



United States Government Accountability Office  
Washington, DC 20548

May 5, 2011

The Honorable Richard Burr  
Ranking Member  
Committee on Veterans' Affairs  
United States Senate

Subject: *Veterans' Education Benefits: Enhanced Guidance and Collaboration Could Improve Administration of the Post-9/11 GI Bill Program*

Dear Senator Burr:

With the passage of the Post-9/11 Veterans Educational Assistance Act of 2008 (Post-9/11 GI Bill), Congress created a comprehensive education benefit program for veterans, service members, and their dependents pursuing postsecondary education.<sup>1</sup> Since implementation, the Department of Veterans Affairs (VA) has provided just over \$5.7 billion for the Post-9/11 GI Bill to fund education expenses for about 381,000 veterans, service members, and their dependents through fiscal year 2010, and estimates it will provide almost \$8 billion in fiscal year 2011—an amount that would represent about 71 percent of all expected costs for education benefits.<sup>2</sup> From the passage of the law to August 1, 2009, the start of the first semester in which funds were available, VA had about 13 months to implement the program.<sup>3</sup> The Post-9/11 GI Bill program is substantially different from previously authorized VA education benefits or GI Bill programs that characteristically provide monthly payments to eligible claimants. The Post-9/11 GI Bill, by contrast, includes a more complex payment system that channels

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<sup>1</sup> Pub. L. No. 110-252, tit. V, 123 Stat. 2323, 2357-86.

<sup>2</sup> In addition to the Post-9/11 GI Bill, VA currently administers three other educational benefit programs for veterans: Montgomery GI Bill-Active Duty (MGIB, 38 U.S.C. §§ 3001-3036), Montgomery GI Bill-Selected Reserves (MGIB-SR, 10 U.S.C. §§ 16131-16137), and the Reserve Educational Assistance Program (REAP, 10 U.S.C. §§ 16161-16166). In addition, the Survivors' and Dependents' Educational Assistance Program (DEA, 38 U.S.C. §§ 3500-3566) has been authorized for spouses and dependents of service members who have died or are totally and permanently disabled because of their military service.

<sup>3</sup> Congress recently enacted several changes under the Post-9/11 Veterans Educational Assistance Improvements Act of 2010, Pub. L. No. 111-377, 124 Stat. 4106 (2011). Some of the key provisions associated with the new law simplify tuition and fee payments and expand eligibility to include National Guard members, who, for example, served during times of national emergencies (to be codified at 38 U.S.C. § 3301(1)(C)). According to a recent estimate by the Congressional Budget Office, the program is estimated to grow by \$2.7 billion over the next decade because of the legislative changes.

funds to both students and schools. GAO and VA have reported on various challenges VA faced when implementing the new program, including claims processing delays.<sup>4</sup>

We were asked to review the progress of the program's implementation and answer the following questions:

- (1) What were VA's implementation challenges, the steps taken to address them, and any unintended consequences?
- (2) To what extent has VA met its timeliness and accuracy goals for processing Post-9/11 GI Bill claims and been responsive to call center inquiries?
- (3) What processes, if any, can VA adopt from the Department of Education's administration of student aid programs to improve its administration of Post-9/11 GI Bill education benefits?

To complete our work, we reviewed relevant federal laws, regulations, policies and procedures, and other program documents, as well as relevant work performed by VA's Office of Inspector General (OIG), the Department of Education (Education), and GAO. We interviewed officials from VA and Education, as well as officials from relevant higher education associations, postsecondary institutions, and student veteran organizations. We conducted site visits at two of the four VA regional processing offices (RPO)—i.e., St. Louis, Missouri, and Muskogee, Oklahoma. Finally, we analyzed program performance metrics for claims processing and the Education Call Center inquiries for three academic semesters—fall 2009, spring 2010, and fall 2010. We assessed the reliability of VA's data on claims processing and call center performance measures by reviewing existing information about the data and the systems that produced them and interviewing knowledgeable agency officials. We determined that the data on performance measures were sufficiently reliable for the purposes of this report. See enclosure III for additional details regarding our scope and methodology.

We conducted our work from August 2010 to April 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Summary of Findings

- VA faced several challenges in implementing the Post-9/11 GI Bill program, including inadequate information systems, staffing, and program guidance. For instance, some schools told us that a lack of critical program information, such as information about students' eligibility levels and how payments were determined, affected their ability to timely and accurately process program benefits. Although VA took steps to

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<sup>4</sup> GAO, *VA Education Benefits: Actions Taken, but Outreach and Oversight Could Be Improved*, [GAO-11-256](#) (Washington, D.C.: Feb. 28, 2011), and VA, Office of the Inspector General, *Veterans Benefit Administration: Review of Alleged Improper Emergency Payments for Education Benefits*. 10-01248-249 (Washington, D.C.: Sept. 14, 2010).

address these challenges, many remain, and VA experienced a number of unintended consequences such as emergency payments made to ineligible recipients, increased use of overtime, and diverting staff from processing other types of benefit claims.

- VA has met some of its timeliness and accuracy performance goals for processing Post-9/11 GI Bill claims and responding to Education Call Center inquiries, but delays continue to occur during peak processing times. Although VA has met its accuracy targets for education benefit claims, the amount of improper payments for education benefits has significantly increased. VA officials have attributed the increase, in part, to the higher level of education benefit paid under the new program relative to VA's other education benefit programs, as well as the fact that some payments—such as tuition and fees—are paid up front before courses have been completed.
- Some of Education's practices for administering federal student aid may improve VA's administration of the Post-9/11 GI Bill program such as providing program information including eligibility and benefit levels, streamlining how funds are returned, and reconciling payment differences. Leading up to program implementation, VA officials conferred with Education officials on a limited basis to learn more about Education's systems and processes for student aid delivery. However, VA did not continue its coordination with Education because of the limited applicability of Education's systems and processes, according to VA officials.

We briefed your office on March 29, 2011, and this report transmits the results of our work. Enclosure I contains a copy of the briefing slides. Enclosure II contains an appendix of supplemental material.

## **Conclusions**

As VA undertook the task of implementing the program, the agency's most comprehensive education benefits program to date, it faced numerous challenges. As the program progresses through its second year, it is important to acknowledge that while VA has undertaken a number of efforts to address many of these challenges, several remain. Because the new program is more complex than other VA education benefit programs and involves new partners—many of which have limited familiarity with the workings of VA—VA needs to take additional steps to fully communicate to all stakeholders, especially schools, details of the program's implementation. Without critical program information, such as eligibility for benefits or how payments have been calculated, schools will continue to face administrative burdens in administering this program. Further, schools play a critical role in helping students identify and evaluate the various financial resources available to them. Lacking critical program information, schools may not be able to help students determine the best options to finance their education.

VA may be able to achieve greater efficiencies by building stronger partnerships with schools, Education, and other expert external organizations. For instance, Education has learned many lessons and overcome some of its management challenges over the years by refining its systems and administrative processes for delivering student aid.

Specifically, Education has gained efficiencies in its processes to return and reconcile federal student aid funds. Without leveraging Education's experiences and lessons learned, VA may miss opportunities to streamline its administrative processes, minimize program collections, and effectively safeguard federal funds.

As VA works to address the challenges we have identified, it must simultaneously make changes to its program and meet the increased demand for benefits because of recent legislation. Therefore, it is critical that VA take steps to achieve program stability and efficiency.

### **Recommendations for Executive Action**

To improve VA's administration of the Post-9/11 GI Bill program and address ongoing challenges, we recommend that the Secretary of Veterans Affairs take the following two actions:

- Take steps to provide for schools to receive more critical program information such as a student's eligibility for benefits or how payments have been calculated, for example, to enable certifying officials, financial aid officials, and business office administrators to effectively administer the program and deliver benefits.
- Collaborate with the Department of Education and the higher education community, leveraging their experiences in administering aid. These collaborations should include assessing the applicability and viability of adopting processes and actions taken by the Department of Education, where practical, such as returning overpayments of program funds or reconciling benefit payments.

### **Agency Comments and Our Evaluation**

We provided a draft of this report to the Departments of Veterans Affairs and Education. VA agreed with our recommendations, in principle, and provided some additional insights into possible limitations that may affect its ability to fully adopt our recommendations. VA also stated it has developed plans to address the issues we identified in the report. VA agreed with our recommendation to provide more critical program information to schools, such as a student's eligibility for benefits or how payments have been calculated, to improve administration of the program by school officials. Although VA provides some information about funds disbursed in a weekly student report to schools, school officials told us that without formal written information on students' eligibility levels and how payments were determined, they were unable to timely or accurately certify enrollment and verify tuition and fee payments. VA officials noted that privacy laws may limit their ability to provide eligibility information directly to schools.<sup>5</sup> Because of this, we slightly modified our recommendation to recognize that VA may be able to provide for schools to receive additional information, without specifying that VA provide it directly to the schools, for example. VA also agreed with our recommendation to collaborate with Education and the higher education community to strengthen their processes, but noted several

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<sup>5</sup> The privacy of federal records maintained on individuals is generally governed by the Privacy Act. 5 U.S.C. § 552(a).

statutory distinctions between itself and Education that may limit its ability to adopt some of Education's practices for administering its student financial aid programs. However, we do not believe that these distinctions preclude VA from adopting some aspects of Education's processes for improving VA's administration of the Post-9/11 GI Bill program. For instance, VA could involve schools in the process of recouping overpayments. To address the lack of comprehensive, clear, and consistent guidance that we identified in this report, VA reported that it is working to standardize school reporting processes and has convened a focus group to finalize a handbook for schools by May 2011.

VA's comments have been reprinted in enclosure IV. VA also provided technical comments, which were incorporated into the report as appropriate.

Education did not provide any comments on our report.

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We are sending copies of this report to the Secretary of Veterans Affairs, the Secretary of Education, the Office of Management and Budget, appropriate congressional committees, and other interested parties. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-7215 or [scottg@gao.gov](mailto:scottg@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure V.

Sincerely yours,

A handwritten signature in black ink that reads "George A. Scott". The signature is written in a cursive, slightly stylized font.

George A. Scott  
Director  
Education, Workforce, and Income Security

Enclosures (5)

## Background

### Definitions

**Institution of higher learning (IHL)**—An IHL is defined as an institution offering postsecondary-level academic instruction that leads to an associate or higher degree, licensed by the appropriate state education authority or, in the absence of a state education authority, accredited by an accrediting agency recognized by the Department of Education (Education). IHLs include hospitals offering education programs at the postsecondary level and recognized foreign education institutions that offer courses leading to a standard college degree, or its equivalent.<sup>1</sup> Amendments to the law have expanded institutional eligibility to take place during academic year 2011 to include “institutions other than institutions of higher learning,” or some non-degree-granting institutions and programs that offer certifications and licenses.<sup>2</sup>

As many as 8,500 IHLs—or schools—may be eligible to participate in the Post-9/11 GI Bill program.

### Overview of Benefits

The Post-9/11 GI Bill<sup>3</sup> program consists of a complex payment system with multiple disbursements to students and to schools.<sup>4</sup> Existing GI Bill benefit programs provide funds directly to students on a monthly basis, while the Post-9/11 GI Bill program pays tuition and fees directly to the school, and housing allowance and other benefits to the student.<sup>5</sup> In-state tuition and fees provisions have been amended to cover public schools, and payments are capped at \$17,500 a year for private and foreign schools.<sup>6</sup> (For benefits paid directly to students, see table 1.) Individuals with at least 90 days of aggregate service on or after September 10, 2001, or individuals discharged with a service-connected disability after 30 continuous days of service, are eligible for program benefits.<sup>7</sup> The amount of benefits that a student is eligible to receive varies based on the length of service.<sup>8</sup> For example, a service member who served at least 36 months would receive full benefits, whereas a service member who served at least 90 days would receive 40 percent of benefits.

**Table 1: Maximum Post-9/11 GI Bill Program Benefits Paid to Students**

Type of payment	Amount	Frequency
Housing allowance	amount varies by locality <sup>a</sup>	monthly
Books and supplies	Up to \$1,000	annually
Tutorial	Up to \$100 <sup>b</sup>	monthly
Rural relocation payment	\$500	one-time

Source: 38 U.S.C. §§ 3313(c)(1)(B), 3314(c) and 3318(a).

<sup>a</sup> This amount is equal to the basic allowance for housing payable to enlisted, noncommissioned officers with a military rank no higher than E-5 with dependents in the same ZIP code as the school. 38 U.S.C. § 3313(c)(1)(B)(i).

<sup>b</sup> Total payments for tutorial assistance cannot exceed \$1,200. These payments can be allowed if certified as necessary by school officials. 38 U.S.C. § 3314(b)(2).

<sup>1</sup> 38 U.S.C. § 3452(f).

<sup>2</sup> Post 9/11 Veterans Educational Assistance Improvements Act of 2010, Pub. L. No. 111-377, § 105(b) and (d), 124 Stat. 4106, 4113 and 4117 (2011) (to be codified at 38 U.S.C. § 3313(b)).

<sup>3</sup> The Post-9/11 GI Bill program is commonly referred to as Chapter 33 benefits. However, for the purposes of this report, we will refer to it as the Post-9/11 GI Bill or the program.

<sup>4</sup> 38 U.S.C. §§ 3301-3324.

<sup>5</sup> 38 U.S.C. §§ 3014 and 3313. Program benefits are an entitlement. 38 U.S.C. § 3011(a). When applying for program benefits, eligible individuals must irrevocably relinquish their entitlement to other education program benefits with the exception of the Vocational Rehabilitation and Employment Service under Chapter 31. 38 U.S.C. § 3001 note.

<sup>6</sup> Pub. L. No. 111-377, § 102(a), 124 Stat. 4108-09 (2011) (to be codified at 38 U.S.C. § 3313(c)). Previously, tuition and fees were assessed annually on a statewide basis not to exceed the maximum in-state tuition and fees for a public IHL. This change goes into effect August 2011.

<sup>7</sup> 38 U.S.C. § 3311(b). One component of the program provides similar benefits to sons and daughters of active duty service members who die in the line of duty. 38 U.S.C. § 3311(f).

<sup>8</sup> 38 U.S.C. §§ 3311(b) and 3313(c). Service members with at least 30 continuous days of active duty and discharged with a service-connected disability are also eligible at the 100 percent level. Eligibility lasts 15 years from the last period of active duty. 38 U.S.C. § 3321(a). Certain service members who remain on active duty may transfer up to 36 months of their eligibility to either spouses or dependents, or a combination of the two. 38 U.S.C. § 3319.

## Background

### Administrative Offices

There are several offices within the Department of Veterans Affairs (VA) that are involved in administering Post-9/11 GI Bill program benefits.

- There are four regional processing offices (RPO) responsible for processing VA education benefits. As of September 2010, VA employed approximately 1,300 veterans claims examiners to administer all education claims.
- VA's Education Call Center telephone representatives are responsible for answering telephone calls to VA's toll-free education hotline and responding to e-mail inquiries made through VA's Web-based system, *Right Now Web*.<sup>9</sup> As of September 2010, the Education Call Center employed about 190 telephone representatives.
- VA's Education Service provides schools with policy and program guidance on the new program. It also establishes student and institutional debts, or overpayments, and resolves any underpayments, as necessary.
- VA's Debt Management Center is responsible for collecting debts established by the Education Service division.

### Advisory Committee

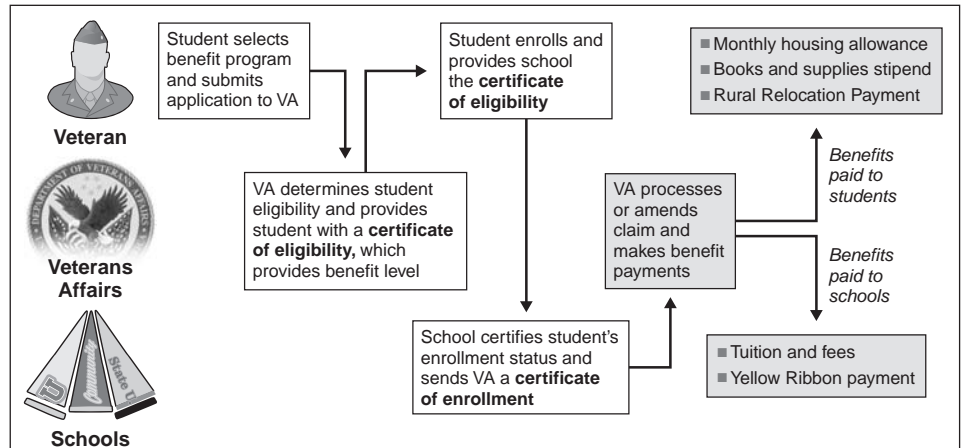
Congress revived the Veterans' Advisory Committee on Education, which had expired December 31, 2009. Composed of experts in education, labor, and management, including representatives from IHLs, and with ex officio members from the Departments of Education and of Labor, it has now been authorized through 2013.<sup>10</sup> The Secretary of VA is to consult periodically with the committee.

## Post-9/11 GI Bill Program Administration

### VA Administration of Post-9/11 GI Bill Benefits

To receive education benefits through the program, students submit an application to VA, schools certify enrollment, and one of the four RPOs processes claims and payments (see fig. 1 and fig. 2).

**Figure 1: VA's Processing of Post-9/11 GI Bill Program Claims and Payments**

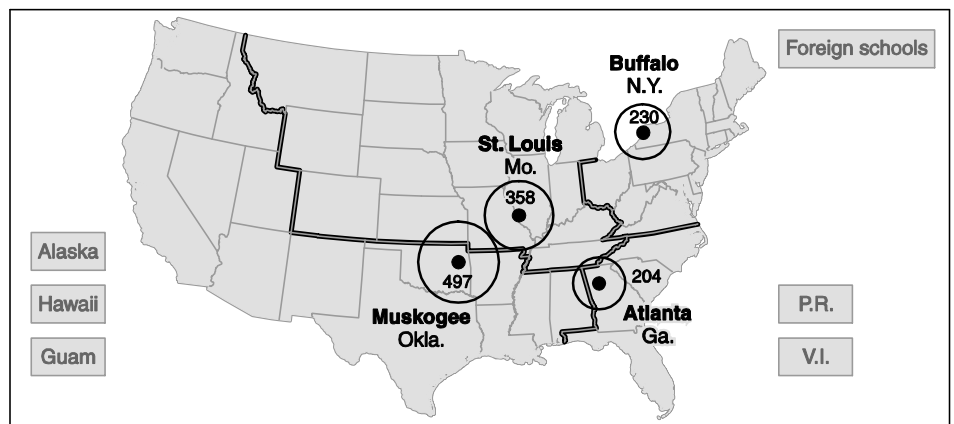


Source: GAO analysis of VA documents.

Notes: Because veterans themselves are liable for any overpayment, VA regulations anticipate that schools will transmit overpayments to student veterans. 38 C.F.R. § 21.9695 (2010). However, there are some circumstances in which VA requires schools to return funds directly to VA such as if a school receives funds for a student not enrolled at the school.

VA requires each school to designate an individual from one of its offices, such as the financial aid office, to administer the Post-9/11 GI Bill program. These officials may work with other campus officials to assist students in making decisions to finance their education. 38 C.F.R. § 21.4266(c)(2).

**Figure 2: RPO Locations, Jurisdictions, and Claims Processing Staffing Levels**



Source: Department of Veterans Affairs.

<sup>9</sup> Individuals can submit e-mails through *Right Now Web* to ask VA staff questions about education benefits and the status of their claims.

<sup>10</sup> 38 U.S.C. § 3692.



## Objective 1: Implementation Challenges

### Claims Processing Systems

VA had to establish new systems to process Post-9/11 GI Bill claims because of the complexity of the new program. VA developed and deployed an interim claims processing system while simultaneously designing its permanent system, the Long Term Solution (LTS).

LTS has been designed to automate key functions of claims processing. VA has plans to deploy LTS in five phases and add processing functions to the system incrementally with each phase. VA's general approach is to release available functionality at each deadline and include functions that were delayed in future releases.

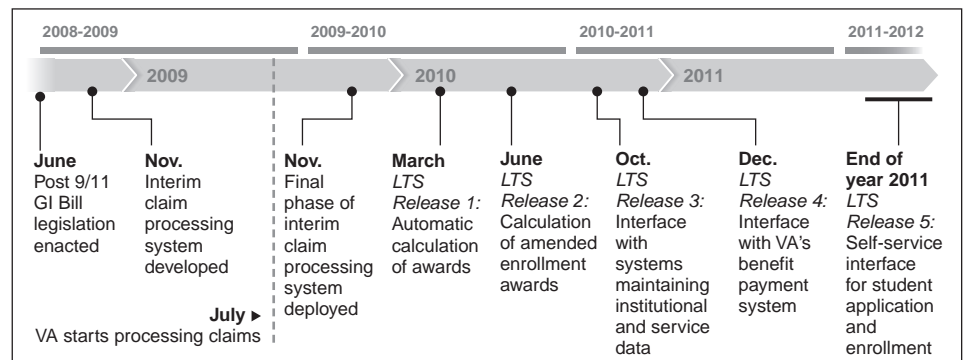
## VA Lacked an Adequate Information System to Process Claims

### Implementation Challenges

Initially, VA lacked an adequate information system to effectively process Post-9/11 GI Bill claims. VA's interim system, which it used until June 2010, had limited functionality, resulting in longer claims processing times. For instance, the interim system was not fully integrated with other information systems such as VA's payments system, requiring claims examiners to access as many as six different systems and manually input claims data. Consequently, claims examiners reportedly took up to six times longer to pay Post-9/11 GI Bill program claims than other VA education benefit claims. The challenges associated with its processing system contributed to a backlog of 51,000 claims in December 2009.

While VA has deployed the LTS, a new system with enhanced functionality, to help improve the efficiency of processing Post-9/11 GI Bill claims, some system enhancements are behind schedule (see fig. 3) and additional modifications are needed. According to VA officials, enhancements such as automatic verification of the length of service were delayed because of complexities with systems integration and converting data from the interim system. For instance, VA expected to deploy an interface with the Veterans Affairs/Department of Defense Identity Repository with the first release of the LTS, in March 2010, but the interface was not deployed until October 2010. Additionally, recent legislative changes to the program required VA to modify the system and its deployment schedule. For instance, VA will need to modify its system to reflect changes to the way tuition and fees are calculated—an enhancement that officials described as difficult to implement. Because of these delays, final deployment of the system is now scheduled for the end of 2011—a year behind schedule.

**Figure 3: Timeline of Scheduled and Deployed Systems Enhancements, by Academic Year**



Source: GAO analysis of VA data.



## Objective 1: Implementation Challenges

### Staffing Model

VA uses a staffing model primarily based on claims workloads and processing times to determine its staffing levels and allocations to the RPOs for education programs, including the Post-9/11 GI Bill program.

## VA Faced Challenges in Hiring, Training, and Retaining Staff

### Implementation Challenges

VA faced a number of staffing challenges, including hiring, training, housing, and retaining staff. First, VA was unable to adequately estimate the number of staff needed to effectively administer Post-9/11 GI Bill program benefits. The staffing model VA used lacked complete information, such as the level of demand for the program and the resulting workload. Additionally, because of ongoing changes to its information systems, officials could not adequately determine the time staff needed to process claims. VA hired over 750 new staff to process claims, but these additional staff were not sufficient to meet the demand for the program.<sup>11</sup> Second, VA had training challenges, such as developing an experienced workforce of claims examiners, which can take up to 1 year. Many staff received on-the-job training or shortened training sessions in order to begin processing claims as early as possible. Staff who were trying to quickly gain proficiency in claims processing were further challenged by the ongoing training associated with each system enhancement. Third, VA officials told us VA had difficulty in locating building space to house new staff in the 13-month time frame allotted for implementation. Finally, staff retention was also a challenge. VA officials reported an increased turnover among its claims processing staff because of the complexity of the work and the number of hours required of employees.

VA took several steps to address its staffing challenges. VA

- mandated a minimum of 24 hours of overtime for processing staff each month, including weekends and some federal holidays;
- closed its Education Call Center for 2 days per week to assist in processing program claims from December 2009 to February 2010;
- hired a contractor to process over 150,000 other education claims;
- diverted staff from other VA departments such as Compensation and Pensions Service to process claims; and
- reassigned caseloads from one regional processing office to another.

VA officials reported that since the program started, they now have better information on demands for the program. However, because VA anticipates that the automation of its claims processing system will reduce its staffing needs, the agency will not be able to adequately determine the appropriate staffing level until final deployment of the LTS. As a result, officials report that they plan to continue with some of these measures, as needed, such as overtime.

<sup>11</sup> Some of these new hires were made as a result of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 124 Stat. 115.

## Objective 1: Implementation Challenges

### Approach to Guidance

VA provides program guidance—including program information and rules—to its staff, schools, and students in a variety of ways.

- To provide guidance to staff and schools, VA has developed nearly 80 different administrative policy directives. Schools access policy directives through a password-enabled Web site. Additionally, VA has generated guidance in the form of letters and e-mails to revise and clarify program rules as needed. Other guidance has been provided via presentations given by VA officials at numerous conferences.
- VA has posted guidance for students on its Web site that includes comparisons of the different education programs, a benefits calculator, and information on transfers to the Post-9/11 GI Bill program.

### Prior Recommendation

In our prior report on VA education benefits, we asked that VA provide more timely, accessible, and comprehensive education program policy information. This could include developing and maintaining an online policy manual for the Post-9/11 GI Bill and providing e-mail updates to school-certifying officials nationwide.<sup>12</sup>

## Program Guidance Is Inadequate, despite Efforts to Clarify Some Information

### Implementation Challenges

VA's guidance to its staff, schools, and students on the Post-9/11 GI Bill program was fragmented, inconsistent, untimely, and unclear. As we recently reported, school officials we surveyed and VA staff reported challenges in administering the program because of the lack of a centralized, comprehensive source of information such as a program policy manual.<sup>13</sup> VA processing staff reported that because they had to sift through nearly 80 directives, finding the right information was time consuming. Additionally, some schools received inconsistent guidance. For example, VA issued debt letters to schools for not returning program funds, but later told them to ignore the letters because they were generated in error. Moreover, the information VA provided was not always timely. For instance, VA took several months to develop a policy on processing school checks that had been improperly returned to VA because the agency was assessing the potential liabilities in accepting them. As a result, many school checks expired, and VA had to audit nearly \$48 million in transactions to inform schools of the appropriate next steps. Further, in some cases, school and VA officials reported that the unprocessed checks may have resulted in students erroneously receiving debt notifications. Finally, officials from schools and associations told us that unclear guidance led some students to transfer from the Montgomery GI Bill program to the Post-9/11 GI Bill program and, after doing so, they learned that their benefits would have been greater had they not transferred.

Although VA has taken some steps to clarify program information, such as enhancing its Web site, officials we spoke with at schools, associations, and VA reported that guidance needs to be more comprehensive, and in some cases additional information is needed. For instance, while VA has provided more detailed eligibility letters to students, school officials reported that students have not consistently provided this information to them, as recommended. According to some school officials, informal information provided by students was sometimes incorrect, and some students incurred school debts because they had overstated their eligibility level. Although VA provides disbursement information to schools in a weekly student report, school officials told us that without formal written information on students' eligibility levels and how payments were determined, they were unable to timely or accurately certify enrollment and verify tuition and fee payments. Even though privacy laws may limit VA's ability to provide eligibility information directly to schools, some school officials we spoke with said that VA could explore privacy waivers or provide more access to critical information to certifying officials. VA plans to provide more comprehensive guidance to schools and staff by developing a handbook by May 2011 and to update its staff policy manual after deploying LTS.

<sup>12</sup> GAO, *VA Education Benefits: Actions Taken, but Outreach and Oversight Could Be Improved*, [GAO-11-256](#) (Washington, D.C.: Feb. 28, 2011).

<sup>13</sup> [GAO-11-256](#).

## Objective 1: Implementation Challenges

### Actions to Address Challenges

To address its claims processing backlog and delays in issuing payments, VA instituted several actions, including the following:

- issuing emergency, or advance, payments to students participating in the Post-9/11 GI Bill program beginning in November 2009 through February 2010, with the expectation that these payments would be offset from future benefits;
- increasing use of overtime;
- diverting staff from areas including Compensation and Pensions Service (C&P) to assist in the processing of Post-9/11 claims, among other divisions; and
- suspending compliance audits of schools for 1 year.<sup>14</sup>

## Actions to Address Implementation Challenges Led to Several Unintended Consequences

### Unintended Consequences

VA's actions to address its claims backlog and more quickly provide payments to students led to several unintended consequences.

- **Some emergency payments issued improperly and millions potentially unrecoverable:** VA's Office of Inspector General (OIG) reported that \$111 million of the \$356 million in emergency payments was awarded to ineligible recipients.<sup>15</sup> To date, VA reported that it has recovered about 76 percent of all emergency payments. However, VA's OIG estimated that VA would be unable to recover a portion—as much as \$87 million—of the emergency payments.<sup>16</sup> According to officials at the Debt Management Center, all emergency payments currently represent 35 percent of its education collections workload.
- **Program costs rose because of an increase in overtime usage:** Although VA officials told us that using overtime is more cost-effective than maintaining a larger workforce,<sup>17</sup> VA expended significantly more in overtime funds for the Post-9/11 GI Bill program than expected. For instance, VA budgeted \$1 million for its education programs in fiscal year 2009, but spent three times as much, and in 2010 VA planned to spend \$6 million but actually expended \$10 million. For fiscal year 2011, VA officials reported expending \$3.3 million through February 2011.
- **New hires unable to help alleviate C&P claims backlog:** Despite the reported backlog of C&P claims, VA diverted about 10 percent of the division's new hires (230 staff) to help process Post-9/11 GI Bill claims. As a result, the new hires were unable to assist in processing C&P claims as expected. While new staff returned to C&P in early 2011—13 months after being trained on education benefits—they will be required to undergo up to 2 years of training to process C&P claims. VA officials could not quantify the impact of diverting staff on C&P's workload, but estimated it was minimal.
- **Suspension of compliance audits posed risk to payment accuracy:** As we previously reported, VA suspended institution site reviews for a year because VA reassigned compliance staff to assist with processing Post-9/11 GI Bill claims through fall 2010. As a result, VA was unable to ensure the accuracy of benefits payments to schools and students, as provided under law. VA officials reported that these audits resumed in fiscal year 2011.

<sup>14</sup>VA is required to conduct annual compliance surveys of schools offering one or more courses approved for enrollment if at least 300 veterans or others are enrolled in such courses under VA educational benefit programs. The Secretary of VA may, however, waive this requirement if he determines that it would be appropriate and in the best interest of the United States government. 38 U.S.C. § 3693.

<sup>15</sup> According to an independent auditor (VA, *Performance and Accountability Report, Fiscal Year 2010*) and a report issued by VA's OIG, VA faced increased program risks in administering emergency payments because it lacked guidance for processing these claims and adequate internal controls to verify eligibility. VA officials reported they are developing a database to verify student eligibility.

<sup>16</sup> As of March 2011, VA reported that just over \$84 million in emergency payments remained to be collected.

<sup>17</sup> According to a senior official, VA did not perform a cost-benefit analysis comparing overtime usage and long-term hires to process Post-9/11 GI Bill claims.

## Objective 2: Timeliness of Processing Claims

### Claims Processing

- Veterans may apply for education benefits through VA's online application system or by paper. According to VA, since the start of the new program, an estimated 60 percent of education applications received have been for the Post-9/11 GI Bill program. Since implementation, VA has received almost 490,000 online applications for education benefits, as of December 2010. VA does not track paper applications.
- In fiscal year 2009, VA processed 231,338 Post-9/11 GI Bill claims, and about 1.5 million Post-9/11 GI Bill claims in fiscal year 2010.<sup>18</sup>
- According to VA, its peak claims processing period is typically during fall semester—beginning in August with claims peaking in October—followed by the spring semester.<sup>19</sup>

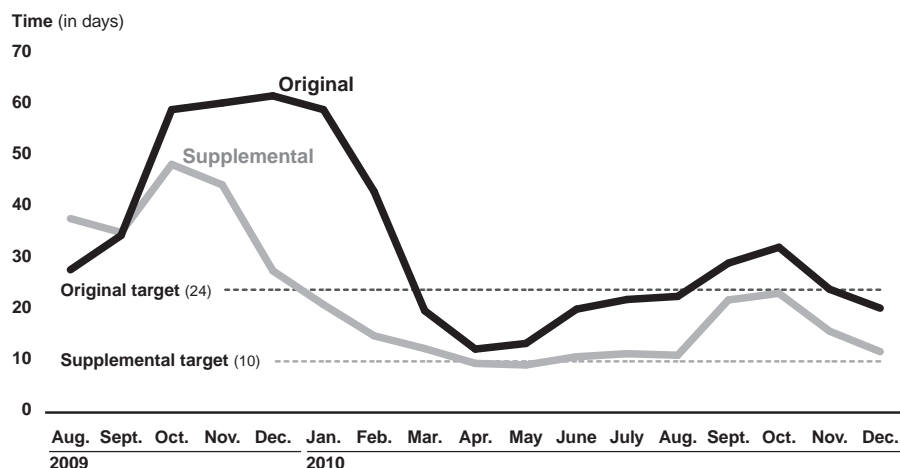
### Performance Measures

VA's performance measures for the timeliness of education claims are the average days to process original (first-time claims for each benefit program) and supplemental claims (any subsequent enrollments including course adjustments) during the fiscal year. VA's performance target for original claims is 24 days and 10 days for supplemental claims.

## VA Has Improved the Timeliness of Post-9/11 GI Bill Claims Processing, but Delays Continue

### Trends in Timeliness of Claims Processing

Figure 4: Average Days to Process Post-9/11 GI Bill Program Claims



Source: GAO analysis of VA data.

VA has improved the timeliness of Post-9/11 GI Bill claims processing, but delays continue to occur during VA's peak processing period. (See fig. 4.) In fall 2009, VA took about as twice as long as its target to process original claims and over three and a half times its target for supplemental claims. (See table 2.) In spring 2010, VA reduced the average national processing time for original Post-9/11 GI Bill claims by 19 days and supplemental claims by 23 days. However, claims processing times increased during August through October of the following fall, VA's peak processing period. (See app. I for performance variations by RPO.) VA attributed claims processing performance shortfalls, in part, to the increased volume of claims and the time-intensive manual process for inputting Post-9/11 GI Bill claims. To improve production performance, following implementation, VA hired additional staff, increased its hours of operation at RPOs, and enhanced its claims processing system.

Table 2: Average Days to Process Post-9/11 GI Bill Program Claims by Semester

Semester	Original claims			Supplemental claims		
	Avg.	Low	High	Avg.	Low	High
Fall 2009	49	28 (Aug.)	62 (Dec.)	37	28 (Aug./Dec.)	49 (Oct.)
Spring 2010	30	12 (April)	59 (Jan.)	14	9 (May)	21 (Jan.)
Fall 2010	26	20 (Dec.)	32 (Oct.)	17	11 (Aug.)	23 (Oct.)

Source: GAO analysis of VA data.

Note: Students may enroll during summer semesters (June through July) at many schools. However, because summer semester is typically shorter than regular sessions and not considered part of the academic year, summer semester data were not included in our analysis.

<sup>18</sup> Additional claims may be developed, for example, to transfer entitlement or reflect schedule adjustments.

<sup>19</sup> Academic terms vary among schools. For the purpose of this report, the fall semester is from August through December and the spring semester is from January through May.

## Objective 2: Accuracy of Processing Claims

### Quality Assurance

VA assesses the accuracy of education benefits claims processing through its quality review process. Each quarter of each fiscal year (October-September) VA selects a random sample of 125 education claims—25 claims for each of VA's five education benefit programs—to assess the accuracy and verify timeliness of claims at each RPO. In determining accuracy rates, VA accounts for differences in workloads among each benefit program.

### Performance Measures

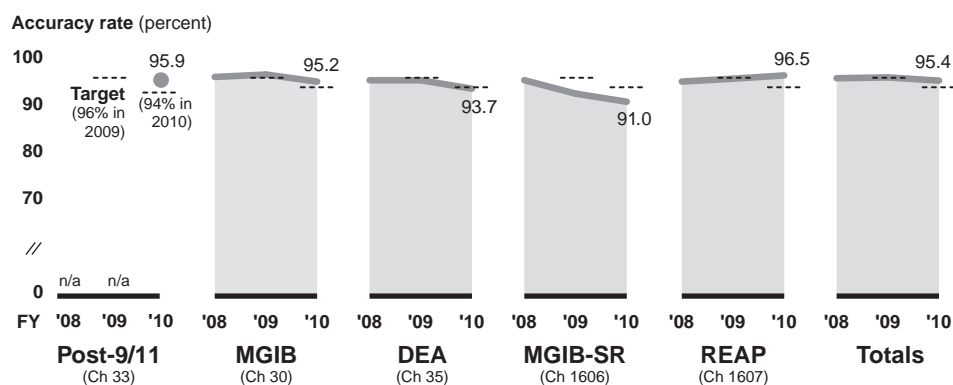
VA's performance measure for the accuracy of payments is the payment accuracy rate, i.e., claims without payment errors, for all education benefits.<sup>20</sup> VA's payment accuracy target was 94 percent during fiscal year 2010 and 96 percent during fiscal year 2009.

## VA Met Its Overall Accuracy Target for Processing Claims

### Implementation Challenges

In fiscal year 2010, VA achieved a payment accuracy rate of about 96 percent for Post-9/11 GI Bill benefits, and an overall rate of about 95 percent for all education benefits (see fig. 5)—exceeding its accuracy performance target.<sup>21</sup> VA reported that its payment errors for education benefits were due to administrative errors, such as incorrectly calculating service time. In addition, a VA official stated that errors are more likely to occur as a result of the new program because of heavier workloads and greater numbers of inexperienced staff.

**Figure 5: Payment Accuracy Rate by Education Benefit Program**



Source: GAO analysis of VA data.

Note: Full fiscal year data for the Post-9/11 GI Bill program are not available prior to fiscal year 2010 because VA began processing Post-9/11 GI Bill program claims in July 2009.

<sup>20</sup> VBA's finance staff also conducts periodic financial reviews to verify the accuracy of fiscal transactions, including Post-9/11 GI Bill payments. However, these reviews are not used to determine payment accuracy rates.

<sup>21</sup> According to VA officials, the agency did not include emergency payments in its quality review process because they were advanced payments and not adjudicated claims. VA's OIG determined the emergency payments to have an error rate of about 30 percent.

## Objective 2: Accuracy of Processing Claims

### Federal Requirements

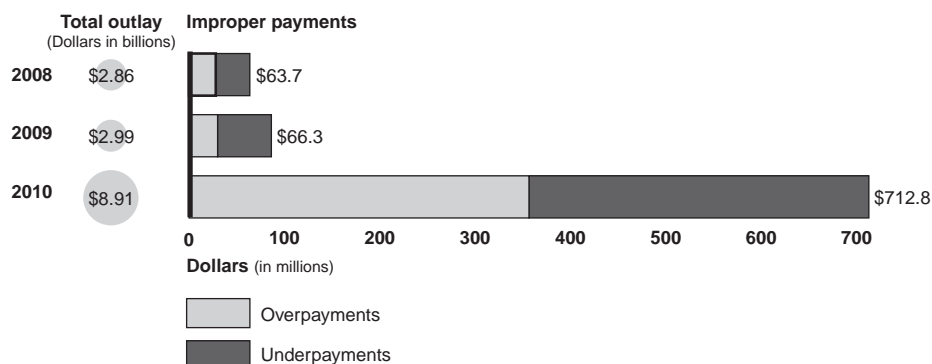
- The term “improper payments” refers to any payment that should not have been made or that was made in an incorrect amount, any payment to an ineligible recipient, any payment for an ineligible service, and duplicate payments. This includes both over- and underpayments.<sup>22</sup>
- The Improper Payments Information Act of 2002 (IPIA), as amended, requires federal agencies to, on a yearly basis, identify programs and activities susceptible to significant improper payments,<sup>23</sup> estimate the amount of overpayments and underpayments, and report to Congress the steps being taken to reduce improper payments exceeding \$10 million.<sup>24</sup>

## Despite Meeting Accuracy Targets, Improper Payments for Education Benefits Have Increased

### Improper Payments

Although only 4 percent of all VA's payments for education benefit claims were improper in fiscal year 2010, the amount of improper payments for education benefits significantly increased since the start of the Post-9/11 GI Bill program (see fig. 6). VA officials attribute the increase in the amount of improper payments to the new program, stating that, in addition to increased outlays for education benefits, under the new program tuition and fee payments are paid up front—prior to course completion—for each term and are larger than other education benefit payments. VA officials estimate that over- and underpayments because of “life events” such as death, dropouts, and adjustments to students' course loads, will generally constitute the majority of VA's reported improper payments.<sup>25</sup> Although VA included over- and underpayments resulting from life events in its improper payments estimate as required, officials stated that they do not consider them to be payment errors since the payments were correct when processed. VA is developing an automated claims processing system—which will include LTS—for all of its benefit programs, including education. According to VA officials, the new system will reduce errors resulting from manual input of claimant information.

**Figure 6: Estimated Amount of Improper Payments for VA's Education Benefit Programs**



Source: Department of Veterans Affairs 2010 *Performance and Accountability Report*.

Note: Fiscal year estimates based on actual prior year data.

<sup>22</sup> Improper Payments Information Act of 2002, Pub. L. No. 107-300, 116 Stat. 2350 (as amended by the Improper Payments Elimination and Recovery Act of 2010, Pub. L. No. 111-204, sec. 2(e), § 2(f)(2), 124 Stat. 2224, 2227 and to be codified at 31 U.S.C. § 3321 note). The Office of Management and Budget has indicated that this also includes any payment for which there is insufficient or a lack of documentation.

<sup>23</sup> In its fiscal year 2010 *Performance and Accountability Report*, VA identified its education programs, among others, as vulnerable to significant improper payments.

<sup>24</sup> Pub. L. No. 107-300, 116 Stat. 2350 (as amended by Pub. L. No. 111-204, sec. 2(a)-(d), § 2(a)-(e), 124 Stat. 2224 and to be codified at 31 U.S.C. § 3321 note).

<sup>25</sup> Authorized benefits are determined, in part, by the number of hours of attendance and the length of the academic term. Although the original payment may have been correct, VA must adjust the amount of payments due as a result of changes because of “life events.”



## Objective 2: Timeliness of Call Center Responses

### Performance Measures

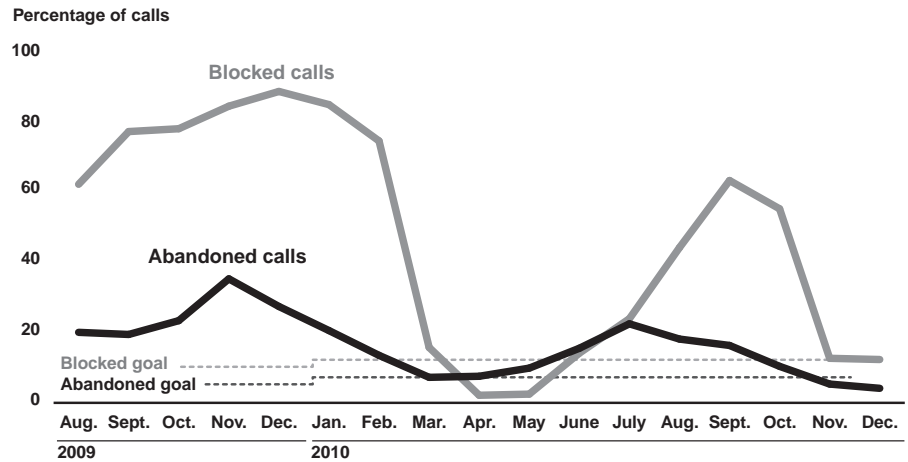
VA's Education Call Center performance measures are the rate of abandoned calls (calls ended before reaching an agent) and blocked calls (caller receives a busy signal).

- VA's abandoned call target was 5 percent in fiscal year 2009 and 7 percent in fiscal year 2010.
- VA's blocked call target was 10 percent in fiscal year 2009 and 12 percent in fiscal year 2010.
- VA has not established performance measures for *Right Now Web* e-mails.<sup>26</sup>

## VA Has Not Met Its Education Call Center Performance Targets, but Has Improved the Timeliness of Its Responses

### Trends in Timeliness of Call Center Responses

Figure 7: Rate of Abandoned and Blocked Calls to VA's Education Call Center



Source: GAO analysis of performance data from VA's Education Call Center.

Although VA has not met its fiscal year targets for the Education Call Center since the implementation of the Post-9/11 GI Bill program,<sup>27</sup> VA reduced the rate of abandoned calls by nearly 14 percentage points and blocked calls by about 30 in spring 2010. (See fig. 7.) However, the number of abandoned and blocked calls increased during VA's peak period in fall 2010. According to VA, the Education Call Center did not meet its targets because of the high volume of calls received,<sup>28</sup> coupled with its limited number of phone lines and staff. As a result, many callers were unable to get through or experienced long wait times.

To improve the Education Call Center's performance, VA has added staff, increased hours of operation, and is adding a new phone system with an unlimited number of phone lines. According to VA officials, the new system will reduce blocked calls and provide callers with self-service features such as the option to receive a callback or speak to a supervisor. VA has also developed a performance measure to evaluate wait times (i.e., average speed to answer calls), with a 160-second target. VA officials told us this measure will replace the abandoned call measure since VA has little control over caller hang-ups.

<sup>26</sup> VA does not track the timeliness of responses to *Right Now Web* inquiries and has not developed *Right Now Web* performance measures and targets at a national level. As a result, little is known about the timeliness and accuracy of VA's responses to these inquiries. In prior work (GAO-11-256), we recommended VA develop *Right Now Web* performance measures. VA agreed with our recommendation and plans to develop a national standard and policies for customer service for its education benefits focusing on timeliness and monitoring quality.

<sup>27</sup> Prior to the implementation of the program in fiscal year 2008, VA reported a 5 percent abandoned call rate and 4 percent blocked call rate.

<sup>28</sup> For instance, in fall 2009 about 5.4 million call attempts were made to the Education Call Center during business hours. Call attempts do not represent unique callers, since a caller may call back multiple times if the caller is unable to get through. Of these call attempts, 1.2 million calls reached VA's automated call distribution system and 882,000 calls were answered by Education Call Center telephone representatives.

## Objective 2: Accuracy of Call Center Responses

### Customer Service Standards

Executive Order 12,862<sup>29</sup> and a related 1995 memorandum created several requirements for agencies related to customer service, including (1) surveying customers to determine the kind and quality of services they want and their level of satisfaction with existing services, (2) benchmarking customer service performance against the best in business, and (3) posting service standards and measuring results against these standards.

In addition, the Government Performance and Results Act of 1993 requires agencies to develop performance goals and measures to, among other things, improve federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction.<sup>30</sup>

### Performance Measures

VA has not established performance measures to assess the accuracy of the Education Call Center's responses to telephone inquiries.

## Little Is Known about the Accuracy of Call Center Responses, but VA Has Taken Steps to Assess Its Performance

### Trends in Accuracy of Education Call Center Responses

As we previously reported, little is known about the accuracy of the Education Call Center's responses to inquiries because VA has not established a performance measure for the accuracy of the information provided by the Education Call Center.<sup>31</sup> GAO has recommended that VA establish performance measures for the quality of information provided by VA's Education Call Center. VA agreed with our recommendation and plans to develop a national standard and policies for monitoring the quality of customer service for its education benefits programs. In addition, VA has taken steps to assess the quality of the Education Call Center's performance.

- **Employee assessments:** Education Call Center supervisors monitor at least five calls, which are randomly selected, per telephone representative on a monthly basis to assess employee performance and identify training needs including, among other things, the accuracy of information provided to callers. VA plans to implement telephone system upgrades in 2011, which, according to VA officials, will provide VA the capability to record calls—enhancing supervisors' ability to monitor the quality of information provided to callers.
- **Customer satisfaction survey:** In October 2010, VA began working with a private global marketing information services company to implement a survey to assess caller satisfaction. According to VA, the survey asks individuals who recently called the Education Call Center to rate their satisfaction with customer service elements, including people, process, and technology. For example, the survey asks callers to evaluate the knowledge and courtesy of the representative, and whether the caller's issue was resolved. Each response is assigned a numeric score. According to a VA official, its target is similar to the target established by private companies for call center customer satisfaction surveys. However, VA officials told us that VA does not benchmark, or compare, the survey results against industry performance for call customer satisfaction because of the complexity of the issues the Education Call Center addresses. During November 2010, the Education Call Center exceeded its customer satisfaction target by about 110 points. VA plans to report the survey results in its fiscal year 2011 Performance and Accountability Report.

<sup>29</sup> Exec. Order No. 12,862, 58 Fed. Reg. 48,257 (Sept. 11, 1993).

<sup>30</sup> Pub. L. No. 103-62, § 4, 107 Stat. 285, 286-88.

<sup>31</sup> GAO, *VA Education Benefits: Actions Taken, but Outreach and Oversight Could Be Improved*, [GAO-11-256](#) (Washington, D.C.: Feb. 28, 2011).

## Objective 3: Comparison of VA and Education Aid Delivery

### Comparison of Programs

Although Education processes a higher volume of federal student aid to many more students—over \$134 billion to over 14 million students and their families in fiscal year 2010—VA and Education share many of the same stakeholders, academic timelines, and some processes.

Prior to program implementation, VA held a few meetings with Education to explore some of Education's aid delivery systems and processes. However, according to VA officials, the meetings with Education were not continued because of the limited applicability of Education's systems and processes to the new program.

### Education's Approach

Prior to modernizing in the 1990s, Education distributed its guidance on administering federal student aid to participating schools by sending individual regulations to schools through the mail. In addition, Education did not always send correspondence to the correct school official. Education took several steps to improve on these inefficiencies and to ensure school officials have the right information when they need it, such as providing guidance through a centralized Web site. Education officials reported that its approach has helped ensure that schools efficiently and effectively administer the program, since program expectations are clearly articulated.

## Education's Approach to Providing Guidance and Information to Schools May Improve VA's Delivery of Benefits

### Approaches to Providing Guidance

As we noted previously in this report, guidance on the Post-9/11 GI Bill program was inadequate despite VA's efforts to clarify some information. By contrast, Education's approach to distributing guidance provides critical administrative information to all stakeholders in a manner that is clear, comprehensive, consistent, and timely. See table 3, which outlines the differences in VA's and Education's approaches to providing guidance.

**Table 3: Comparison of Education and VA's Delivery of Program Guidance**

Guidance standards <sup>a</sup>	Education	VA
Comprehensive	<p><i>Information for Financial Aid Professionals Website</i> (IFAP) compiles all technical guidance on its programs in one place such as a comprehensive policy manual.</p> <p><i>Student Aid Handbook</i>, which is updated annually, provides a comprehensive overview of all rules and regulations affecting federal student aid programs. The handbook also includes worksheets and scenarios to illustrate program rules.</p>	VA lacks a comprehensive source of guidance for the Post-9/11 GI Bill, such as a policy manual. Additionally, VA staff and schools reported the mechanisms that VA uses to provide updates on the new program—e-mails and conference presentations—are inadequate because they are not always distributed to all schools.
Consistent	All guidance related to federal student aid is centrally reviewed and approved before issuance to ensure consistency.	Guidance issued for the Post-9/11 GI Bill program has been developed by several different offices, sometimes resulting in inconsistent interpretation of the same policies. To improve the consistency of some information provided to schools, VA plans to develop a standardized handbook by May 2011.
Timely and clear	<p>As part of its formal process for delivering guidance, Education provides timely updates and clarification on policy directives through "Dear Colleague" letters contained at its IFAP Web site.</p> <p>Education also uses its IFAP Web site for updating schools on program changes, including legislative changes. For example, Education shared legislative changes with school officials for grants and loan recipients displaced by hurricanes.</p>	In some instances, VA was not able to provide guidance to schools and staff in a timely fashion. VA also lacks a formal process to clarify guidance for schools. VA has issued clarifying guidance in the past, but it was not delivered in a systematic way and may not have reached the intended audience.

Source: GAO analysis of Education and VA data.

<sup>a</sup> GAO's guidance on management and internal controls suggests that access to timely, continuous, and broad-based information forms the basis of sound decision making and contributes to enhanced program integrity. "Broad-based" refers to addressing probable issues that are raised by audiences known or not—and managed in a way that assures continuous, useful, and reliable information. GAO, *Standards for Internal Control in the Federal Government*, GAO-AIMD-00-21.3.1 (Washington, D.C.: November 1999).

## Objective 3: Comparison of VA and Education Aid Delivery

### Education's Approach

Education requires schools participating in its federal student aid programs to return erroneous payments (i.e., overpayments) of program funds in a prompt manner.<sup>32</sup> This provision increased institutional accountability for federal funds awarded to enrolled students who later withdraw from school or reduce their enrollment status.

The return of funds continues to be a challenge for Education, but its streamlined approach of collecting funds through schools gives the department opportunities it otherwise might not have in collecting these debts from millions of students. For example, in its efforts to collect Pell grant overpayments in fiscal year 2010, Education worked with 6,200 schools rather than 14 million students. Table 4 documents the percentage of overpayments for the Pell grant program.

**Table 4: Improper Payment Rates and Total Expenditures for Pell Grants, Fiscal Years 2008-2010**

Fiscal year	Improper payment rate	Total program expenditures (Dollars in millions)
2008	3.69	\$17,081
2009	3.5	\$16,281
2010	3.12	\$32,215

Source: GAO analysis of Federal Student Aid data

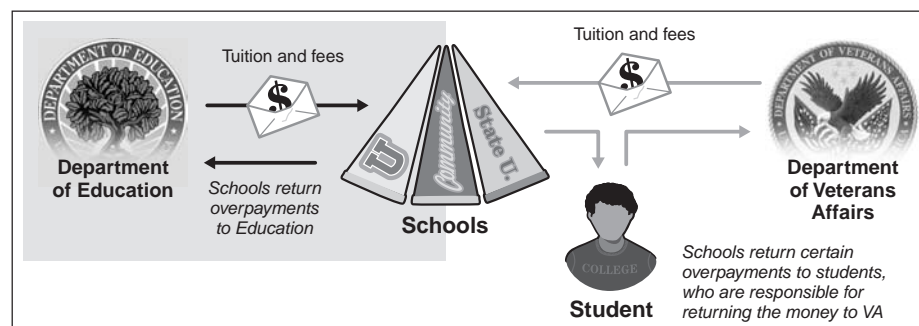
Note: These improper payment rates include both under- and overpayments.

## Working with Schools to Return Funds May Help VA Streamline Its Administration of Benefits

### VA's Current Practices

Education's process of working with schools to return overpayments of student aid may help VA improve the efficiency of the current process and reduce risk to the program.<sup>33</sup> Under the new program, schools transmit any tuition and fee overpayments to students, and students are then expected to return them to VA.<sup>34</sup> VA has taken this approach because students are liable for overpayments under the law.<sup>35</sup> However, collecting funds from about 365,000 students rather than over 8,500 schools is less efficient. (See fig. 8.) Additionally, by placing students in a stewardship role, VA's workload may be increased. Moreover, students may not return the funds to VA for various reasons, including not fully understanding their responsibilities. While VA does offset all future benefit payments to recoup funds not returned by students, the success of this is contingent on a student's continued enrollment or entitlement to other VA benefits.<sup>36</sup> VA officials also told us that Post-9/11 GI Bill payments represent an increasing part of its education debt. By working with schools, Education officials reported it was able to contain total Pell grants to be collected to no more than 1 percent of the \$30 billion it has to collect from schools and individuals in fiscal year 2011.<sup>37</sup> Given the large amount of funds involved, many school and association officials recommended that VA adopt a simplified approach, emphasizing a role for schools over students.

**Figure 8: Comparison of the Return of Federal Student Aid by VA and Education**



Source: GAO analysis of VA and Education documents; GAO (images).

Note: VA specifies circumstances when schools should return funds to them, including when duplicate payments were sent. This guidance changed at least twice during the course of our review.

<sup>32</sup> 34 C.F.R. § 668.22(g) and (j) (2010).

<sup>33</sup> In a few instances, Education will work with students to return funds. This can involve student aid that has not been earned in terms of a student's length of attendance.

<sup>34</sup> VA began paying students directly as one way to improve program integrity by limiting the amount of overpayments that went to schools under earlier GI Bills. Congressional Research Service, *Educational Assistance Programs Administered by the U.S. Department of Veterans' Affairs*, R40723, Washington, D.C., February 2010.

<sup>35</sup> VA has indicated that it currently has statutory authority to seek recoveries directly from schools only in certain cases of wrongdoing by them. 74 Fed. Reg. 14,654, 14,656, (Mar. 31, 2009) (citing 38 U.S.C. § 3685(b)).

<sup>36</sup> VA officials also said that they can offset certain federal payments such as tax refunds.

<sup>37</sup> Education's debt portfolio consists of collections from schools and students with the department collecting debts from schools for grant funds and from students for loan funds. Collections on loans occur after a student leaves college and are usually unrelated to a student's continued eligibility for federal student aid.



## Objective 3: Comparison of VA and Education Aid Delivery

### Education's Approach

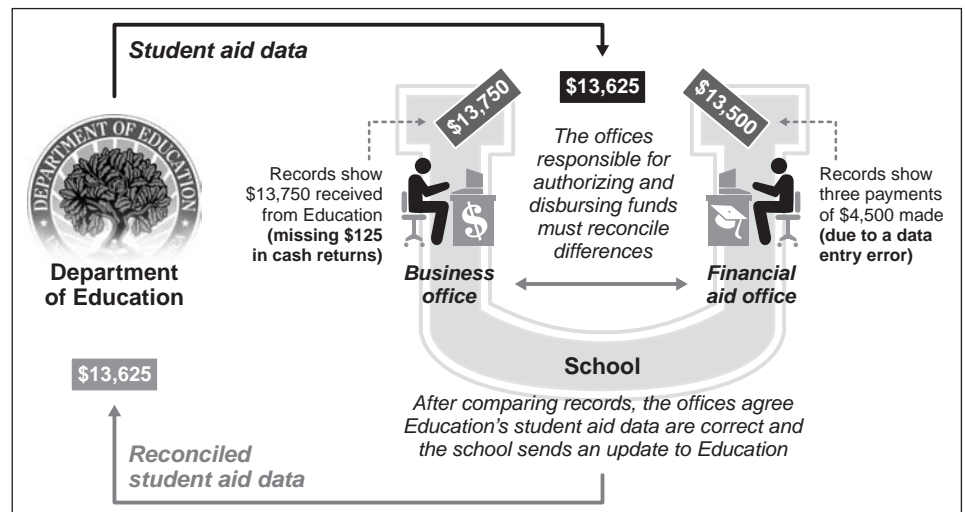
To improve program integrity, Education launched an information system that enabled it to reconcile student aid transactions electronically between schools and the department. In the 1990s, GAO and others raised repeated concerns about Education's ongoing management challenges with its student aid delivery.<sup>38</sup> Some of these challenges stemmed from a lack of internal controls to ensure, for example, that program funds were awarded to eligible recipients and schools appropriately returned overpayments to Education. In response, Education implemented practices such as "reconciliation"—a process that allows for a comparison of data on student level between the department and schools on a regular basis. Because financial aid regulations require schools to maintain a separation of duties between offices that authorize funds (such as the business office) and those that disburse them (typically, financial aid offices),<sup>39</sup> Education also encourages schools to have an internal process that resolves differences among the financial records of administrative units involved in aid delivery.

## Working with Schools to Verify the Accuracy of Some Payments May Improve Program Administration

### VA's Current Practices

Education's approach to reconciliation of student aid transactions may help VA ensure the accurate delivery of Post-9/11 GI Bill program payments and provide added transparency and efficiency. Schools receiving federal student aid from Education are required to periodically verify that their systems reflect the same information as Education's. (See fig. 9.) This exchange of data provides greater assurances that program funds transmitted to schools and/or debts assessed to students and schools are accurate. Education officials told us that this approach reduced its overpayments and debts collected from schools. Although VA's tuition and fee payments are subject to multiple levels of internal review, VA lacks a process at the student account level to verify that payments and debts are consistent with calculations developed by schools, as well as documentation that can show schools why disbursements were adjusted. As a result, school officials we spoke with said that they often had to "rework their calculations" or call VA to understand its adjustments—adding to both VA's and schools' workload. VA officials told us that VA does not have plans to include this level of functionality in its education benefits delivery system.

Figure 9: Education's Reconciliation Process



Source: GAO analysis of Education documents.

<sup>38</sup> GAO, *Major Management Challenges and Program Risks: Department of Education*, GAO/OCG-99-5 (Washington, D.C.: January 1999).

<sup>39</sup> 34 C.F.R. § 668.16(c)(2) (2010).

## Appendix I

### Claims Processing at RPOs

The number of claims processing staff and claims workload varies among RPOs. See table 5.

**Table 5: RPO Claims Processing Staff and Percentage of Total Education Claims Workload, Fiscal Year 2010**

RPO	Staff	Percentage of workload
Atlanta	204	20
Buffalo	230	20
St. Louis	358	25
Muskogee	497	35

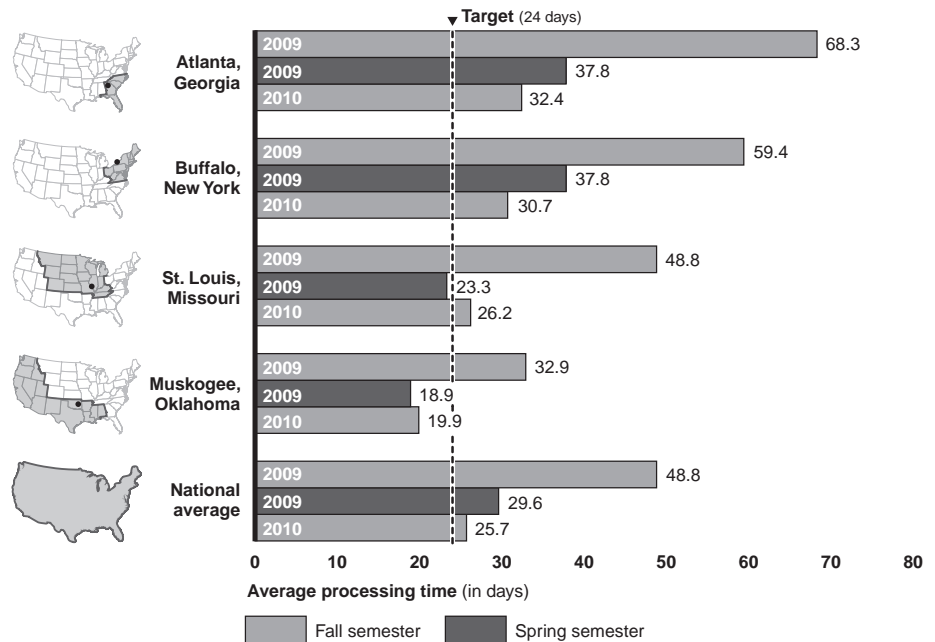
Source: GAO analysis of VA data

Note: Staffing levels are as of September 2010

- As of November 2010, among other claims processing duties, VA had a goal for each veterans claims examiner to complete a minimum of 13 Post-9/11 GI Bill claims per day, an increase of about 7 claims from its 2009 goal.
- There were variations in the timeliness of Post-9/11 GI Bill claims processing among RPOs. (See figs. 10 and 11.) For example, during fall 2009, Muskogee had the lowest processing average for original Post-9/11 GI Bill claims (33 days) and Atlanta had the highest (68 days). VA officials were aware of RPO timeliness variations and attributed these variations to factors such as claims examiners' experience, knowledge, and skill levels. However, as of February 2010, VA had not fully explored the causes of these variations.

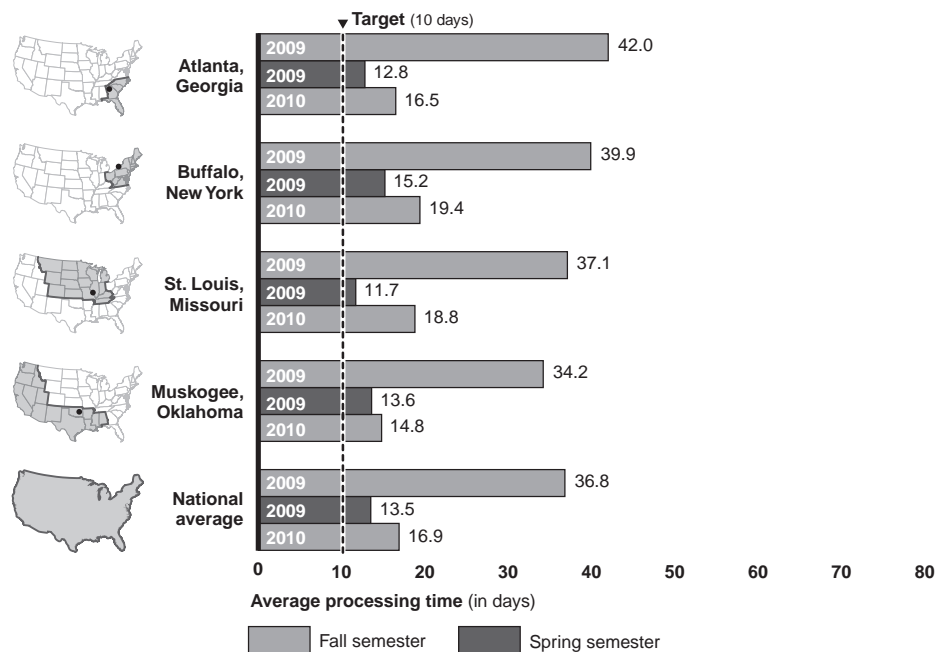
### Trends in Timeliness of Claims Processing

**Figure 10: Average Days to Process Original Post-9/11 GI Bill Claims by RPO**



Source: GAO analysis of VA data.

**Figure 11: Average Days to Process Supplemental Post-9/11 GI Bill Claims by RPO**



Source: GAO analysis of VA data.



## Enclosure III

### Objectives, Scope, and Methodology

Our review focused on the following questions: (1) What were VA's implementation challenges, the steps taken to address them, and any unintended consequences? (2) To what extent has VA met its timeliness and accuracy goals for processing Post-9/11 GI Bill claims and been responsive to call center inquiries? (3) What processes, if any, can VA adopt from the Department of Education's administration of student aid programs to improve its administration of Post-9/11 GI Bill education benefits?

To address each of these questions, we reviewed federal laws, VA's regulations, policies and procedures, and other program documents. We reviewed relevant literature, including work performed by VA's Office of Inspector General and GAO. We interviewed officials from relevant higher education associations; postsecondary institutions, also known as institutions of higher learning (IHL); and veterans service organizations. Associations of higher education and veterans service organizations were chosen based on their involvement in VA's implementation. We also conducted site visits to two of the four regional processing offices that are charged with administering Post-9/11 GI Bill benefit claims. We selected the offices at St. Louis, Missouri, and Muskogee, Oklahoma, based on the number of staff each office had and because the Muskogee regional processing office also serves as VA's Education Call Center. At the sites we visited, we received demonstrations of key processes such as processing claims and interviewed VA officials, including claims examiners and representatives of local postsecondary institutions including public, private nonprofit, and private for-profit institutions.

We selected eight institutions at which students were receiving VA education benefits for our school interviews based on their proximity to the St. Louis and Muskogee RPOs and institutional sector and control to provide a cross section representation of all institution types. We visited a total of five institutions of higher learning using semistructured interviews, and accepted written responses from another three, using the questions from our semistructured interviews (see table 6 for the list of institutions of higher learning GAO contacted). Findings stemming from these interviews cannot be generalized to the larger population of postsecondary institutions.

**Table 6: Institutions of Higher Learning GAO Contacted**

School name	Institutional sector	RPO
St Louis University	4-year, private, not-for-profit	St. Louis, Mo.
Vatterott Colleges, (corporate office)	4-year, private, for-profit	St. Louis, Mo.
Harris Stowe State University	4-year, public, not-for-profit	St. Louis, Mo.
ITT Technical Institutes	4-year, private, for-profit	Muskogee, Okla.
Oklahoma City Community College	4-year, public, not-for-profit	Muskogee, Okla.
Oklahoma City University	4-year, private, not-for-profit	Muskogee, Okla.
Cameron University	4-year, public, not-for-profit	Muskogee, Okla.
Rose State College	2-year, public, not-for-profit	Muskogee, Okla.

Source: GAO analysis of institutional data.

For the second objective, we also analyzed VA program performance metrics for claims processing and call center inquiries for three consecutive academic semesters: fall 2009 (August 2009 through December 2009), spring 2010 (January 2010 through May 2010),

## Enclosure III

and fall 2010 (August 2010 through December 2010). We also assessed VA's performance objectives and measures related to claims processing and responses to telephone inquiries to its Education Call Center against requirements of the Government Performance and Results Act of 1993,<sup>6</sup> the Improper Payments Information Act of 2002,<sup>7</sup> and other federal requirements for customer service such as executive orders that required agencies to post customer service standards and measure results against them. We also analyzed data for other VA education benefit programs to provide points of comparison and context.

For the third objective, we interviewed Department of Education officials responsible for key processes, such as developing guidance, returning funds, and performing reconciliations to obtain their perspectives on Education's approach. We identified these organizational components from Education based on our analyses of VA processes that are a part of their implementation challenges. We also reviewed program documents, including Education's Federal Student Aid's 2009 Annual Report. Additionally, we reviewed Education's Web site, Information for Financial Aid Professionals, to determine the types of guidance provided there. We also interviewed VA officials to assess their related processes.

### Data Reliability

Because external data were significant to each of our research objectives, we assessed the reliability of VA's program performance metrics. We completed this assessment by interviewing VA officials about their data, information systems, and known data limitations. We determined the data provided by VA were sufficiently reliable for the analytical purposes of this report.

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<sup>6</sup> Pub. L. No. 103-62, 107 Stat. 285.

<sup>7</sup> Pub. L. No. 107-300, 116 Stat. 2350.

## Enclosure IV

### Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS  
Washington DC 20420

April 19, 2011

Mr. George A. Scott  
Director  
Education, Workforce  
and Income Security  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Scott:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**VETERANS EDUCATION BENEFITS: Enhanced Guidance and Collaboration Could Improve Administration of the Post-9/11 GI Bill Program**" (GAO-11-356), and generally agrees with GAO's conclusions and concurs in principle with GAO's recommendations to the Department.

The enclosure specifically addresses GAO's recommendations. VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in cursive script, reading "John R. Gingrich".

John R. Gingrich  
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to  
Government Accountability Office (GAO) Draft Report  
***VETERANS EDUCATION BENEFITS: Enhanced Guidance and Collaboration  
Could Improve Administration of the Post-9/11 GI Bill Program***  
(GAO-11-356)

**GAO Recommendation:** To improve VA's administration of the Post-9/11 GI Bill program and address ongoing challenges, we recommend that the Secretary of Veterans Affairs:

**Recommendation 1:** Take steps to provide more critical program information to schools such as a student's eligibility for benefits or how payments have been calculated, for example, to enable certifying officials, financial aid, and business office administrators to effectively administer the program and deliver benefits.

**VA Comments:** Concur in principle. We agree that the Department should continue to work effectively to provide complete information to schools. Each direct deposit payment to a school has an addendum identifying the student and term for which the payment is intended. Each check payment has a stub with the same information. Also, VA currently sends each school a weekly VET REP report detailing the exact amount of tuition, fees, and Yellow Ribbon payments sent to the school for each student. The schools can use this information to verify the payments they receive. VA provides Veterans with complete information concerning their eligibility, benefit entitlement, and payments. They have the responsibility to share this information with their schools.

VA is working to formally standardize school reporting processes and provide clear and consistent guidance to all school certifying officials. In March 2011, a focus group meeting was held with representatives from the four Regional Processing Offices to create a comprehensive, standardized school official handbook. This handbook will improve consistency of information available to schools. We expect to publish this document in May 2011 and provide copies to the schools.

**Recommendation 2:** Collaborate with the Department of Education and the higher education community, leveraging their experiences in administering aid. These collaborations should include assessing the applicability and viability of adopting processes and actions taken by the Department of Education, where practical, such as returning overpayments of program funds, or reconciling benefit payments.

**VA Comments:** Concur in principle. In 2009, the Veterans Benefits Administration (VBA) met with the Department of Education (ED) and determined that ED's model for grants would not meet the statutory requirements for Chapter 33. In the ED model, institutions are front-loaded with estimated funds for a certain time period. When eligibility is determined, funds are disbursed to the student or organization. If there are overpayments or changes to student records that require debt collection, the institution is required to make the Government whole and take collection action against the student. The school then reconciles internally and reports back to ED.

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Numerous differing requirements exist between ED and VA statutes. For example:

- In many instances under ED rules, the school is allowed to keep money following withdrawal from classes. VA is required to adjust the amount due and recoup any and all overpayments.
- ED funds are needs-based while VA benefits are entitlements. There are unique regulations relating to due process, waiver, and collections that VA must follow that are different from ED.
- Under the ED model, schools determine the amount of funds issued to the student. VA benefits require a formal determination under VA laws and regulations before payment is authorized. Additionally, VA charges entitlement for benefits paid. Schools would not have the expertise or authority to determine the amount of a Veteran's benefits or the entitlement charged.
- VBA does not have legal authority to provide funding to schools based on estimated costs. Post-9/11 GI Bill benefits are based on actual net charges.
- In the majority of the cases when an overpayment occurs, the liability is with the Veteran, not the school.

VA will again contact ED and the higher education community to determine the applicability of any of their processes in VA's administration of the Post-9/11 GI Bill.

## **Enclosure V**

### **GAO Contact and Staff Acknowledgments**

#### **GAO Contact**

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#### **Staff Acknowledgments**

In addition to the contact named above, Tranchau Nguyen, Assistant Director; Carla Craddock, Analyst-in-Charge; David Forgosh; Amy Frazier; Glenn Slocum; David Hong; Gregory Wilmoth; Craig Winslow; Brenda Farrell; Susannah Compton; and James Bennett made key contributions to this report.



## Related GAO Products

*VA Education Benefits: Actions Taken, but Outreach and Oversight Could Be Improved.* [GAO-11-256](#). Washington, D.C. February 28, 2011.

*Information Technology: Veterans Affairs Can Further Improve Its Development Process for Its New Education Benefits System.* [GAO-11-115](#). Washington, D.C. December 1, 2010.

*VA National Initiatives and Local Programs that Address Education and Support for Families of Returning Veterans.* [GAO-09-22R](#). Washington, D.C. October 22, 2008.

*Higher Education: Veteran Students Received Similar Amounts of Title IV Aid as Nonveterans but More Total Aid with GI Benefits.* [GAO-08-741](#). Washington, D.C. June 20, 2008.

*Veterans Affairs: Improved Planning Needed to Guide Development and Implementation of Education Benefits System.* [GAO-07-1045](#). Washington, D.C. July 31, 2007.

*VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies.* [GAO-07-384](#). Washington, D.C. March 08, 2007.

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