

**U.S. DEPARTMENT OF VETERANS AFFAIRS'
UPDATE ON SHORT- AND LONG-TERM
STRATEGIES FOR IMPLEMENTING
NEW GI BILL REQUIREMENTS**

HEARING

BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
OF THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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**U.S. DEPARTMENT OF VETERANS AFFAIRS'
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THURSDAY, FEBRUARY 26, 2009

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

The Subcommittee met, pursuant to notice, at 1:05 p.m., in Room 334, Cannon House Office Building, Hon. Stephanie Herseth Sandlin [Chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth Sandlin, Adler, Kirkpatrick, Teague and Boozman.

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 U.S. Department of Veterans Affairs' (VA) short- and long-term strategies for implementing the new GI Bill requirements will come to order.

I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and that written statements be made part of the record.

Hearing no objection, so ordered.

I would like to thank everyone for joining us for our first Subcommittee hearing of the 111th Congress.

Rejoining us as our Subcommittee's Ranking Member is the distinguished Congressman from Arkansas, John Boozman. I thank him for his leadership and his friendship. I look forward to working with him and building upon our strong bipartisan relationship with all of our Subcommittee Members.

We welcome many new additions to the Subcommittee; and, as they join us, I will recognize and introduce them.

I do want to make mention, before introducing Congressman Teague, that one of our new Members, Congressman Tom Perriello of Virginia, will not be able to join us today. I received word that Congressman Perriello is attending to a personal family matter. Our thoughts and prayers are with him and his family.

Congressman Harry Teague represents New Mexico's second district. He is also the lone representative of the entire New Mexico delegation serving on either of the House or Senate Veterans' Affairs Committees. Congressman Teague has expressed an interest

in addressing the needs of our rural veterans to ensure that they are as effectively served as veterans in more populated parts of the country.

Congressman Teague, welcome to the Subcommittee. I am glad you have joined us.

Mr. TEAGUE. Thank you. Thank you for that introduction.

Ms. HERSETH SANDLIN. As we begin the 111th Congress, we realize that we have a full and ambitious agenda. The Subcommittee will address the concerns that many of our constituents and veterans have expressed.

A non-exhaustive list of our ambitious agenda includes improving upon employment and entrepreneurship opportunities for veterans; the Vocational Rehabilitation and Employment Program; Veterans' Preference; the Uniformed Services Employment and Reemployment Rights Act; opportunities for small business contracting goals for veteran and service-connected disabled veteran business owners; housing programs to ensure that veterans are afforded the opportunity of the American dream and have the protections to keep their home in challenging economic times; and educational programs that meet the needs of today's veterans.

In addition to this full agenda, our Subcommittee will continue to provide the needed oversight that is required for these important issues. I am hopeful that our oversight will produce additional accountability and transparency within the VA.

Today, we will continue with our series of oversight hearings that began during the last Congress, which address the VA's implementation plans of the Post-9/11 GI Bill, as required by Public Law 110-252. This oversight requires our Subcommittee to have a close relationship with the VA, and I look forward to our continued cooperation and communication as the VA develops the new Chapter 33 rules and regulations, and finalizes their short- and long-term information technology (IT) plans.

This hearing provides the VA with an opportunity to present clear details to our Subcommittee about where the VA currently stands with regard to the implementation of the new GI Bill requirements, as well as details about Space and Naval Warfare Systems Center's (SPAWAR's) progress. I am confident that the VA will provide assurances that there will be no delays or unnecessary burdens placed on our veterans. Our goal continues to be that veterans will have a smooth transition when receiving the educational benefits they have earned and deserve.

Like many of my colleagues, I look forward to working with the new Administration to address the needs of all of our Nation's veterans. I am pleased that General Eric Shinseki was confirmed as the new VA Secretary. Having such a distinguished military career, Secretary Shinseki brings with him a great wealth of knowledge and experience. I look forward to working with him and his new leadership team at the VA.

I would encourage our panelists to continue an open dialog with the Subcommittee so we may ensure that our servicemembers, veterans, and their families receive first-class service and benefits.

With that, I would like to recognize our Ranking Member, Mr. Boozman, for any opening remarks he may have.

[The prepared statement of Chairwoman Herseth Sandlin appears on p. 21.]

OPENING STATEMENT OF HON. JOHN BOOZMAN

Mr. BOOZMAN. Thank you, Madam Chair. It really is an honor to be with you and to serve with you on this very important Subcommittee that is doing our best, all of us working together, trying to provide economic opportunities for our veterans. I appreciate you bringing us together today to continue our oversight of VA's progress toward implementing the new GI Bill.

Before we begin, I would like to just comment that, on our side, Jerry Moran and Gus Bilirakis will be on the Subcommittee. Jerry was on the last go-around, and then Gus is joining us. Gus' father was a good friend and truly was a great—just a great advocate for veterans through the years, through his many years of service in Congress; and Gus is certainly in that mold.

Since the Subcommittee last met on this subject, we have continued to meet with education and IT staff from VA and SPAWAR as well as the Senate Veterans' Affairs Committee staff. I appreciate their work to stay current on the progress toward meeting the August 1, 2009, implementation date for the Post-9/11 GI Bill.

As a result of the continuing oversight, I think it is fair to say that getting the new GI Bill up and running is proving to be a far more complex task than anybody thought. The permutations, the amounts paid to the schools are almost infinite.

I would note that VA posted its first compilation of maximum tuitions and fees for each State, and I am truly surprised by some of the numbers. For example, in Tennessee, the maximum fees that could be charged an undergraduate student is over \$15,000 per semester. There are several other States where fees exceed \$10,000 per semester. I understand VA is reviewing those numbers and is taking a look at how the State Approving Agencies are calculating and reporting the cost to be covered.

I must remind everyone that those are State schools, not Ivy League prices. But if those numbers hold true, we need to have a conversation with the higher education industry. At a time when American families are struggling just to keep the mortgages paid, the pursuit of higher education by everyone, not just veterans, may become problematic with those kinds of prices.

I take some consolation that at least those who serve the Nation will have this very generous benefit to fall back on. But just as we are concerned about the rising cost of medical care placing an enormous burden on the family budget, we must also insist that schools do everything that they can to keep their costs down.

Madam Chair, I cannot ignore the fact that during the last Congress you introduced, and I had the privilege of co-sponsoring, H.R. 5684, the "Veterans Education Improvement Act of 2008," a GI Bill that built on the success of the Montgomery GI Bill and offered all veterans about \$19,500 per school year without all the complexity of the Post-9/11 benefits.

Again, I wish that perhaps we could have moved a little bit more in that direction and we wouldn't be fighting some of the battles that we are going to be fighting in the next several months as far as getting things up and running.

Finally, I ask our witnesses today to be candid in their testimony. I know VA and the SPAWAR staffs are working hard to meet the August date as well as the long-term IT solution. But we cannot allow a lack of forthright discussion to prevent getting the program up and running.

In that vein, I, for one, am not here to certainly point any fingers. Our mission is to help, and I think that you know that, and we will help in any way that we can. Missteps are bound to happen, but we really do want full disclosure so that we can help you as we go forward.

And, with that, I yield back.

[The prepared statement of Mr. Boozman appears on p. 22.]

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

I would like to welcome our panelists testifying before the Subcommittee today. Joining us on our panel is Mr. Keith Wilson, Director of the Office of Education Service, Veterans Benefits Administration, Department of Veterans Affairs. He is accompanied by Mr. Stephen Warren, Acting Assistant Secretary for the VA Office of Information and Technology; and Captain Mark Krause, Chief Staff Officer, Space and Naval Warfare Systems Center Atlantic.

Thank you all for joining us today.

Mr. Wilson, you are now recognized.

STATEMENT OF KEITH M. WILSON, DIRECTOR, OFFICE OF EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY STEPHEN W. WARREN, ACTING ASSISTANT SECRETARY FOR INFORMATION AND TECHNOLOGY, OFFICE OF INFORMATION AND TECHNOLOGY, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND CAPTAIN MARK KRAUSE, USNR, CHIEF STAFF OFFICER, SPACE AND NAVAL WARFARE SYSTEMS CENTER ATLANTIC (SPAWAR), DEPARTMENT OF THE NAVY, U.S. DEPARTMENT OF DEFENSE

Mr. WILSON. Thank you.

Good afternoon, Chairwoman Herseth Sandlin, Ranking Member Boozman and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss VA's strategy for implementation of the Post-9/11 GI Bill.

Accompanying me today are Stephen Warren, Acting Assistant Secretary for VA's Office of Information Technology, and Captain Mark Krause, Chief of Staff, Space and Naval Warfare Systems Command, Atlantic.

My testimony today will address the short- and long-term strategies for developing information technology components for implementation of the Post-9/11 GI Bill, to include our project timeline and plans for hiring additional staff as requested by the Subcommittee.

At this point, Madam Chair, if it is acceptable to you, I would like to forego the remainder of my oral comments. I believe there is interest in the PowerPoint slides, so I will go directly into those.

First slide, please.

I would like to first talk about hiring as well as the status of our facility build-outs. I will also talk about our training for both existing employees as well as new employees that we largely have on

board. I will talk about the current status of our regulations required to implement this new program.

Mr. Warren and myself will discuss the interim solutions that we have in place and are moving forward on to pay benefits on August 1st. Mr. Warren will address the issue of the long-term strategy for IT implementation.

As the Committee is aware, we are in the process of hiring 530 additional claims processors to facilitate the largely manual process that we will be going live with on August 1, 2009. The vast majority of those individuals are on board now. As of February 17th, we had 418 individuals on board. The remainder of the 530 do have report dates and will be on board no later than March 1st. So we are very pleased with our successes at being able to recruit quality people at all of our four sites.

The status of the build-out of additional space is also on track. Two of our facilities were able to carve out additional space in their existing facilities. That space is being built out to support claims examining processes.

Two of our facilities required additional space. We have contracts awarded, and we are moving forward with the additional build-out. Two facilities will be ready for occupancy on March 1st. The other two will be ready for occupancy on June 1st. All four of those efforts are on track.

Next slide.

Training is also well developed. We have had ongoing training for our existing staff in place for some time now. That has been based on a series of broadcasts over our satellite broadcasting system, as well as developing standardized training curriculums that will accompany the video training at each of our sites.

We also have training under way for the new staff that are on board. That training is going well. We are making use of our existing training facilities at each of our offices and moving forward as we get groups of people on board that can fill a training room. The training is moving forward, and we are getting those people trained.

The next stages for our training are tied to the deployment of our interim strategy, IT strategy for payment of benefits. As I have discussed previously, that strategy is a three-phased approach; and we will talk in more detail about that.

Phase I of our IT strategy will actually be deployed on March 8th. We have completed user acceptance testing of Phase I. So, on March 8th, we will have that tool in place; and we will begin training our claims examiners on that tool. What we will classify as Phase II training will begin later. March 13th is when we expect that to begin. And then Phase III training will begin on or after August 9th.

Next slide, please.

The proposed regulation comment period for our proposed regulation concluded on January 22nd. We received a total of 255 comments from 46 separate entities. And, by entities, that could be individuals. It could also be groups that represent a large number of either individuals or schools, professional groups, et cetera.

The comments that we received are probably as diverse as the piece of legislation itself. A lot of questions on the Yellow Ribbon

Program, focusing largely but not entirely on procedural issues. Individuals wanting to understand how the program will be implemented, what schools' responsibilities are under that program. Clarification was needed on the role of the certifying officials, foreign exchange rates, items such as definition of academic year.

We received one question on Public Health Service and National Oceanic and Atmospheric Administration eligibility, specific questions on transfer of entitlement as involving the kickers, administrative issues concerning the payment structure for the program itself, the Post-9/11 GI Bill payment, the Yellow Ribbon payments, et cetera. Definition of dependent, ensuring that we are consistent with the Defense of Defense (DoD) definition. Some questions on rate of pursuit, which is a terminology and a requirement for some training under the statute.

We have prepared responses to each of these. We have draft regulations that are going through concurrence right now, so we expect the final regulations to be out very soon.

Mr. Warren will talk to Slide 6 and 7.

Mr. WARREN. Consistent with the rollout of the different services, what we have done is—and a break from how systems have been developed in the past—instead of one big bang at the end, we have done an incremental development in terms of laying out pieces of functionality consistent with where the Education Service needed functionality.

So what we have is we have broken the IT support that the Education Service needs into two categories: the front-end tool, which is the, if you will, the user interface that the employees will use in terms of making the eligibility determination as well as the rest of their work, and the back-end tool, which is the financial aspect. That front-end tool we broke into three pieces, again consistent with how we needed to move through the process of making an eligibility determination, how to register, and then the authorization for the payment, as well as the changes at the end.

Slide seven will actually lay that out in a pictorial diagram to see how we stepped those through, consistent with the time frames that the Education Service is going to follow with respect to the registration, the eligibility determination, and then the payment itself.

So the front-end tool is phased in three steps. The back-end tool, which is one of the more complex components, deals with the financial payment. That is phased with the second area, if you will, the payment calculations.

So once those calculations are made, we are able to warehouse them until we are ready actually to send them over to Treasury to cut the payment, if you will, and send it out to the veterans. This slide actually lays out the different components instead of going into those, and I can get into those with questions if there are those.

Let me lay out this pictorial representation that, hopefully, the paper copy is clear versus what is up on the screen. We have laid this out, and we have color coded by the three major categories. On the left hand side is the eligibility aspect in terms of getting the tools in place to allow the Education Service folks to make that de-

termination; that middle area in terms of payment enrollment, what are all the systems necessary to make that happen.

And then the third one, which is the supplemental calculation, again, we have broken it. The middle one is Phase I. Phase II, Phase III is an ease of access.

Probably a key takeaway from this is we are on schedule. The changes we have made in terms how we design, how we develop, and how do we link with our customer have been very effective.

The Education Service employees have actually been testing the tool that they are going to be using for multiple weeks already. So instead of the standard mode of building something, give it to your customer to test and then, oops, I don't make my schedule, we have actually had concurrent testing as the functionality has been delivered.

The system will be turned on for use by the Education Service on March 6th. As Keith indicated, they will actually start using it on March 8th. So, again, we are meeting schedule.

The line that you see on the diagram shows where we are in time. Everything to the left has been met. The milestones to the right, we are on schedule to meet them and have a high confidence that we will.

So you are aware, when we talk about the new functionality coming online, the front-end tool and back-end tool, those are actually 2 of 14 systems that we need to modify to move forward. And those other 12 are existing applications that we need to make sure we modify to ensure the delivery of that benefit. And as you can see, we phased those changes as part of this program, as part of this schedule.

One of the things that the staff had asked for was a critical path, if you will. How do you know if you are on schedule? How do you know if you are making progress? These are the critical milestones that we track and manage at the project team level daily, at the Education Service level twice a week, and I meet with the Under Secretary for Benefits once a week where we evaluate where are we, what progress are we making, are we on schedule, are there things that we need to be dealing with.

Unless there are questions on this representation of the schedule, and we can catch comments at the end if you would like, I would like to hand it back over to Keith who will walk through not just the IT component, which this represents for the interim solution, but the melding of what the business is going to be doing, the Education Service is going to be doing as they march through and how these IT components couple up to that.

Mr. WILSON. Slide 8 goes into a little bit more of a narrative or bullet format for describing both the IT and non-IT deliverables that will occur within the life phase of Phase I. In other words, even though we are using Phase I, II, III, et cetera, for the IT deployments, there are a lot of non-IT issues that will be delivered during that time as well.

As you can see on Slide 8, there are several items that are actually completed, indicated by the green checks next to them. We have established our program executive office as well as our Government structure, finalized business requirements, drafted and published our proposed regulations, developed our risk manage-

ment plan and established a risk management review board process.

User acceptance testing on Phase I has been completed. We are very close to completing the hiring of the 530 additional people. The Chapter 33 contingency plan has actually been finalized since this slide was prepared. So that is a complete.

Deployment of Phase I, as Steph indicated, is scheduled for deployment on March 6th; and then we will begin training individuals on Phase I on that on March 8th. Phase I—just so I can capture in one nutshell what that gives us is Phase I gives us the ability to store the information needed, to determine eligibility. In other words, this creates the mechanism by which we will actually be able to begin determining eligibility. Not payment yet. Payment is part of the Phase II timetable. But we will be able to begin determining eligibility for individuals that are covered by the program.

Slide 9 talks to the Phase II milestones. We have completed the Phase II requirements lockdown. In other words, we have finalized what Phase II needs to do to us, for us and from a technology perspective.

The key milestone I believe in Phase II is the second bullet there: Begin accepting applications for certificates of eligibility on May 1st. That is the goal that we have in place right now, and we are managing successfully to that goal.

That will be the first time at which point the public will see something delivered from us. Those individuals that seek entitlement to this program will be able to use the existing procedures that we have in place now—in other words, applying online—and we will generate certificates of eligibility for those individuals during the summer.

We will be completing our final regulations, I believe, well before schedule. Our master schedule right now has that plan for May 11th. We are well ahead of that schedule.

We will begin Phase II training on May 13th, solicit Yellow Ribbon agreements. May 15th is what our master schedule shows right now. Again, I believe that is one item that we are ahead of; and we expect to be able to move that to the left hopefully sometime in April.

Full occupancy at each of our facilities will occur no later than June 1st, and then we will complete the interim solution Phase II testing on June 19th. And that means that we will have validated that we have the capability to pay benefits when we expect to.

We will also be publishing the list of the Yellow Ribbon Program schools. That is something again we are ahead of schedule on, and we expect to publish that well before the June 30th time frame. And then, of course, on August 1st, we begin paying benefits.

Phase III provides two things. It, first of all, provides us more calculation capability than we have in Phase I and Phase II. Phase I and Phase II is largely capturing of information that will be keystroked in by individuals. Phase III gives us some level of calculating capability for things such as determining months of remaining entitlement, things such as that. Phase III also will include the capability to process amended awards. Amended awards, I am talk-

ing about those situations where individuals would have a reduction in their training time or a withdrawal from training.

Slide 11 is a summary of our contingency plan. Our contingency plan consists of addressing four core functionalities that potentially could not be delivered. Within those four, it is broken down into about ten subcategories. The level of detail on the contingency plan is robust, but it varies depending on the type of functionality that could not be delivered, and I will provide a couple of examples.

On the high side, in terms of issues we would be concerned with, would be to not have the capability of generating recurring payments. Generating recurrent payments is something that we traditionally have had in our benefits delivery network. In other words, when we generate, authorize an award, we authorize it for a period, a block of time, the enrollment period. Once we authorize that payment, each of the monthly benefit checks will automatically generate behind the scenes. It doesn't take our claims examiners to do additional work to generate those monthly checks.

The functionality that we are having delivered by IT will create that capability for our Chapter 33 processing, which currently does not exist. Our contingency plan if that strategy does not—if that IT functionality is not delivered is to hire additional staff to do that work. That additional staff would consist of about 260 clerk positions, fiscal clerk positions that would have the responsibility of each and every month going in and generating the appropriate check for the appropriate individual. So that would be a significant amount of work, obviously.

On the other extreme of what is addressed in the contingency plan would be a situation such as the needed modifications to VA-ONCE not being delivered. VA-ONCE is the tool that we currently use right now for our interface with the schools. The schools go online, and they provide us the enrollment information through VA-ONCE. We receive that as data.

VA-ONCE is being modified to allow the schools to provide us through that mechanism the additional information we need to administer Chapter 33, for example, the tuition and fee amounts. We will use the dollar amounts reported through VA-ONCE to pay the tuition and fee payments to the school. If for some reason VA-ONCE is not modified to include the additional fields for tuition and fee payments, then we can simply use the existing VA-ONCE mechanism and have the schools report that information in the existing remarks section. So it would require minimal additional work. It would just be a mechanism of making sure that they do continue to report that information to us as we need to.

So that is an example of the variances in what is addressed in our contingency plan.

Mr. WARREN. Turning now to the long-term solution. We have made tremendous progress on getting that interim or short-term solution out. A lot of the focus has been on making sure that that happens. The date or the milestone we all have in front of us in August is to make sure that short-term or interim solution gets there. We are now reaching the point where, with the progress that we have made and the delivery of some of these tools that are starting to roll out, to turn to that long-term solution.

We have had SPAWAR there as a partner with us. We have actually used them to strengthen our project team that is working on the interim or short-term solution. So we made sure we drew upon their expertise, if you will, to make sure we did stay on schedule and could meet the milestones we have laid out.

We are expecting in the next month to start finalizing the requirements that we gathered as part of putting together that short-term solution, which then become the basis for what SPAWAR designs, builds—

So we are now ready to turn to SPAWAR moving out once those requirements are refined. A lot of requirements were collected as we walked through what the short-term solution required. They will then essentially lay that out for us. We will sit down with the program experts on the Education Service side, validate those are actually the right solutions, right requirements and then move forward.

The long-term solution we are talking about is an end-to-end solution. What we are doing for the short term, if you will, the delivery by 1 August, is an augmented manual process. The focus has been on the date. And this package, the long-term solution is to put something in place that is a fully automated solution. It is using some of the new technologies and tools that are the standard in the industry, something referred to as service-oriented architecture. It is using rules-based processes. The education program today is actually a paperless process, but it is a manual paperless process.

The next step is actually putting rules in place that allow, if you will, having the person step back and only be oversight to make sure the rules are running correctly or to deal with situations that don't fit the simple rules. So, again, this long-term solution is to implement that automation, not just paperless but automation.

It is building on some of the things that we use for the short-term solution, something called agile development, instead of that old way of doing things where you write a big document and then you sit down and you develop for a long time and then you have the customer look at it, who normally changed in the period between writing the requirements and the long development and there is a disconnect.

So agile development is, as you are discussing what it is that you want to do, you are building pieces of code, you are testing it and making sure the path you are on is the right path. And you know during the process, not at the end, that you are on track or you are off track.

As I had indicated, a lot of effort has gone into short term. SPAWAR has also been asking the question, when we lay this out as a long-term solution, what is the underlying infrastructure that needs to be in place, the fabric that will support this long-term automated solution to ensure that it runs for the future?

The full operational capacity, we are still planning for it and expecting to meet as that December, 2010, date. So that we have done this cut over from the short-term solution to this longer-term solution.

We are still counting on New Orleans, the SPAWAR site, to be the first operational location. So they will design, build, and run. It is very hard to assure that your builder is concerned about how

it works unless they need to run it. So not only are they designing it, they are building it. They actually have to run it for us. So there is an incentive to make sure it is easy to run, if you will, that there is not a lot of pain involved.

But we are also doing that to allow us to train up the VA staff to make sure that these new technologies that we do not have a history with, that we can learn from the expertise that SPAWAR has developed and utilized in the past. They bring up the first site. We then start training and educating our staff not only at the operation but in the design end, and then we build the backup solution at VA, and then we flip it over and start running it at VA, and we retire out what is at SPAWAR.

So we are using them, if you will, to jump-start a modernization not only of the technology at the VA but the skill set necessary to run it successfully.

And that ends our remarks.

[The prepared statement of Mr. Wilson, and the referenced slides, appears on p. 25.]

Ms. HERSETH SANDLIN. Thank you both for your testimony.

We do have one vote, but before we head to that vote and return for questions for our panel, I do want to welcome Congresswoman Ann Kirkpatrick to our Subcommittee. She joins us as the representative of Arizona's first congressional district. Congresswoman Kirkpatrick has expressed a particular interest in helping our veterans become gainfully employed and improving upon the educational programs offered to our veterans.

Again, we welcome her to the Committee and look forward to working with her throughout this Congress. I also want to recognize our Ranking Member, Mr. Boozman.

Mr. BOOZMAN. Well, thank you, Madam Chair.

I was just going to say the same thing, that I really enjoy looking forward to working with you, Mr. Teague and Mrs. Kirkpatrick. We have lots of disagreements up here about a variety of different things, but I think you will find on this Committee, and the VA Committee in general, that we are all working very, very hard for veterans. And if you are interested in veterans' employment, you are in the right place. So, again, it is a real pleasure to have you guys on board.

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

We just have one vote, so we will be back shortly because we have some questions for our witnesses. Thank you.

[Recess.]

Ms. HERSETH SANDLIN. Okay. Thanks for your patience.

Let me ask a couple of questions before recognizing Mr. Boozman for those that he has.

Mr. Wilson, just to be clear, is VA going to begin accepting applications for the new Chapter 33 benefits May 1, 2009?

Mr. WILSON. Yes. Our goal is to begin accepting applications for certificates of eligibility for the program on May 1st.

Ms. HERSETH SANDLIN. Okay. How long is it going to take the VA to determine Chapter 33 eligibility after receipt of that application?

Mr. WILSON. Our goal for processing original claims this year is 24 days. We do not have any plans to back off that goal right now. So we expect to be able to continue timely delivery of benefits.

Ms. HERSETH SANDLIN. After eligibility is determined, how long is it going to take the VA to send the applicant notification of the education benefits they will receive?

Mr. WILSON. That would be part of the process itself.

Ms. HERSETH SANDLIN. Within the 24 days?

Mr. WILSON. Yes. Correct.

Ms. HERSETH SANDLIN. So, that is not just the certification eligibility? Is that also calculating the amount of benefits they would be entitled to?

Mr. WILSON. That is correct. That is calculating the benefit amount, determining eligibility, and notifying the individual of their eligibility.

Ms. HERSETH SANDLIN. Okay. How about the schools? Are they going to be notified simultaneously?

Mr. WILSON. No. Our plan is to issue the certificates of eligibility directly to the student, and then the student will have the responsibility of providing that C of E copy as they deem appropriate to the school or schools they would apply to.

Ms. HERSETH SANDLIN. Okay. Mr. Boozman.

Mr. BOOZMAN. Thank you, Madam Chair.

I appreciate the presentation. It looks like you all have spent a lot of time, and it really is very helpful.

I am an optometrist by training. I also learned that, by my struggling a little bit with some of the slides, that I am going to have to take him in and do a test on his vision. But we do appreciate you.

The staff has indicated a desire to sit in on some of the trainer training. Is that a problem? Do you all have any problems with them maybe just kind of seeing what is going on, seeing how we can be helpful in that regard?

Mr. WILSON. Absolutely no concerns. We would be happy to have individuals come in and observe the training. That would not be a problem.

Mr. BOOZMAN. Good. Thank you very much.

One of the things—and, again, Mike has kind of reassured me a little bit. But, today, if you go to the hospital and you don't have any insurance, you pay the highest price. If you are insured, even though you have a high deductible, the insurance companies cut a deal and you are going to pay a less price than the highest price with no insurance. I guess my concern is, have we fixed it such that there is not the ability for the colleges to work a loophole such that we are not getting the very best price for the Government as we go forward with this? Do you understand what I am saying?

Mr. WILSON. I do. The mechanisms—you are talking about specifically the tuition and fees?

Mr. BOOZMAN. Yes.

Mr. WILSON. The statutory intent or the statutory language that we were specifically trying to meet and are meeting with the tuition and fee calculations is determining the highest in-State undergraduate public tuition within each State. That is what the statute indicates that we are required to do.

Delivery, charging, and receipt of education in the 21st century is complex. There are a myriad of ways that schools charge tuition. There is a myriad of ways that schools charge fees. Those vary within States. They vary between public, private, even among public and even among private. It is extremely complex.

And the manner in which students attend training in the 21st century is also an issue that we have to consider. It is not uncommon for our students to be taking classes at more than one school, for example. They could be taking resident classes at two different brick and mortar schools. They could be taking brick and mortar classes as well as online classes.

All of the schools they could be participating in training at potentially charge very—based on very different structures. And what we were charged with doing is coming up with a mechanism that could account for all of these hosts of variables, and I believe we have come up with a mechanism that does that.

Mr. BOOZMAN. Good. That is very good.

I guess as we go forward with this new process that I would appreciate—and I know you are doing this, but, again, just to make it very clear that gaming the system isn't going to be tolerated. On the other hand, I know that the colleges and universities have some concern that they are going to be the ones that float—have to float fees for extended periods of time; and the Chair addressed that a little bit as to that as far as timely delivery of their funds and things like that. So I think there is a balance both ways. I don't think that we want to tolerate either, not timely paying and that sort of thing. So we are just going to have to work really hard on those things.

Some veterans may enroll and then find out that perhaps college isn't for them. Something comes up. They drop out. What is the mechanism as far as what happens at that point? Do we try and recoup the fee from the veteran or do we eat that or have we even thought that far ahead?

Mr. WILSON. We have thought of that. VA has had a mechanism in place for some time to handle situations where there is an overpayment of benefits. That mechanism will remain in place.

So in terms of creating something new to address a new situation, that is not really needed. We have that in place. What is potentially different in this situation is the mechanism by which payments are made, as opposed to the way we made them in the past, is going to—I will use the term—front load a lot of the benefit payment. A lot of the tuition and fee payments will be going out toward the beginning of the semester. So those dollars are already out the door.

If there is a subsequent drop in enrollment time—or a reduction, rather, in enrollment time or a drop of classes, then there could be an overpayment of benefits based on two things: First of all, the timing involved with the drop or reduction and the circumstances involved with the drop in reduction. VA does have the ability to apply what we call mitigating circumstances when there is a reduction or a drop in enrollment. Whether or not we apply mitigating circumstances will result in reducing the benefit, either the date of the reduction or drop or back to the beginning of the semester, one

or the other. So that process will be one thing that impacts the total overpayment that will exist.

The other factor will be the school's refund policy, and those refund policies vary. So we couldn't really determine here and now what an individual's overpayment would or wouldn't be because it would have to take into account those factors.

Mr. BOOZMAN. Okay. Thank you very much.

Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Let me follow up on the line of questioning that Mr. Boozman is pursuing, because I am very concerned about the different refund policies at the schools, and whether or not that is something that we need to get involved with. I recall that if you paid tuition in full, at the beginning of a semester, and then had a change of heart, and decided to leave 3 weeks later or 5 weeks later, you didn't get your tuition back. I don't think when it relates to the Federal Government, on behalf of our veterans paying school for tuition, that that is appropriate.

You said there is a mechanism in place. In the past, the benefits have gone directly to the student. Now that we are going to be paying the tuition fees directly to the school, in your opinion has the Administration taken a position as to whether or not some sort of intervention is necessary, as it relates to the payment of these benefits directly to these schools. The refund policy, as it relates to Post-9/11 GI Bill benefits, has to be unified there has to be a refund to the Government in certain circumstances?

Mr. WILSON. The Administration has not taken a position on that issue.

Ms. HERSETH SANDLIN. Has the Administration taken a position on whether or not there are any true technical matters that need to be addressed before the enactment of the Chapter 33 benefit?

Mr. WILSON. We are satisfied that our regulatory authority has given us what we need to successfully implement the program on August 1. There are some minor technical issues that we believe could be clarified, but there is nothing that would keep us from implementing the program on August 1.

Ms. HERSETH SANDLIN. Of those minor technical issues that could be clarified, where we have seen some veteran service organizations discussing changes to Chapter 33 before enactment, do any of those proposed changes make you concerned about the implementation date of August 1, 2009?

Mr. WILSON. We would be concerned with any changes before August 1, 2009. We have locked down our functional requirements. We are moving forward, and we are meeting our goals based on the legislation as it was passed and signed. Not knowing the exact language of any potential changes, I wouldn't be equipped at this point to comment specifically on impact, but we would certainly have concern with any changes.

Ms. HERSETH SANDLIN. Mr. Wilson, are you familiar with the recent article that stated the Iraq and Afghanistan Veterans of America has adopted a position proposing a cap of \$13,000 per year on benefits under Chapter 33?

Mr. WILSON. Yes, I am.

Ms. HERSETH SANDLIN. Does the Administration have a view on that proposal?

Mr. WILSON. We don't have a view on that proposal.

Ms. HERSETH SANDLIN. Back to the issue that Mr. Boozman was pursuing, can you describe with a little more detail the mechanism you have in place when a veteran chooses to leave his or her course of study after a certain period of time?

Mr. WILSON. Under our current overpayment mechanisms?

Ms. HERSETH SANDLIN. Yes.

Mr. WILSON. Yes. If an individual withdraws from training or reduces training right now, what we do is invite the individual to provide to us mitigating circumstances; and, based on the specifics that the individual would report to us, we would make a decision to either adjust the award at the time of the reduction or reduce the award from the beginning of the semester.

For example—and these are just hypothetical examples, just to paint a picture—if an individual were to withdraw from training or reduce training due to a family crisis, those would be the type of things that potentially we would say, yes, that seems to be mitigating circumstances. We will reduce the payments that you are due from the time of enrollment—or, I am sorry, from the time that the reduction occurs.

What happens then under our current payment structure, since we are paying in arrears, we will be able to reduce the benefit in time so that the person often wouldn't have an overpayment, assuming everything is reported to us timely.

If the individual does not submit mitigating circumstances or would just—well, if they would say nothing at all, we would have nothing to base mitigating circumstances on. We would reduce from the beginning of the enrollment period; and, in those situations, the individual would have a potential overpayment based on the difference in their current training time compared to what they enrolled at at the beginning of the semester.

Ms. HERSETH SANDLIN. Under the new benefits, the benefits for housing and for books, those benefits are going directly to the veteran. But while you have a mechanism in place, it is going to be more complex to deal with issues of overpayment because payment is going directly to the schools and they all have different refund policies. Is that what I am hearing you say?

Mr. WILSON. That is correct. The total amount of the overpayment would have to factor in all of the payments that went out on behalf of the veteran's training.

Ms. HERSETH SANDLIN. Is that anywhere in the plans that you have laid out for the Subcommittee today, in part of Phase I or Phase II?

Mr. WILSON. It is in our project plan, yes. There is not many changes that need to occur. But that mechanism and ensuring individuals are notified of this is part of our implementation strategy, yes.

Ms. HERSETH SANDLIN. Okay. I think this may be an area the Subcommittee staff will want to follow up, and perhaps we will have some additional questions in writing for the record.

Do you have any further questions, Mr. Boozman?

Mr. BOOZMAN. I guess just one on the SPAWAR. Relative to DoD acquisition rules, what category does the development program fall into and what level of review would that entail at the Pentagon?

Captain KRAUSE. Sir, I will have to get back with you on that. We haven't really—although we did discuss that, we didn't really categorize it as a type of a CAP program. I think I know, but I would be guessing. So I want to make sure I tell you what it would be if it were a DoD program, and I will get back with you on that.

Again, we are—the acquisition strategy we are following is a blend of the VA's acquisition and our acquisition, the appropriate acquisition milestones and elements that would apply to this program. So we are kind of blending them together, and we are following that process.

Right now, we are in the planning and initiation phase of the long-term solution and focusing on the requirements essentially, the requirements and aggressive risk management strategy and a governance structure which we think are the three key elements where many software programs go awry and we think that is what our focus is right now.

But I have a stack of documents, and I can provide more to your staff that follow the acquisition process that we are coming up with.

Mr. BOOZMAN. I appreciate that.

[The DoD subsequently provided the following information:]

If the VA Chapter 33 Long Term development program were a DoD acquisition program, it would be an Acquisition Category IA (ACAT IA) and designated a Major Automated Information System (MAIS). This is because, pursuant to Secretary of the Navy Instruction 5000.2D, as further defined in Department of Defense Instruction No. 5000.02, the program will exceed "\$32 million in FY 2000 constant dollars for all expenditures, for all increments, regardless of the appropriation or fund source, directly related to the AIS definition, design, development, and deployment and incurred in any single fiscal year."

An ACAT IA program such as this would normally undergo Milestone and Decision Reviews conducted by a Milestone Decision Authority, which in this case would be the Assistant Secretary of Defense for Networks and Information Integration (ASD NII)/DoD Chief Information Officer or another designee.

Mr. BOOZMAN. Some of the questions that we are asking—I know that you are concentrating right now on just kind of surviving and getting the basic stuff done, although you have outlined a very comprehensive plan that seems to be very well thought out. So I really do compliment you on that. So some of this stuff I know is evolving. And we will just have to see as it proceeds things like refunds, that is something that is not a big deal at this point, but those are the kind of things that become a huge deal in us dealing with and you dealing with it at some point in time.

So, like I say, I appreciate the testimony today; and, again, the level that we are moving forward I think is encouraging.

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

In speaking with counsel, I just want to get some clarification. Again I'm going to submit a question in writing for the record, but in the past when there has been overpayment, the veteran is liable?

Mr. WILSON. Correct.

Ms. HERSETH SANDLIN. I'm just wanting some clarification, in light of the different manner in which payment will be made. There will be a system in place in which the VA will seek recoupment of any overpayment first from the school that received the payment

to then be able to calculate, after seeking repayment from the school, what the veteran's individual liability may be.

Do you see where I'm going? According to counsel, if there is an accumulative \$10,000 overpayment, the veteran is no longer eligible for any education benefits.

Mr. WILSON. They would not be eligible for additional benefits until the overpayment would be recouped. That's correct.

Ms. HERSETH SANDLIN. But from your perspective as you administer this new benefit, the first stage of recoument will be to the school.

Mr. WILSON. No. Counsel and the general counsel has indicated that these payments are all being made on behalf of the veteran. It is received by the school, but the veteran is liable for the amount of payments that are made on his or her behalf.

Ms. HERSETH SANDLIN. That is putting the veteran in the position of having to negotiate with the school, case by case, based on the school's refund policy, to somehow ensure that the school is repaying any overpayments.

Mr. WILSON. The school's refund policies will remain in place. In other words, based on those refund policies, if there is an amount that is due back based on this reduction or withdrawal, that amount will be paid to the veteran from the school. So the school's governing refund policies will remain in place, they will send overages in that veteran's account to that individual, and then VA will deal directly with the veteran for any overpayment in the VA benefits paid.

Ms. HERSETH SANDLIN. Okay. We will pursue this further with you, just to clear up any points that are somewhat murky at this stage. This is part of what I think each veteran needs to be aware of going forward. We are going to have some veterans who have received benefits previously that are now going to receive benefits under the new Chapter 33 benefit; and we have to make sure they are aware of what their liabilities are going forward.

I don't believe I have any further questions, but let me also welcome to the Subcommittee Congressman John Adler, who represents the third district of New Jersey, which has a large and growing number of veterans. Like Congresswoman Kirkpatrick, Congressman Adler has expressed a particular interest in assisting veterans become gainfully employed and improving upon educational programs offered to our veterans. I assume that some of his constituents are also very interested in the timetable and administration of the new Chapter 33 benefits.

Congressman Adler, welcome; if you have any questions for our panelists you are more than welcome to ask them at this time.

Mr. ADLER. Madam Chair, thank you very much. It is an honor to be with this Subcommittee and to try to serve the veterans, particularly the young men and women who are returning from service.

Are there more measures we need to provide you, more tools to accomplish the goal? Have we done enough in Congress for you now to get the program implemented adequately over the summer?

Mr. WILSON. The legislation itself came with funding. That funding has at this point adequately provided us what we need for implementing payments on August 1 of 2009.

Mr. ADLER. Thank you.

Ms. HERSETH SANDLIN. You should do that for the record. Sometimes we get even more informative responses, even if certain questions were asked and answered.

Mr. BOOZMAN. I do that all the time.

Mr. ADLER. I wanted to follow up just to get comfort on your answer to the Chair.

So students, veterans that are now being students, are they going to have to put up money up front?

Mr. WILSON. The tuition fee payments that are going to be made to the school are going to be made directly from VA to the school.

The student will also have issued to them—as I've talked about, we are looking—our goal is to issue certificates of eligibility beginning May 1 for those individuals that believe that they would be eligible for this program. Those individuals can take that certificate of eligibility to schools. The schools will know, based on that document, that VA will be responsible for paying the tuition and fees; and they will know the tier of benefit the veteran would be entitled to. So in making an assumption that an individual that we are talking about now is eligible for the 100 percent tier of the benefit, then the school will know that VA is responsible for that payment.

Our goal for processing original claims is 24 days, supplemental claims 10 days. We believe, based on those timelines, that we should be able to get payment in to the schools in a timely manner.

Mr. ADLER. Can you explain in a little more detail the effort you have undertaken to advise colleges and universities of the program so that they will be welcoming of the veterans as applicants?

Mr. WILSON. We have had an extensive dialog with schools throughout the country as well as the professional organizations that represent them. We have done two direct mailings. We are in the process of doing a third direct mailing that comes from VA directly to the presidents of the institutions around the country. We provide that information directly to any school that has a veteran enrolled in them currently.

We have also had an extensive mechanism with education professionals such as the American academy—I'm sorry—American Council on Education. We had three regional meetings, one in LA, one in Chicago, one here in the District—or in Alexandria, actually. We are following that up with a webinar for education professionals that were not able to attend those meetings. So we have an extensive mechanism in place to reach the individuals at the schools.

In addition to that, we have had an existing mechanism in place for some time to communicate directly with the school certifying officials. Those are the administrative professionals at the schools that we have worked with year in and year out to provide us the enrollment information we need to pay benefits. So we have a multi-tiered approach at several levels at schools throughout the country.

Mr. ADLER. Do you have a sense that there are some universities and colleges that are not as welcoming as others in this regard?

I'm sort of frustrated that there are such disparities and inadequate reimbursement for those that want to attend a private university. But do you have a sense that there are universities and

colleges that are, I would say, not “hostile” but are not as welcoming of veterans?

Mr. WILSON. I have no sense of that. No.

Mr. ADLER. Can you talk for a second about the disparity in tuition rates among States and implications that has for students?

Mr. WILSON. I can address the tuition and fee structure that we are required to implement under the post-9/11 GI Bill. The tuition and fee, tentative preliminary information that we have put out on our Web site, is based very specifically on the statutory requirements of the Post-9/11 GI Bill; and that is to establish the maximum in-State undergraduate public tuition within each of those States.

The numbers—the preliminary numbers that we have out there should not be and would not accurately represent anything other than the specific statutory requirements those numbers were used for—are used for. They don’t represent averages. They don’t represent the biggest or the smallest schools, charges within a State. They simply represent the situation within each State that is the highest in-State undergraduate public tuition in that State. And that is the only thing that those numbers represent.

[The VA followed up with additional information in the Post-Hearing Questions and Responses for the Record, which appear on p. 31.]

Mr. ADLER. I thank you.

Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Thank you.

Mr. BOOZMAN had another follow-up question.

Mr. BOOZMAN. Again, I know we have spent a lot of time on it, but I also have some concerns and really would like for you all just to look at the overpayment or how you are going to get that. I know as an optometrist, we initially—when Medicare came about, they sent the surgery fee or the fees to the patient, and then the patient was supposed to give it to the doctor. Well, pretty soon everybody figured out that they got the money and then they said, we are going to pay you five bucks a month, maybe, until you get your fee paid. In other words, sometimes it was difficult to get that money from the patient. And I think there is all kinds of examples like that.

But I think it is going to be, in some cases, difficult. I think you have much more leverage getting it from an institution back than from the veteran, okay. Because by the very nature of the veteran being in a situation where they are dropping out or something has happened, that probably means that there is some hardship or something going on. I know you can waive that in certain conditions. So you guys are going to have to figure that out.

I guess what we don’t want is, especially when all of this is being done by the Government up front, it is not sitting down and, you know, signing the paperwork like you would normally. I guess you do that. But you might not really understand what you are getting into when you have a third-party payer. Do you see what I’m saying?

So we either have to be very, very careful about making sure that the veteran is very, very aware that this could happen—but I do think that, like I say, you guys are going to have to figure it

out. But I think you have a lot more leverage with an institution than you do with the individual.

Mr. WILSON. We would be happy to work with the Subcommittee on that topic.

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

Mr. Wilson and Mr. Warren, thank you both for your testimony today. I want to extend a sincere and warm thanks. I am very grateful to both of you, because I know that you have been working extraordinarily hard and you have been working very closely with counsel and with all of us on the Subcommittee during the transition as well and under a compressed timeframe.

Again, we are seeking information with these oversight hearings, not only to get some of the good news you have provided us today on where you are on track and on schedule for implementing the benefits and where we are with Phase I and Phase II in particular, but also the long-term strategy and the good work I know that you are doing with Captain Krause. We thank you for being here as well.

It is not an easy task, but we hope that our efforts working with all of you again, we can keep addressing some of the issues that tend to arise out of concern for the Committee Members, such as this issue of overpayment today. Please continue to keep us updated on your milestones, so that we can ensure that we are sharing this information with veterans and they know what to expect this spring, they know what to expect this summer, and hopefully things will go smoothly for all of them this fall.

Thank you very much, to all of you, for your dedication, for your testimony, and for your updates on Public Law 110-252; and we look forward to additional oversight hearings in the weeks ahead.

This hearing stands adjourned.

[Whereupon, at 2:30 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 thank everyone for joining us for our first Subcommittee hearing of the 111th Congress.

Rejoining us as our Subcommittee's Ranking Member is the distinguished Congressman from Arkansas, John Boozman. I look forward to working with him and building upon our strong bi-partisan relationship with all of our Subcommittee Members.

We welcome many new additions to the Subcommittee. Unfortunately, one of those new Members, Congressman Tom Perriello of Virginia, will not be able to join us today. I received word that Congressman Perriello is attending to a personal family matter. Our thoughts and prayers are with him and his family.

Another new face to the Subcommittee, Congressman John Adler, represents the third district of New Jersey, which has a large and growing population of veterans.

Congresswoman Ann Kirkpatrick also joins us as the representative of Arizona's first Congressional district. Both Congressman Adler and Congresswoman Kirkpatrick have expressed a particular interest in helping our veterans become gainfully employed and improving upon the educational programs offered to our veterans.

Congressman Harry Teague represents New Mexico's second district, he is also the lone representative of the entire New Mexico delegation serving on either the House or Senate Veterans Affairs Committee. Congressman Teague has expressed an interest in addressing the needs of our rural veterans to ensure that they are not forgotten.

As we begin the 111th Congress, we realize that we have a full and ambitious agenda. This Subcommittee will address the concerns that many of our constituents and veterans have expressed.

A non-exhaustive list of our ambitious agenda includes improving upon: employment and entrepreneurship opportunities for veterans; the Vocational Rehabilitation and Employment program; Veterans Preference; the Uniformed Services Employment and Reemployment Rights Act; opportunities for Small Business Contracting Goals for Veteran and Service Connected Disabled Business Owners; Housing programs to ensure veterans are afforded the opportunity of the American dream and have the protections to keep their home in challenging economic times; and Educational programs that meet the needs of today's veterans.

In addition to this full agenda, our Subcommittee will continue to provide the needed oversight that is required for these important issues. I am hopeful that our oversight will produce additional accountability and transparency within the VA.

Today, we will continue with our series of oversight hearings, that began during the last Congress, which address the VA's implementation plans of the Post-9/11 GI Bill, as required by Public Law 110-252. This oversight requires our Subcommittee to have close relationship with the VA, and I look forward to our continued cooperation and communication as the VA develops the new Chapter 33 rules and regulations, and finalizes their short- and long-term IT plans.

This hearing provides the VA with an opportunity to present clear details to our Subcommittee about where the VA currently stands with regard to the implementation of the new GI Bill requirements, as well as details about SPAWAR's progress. I am confident that the VA will provide assurances that there will be no delays or unnecessary burdens placed on our veterans. Our goal continues to be that veterans will have a smooth transition when receiving the educational benefits they earned and deserve.

Like many of my colleagues, I look forward to working with the new Administration to address the needs of all of our Nation's veterans. I am pleased that General Eric Shinseki was confirmed as the new VA Secretary. Having such a distinguished military career, General Shinseki brings with him a great wealth of knowledge and

experience. I look forward to working with him and his new leadership team at the VA.

I would encourage our panelists to continue an open dialog with the Subcommittee so we may ensure that our servicemembers, veterans, and their families receive the first class service and benefits they deserve.

Mr. Wilson and Mr. Warren, I would like to extend a sincere and grateful thank you from our Subcommittee for all the hard work you have done and the many hours you have dedicated in a very compressed schedule.

Thank you for your testimony and your service to veterans. I look forward to receiving updates on the progress made to implement Public Law 110-252, and to conduct additional oversight hearings during the 111th Congress.

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

Good afternoon.

Madam Chair, thank you for brining us together today to continue our oversight of VA's progress toward implementing the new GI Bill. Before we begin, I would like to introduce our side of the aisle by welcoming back Congressman Jerry Moran from the first district of Kansas. Jerry is in his seventh term and is a long-time Member of the Veterans Affairs Committee. I am also very pleased to welcome a new Member of the Subcommittee, Congressman Gus Bilirakis of the ninth district of Florida. Gus continues a family tradition of service on the Veterans Affairs Committee. Madam Chair, I am also delighted to have him as well as our new Members on the Democratic side join us as we seek to improve the lives of our veterans.

Since the Subcommittee last met on this subject, we have continued to meet with education and IT staff from VA and SPAWAR as well as Senate Veterans Affairs Committee staff. I appreciate their work to stay current on the progress toward meeting the August 1, 2009 implementation date for the Post-9/11 GI Bill.

As a result of the continuing oversight, I think it is fair to say that getting the new GI Bill up and running is proving to be a far more complex task than anyone thought. The permutations of amounts paid to the schools is almost infinite. I would note that VA has posted its first compilation of the maximum tuitions and fees for each State and I am truly surprised by some of the numbers. For example, in Tennessee, the maximum fees that could be charged to an undergraduate student is over \$15,000 per semester. There are several other States where fees exceed \$10,000 per semester.

I understand VA is reviewing those numbers and is taking a second look at how the State Approving Agencies are calculating and reporting the costs to be covered. I must remind everyone that those are State school, not Ivy League prices. But if those numbers hold true, we need to have a conversation with the higher education industry. At a time when American families are struggling just to keep the mortgage paid, the pursuit of higher education by everyone, not just veterans, may become problematic with those kinds of prices. I take some small consolation that at least those who serve the Nation will have this very generous benefit to fall back on but just as we are concerned about the rising cost of medical care placing an enormous burden on a family's budget, we must also insist that schools do everything they can to keep costs down.

Madame Chair, I cannot ignore the fact that during the last Congress, you introduced and I cosponsored H.R. 5684—the Veterans Education Improvement Act of 2008, a GI Bill that built on the success of the Montgomery GI Bill and offered all veterans about \$19,500 per school year without all the complexity of the Post-9/11 benefit. It is a shame that despite our best bipartisan efforts to provide a simple-yet-generous benefit, H.R. 5684 did not make it to the floor despite unanimous approval by the Full Committee. It could have been up and running right now and we could be spending our time overseeing and improving programs like Voc Rehab, HVRP and TAP. I would also note that one of the main proponents of the new program, the Iraq and Afghanistan Veterans of America have reversed their position and now advocate for a fixed benefit amount as proposed in H.R. 5684.

Finally, I ask today's witnesses to be candid in their testimony. I know VA and SPAWAR staffs are working hard to meet the August date as well as the long-term IT solution, but we cannot allow a lack of forthright discussion to prevent getting the program up and running. In that vein, I for one am not here to point any fingers for missteps—they are bound to happen. But I will expect full disclosure when those problems arise.

State	Maximum charge per credit hour	Maximum total fees per term
Alabama	\$279.00	3,004.00
Alaska	\$151.00	\$1,512.00
Arizona	\$490.14	\$5,056.00
Arkansas	\$167.00	\$629.46
California	\$254.00	\$4,806.00
Colorado	\$419.00	\$714.38
Connecticut	\$486.00	\$1,946.00
Delaware	\$590.00	\$1,290.00
District of Columbia	\$525.00	\$310.00
Florida	\$253.32	\$2,006.28
Guam	\$173.00	\$225.00
Georgia	\$203.00	\$630.00
Hawaii	\$248.00	\$1,163.70
Idaho	\$238.00	\$2,582.00
Illinois	\$558.08	\$1,432.00
Indiana	\$230.05 *	\$2,231.52 *
Iowa	\$618.00	\$581.00
Kansas	\$229.25	\$423.35
Kentucky	\$295.00	\$1,823.00
Louisiana	\$63.00 *	\$2,541.70 *
Maine	\$270.00	\$4,655.00
Maryland	\$436.34	\$7,090.00
Massachusetts	not yet available	not yet available
Michigan	\$953.00	\$9,897.00
Minnesota	\$326.92 *	\$4,359.28 *
Mississippi	\$317.95	\$5,723.00
Missouri	\$253.00	\$1,547.81 *
Montana	\$205.40 *	\$8,000.00 *
Nebraska	\$227.75	\$1,574.25
Nevada	\$133.50	\$311.00
New Hampshire	\$859.00	\$4,768.00

State	Maximum charge per credit hour	Maximum total fees per term
New Jersey	\$400.00 *	\$5,102.00 *
New Mexico	\$201.40	\$2,416.80
New York	\$970.00 *	\$2,373.00 *
North Carolina	\$482.50	\$2,045.50
North Dakota	\$219.84 *	\$2,638.00 *
Ohio	\$477.00	\$12,715.00
Oklahoma	\$363.44	\$4,136.30
Oregon	\$407.00	\$1,836.24
Pennsylvania	\$700.00	\$7,203.00
Puerto Rico	\$85.00	\$525.00
Rhode Island	\$331.42	\$612.00
South Carolina	\$460.00	\$385.00
South Dakota	\$88.20	\$2,817.19
Tennessee	\$265.00 *	\$15,130.00 *
Texas	\$1,333.00	\$12,130.00
Utah	\$128.64	\$2,176.28
Vermont	\$460.00	\$1,358.00 *
Virgin Islands	\$120.00	\$170.00
Virginia	\$225.00 *	\$6,630.00 *
Washington	\$336.00	\$4,080.00
West Virginia	\$256.00 *	\$1592.00 *
Wisconsin	\$663.00 *	\$4,202.00 *
Wyoming	\$94.00 *	\$400.63 *

* Amount is being verified with the State Approving Agency
Source: Veterans Affairs Department

Prepared Statement of Hon. Ann Kirkpatrick

Good afternoon, Madame Chair. It is an honor to join you and the other distinguished Members of the Subcommittee.

We are all here today at this particular hearing because under your stewardship, the Subcommittee led a grand coalition of bi-partisan support in both houses and pushed through the greatest overhaul of the GI Bill since 1984.

When Franklin D. Roosevelt signed the original GI Bill, he stated forcefully that **“it [gave] emphatic notice to the men and women in our armed forces that the American people do not intend to let them down.”** Through the work of this Subcommittee, I believe that we have kept that promise alive.

As I begin work with this Subcommittee, I vow to take seriously the responsibility of turning the promise that this new GI Bill offers into a fully functioning reality for America's heroes.

Madame Chair, I look forward to working with you and learning from my colleagues on both sides of the aisle to help improve the care and service our veterans deserve.

**Prepared Statement of Keith M. Wilson, Director
Office of Education Service, 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. Stephen Warren, Acting Assistant Secretary for the VA Office of Information and Technology (OI&T), and Captain Mark Krause, Chief Staff Officer, Space and Naval Warfare Systems Center Atlantic. My testimony will address the short- and long-term strategies in developing information technology (IT) components for implementation of the Post-9/11 GI Bill, to include our project timeline and plans for hiring new employees, as requested by the Subcommittee.

Short-Term Strategy

Our short-term strategy to implement the Post-9/11 GI Bill consists of a two-part IT solution; a fiscal payment system which uses the existing Benefits Delivery Network (BDN) to issue payments, and a "Front End Tool" for use by VA claims examiners to augment the manual processing of claims adjudication.

We will use internal IT staff to build the needed payment processing and delivery mechanisms within the fiscal payment system of BDN for the purpose of making payments. This functionality will allow for entry of all payment types, to include recurring payments (housing allowance), accounting ability, audit trail capability and some availability of reports that will meet finance and budgetary requirements.

The Post-9/11 GI Bill Front End Tool (FET) will be used to augment the manual process by providing additional support that is accessible by processors in each Regional Processing Office (RPO) and VA Central Office. OI&T is delivering the functionality of the FET in three phases, prioritized by the capabilities and resources available from OI&T. Phase 1 of this effort will deliver the capability to accept applications and manually store eligibility and entitlement information. Phase 2 will add specific data elements for processing claims under the Transfer of Entitlement provision of the law, provide the capability to perform the payment calculations for school enrollment periods, and contain additional field validations. Finally, Phase 3 will add the capability to perform calculations for aggregating service periods and determining entitlement availability and benefit levels. The FET will be the primary tool used by VA claims examiners in preparing and processing education awards.

Teams of VA subject-matter experts conducted Phase 1 testing of the FET from January 28, 2009, through February 13, 2009. Phase 1 is expected to be deployed by March 6, 2009.

The functionality for Phase 2 of the FET development is expected to be available for use by education claims examiners by July 6, 2009. Phase 2 includes the capability to calculate payment information based on enrollment data, and this availability date coincides with the planned production availability of the BDN fiscal payment system, i.e., the Back End Tool (BET).

Development of the BET is on schedule. The BET portion of the short-term solution allows for input of multiple fiscal transactions to pay the tuition and fees, Yellow Ribbon payments to schools, as well as recurring housing, books and supplies, and various other Post-9/11 GI Bill payments to the students. User requirements were base-lined on December 8, 2008. This initial release accommodates claims establishment to allow for productivity tracking until the full short-term solution is implemented. Full-system testing of the BET is tentatively scheduled to begin on May 4, 2009, and will be conducted over a 7-week period through June 2009.

Phase 3 of the FET, which includes functions that were deemed to be lowest initial priority, or those that had the least impact on our ability to process claims, is expected to be operationally ready in September 2009.

It is important to remember that this IT approach is a short-term solution that we expect to retire by December 2010, when the system that will be used for the

long term is developed and implemented by our partners at Space and Naval Warfare Systems Center Atlantic (SPAWAR).

Long-Term Strategy

Our long-term strategy to implement the Post-9/11 GI Bill will rely on support from SPAWAR, to develop an end-to-end solution that utilizes rules-based, industry-standard technologies, for the delivery of education benefits. The Post-9/11 GI Bill contains eligibility rules and benefit determinations that will work well with rules-based technology that requires minimal human intervention. VA is currently working with SPAWAR on the long-term IT solution, and expects the development of this program to take between 18 and approximately 24 months from enactment to complete.

Hiring at the Regional Processing Offices

The implementation of the short-term solution will require approximately 530 additional claims examiners at the RPOs. VA has begun the process of bringing the claims examiners on board as term employees. Approximately 418 employees have been hired or committed; of those, 164 are veterans. All employees are expected to be on board by March 1, 2009.

Training at each RPO will begin as soon as all employees are on station. Initially, the term employees will be trained on VA's currently existing education benefits programs. Development of a new training curriculum for the Post-9/11 GI Bill began in November 2008. The Post-9/11 GI Bill training materials for Phase 1 were completed on February 20, 2009, and will be presented to all of the RPO trainers at a "train-the-trainer" course to be held at the VBA Training Academy in Baltimore, Maryland early next month. The RPO trainers will then return to their stations to train the claims examiners on the Post-9/11 GI Bill. Training for new employees at each RPO is expected to be completed no later than June 1, 2009.

Project Review, Milestones and Scope of Delegated Responsibilities

To meet the effective date of August 1, 2009, VA has assigned project oversight duties, established milestones, and instituted frequent oversight review.

VA Education Service established a Program Executive Office (PEO) to manage the development of the overall process for administering the Post-9/11 GI Bill. This office is responsible for monitoring and coordinating all Post-9/11 GI Bill implementation activities. In addition to the PEO, VA contracted with the MITRE Corporation, a federally funded research and development center, as well as SPAWAR, to develop the long-term IT solution.

The first critical milestone was met on November 14, 2008, with the completion of development of the business requirements for the short-term payment solution. The next critical milestone for the short-term solution was completion of the IT functional requirements on November 26th. With the completion of these functional specifications, detailed design will start with an expected completion date for all components of the financial delivery portion by July 6, 2009.

In parallel, VA's partnership with the Defense Manpower Data Center (DMDC) is facilitating modifications to the VA/DoD Identity Repository (VADIR). Incorporation of unique Post-9/11 GI Bill data elements is well underway, and exchange of test files between VA and DoD is scheduled for March 2009.

Regulations Development

The proposed regulations were published for public review and comment in the *Federal Register* on December 23, 2008. VA received 46 sets of (255 individual) comments prior to expiration of the comment period on January 22, 2009. VA is currently in the process of drafting the final rule.

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 Slides]
Post-9/11 GI Bill Implementation
February 2009
U.S. Department of Veterans Affairs, Education Service
Washington, D.C.

Agenda

- Chapter 33 Hiring and Facilities
- Chapter 33 Training
- Chapter 33 Regulations
- Interim Solution
 - Front End Tool
 - Back End Tool
 - Key Milestones and Schedule
- Long Term Solution

Additional Staffing and Facilities

	Current RPO FTE	Additional 13- month Term FTE	Expected Occupancy of New Space
Atlanta	145	75	March 1, 2009
Buffalo	157	95	June 1, 2009
Muskogee	351	260	June 1, 2009
St. Louis	177.5	100	March 1, 2009
Total	830.5	530	

- All new term FTE on board by March 1, 2009. As of 2/17/09, 418 individuals are on board or have report dates.
- Term FTE will occupy training rooms at Regional Processing Offices until permanent space is available.
- All contracts for new space have been awarded, and build out/construction is underway. IT and telecommunications equipment is included in this expansion process.

Training

New employees	Initial Training <ul style="list-style-type: none"> • Existing benefits • Existing IT applications 	Began 2/1/2009 (ongoing based upon date of hire)
Existing and new employees	Introductory Chapter 33 Eligibility and Entitlement Training	Began 7/31/08
	Phase 1 procedures and associated system	3/6/2009
	Phase 2 procedures and associated systems	5/13/2009
	Phase 3 procedures and associated systems	8/9/2009

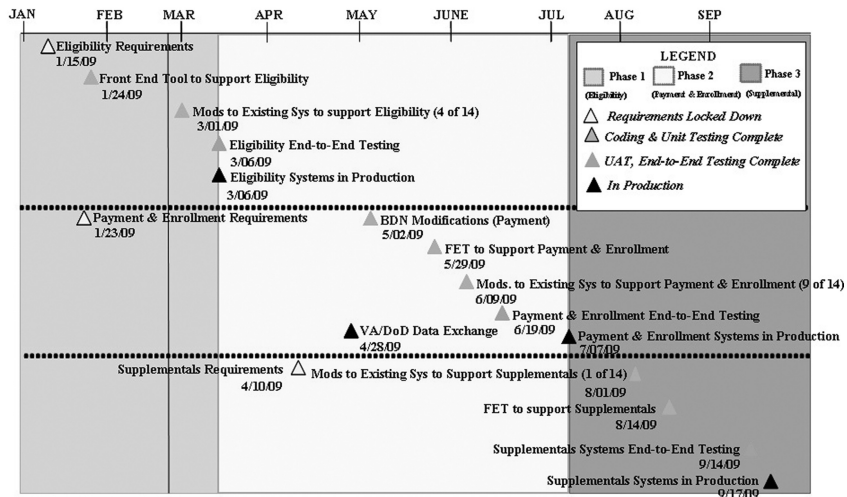
Chapter 33 Proposed Regulations

- The comment period for chapter 33 proposed regulations ended on 1/22/09.
 - VA received 255 comments from 46 entities
- VBA is finalizing a recommendation paper to address comments. Comments focused on the following issues:
 - Yellow Ribbon Program
 - Certifying Officials
 - Foreign Exchange Rates
 - Definition of Academic Year
 - PHS and NOAA Eligibility
 - Transfer of Entitlement Kicker Eligibility
 - Post-9/11 GI Bill Payments
 - Definition of Dependent

Chapter 33 Interim Solution

Front End Tool	Back End Tool
<ul style="list-style-type: none"> • To be implemented in three phases with increasing levels of functionality: <ul style="list-style-type: none"> • Phase I: Storage of eligibility and entitlement determinations and veteran data • Phase II: Payment calculations, roles-based user restrictions, Transfer of Entitlement data elements • Phase III: Automated entitlement, service period and benefit level calculations 	<ul style="list-style-type: none"> • To be implemented concurrent with Phase II of the Front End Tool: <ul style="list-style-type: none"> • Allows input of multiple fiscal transactions <ul style="list-style-type: none"> • Tuition and Fees • Yellow Ribbon Program • Books and Supplies • And recurring payments <ul style="list-style-type: none"> • Housing Allowance

Interim Solution Key Milestones



Phase 1 Milestones

Milestone	Date
✓ Established Ch. 33 PEO and governance structures	October 30, 2008
✓ Finalized Ch. 33 business requirements	December 16, 2008
✓ Drafted and published proposed regulations	December 23, 2008
✓ Developed Risk Management Plan and established Risk Review Board	January 2009
✓ User Acceptance testing completed	February 11, 2009
Complete hiring of 530 term employees	March 1, 2009
Ch. 33 Contingency Plan finalized	March 1, 2009
Deploy Interim Solution Phase 1	March 6, 2009
Begin Ch. 33 Phase 1 employee training	March 6, 2009

Phase 2 Milestones

Milestone	Date
✓ Ch. 33 Phase 2 Requirements locked down	January 23, 2009
Begin accepting applications for Certificates of Eligibility	May 1, 2009
Final regulations published	May 11, 2009
Begin Ch. 33 Phase 2 training	May 13, 2009
Solicit schools for Yellow Ribbon agreements	May 15, 2009
Full occupancy of new (4 RPOs)	June 1, 2009
Complete Interim Solution Phase 2 Testing	June 19, 2009
Deploy Interim Solution Phase 2	July 7, 2009
Publish list of participating Yellow Ribbon schools on GI Bill Web site	June 30, 2009
Begin administering Ch. 33 benefits	August 1, 2009

Phase 3 Milestones

Milestone	Date
Chapter 33 Phase 3 Requirements locked down	April 10, 2009
Begin Chapter 33 Phase 3 training	May 13, 2009
Complete Interim Solution Phase 3 testing	September 14, 2009
Deploy Interim Solution Phase 3	September 17, 2009

Chapter 33 Contingency Plan

The Chapter 33 Contingency Plan is composed of multiple sub-plans that provide workarounds for each step in the business process. The associated steps and contingency plan trigger dates are listed below.

<ul style="list-style-type: none"> • Back End Tool 6/29/09 • Check payments through existing BDN system • Capture award history through existing The Image Management System (TIMS) • No recurring payments—shift work for additional FTE 	<ul style="list-style-type: none"> • Front End Tool 7/6/09 • Entirely manual claims process using spreadsheets • Award history and data tracked in existing TIMS
<ul style="list-style-type: none"> • Paperless Application Process (VONAPP): 5/1/09 • Enrollment Certification Process (VAONCE and ECAP): 7/6/09 • Computer Generated Letters (PCGL) to beneficiaries: 3/30/09 • Web-Enabled Approval Management System (WEAMS) updates: 5/2/09 • Chapter 33 Eligibility Data Exchange (VA/DoD): 4/1/09 	

Long-Term Solution *Scope and Objectives*

- Deliver end-to-end solution.
- Development performed in a distributed application architecture framework and deployed in a Service Oriented Architecture (SOA) environment.
- Rules-based and reusable objects to support the delivery of the other education benefits.
- Agile development process for the phased deployment of functionality.
- Currently focused on planning, network and infrastructure design and requirements analysis.
- Planning for full operational capacity by December 2010.
- Initial operational deployment will reside within SPAWAR New Orleans with a COOP facility at an alternative location.
- Future phases will transition operational control from SPAWAR to VA.

MATERIAL SUBMITTED FOR THE RECORD

Committee on Veterans' Affairs
 Subcommittee on Economic Opportunity
 Washington, DC.
 March 9, 2009

The Honorable Eric K. Shinseki
 Secretary
 U.S. Department of Veterans Affairs
 810 Vermont Avenue, NW
 Washington, DC 20420

Dear Secretary Shinseki:

I am sending you deliverables in reference to a hearing from our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity VA's *Update on Short- and Long-Term Strategies for Implementing New GI Bill Requirements* on February 26, 2009. Please answer the enclosed hearing questions by no later than Friday, April 17, 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 by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseth Sandlin
 Chairwoman

Questions for the Record

**The Honorable Stephanie Herseth Sandlin, Chairwoman
 Subcommittee on Economic Opportunity
 House Veterans' Affairs Committee
 February 26, 2009**

**VA's Update on Short- and Long-Term Strategies for Implementing
 New GI Bill Requirements**

Question 1: Why is there such a disparity in tuition rates among the States?

Response: States set their own tuition and fee rates based on State funding levels. In addition, there are various tuition and fee charges among institutions within the same State, as well as among programs within the same institution. The list below shows a sampling of the various ways institutions assess charges for pursuit of a program of education.

- One rate for full-time pursuit (includes any credits taken above minimum full-time level)
- One rate up to 12 credits and then a per credit charge above 12 credits
- One rate for 12-15 credits and then a per credit charge above 12-15 credits
- Per credit hour charge regardless of credits pursued
 - Rates same each credit; or
 - Rates increase or decrease after 1 credit hour
- Additional credit hour charge for terms between fall or spring term
- Additional credit hour charge for accelerated terms within fall or spring term
- Additional credit hour charge for mini-terms within fall or spring term
- Set rate for the fall and spring term, but by credit hour for summer session
- Set tuition fee for summer session

Adding to the disparity between States is the range of mandatory fees assessed students. For example, programs such as aviation degree programs include mandatory fees for the required flight portion of the program. Under such a program, the fees would be part of the regularly charged established fees for students in the program. Also complicating the comparison of tuition and fees and determining State

tuition, is the difference in school calendars (quarters and semesters), summer sessions, intersession terms, accelerated terms, and mini-terms.

Tuition and fees reported by entities such as the College Board or National Center for Education Statistics, are generally an average of tuition and fees charged for a standard 9-month academic year rather than actual established charges for a program of education.

Under the statutory provisions below, an individual in an undergraduate program at a public university will have their tuition and fees paid for the fall semester as long as the actual tuition and fees charged are the same as those charged similarly circumstanced non-veterans enrolled in the program of education and are lower than the maximum amount of established charges regularly charged in-State students for full-time pursuit of approved programs of education for undergraduates.

Title 38 United States Code Provisions:

Section 3313(c)(1)(A) provides that an eligible individual is entitled to educational assistance under chapter 33 in **an amount equal to the established charges** for the program of education, not to exceed the **maximum amount of established charges** regularly charged in-State students for full-time pursuit of approved programs of education for undergraduates by the public institution of higher education offering approved programs of education for undergraduates in the State in which the individual is enrolled that has the **highest rate of regularly-charged established charges** for such programs of education among all public institutions of higher education in such State offering such programs of education.

Section 3313(h)(1) defines “**established charges**” to mean: “in the case of a program of education, the actual charges (as determined pursuant to regulations prescribed by the Secretary) for tuition and fees which similarly circumstanced non-veterans enrolled in the program of education would be required to pay.”

Section 3313(h)(2) further provides that **established charges are the tuition and fees charged the individual for the term, quarter, or semester** (for individuals enrolled in a program of education offered on a term, quarter or semester basis).

Section 3452(b) defines the term “**Program of education.**” Such definition provides that the term means any curriculum or any combination of unit courses or subjects pursued at an educational institution which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective.”

Question 2: Will schools still be able to certify enrollments for the full academic year reporting “estimated” tuition and fees, or will the certifications have to be done each enrollment period in order to provide actual tuition and fees charged to the student?

Response: Schools will need to certify enrollments for each period. section 3313(h) provides that “established charges” means the actual charges which similarly circumstanced non-veterans are charged for the term, quarter, or semester for the program of education. If schools were to “estimate,” the Department of Veterans Affairs would be required to recalculate and re-adjudicate each student’s award each semester, adding additional processing of these payments, and ultimately impacting the delivery of benefits.

