension to respond to that Request for Proposals. We granted that extension, and they now currently have until this Monday, September 15, to provide their proposals to us, their written proposals to us.

The events that will occur following that are two things. First of all, we will have a technical evaluation team that will review the proposals themselves. Following that, we will allow oral presentation by the vendors themselves. Once those two actions are complete, the technical evaluation team will rate and rank the vendors, and the contracting officer will award the contract. Tentatively, we are looking at September 26 for that to occur right now.

Once we have a contractor on board, the RFP that we have put on the street is implemented, and we have several milestones that provide us what we need in terms of implementing this program. Obviously, the first thing we will want from them is a draft project plan, within 10 days. By October 31, we expect the vendors to submit business requirements and process flows to VA. And I would like to clarify a little bit about what that is, because it is going to be a detailed technical comparison between what VA's business requirements were articulated as in the RFP, and what the winning vendors' proposed solution will be, and what will be needed to interface those two. For example, the technology that we have transmits data in certain ways, and provides gateways in certain ways, and we need to ensure that the handshakes to transmit that data will occur. Those type of things will be addressed under that business requirements submission.

By March first, the vendors will have to demonstrate the capabilities of the system itself, and we will begin user testing. We do not anticipate that at that point the full system will be available for user testing but we do anticipate that segments of it will. So we will begin user testing at that point. On May 1, the solutions have to be available to begin making eligibility and entitlement decisions. At that point we do not expect the payment piece to be ready, but we do expect entitlement determinations to be able to

be made. That will give us the opportunity of running test records through, test data through, and ensuring that the tool generates the correct eligibility information.

Soon after that, on June 1, we do expect the full payment piece to be available. At that point, the functionality needed for the entire system would be available, and we could begin testing the system end to end, and then of course as in the legislation, August 1st of 2009 is our go-live date.

Slide six provides three basic bullets on the performance elements that we are requiring. And these performance elements are the same performance goals we have in our strategic plan as in the President's budget. No more than 10 days to process original claims, no more than 7 days for supplemental claims, with 98 percent payment accuracy.

The following several slides lay out two pieces of information, and these are taken bullet-for-bullet directly out of the RFP, the Request for Proposal. The first is the objectives, and the second is the mandatory tasks. Some of these things sound very simplistic, and they could sound like no-brainers, and in some respects they are. But we are looking at a legal document, and we do have to prescribe things verbatim that we will need for a legal basis. We would expect them to meet all objectives, obviously, but we do state those type of things in the objectives so that legally, there is no confusion about what we are looking for. So in the objectives we do ask for things like "the solution will meet all of our objectives and address interrelations." Obviously, that is laid out in all of the document. That is why we provide detailed business requirements. But it is a formal legal piece of the document.

Same with the following issues. Consulting with VA experts, obviously they will be required to interface with our folks on a technical level to ensure that data is talking and the interfaces are occurring. There are IT requirements in here, too, in terms of industry standards. For instance, objective three talks about using an XML standard. That is an industry standard for data transmission. That type of objective would not come as a surprise to anybody in the industry. But again, we are looking at a legal document, so it is prescribed in there.

The rest of the objectives I can go through. I believe they are self-explanatory, but perhaps not. Yes? Which one was that, Congressman?

Mr. FILNER. Number four.

Mr. WILSON. Not later than March 1st of 2009, VA will determine if a solution meets post-9/11 GI Bill requirements. That ties to the March 1 deadline in our timeline, during which we will validate that the method that they use to do work and the information that we will be sending them and requiring back from them match.

Mr. FILNER. What if it doesn't?

Mr. WILSON. Then we will have a series of backup plans that we will have to go to, depending on what the vendor solution is. Unfortunately, I cannot provide a lot of detail, because we do not know precisely what the vendor solution will be, and our contingency strategies are going to be based on what their solution will be, and how that relates to our existing strategies.

Mr. PEDIGO. Mr. Filner, if I might just add to that. We are going to be working closely with this contractor from the date that the contract is executed, until it is completed. And we are not going to wait until March 1 to take a first look at the system to make sure that all the data points are in there, that the interfaces are complete, and that everything works properly. There will be some testing that goes on as the system is being developed by the contractor, and that is just typical for the development of any information technology system. So it is not as though we are going to get to March 1 and all of a sudden, receive that system from the contractor, and start pushing the buttons that day to see if it works. We will have looked at it considerably before that point in time.

Ms. HERSETH SANDLIN. If you do not mind, I think that the objectives and the mandatory tasks here in the PowerPoint are fairly self-explanatory. If Members have specific questions as they review them, they can pose them at that time, but I think there are a lot of other questions that need to be posed before we get to the specifics of the RFP. I would like to begin with the questioning now.

Mr. Pedigo, you mentioned that this is—a secure IT strategy, is not anything new, this has been in the President's budget for at least 2 years. This has been the VA's intent, to have a rules-based engine; you are simply accelerating the strategy.

What was the timetable for a strategy for the VA to move to a rules-based engine? If it was in the President's budget over the last 2 years, why has it not moved forward prior to this date? Did you always anticipate the need to use an outside vendor to help you move to that system?

Mr. PEDIGO. Well, the plan actually has gotten off track a couple of times. As I said, it was originally in the fiscal year 2008 budget, and we did not do it, and it was in the 2009 budget—

Ms. HERSETH SANDLIN. Why did you not do it then?

Mr. PEDIGO. I would ask Mr. Wilson to comment on the technical reasons why we did not do it then.

Mr. Wilson. Our TEES initiative is a suite of applications, and the 2008 budget, and the 2009 budget as well, address the specific pieces that will be implemented in order to roll out the entire TEES strategy over a period of time. For example, in 2008, one of the initiatives that we completed was implementation of the WEAMS application, which is an online tool for school, understanding which schools and programs are approved. That would be one piece that would plug into the overall TEES strategy. The piece that we have not really done any work on is the rules-based core of what would be considered the TEES engine.

Ms. HERSETH SANDLIN. What was your original timeframe before the Post-9/11 GI Bill was passed? What was the timeframe that you were working on internally to move to develop the rules-based engine?

Mr. WILSON. I believe it was 2013 for full deployment of TEES.

Ms. HERSETH SANDLIN. We are trying to move to full deployment 4 years ahead of schedule?

Mr. WILSON. We are hoping to get as much from the industry as we can in that period, yes.

Ms. HERSETH SANDLIN. Did you anticipate in that timeframe, to complete it by 2013? Did you anticipate in your plan the use of an outside vendor to help you develop the IT solution?

Mr. WILSON. I am not as sure of the specifics on that, but what I would say is that the discussions that we had concerning the post-9/11 GI Bill internally, including with our IT staff, it was very clear to us that we internally did not have the capabilities of standing this up.

Ms. HERSETH SANDLIN. What do you need internally to do so?

Mr. WILSON. I cannot answer that question. I do not know the answer to it. I will have to provide an answer in writing.

[The response was provided in the Post-Hearing Questions and Responses for the Record, which appears on p. 42.]

Mr. PEDIGO. Madam Chairwoman, could I add something to Mr. Wilson's response?

Ms. HERSETH SANDLIN. Yes.

Mr. PEDIGO. When we had the original plan in place, obviously, we did not know that we would get the Post-9/11 GI Bill. So initially, the plan was to build a rules-based system to overlay existing education programs. Then, when we started hearing that we might get a totally new program that we would have to administer, we put the brakes on further development of the TEES system, because we did not want to start down a road and invest money and time building out the TEES system into a rules-based system before we knew whether or not we would have a new GI Bill.

And initially, we had given ourselves a generous amount of time to get it completed, by 2013. But when we saw the timeline on the new GI Bill, we realized that we were going to have to dramatically accelerate the process. And it is not at all unusual for VA or any element of Federal Government to use contractors for support to build an IT systems. In fact, I would venture to say that the majority of significant systems in VA and other agencies are built with substantial contractor support. So that part of our approach is probably not much different than what we would have utilized had we gone ahead with a full-blown TEES system.

Ms. HERSETH SANDLIN. For the rules-based system, right? You did the 2008 piece of developing the TEES system internally. So it was more anticipating, in the timetable you had set for yourselves, year 2013, that moving to the rules-based engine may have required the use of an outside vendor. Is that—

Mr. PEDIGO. The 2008 and 2009 initiatives involve contractor support as well.

Ms. HERSETH SANDLIN. They did?

Mr. PEDIGO. Yes.

Ms. HERSETH SANDLIN. Okay. Could you provide the Subcommittee, if you can, in writing more detail of the process you used, and the vendors you used for the 2008 and 2009 piece?

Mr. PEDIGO. Yes.

[The Subcommittee staff was subsequently briefed by the VA.]

Ms. HERSETH SANDLIN. Okay. I will have additional questions. I will now defer to the Ranking Member, Mr. Boozman, for questions he has of the panel.

Mr. BOOZMAN. Thank you, Madam Chair.



What percent of today's education benefit claims require off-line processing because of complexity?

Mr. WILSON. Could you repeat the question, please?

Mr. BOOZMAN. What percent of today's education benefit claims require off-line processing because of their complexity?

Mr. WILSON. All of our claims, all of our original claims now are processed—I am not sure if I understand the term “off-line,” but all of our original claims are processed by humans right now. None are processed automated. About 10 percent of our supplemental claims are processed through an automated process.

Mr. BOOZMAN. Can you explain why you chose a performance-based approach to acquiring a new IT system?

Mr. WILSON. I could not. I would have to get—can you?

Mr. PEDIGO. Mr. Boozman, one of the reasons we chose a performance-based approach is because that permits a Government agency to realize some of the best practices that are being used in the industry. I mean, the traditional Government procurement for an automated system is to provide a very detailed set of prescriptive language, basically a blueprint for how a contractor would develop every step of an automated system. And what we have found, based on experience, is that when we use that approach we sometimes do not get to take advantage of the best practices that are out there in the industry, because we channel potential contractors into a particular approach that does not allow them to utilize the full extent of the best practices that are out there. So the performance-based approach does allow us to do that by not being prescriptive, but by basically giving potential bidders some broad parameters and some basic rules, and asking them to give us a proposal that they think incorporates the best practices that are out there. And then we choose which one we want to go with.

Mr. BOOZMAN. Along with that, we have been told that the Department of Education has a system that, an automated system that processes benefits, that works well. Are there any other applications in Government that you are aware of? Have we looked into other applications where they are doing similar things, that perhaps could be used?

Mr. WILSON. We are aware of the Department of Education's system. We have had discussions with them. Another similarity to what we are looking at would be, there are other claims benefit type things that are automated. For example, Medicare-Medicaid I understand has a significant rules engine type capability.

Mr. BOOZMAN. It does make sense to try and look and learn from some of the other similar applications as to what is going on?

One of the keys to successful application of IT will be the databases available to the rules-based system. A key data component will be the history of a member's service, which will to a large extent determine the veteran's benefits. How soon does DoD provide DD-214 information to the VA today, and how do they provide it?

Mr. WILSON. The feed we receive from DoD is in essence real-time. Once the information gets to DMDC, the Defense Manpower Data Center, that information is fed to us. I believe it is nightly, is the run. I do not know specifically how long it takes to get from, perhaps, one of the service branches into DMDC, but the feed that we receive from DoD proper is a real-time feed.

Mr. BOOZMAN. What would you guess, though, is the timeframe? How long does it take to push the button?

Mr. WILSON. I would venture to say that it would be no more than about 2 weeks in most situations, from separation.

Mr. BOOZMAN. Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Thank you, Mr. Boozman. The Chairman of the full Committee has graciously deferred to Mr. Hall, who has to be on the floor in a few minutes for a statement. I recognize Mr. Hall for questions.

Mr. HALL. Thank you, Madam Chair, and thank you, Chairman Filner.

Just a couple of quick questions. When was the RFP expanded to four vendors? Or is it actually going to four vendors?

Mr. WILSON. The RFP was provided to the four vendors on August 29.

Mr. HALL. That is the first time it was provided to anybody?

Mr. WILSON. No, that is not the first time it was provided to anybody. Originally, we had contacted OPM, and we had begun work under a different contracting vehicle called the Training and Management Assistance vehicle. And we had originally put out an RFP under that vehicle.

Mr. HALL. And are any of the principals in the four vendors who are currently under consideration former secretaries or undersecretaries of the VA?

Mr. PEDIGO. We do not have any information on that, at this point.

Mr. HALL. Okay, thank you. What criteria are you using to pick them? And do these four have a past record doing work for the VA?

Mr. WILSON. Could you repeat the question?

Mr. HALL. What criteria are you using to pick from the four vendors, and have any of these four vendors any past record doing any work for the VA?

Mr. WILSON. I am personally not aware of any work that they have done for VA. The formal evaluation criteria I am not familiar with, but there is a formal document that defines the evaluation criteria.

Mr. HALL. Well, that is good to know. A year ago, the education call center, the 800 number, was contracted out to "free up employees to do cases." It turned into a disaster, as has been described, bad for vets calling in and more work for employees since contractors could not answer the questions. As a result, the VA eventually brought the work back into the VA and it is now being done by Federal employees at the Muskogee Regional Office.

The question is this. You contracted out the education division call center. What did your evaluation of the contractor's performance show in terms of costs, quality, and timeliness? And how does the work being done in-house now compare with the work that was done by the vendor?

Mr. WILSON. The temporary contract call-center that we had in place was for short-term duration, and it was specifically designed as such. I think we have been very candid with the Subcommittee concerning what we were hoping would have been better quality on some of the answers that were provided to the callers, and we regret that. However, the core issue that we were addressing with

the contract call center was a timeliness that we were delivering to veterans in terms of claims processing. That was what it was designed to address.

At the time we implemented that call-center, we were processing original claims in 46 days. We had that contract in place for 6 months. Within a year, we had cut that timeliness in half, to about 23 days, and we have continued to improve from there. So I believe it met the core intent of what we were trying to do, with reducing the call volume, because of the high volume of pending claims. Our current call volume is the lowest it has been in 6 years, and I would again attribute that to the fact that we were able to process a lot more claims. Veterans simply don't need to call the way they use to find out where their check is. The current education call center in Muskogee is performing very well. They have about a 1 percent abandoned call rate.

Mr. HALL. That is good. That is what we are all looking for.

The solicitation describes extensive training that contract employees will need in privacy and in security, as well as substantive skills relating to education programs. How much time do you estimate between the time that the contract employee is brought on board, and when he or she will be fully trained in all these aspects, to do the job?

Mr. WILSON. Contract employees will not be doing work commensurate with our adjudicators. So in terms of the training that they will be required to go through, it will be minimal. Again, what we are looking for is in essence a rules-based type process. We would not anticipate significant numbers of bodies, certainly not at the decisionmaking level. That will simply not be there.

The work that could perhaps be done by the contractor would be administrative support work. For example, if documents are received in a hard copy format, we would expect a contractor to have those documents scanned into the system and available. That type of work.

Mr. HALL. And that is also works that could be done by VA employees, I assume.

Mr. WILSON. Yes, that is correct.

Mr. HALL. We have, in our offices, as Congressman Snyder and I were talking about, we have Lockheed Martin computers, but we have people in our offices who actually work them and fix them even most of the time, unless they are too broken down for us to fix them. But you know, the data entry and the material that is entered into them for their use for our office is done in-house. So did you consider just buying the IT system, and having your employees do the data entry for the rules-based decisionmaking?

Mr. WILSON. What we tried to do is give the contractors as much flexibility as possible to propose a solution. It could be that their solution calls for that. Again, we are not going to know until we know what the proposals are.

Mr. HALL. Thank you, Madam Chair.

Mr. PEDIGO. Mr. Hall, can I just add one thing to that?

Our expectation, our—I guess you could say, if we could get the ideal rules-based system, and we think there is a chance that we could get that, the vast majority of cases will not require data entry. And that is because what we envision, if things go according

to our understanding of rules-based systems, is that a veteran would be able to go online when he or she wants to apply for the education benefits, key in, themselves, certain basic information; name, maybe Social Security or some other identifier information, and then send that. And it goes into the rules-based system.

And that rules-based system then would pull information from different sources. It would pull some information from DoD on the service. It would pull perhaps some information from the U.S. Department of Education on institutions of higher learning. And all that information would be pulled and then run through the rules that have been built into that system. And our hope is that in most cases, in a very short period of time, maybe even less than a minute, that system will provide to that individual, while he or she is still online, with the result of their request. It might tell them that they have been approved for the education benefit and that the institution of higher learning that they wish to attend and that the course that they want to pursue has also been approved. And so that there might not be any need in many cases for any type of data entry.

Ms. HERSETH SANDLIN. Thank you, Mr. Hall. Mr. Filner?

Mr. FILNER. Thank you, Madam Chair. I would say that I do not have a lot of confidence that this is not going to be a disaster, just listening to what has been said. Usually, when contracting out is argued for, the argument is to save money. Now, you are not going to fire anybody, so it does not look like we are going to save any money. What is this going to cost us roughly, do you think?

Mr. WILSON. The legislation provided \$100 million. We are waiting for the proposals from the vendors, and evaluation criteria will include consideration of the cost proposals that they are submitting.

Mr. FILNER. And this could go as high as \$100 million?

Mr. WILSON. I would not venture a guess. I was just articulating—

Mr. FILNER. So we have no idea what this is going to cost us, what we are getting here? Everything is—I just find this to be simply incredible. I mean, I have never heard an RFP go out with so little—you do not know what you are going to get. You do not know how much it is going to cost. You do not know what is going to happen if it fails. I mean, what are you getting us into here?

Mr. PEDIGO. As I explained earlier, Mr. Filner, this is a different approach than is often used with Government contracting. And we think it is the best approach because we have a good chance here of getting the very best practices that exist in the private sector. And—

Mr. FILNER. How do you know? You just said you did not know how much it is going to cost.

Mr. PEDIGO. Well, I said we had a chance of getting that. I do not know with certainty that we will, but I think there is a high likelihood that because of the competitive nature of the vendors out there who will be submitting bids, that they are going to try their best to come up with a better solution than their competitors. And we will evaluate those solutions. And then at that time we will make a decision as to which one is best, and we will implement that process.

Mr. FILNER. I do not know how you are going to make that decision with the kind of information you have been giving me. But, did I hear that you gave this to 10 vendors to begin with? I mean, this does not just go out on the web, this went out to 10 specific vendors?

Mr. WILSON. No.

Mr. FILNER. What did you say?

Mr. WILSON. That is not correct.

Mr. FILNER. What did you say?

Mr. WILSON. The original Request for Proposals was put out under a contracting vehicle referred to as a Training and Management Assistance vehicle. I believe there are 32 industry vendors that are already approved under that vehicle, and it was offered to those 32 vendors. And based on the discussions and the involvement of our Office of Information and Technology, OI and T staff, our technology staff, that that represented the vast majority of the universe that would be capable of delivering this system.

Mr. FILNER. So we do not know if the answer is out there on number 33, or number 80, or some little company in San Diego, California—in my district—that may have an answer, but they would not even get this—right?

Mr. PEDIGO. You know, utilizing the approach that—

Mr. FILNER. If Halliburton gets this, you guys are in trouble. Do we know if Halliburton was on that list?

Mr. PEDIGO. I am not aware that they are, or that they are not.

Mr. FILNER. Who put together—this is your proposal, 165 pages as I count. Who put this together?

Mr. PEDIGO. VA staff.

Mr. FILNER. Did you go out to a contractor to put out this RFP? I mean, you guys have the expertise to put out this incredibly detailed proposal, and you do not have the expertise to do the job?

Mr. PEDIGO. We have utilized expertise from various elements of VA, from our contracting experts to our general counsel—

Mr. FILNER. Which is what you could do for the—

Mr. PEDIGO [continuing]. The staff that is in the education program, and we had some—

Mr. FILNER. So you spend the whole last month putting this thing together? Instead of figuring out how you would do the job?

By the way, I saw the timelines. What happens if we wait until March 1, 2009, to determine if the contractor meets the objectives, and what if it doesn't?

Have you ever heard of the Deep Water Program for the Air Force? We did this same thing. We gave out billions of dollars worth of RFP, and they were supposed to supply cutters and helicopters for the Air Force. And the whole thing failed. The cutters that they delivered fell apart because they were not strong enough.

So there is a chance, a slight chance, that this might not work. What are you going to do then?

Mr. PEDIGO. We are planning for the possibility that it could fail. Which means that we are putting together a contingency plan.

Mr. FILNER. That means we are going to do it ourselves.

Mr. PEDIGO. That means that we are going to do what a good business operation would do, and that is not put all your eggs in one basket—

Mr. FILNER. I think a good contingency plan should be——

Mr. PEDIGO [continuing]. And to develop a contingency plan that we could implement just——

Mr. FILNER. Maybe the contingency plan should be the plan. I mean, why—if you have a contingency plan for non-use of contractors, why do we not just use that?

Mr. PEDIGO. It will be available for use if we believe that——

Mr. FILNER. Can you give us the contingency plan, please?

Mr. PEDIGO. Well, we have not fully developed a contingency plan. It is under development as we speak.

Mr. FILNER. This is going to be a disaster, Madam Chair.

Ms. HERSETH SANDLIN. Mr. Snyder, did you have questions for the panel?

Mr. SNYDER. Thank you.

Mr. Pedigo, you started out the way I—I wanted to ask—a veteran would go online, enter some fairly basic information. Is it your expectation that they could enter that information without knowing what school they may be interested in? Are they going to be able to—“I just want to check my eligibility for benefits, enter that information,” and get that response back right away?

Mr. PEDIGO. They would be able to submit the information without the school. What we could do at that point is determine that they would be eligible.

Mr. SNYDER. Eligible. And then another part of it is, yeah, I could say, “Okay, I have been accepted at the University of Arkansas, is the University of Arkansas in the system?” And then you could—the system could check that and say, “Yes, the University of Arkansas, this program is eligible?” And then I suppose a third part of that would be, “I have been accepted,” and you hope to have it set up so that the program would directly interface with the University of Arkansas; is that correct? So that they could corroborate that “yes, you are accepted,” and set up a payment plan directly to the university? Is that——

Mr. WILSON. Correct. The final piece, the school would simply report to us the enrollment information for the veteran.

Mr. SNYDER. Now, from the standpoint of the veteran, if I understand what you all are saying, I am going to go on this Web site. I assume it will say—may not even have the contractor’s name, just say the veteran’s, your eligibility for the GI Bill. You have talked about a secure location. Geography of that will be determined by the contractor; is that correct? You are not requiring them to be under a Federal building somewhere?

Mr. WILSON. We are requiring them to be in the 50 States, or the District of Columbia.

Mr. SNYDER. And so, as long as everything goes smoothly, everything is fine. If it comes back indeterminate or something like that, so what happens then? What will the veteran be told? Will the veteran be told, “Go to a different Web site,” or will it just say, “This is taking longer, your claim number such-and-such is going to be processed by a Veterans employee at this”—are they going to be given some information of who to follow up with?

Mr. WILSON. Yes. If the case would be rejected, for lack of a better term at this point, then we anticipate a notice being provided

to the veteran. And then at that point, that claim is going to go to a VA employee. And they would be contacting—

Mr. SNYDER. And they would—their follow-up at that point would no longer be through this Web site or this program.

Mr. WILSON. Correct.

Mr. SNYDER. They would know who they were supposed to follow up with? Either a name or a phone number or something?

Mr. WILSON. Correct. we would develop in the same manner in which we do now. If we need to write a veteran for a specific piece of information, we would do so.

Mr. SNYDER. Is it your anticipation that this will be the only way for a veteran to access GI Bill benefits, is online?

Mr. WILSON. No.

Mr. SNYDER. Okay. What specific challenges do you see out there with regard to Reserve component members?

Mr. WILSON. I would not anticipate any specific challenges for them, in terms of ease of applying for the benefit. They will be entitled now to the same benefit as the active-duty members.

Mr. SNYDER. The challenge is, right, your end of the contract?

Mr. WILSON. The challenge from our end is ensuring that we have the most accurate, current data for the Guard and Reserve member. There are some specific exclusions for active service in this Bill that we have not had to account for before. We are working with DoD to receive that information. Additionally, since the Guard and Reserve members will be accruing perhaps more active service than they had when they initially applied for benefits, we will be required to constantly be receiving updated active-duty information from DoD, because the Guard and Reserve members especially could be in a situation where—for instance, when they first applied for benefits, they qualify at the 40 percent tier, because they have between 3 months of active duty and 6 months of active duty. If he or she goes on active service again, they will qualify at a higher tier. So the next time they go to school they will get more—

Mr. SNYDER. You had mentioned earlier about—I forget who asked the question about access to DD-214 information. You said about 2 weeks, or real-time. For a Reserve component member, are you going to have the ability to actually access military records? There is not going to be a transfer of data; correct? Their record will be an ongoing record.

Mr. WILSON. We are working actively with DMDC on that issue right now. Our anticipation is that we will in fact have that data as part of our feed.

Mr. SNYDER. My last question is—I was very supportive, as is I think everyone on this Committee, of the legislation. But we were aware it was put together pretty quickly. Sometimes in the spirit of getting something passed, it can move faster than you want it to, and I think there was great recognition there was an opportunity to pass this bill. Have you seen anything in the legislation, have you gone through it, that you wish Congress had done a bit differently, that might make your job a little easier? Or you see some glitches there? Or have you been in communication at all with the Committee about things that you see? I mean, things can certainly be fine-tuned.

I will put that another way, which is—if you cannot answer that, if you see those things I hope you will let us know, because we do not want to change things while you are in the midst of a contract proposal. On the other hand, sometimes improvements need to be made and hearing them from you might be helpful.

Mr. WILSON. There are some technical issues that we think would clarify a lot of the points and make it easier to administer. We have been working with the Senate Veterans' Affairs Committee staff along those lines, and I believe there is a technical amendment in the Senate right now. I do not believe that there is a companion legislation in the House.

Mr. SNYDER. Maybe you could be in touch with our staff here also.

Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Thank you, Dr. Snyder.

Mr. BOOZMAN, did you have additional questions you would like to pose at this time?

Mr. BOOZMAN. No, I would just like to make a comment. The \$100 million has come up, and the reality is that that was in the bill. It is not a VA request or VA's doing. It was put in the Bill because as we went along, there was concern about the complexity of this thing, and I voted for the bill so I voted for the \$100 million, as all of us did, okay? So again, that does not have anything to do with you all. So I do not think you should have to defend that.

The other thing is that what I would like to do is see this thing move forward, and then look again as you formulate your plans. I do not think it is fair—and have not really decided where this thing ought to go, because I have not seen exactly what you are going to do. But I do not think it is fair to arbitrarily say that it is bad to not contract out. The Committee, my office, we do not do in-house, we do not take care of our computers. We have chosen to contract that out because we think that that is the best way to take the taxpayers' money and utilize it most efficiently. In the sense we could hire a part-time veteran or a part-time person or whatever to do those functions, but we feel like that would be much more expensive than doing the route.

So again, what I would like to do is go forward and kind of see where it goes. But I do think that the hearing today has been good. You have heard a lot of concern. You heard concern from the American Legion this morning about the direction that we were going. I really would like for you also—we are far enough along in the IT stage that there are other agencies I think that are doing similar functions. And I really would encourage your people to be visiting with them, to see how they have tackled some very complex similar things, to see if you could put some of their thoughts to work.

And you know, again, I know you want to do it. I know that you all are working hard. I know you want to come up with a system that we can all be very proud of, and very efficient, that will service our veterans in the very best way that we can, and again, use our taxpayers' money wisely.

Mr. FILNER. Will the gentleman yield for 1 minute?

Mr. BOOZMAN. Yes, sir.

Mr. FILNER. You state a very important point, that contracting out is not a priori wrong. But we have to come to a judgment based



on the information of the people doing the job. And in the way VA answered the questions today, or did not answer the questions, I do not have the confidence that it is being done right.

You say, "Well, I hope that it goes on and I hope that it comes out right." You have to make a judgment from the information that you have. Just from the fact that this is a very complicated, as you stated, piece of the plan the original testimony only lasted 3 minutes to tell us what VA is doing. And then when you all complained, they put together the PowerPoint presentation. Does that give you confidence that this is being handled correctly? That does not give me confidence. That is all I have to say.

I yield back.

Mr. BOOZMAN. We are complaining today, again. Like I said, what I would like to do is just see the process. I would like to see the process go forward, and see what is to come. I mean, this is just the very, very start of the process.

Mr. FILNER [continuing]. Tens or \$100 million—

Mr. BOOZMAN. Well, again, though—

Mr. FILNER. I hope they will tell—can we make that, Madam Chair, a requirement that before they award any bid, we see what the bid is?

Ms. HERSETH SANDLIN. We are going to have another hearing in a couple of weeks. It looks like it will be held about the time that you are looking to formally award the contract. So I think that it would be, understanding that there are certain things that you probably can and cannot share with the Committee in the contracting process, as soon as we get that hearing scheduled, we would appreciate working with you on your timeline during that same week or the following week, in making a decision on a final award, so that we can continue to get more information from you.

Let me just state for the record that I have had concerns for a number of months now that this was going to be difficult to administer, and have repeatedly stated that the job of this Subcommittee, regardless of what the new GI Bill is going to be, was going to be an important one to make sure that it was implemented properly, effectively, and in a timely fashion.

I appreciate, Mr. Pedigo, that you may have a chance to get the best system in place. I am worried about the timetable. You essentially wanted this same system by 2013, and you want to get a system in place that will work by 2009, by the middle of 2009. So, we are going to stay on top of this and keep asking questions. If we had not had this hearing today, if we had not been asking questions before this hearing, we were getting some information but not nearly the kind of information that I think the entire Congress needs, to make sure that a very important piece of legislation that we just passed and signed into law actually works for veterans the way we want it to.

My question is, have you briefed anyone in the Senate, either formally, in a hearing before the Senate Veterans' Affairs Committee, or any Member of the Senate, on your contracting plans? Or staff?

Mr. PEDIGO. Well, there may have been some informal discussions with an isolated staff member. I have not been privy to that. But I can tell you there have been no formal briefings, and no formal discussions with Members on the Senate side.

Ms. HERSETH SANDLIN. Right. As I said to the American Legion earlier today, I want to reserve judgment on what you are doing here until we get more information, as we did today and will be over the next couple of weeks. I share Chairman Filner's concern, as it relates to what seems like a pretty quick decision to move to contracting, and yet contingency plans are yet under development. I think that it is important for the Subcommittee to understand what the discussions were at the VA after this law was implemented.

Did you do any kind of cost-benefit analysis as to what this would take to administer on an accelerated timetable, with a rules-based engine, getting an IT solution, versus hiring perhaps more employees to help administer the benefit, taking advantage of your in-house expertise? Looking at hiring opportunities of newly returned veterans that might have an interest in working in the VA in the Veterans Benefits Administration to help fellow veterans access their education benefits, and to work on a timetable of moving to your IT solution over a period of two, three, 4 years versus less than a year? What were the discussions in your office about those two options, and any kind of analysis that was done to look at the possibility of moving to this by August of next year?

Mr. PEDIGO. You know, informally, with staff in VA, there was a lot of discussion, and you know, with the leadership, with my boss, the Under Secretary, the Acting Under Secretary, there was some discussion. And the Under Secretary and Secretary in the senior leadership of the VA, you know, considered, you know, the various options, and made the decision that the best approach would be to contract for a secure IT rules-based solution.

And if I could, I just want to go back to a point I made earlier. You know, contracting for an IT solution is something that is done in Government all the time. That has become the norm for how we build information technology systems. So what we are doing is really consistent with what other agencies and other elements of the VA would do, if they had to build a complex system like we are building.

Ms. HERSETH SANDLIN. Mr. Pedigo, I do not disagree. I think I heard your statement earlier in the week about what veterans might consider. Would they prefer a system that could process their claim in seconds or minutes, or 10 days to 2 weeks? Certainly with this new generation of veterans who are so IT-savvy themselves, they would prefer something that they could enter in and that they would know.

I do not disagree with that. Here is my concern. You are trying to accelerate your own internal timetable of doing this by 2013, to doing it by 2009. As you have described to the Subcommittee today, it will be based on having to get information from the Department of Defense for information that is fed into the system. I have been in Congress for just over 4 years, and every time it seems when we have a problem of adequate and timely response to healthcare benefits, for people who are not yet medically discharged, or medically retired from service, the DD-214s that we have been hearing about in our field hearings, the memorandum of understanding that took years to get done with the DoD, and sharing healthcare information.

That is why I am going to invite the Department of Defense. They have ignored the last two field hearings we have had, to participate in our follow-up Subcommittee hearing in a couple of weeks, to see just how well they are working with you, cooperatively, to make sure that the information that they have for active duty and Reservists, as Dr. Snyder was pursuing, that the information is actually available to get into this feed, and get into this system, and workable by August of 2009.

I think you can appreciate the skepticism that some of us have. Philosophically, I do not necessarily disagree about the importance of contracting for specific functions to help design software, to design a system, especially in IT. My concern is that you seem to have rushed to this judgment, and we have no contingency plan. I would respectfully request and ask for a time that you can give me, either Mr. Pedigo or Mr. Wilson, in which you can provide the Subcommittee the contingency plan. If your timetable here for seeing if the IT solution is working, we need to know what the contingency plan is, obviously before March 1 of next year. Preferably, I would like to see a contingency plan developed by the end of this month. Is that possible?

Mr. PEDIGO. We believe that in order to really develop a full-blown contingency plan, that we need to see first what the solution is that the winning contractor is going to propose. So I would—

Ms. HERSETH SANDLIN. But will you not have that by the end of this month?

Mr. PEDIGO. We should have that. We plan to award at the end of the month. And so at that point, we will know what the solution is, and we will need to put the finishing touches on the contingency plan that the Education Service has already begun developing.

Ms. HERSETH SANDLIN. Mr. Wilson, you have already begun developing the contingency plan. When do you think you could provide the Subcommittee a contingency plan?

Mr. WILSON. I would hope that within 30 to 45 days after award, we would have had enough specificity from the contractor, enough technical interaction, that we would have identified the major risks, and identified contingencies for those risks that point.

Ms. HERSETH SANDLIN. But when I say “contingency plan,” and you are kind of tying it to what the contractors’ bids are going to look like and who you award it to; is the contingency plan going to be if they fail to meet certain targets? Or is the contingency plan going to be an entirely separate way of administering the benefits, should the rules-based engine not be fully developed?

Mr. WILSON. I understand. The contingency plan could be exactly what you described, a separate independent method if all fails, worst-case scenario type situation, yes. And we are working on that fail-safe, for lack of a better term I guess.

Ms. HERSETH SANDLIN. So you do not necessarily need to wait for the bid to be awarded before you can develop a plan?

Mr. WILSON. That is correct, yes. Yes.

Ms. HERSETH SANDLIN. Okay. So that is something you could get to the Subcommittee maybe before 30 to 45 days after the proposal is awarded?

Mr. WILSON. Correct.

Ms. HERSETH SANDLIN. Okay.

Mr. WILSON. If I may, Madam Chairwoman, just to add a little bit on to that. You know, once we see the proposed IT solution, I mean, our contingency plan could involve kind of a multifaceted plan, where we would say, you know, if there are five pieces to be—IT solutions being proposed, if piece “A” does not work by 6 months into the contract, but the other pieces are working, then we would need to go one way in terms of contingency plan. If piece one and three are not working, our contingency plan might be different because it is entirely possible that some portions of what the contractor would build for us will work perfectly well, and we could go ahead and utilize them but have to go to a contingency plan to support those functions that have not worked.

Ms. HERSETH SANDLIN. I think I understand what you are saying. I know that Mr. Filner has. For example, if you have the contractor develop the rules-based engine and the trouble seems to be with processing reservist claims, maybe because you are not getting adequate information from the DoD. Just an example, to transferability issues—again, working with the DoD—you would have a contingency plan where VA employees—the only way to process those claims, then, would be through the system that exists now, or what you would set up in a contingency to hire an additional individuals to handle those claims?

Mr. WILSON. Yes, yes.

Ms. HERSETH SANDLIN. Mr. Filner?

Mr. FILNER. Yes, just briefly. I hope you and Mr. Boozman, Madam Chair, will join me in a letter to the Secretary that asks the following: number one, he show us—there are four finalists, I understand? I do not know how we got there, but you have four finalists? Is that what I heard?

Mr. PEDIGO. We have been advised by counsel that we should not discuss—

Mr. FILNER. All right, I want the letter to say that we want to see the original list of 32 or 33 bidders and the list of the bids of the finalists. I want to know who you have awarded the bid to before it is officially awarded and if that takes us meeting in Executive session to get that because you have been advised not to, you can give it to us in Executive session. I want to see all this stuff. Based on this performance here, I do not have confidence. So I want to see, again, the original list of 32. I want to see the finalists, if there are four, or eight, or 10. I want to see all the bids of those four or eight or 10, and I want to know who you are going to award the bid to before you award the bid.

I hope you will join me in a letter to request this information. If we have to do that in Executive session, we should do it. We need more information, Madam Chair. We could pass a Sense of the House resolution and go forward. We could do that. I am prepared to do something like that. But we do not have the confidence that is needed here. VA is claiming, “we can’t give you this stuff.” Well, I do not trust them. And so if we have to do it in a secret session, we will do it in a secret session. But I hope you will join me in that.

You have any problem with that information coming to us?

Mr. PEDIGO. I am sure that when that letter gets to the Secretary, he will consider—

Mr. FILNER. Do you have any problem with that, giving us that information in Executive session?

Mr. PEDIGO. I will defer to the Secretary to respond to your letter that you plan to send.

Mr. FILNER. Tell him what is coming.

Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Mr. Boozman?

Mr. BOOZMAN. The only comment that I would have, Madam Chair, is that we might consider maybe having—I share the Chairwoman's concern with sometimes the lack of cooperation with DoD. But we might consider having perhaps a joint hearing with Personnel, and then ask them to have DoD and us ask, and have you guys, and really kind of hash out some of these potential problems. I think if working with the Personnel—it would be Personnel, would it not? Is that Ms. Davis? Yes. You know, working with them, and them sharing concern along with us, that that might be helpful in everybody working together.

Ms. HERSETH SANDLIN. I appreciate that, Mr. Boozman. I think regardless of how things unfold from here, whether it is the perfect system that is developed in the IT solution, whether it is the contingency plan, or whether it is an entirely separate manner of implementing the bill, the legislation, the DoD sharing of information is going to be essential to any effective way for the VA to administer this new and complicated benefit. I appreciate the suggestion, and will look forward to having a joint hearing in that capacity.

If I have additional questions I will submit them in writing. However, since we do plan to have a follow-up hearing in just a couple of weeks, we will have another opportunity to visit with you again. The Committee Counsel, working with your counsel, will hammer out what can be shared and in what setting, as it relates to the contracting process that you are seeking to complete within the next two to 3 weeks. We will work with you in good faith to meet the needs of the Committee, as well as respect the needs of the process that you have under way.

We hope that you will understand why we want to get more information, to make sure that for our constituents that are entitled to this benefit, that by August of next year there are not problems in administering it. We appreciate the testimony and the information, but we also look forward to additional information that you will be presenting to us as soon as possible, and we will work closely with you to get it. Okay?

Thank you, again, for answering our questions today. As Chairman Filner indicated, we do hope that Secretary Peake is willing to join us maybe at the next hearing, where certainly we will be asking questions as it relates to wanting to make sure he is fully informed of our concerns. We look forward to following up on the implementation status of the new public law.

With that, the hearing now stands adjourned.

[Whereupon, at 2:32 p.m., the Subcommittee was adjourned.]

## A P P E N D I X

---

### **Prepared Statement of Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity**

I would like to take a moment to remember the lives lost on the morning of the September 11, 2001. As our country continues to heal from this tragic event of 9/11, we must never forget that today we have thousands of troops serving honorably in Iraq and Afghanistan, many of which have served in multiple deployments overseas. I would like to express my sincere thanks and appreciation of our men and women in uniform who have answered the call to duty, and reinforce my commitment to serve them honorably as they continue to serve us all.

Keeping this in mind, we must never forget that today's servicemembers are tomorrow's veterans who will require the resources to succeed in life after military service. To this end, this Subcommittee has held numerous hearings, here in Washington, DC and our Congressional districts, on programs critical to their continued success. One such program in which we were able to make significant progress is the Montgomery G.I. Bill.

Public Law 110-252 will provide our veterans the educational entitlements needed to attend a college or university of their choice. Certainly, this landmark legislation makes significant improvements but we must remain vigilant to ensure Congressional intent is fully implemented and the Department of Veterans Affairs is afforded the resources to meet the needs mandated by Congress.

Today's hearing will give the Subcommittee the opportunity to better understand the VA's implementation plan as required by Public Law 110-252. As many of you may be aware, there have been numerous concerns over the VA's plan to contract out services, contracting transparency, and time constraints to implement the requirements of the newly enacted law.

Last month we sent a letter inviting Secretary Peake to participate in today's hearing. This letter specifically states that the purpose of today's hearing was to have VA present its plan on implementing Chapter 33 with as much detail as possible. I am deeply disappointed by the testimony that was submitted and hope we can be properly informed about VA's plan to meet Public Law 110-252.

I look forward to working with Ranking Member Boozman and Members of this Subcommittee to provide oversight on the implementation of the new Montgomery G.I. Bill requirements.

---

### **Prepared Statement of Hon. John Boozman, Ranking Republican Member, Subcommittee on Economic Opportunity**

Good afternoon. First, let me concur with the Chair's dissatisfaction with VA's prepared testimony. I believe the invitation letter was sufficiently detailed regarding our expectations for today's hearing. While I recognize VA may be constrained regarding competition sensitive information, describing the Department's desires expressed in the Statement of Objectives provided to industry is well within their authority. I expect the Department to provide the Subcommittee with a very detailed briefing on those objectives and the winning bidder's plan to meet them very shortly after contract award.

It is both ironic and fitting that we are holding a hearing on the Post 9/11 GI Bill exactly 7 years after that cowardly attack on America, an event that contributed to today's global conflict.

The war on terror has highlighted the need to create a new GI Bill that reflects the increased obligations of today's service members and their families.

In addition to caring for our dead and wounded, there is no more important benefit to offer a path to personal growth through a generous education benefit.

As you may remember, the Subcommittee on Economic Opportunity, under Chairwoman Herseth Sandlin's leadership, reported a GI Bill that I believe was superior in nearly every way to what eventually became law. Our bill, H.R. 5684, was simpler to administrate, was more flexible and offered \$19,000 per year for full time enrollment. Our bill was eventually passed by the Full Committee but failed to make it to the floor. So we are here today to hear VA describe how they intend to implement the very complex program in chapter 33.

Frankly, I am very concerned that despite VA's best efforts, they will not meet the August 1, 2009 deadline. We are aware that VA intends to contract out a significant portion of the effort to bring the program online, but they now have less than 11 months to get the work done. I hope we have not given them an insurmountable task.

I am also aware there is some opposition to VA's intent to contract out development of the new IT system and possibly some personnel issues. I would remind those who oppose using modern information technology to manage the system that it is the most promising way to shorten the processing time. While a small number of cases may require manual intervention because of their complexity, the vast majority should lend themselves to automated processing. I am confident that if we asked veterans whether they would prefer the current method that now takes about 20 days or an automated process that could provide an answer in minutes, they will choose the latter. I believe there is an example of this at the Department of Education and I will ask VA whether they have looked at that model.

As to whether the IT should be developed in-house or via a contract, those who point to the failure of COREFLS should also remember that VETSNET is primarily an in-house project that has been in development since the late eighties and has experienced numerous failures and has cost the Government over \$600 million. From reading VA's testimony, there is ample opportunity for VA employees to remain employed in the education service or elsewhere within VBA. My point is that we have given VA a complex new program to manage and until their selected approach to implementing that program fails, we should not interfere. This should be about meeting the needs of veterans seeking an education, and no other agenda.

Madam Chair, this Subcommittee worked hard for 4 years in a bipartisan way to do the right thing by those who have born the battle. If VA believes they need any additional legislation, I hope they will provide that to us in time for us to act. I look forward to hearing from the Department today and I hope their testimony will not only describe the major features of the proposed contract, but also provide a frank and candid assessment of the challenges they face.

I yield back.

---

**Prepared Statement of Keith Pedigo, Associate Deputy Under Secretary  
for Policy and Program Management, Veterans Benefits Administration,  
U.S. Department of Veterans Affairs**

Good afternoon Chairwoman Herseth Sandlin, Ranking Member Boozman, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs (VA) strategy for implementation of the Post-9/11 GI Bill (chapter 33 of title 38, United States Code). Accompanying me today is Mr. Keith Wilson, Director, Education Service. My testimony will highlight the staffing and information technology solutions being pursued by VA. I will also discuss outreach efforts related to this new education benefit.

The Post-9/11 GI Bill program will provide veterans, servicemembers, and members of the National Guard and Selected Reserve with educational assistance, generally in the form of tuition and fees, a monthly housing allowance, and a books and supplies stipend, to assist them in reaching their educational or vocational goals. The Post-9/11 GI Bill program will also assist in the readjustment to civilian life, support the armed services recruitment and retention efforts, and enhance the Nation's competitiveness through the development of a more highly educated and productive workforce.

**Chapter 33 Implementation Strategy**

Our strategy to implement the Post-9/11 GI Bill relies on contractor support to build upon and accelerate what we had developed as our longer term strategy to employ rules-based, industry standard, technologies in the delivery of education benefits. Many of our education programs contain eligibility rules and benefit determinations that would work well with rules-based technology that requires minimal human intervention. The goal of minimizing human intervention through the elec-

tronic processing of applications and enrollment information was outlined in the President's FY 2009 Budget Submission. It is important to understand that the contractor will not have full responsibility over the administration of the Post-9/11 GI Bill. Instead, the contractor will be responsible for development of the information technology (IT) solution, and general administrative or data entry functions. Claims that are rejected by the automated process and require a manual eligibility determination will remain the responsibility of trained VA personnel. The contractor's mission is to support VA in its implementation of the Post-9/11 GI Bill by developing a secure solution so that VA can meet the statutory requirements of the new educational assistance program.

We plan to award a contract for this support in the very near future. The contractor will be accountable for providing timely and accurate education claims processing by completing original claims within 10 days, supplemental claims within 7 days, and achieving a 98 percent accuracy rate. The technological solution and services provided will be under the close direction and oversight of Veterans Benefits Administration (VBA) employees. VA's solicitation for a contractor has established June 1, 2009, as the deadline for the contractor to demonstrate functionality of the IT solution.

Additionally, since the enactment of the Post-9/11 GI Bill, Education Service has been working with system developers from the VA Office of Information and Technology, as well as our Office of Business Process Integration, to enhance key existing VA IT systems. For example, VA-ONCE, an application that allows school certifying officials to transmit enrollment data electronically to VA, is being modified to accommodate the reporting requirements of the new program. Further, Education Service is working closely with elements within the Department of Defense, including the Defense Manpower Data Center, to establish data requirements and procedures for implementation of the transferability provisions of the Post-9/11 GI Bill program.

Our goal is to transition servicemembers and veterans into the new Post-9/11 GI Bill with no disruption in the payment of education benefits in accordance with the August 1, 2009, effective date for the new program.

Based on the implementation strategies being pursued, VA does not anticipate the loss of Federal employment for any present employees associated with VA's Education programs. Since the Post-9/11 GI Bill will result in tuition and fee payments being made directly to educational institutions, some current claims processing resources will be shifted to increased compliance and oversight responsibilities.

VA employees will continue to staff and operate our Nationwide customer call center in Muskogee. VA employees will also continue to respond to all on&shy;line inquiries received through the VA Web site, including Post-9/11 GI Bill inquiries.

### **Regulations**

The provisions of the Post-9/11 GI Bill require VA to develop rules and regulations to administer the new program. Education Service is actively engaged in the process of developing the required regulations, and we anticipate publishing the program's final regulations in the Federal Register by May 2009.

### **Outreach**

The VA's GI Bill Web site was updated to include information regarding the Post-9/11 GI Bill within hours of the law's enactment. To date, over 3,500 individuals have signed up to receive automatically generated e-mails from VA whenever information about the Post-9/11 GI Bill is updated on the Web site, and over a quarter million have viewed the Post-9/11 GI Bill "frequently asked questions." In addition to web-based outreach, Education Service is preparing posters, pamphlets and direct mailings to veterans, servicemembers, and college and university Executives. In late 2008, VA will launch a multimedia advertising campaign in an effort to reach individuals who may have dropped from our direct mailing rolls. These are individuals who have left the military and have not used VA benefits or have relocated since last using VA benefits.

Madam Chairwoman, this concludes my statement. I would be pleased to answer any questions you or any of the other Members of the Subcommittee may have.



**[TEXT VERSION OF VA SLIDE PRESENTATION]****Chapter 33 Implementation Overview****Presented to the House Veterans' Affairs Committee, Subcommittee on Economic Opportunity****Introduction**

- The strategy to implement chapter 33 builds upon and accelerates the pre-existing strategy to employ rules based technology for eligibility determinations and claims processing.
- Vendor support will be utilized to ensure that the legislatively mandated August 1, 2009 deadline is met.
  - Precise strategy dependent on winning vendor's solution.
- VA employees will continue to process other education benefits and will have a role in chapter 33 processing.
- No VA staff will lose Federal employment as a result of implementation of the Post-9/11 GI Bill.
  - VBA has a longstanding history of managing change without negatively impacting employees.
  - VA anticipates shifting some resources from claims processing to increased oversight functions.
- Claims decisions will continue to be made by VA staff.
  - Rules engine criteria defined and controlled by VA will automatically adjudicate the majority of claims received.
  - "Rejected" claims adjudicated individually by VA.

**Acquisition Timeline**

8/29/08	VA released request for proposal to vendors.
9/15/08	Deadline for vendor responses to VA's request for proposal.
9/16/08	VA proposal evaluation team begins initial review of vendor written proposals.
9/22–9/23/08	Vendors present oral presentations to VA proposal evaluation team.
9/26/08 (tent)	Chapter 33 contract formally awarded to selected vendor.

**Project Milestones**

Within 10 days of contract award	Vendor submits Draft Project Management Plan to VA.
10/31/2008	Vendor submits Business Requirements and Process Flows to VA.
3/1/2009	Vendor demonstrates solution capabilities to VA. User testing begins.
5/1/2009	Solution must be available to begin making eligibility and entitlement decisions.
6/1/2009	Solution must be available to make full benefits awards, payments, accounting, and all other required functionalities.
No later than 8/1/2009	Solution must be certified and fully operational.

**Vendor Performance Metrics**

- Process original claims in 10 days or less.
- Process supplemental claims in 7 days or less.
- Achieve at least 98 percent accuracy.

**RFP Objectives**

1. Solution shall meet all requirements in all objectives and address interrelations.
2. Consult with VA subject-matter experts to develop business requirements and process flows.
3. Data transmissions between solution and VA must use XML standards and be bi-directional.
4. NLT 3/1/2009 VA will determine if the solution meets Post-9/11 GI Bill requirements.
5. Meet requirements according to section E authorities including adhering to finance standards and regs, adhering to moderate system sensitivity categorization, ensure privacy is maintained, and meet all testing capabilities.
6. Support both paper and electronic submission of claims and check processing, and provide online access to VA and stakeholders.
7. Demonstrate capability to manage and control change. Ensure services delivered employ technology that is effective and scalable.
8. Establish and maintain a support capability that adheres to industry best practices.
9. Adhere to the following performance requirements: 10 days or less to complete original claims, 7 days or less to complete supplemental claims, 98 percent administrative and payment accuracy rate.

**RFP Mandatory Tasks**

1. Detailed Project Management Plan.
2. Develop business requirements and detailed process flows.
3. Provide a secure solution in accordance with the objectives.
4. Host the Post-9/11 GI Bill solution in a secure facility.
5. Demonstrate an acceptable process that clearly articulates inputs and outputs of solution.
6. Work with Federal oversight entities and VA's OCIS staff to remediate any security issues identified in reviews.
7. Propose enhancements that improve efficiency and effectiveness of secure solution and meet evolving needs of VA.
8. Propose industry standard best practices for training and other adoption requirements.
9. Upon termination of the contract, the vendor shall comply with the Continuity of Services provisions in FAR 52.237-3.

**VA Responsibilities**

- Control authorization of benefits and payments through established rules for the system and human intervention when automatic processing is not possible
- Provide oversight of the work being accomplished through the vendor's secure solution
- Ensure that performance metrics are being met



**MATERIAL SUBMITTED FOR THE RECORD**

Committee on Veterans' Affairs  
 Subcommittee on Economic Opportunity  
 Washington, DC  
 December 8, 2008

Hon. James B. Peake, M.D.  
 Secretary,  
 U.S. Department of Veterans Affairs  
 810 Vermont Ave., NW  
 Washington, DC 20420

Dear Secretary Peake:

I am sending you a deliverable in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on "Oversight of GI Bill Implementation" on September 11, 2008. Please answer the enclosed hearing questions by no later than Tuesday, January 13, 2009.

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 material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, 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 Ms. Orfa Torres at by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseth Sandlin  
 Chairwoman

---

**VA Response to Chairwoman Sandlin's Letter**

*December 8, 2008*

VA's original IT plan (prior to enactment of P.L. 110-252) included the development of a rules-based engine to be fully deployed by 2013. In our hearing, Mr. Keith Wilson mentioned that the VA's IT staff did not have the capabilities to standing up a rules-based system. What do you need internally to do so?

---

**Congressional Inquiry**

**Date:** January 5, 2009

**Source:** Cliff Britton, Office of Information and Technology (OIT)

**Inquiry from:** Representative Stephanie Sandlin, Chairwoman, House Committee on Veterans' Affairs Subcommittee on Economic Opportunity

**Context of inquiry:**

Chairwoman Sandlin sent a letter to Secretary Peake on December 8, 2008, requesting VA respond to a question related to a hearing her Subcommittee held on September 11, 2008, related to "Oversight of G.I. Bill Implementation."

The Subcommittee understood Mr. Wilson's testimony to be that the Department of Veterans Affairs does not have the capability to stand up a rules-based system and wants to know what VA needs internally to have that capability. The testimony was misunderstood. VA has the capability through its relationship with SPAWAR.

**VA Response (OIT)**

Mr. Keith Wilson's testimony meant to convey that the Department of Veterans Affairs (VA) did not have the resources to support developing and deploying a rules-based system in time to meet the legislative requirement to pay Chapter 33 benefits by August 1, 2009. VA is working with the Space and Naval Warfare Systems Command (SPAWAR), in Charleston, South Carolina, to design, develop and deploy a rules-based solution as part of the Post 9/11 G.I. Bill long-term solution. The VA plans to deploy this rules-based solution in November 2010.

**VA Office of Enterprise Development Program Offices:** Kai Miller

