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RHETORIC V. REALITY: INVESTIGATING THE CONTINUED FAILURES OF THE PHILADELPHIA VA REGIONAL OFFICE

HEARING

BEFORE THE

SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS

OF THE

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

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CONTENTS

Friday, October 3, 2014

Page

Rhetoric v. Reality: Investigating the Continued Failures of the Philadelphia VA Regional Office 1

OPENING STATEMENTS

Hon. Jon Runyan, Chairman 1
Prepared Statement 31
Hon. Dina Titus, Ranking Member 2

WITNESSES

Ms. Kristen Ruell, J.D., Authorization Quality Services Representative, Pension Management Center, Philadelphia Regional Office, VBA, U.S. Department of Veterans' Affairs 3
Prepared Statement 32
Ms. Linda Halliday, Assistant Inspector General for Audits and Evaluations, Office of Inspector General for Audits and Evaluations, Office of Inspector General, U.S. Department of Veterans' Affairs 5
Prepared Statement 33
Accompanied by
Ms. Nora Stokers, Director, OIC Bay Pines Benefits Inspection Division, Office of Audits and Evaluations, Office of Inspector General
Mr. Al Tate, Audit Manager, Atlanta Audit Division, Office of Audits and Evaluations, Office of Inspector General
And
Mr. Jeffrey Myers, Benefits Inspector, San Diego Benefits Inspection Division, Office of Audits and Evaluations, Office of Inspector General
Ms. Diana Rubens, Director, Philadelphia Regional Office, VBA U.S. Department of Veterans' Affairs 7
Prepared Statement 37
Mr. Walter Tafe, Director, Department of Military and Veterans' Affairs, Burlington County, New Jersey 18
Prepared Statement 41
Mr. John Dorrity, MSW, CVA, Bureau of Veterans Services, Ocean County, New Jersey 20
Prepared Statement 43

FOR THE RECORD

Hon. Michael Fitzpatrick 44

RHETORIC V. REALITY: INVESTIGATING THE CONTINUED FAILURES OF THE PHILADELPHIA VA REGIONAL OFFICE

Friday, October 3, 2014

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

The subcommittee met, pursuant to notice, at 11:08 a.m., in the Geraldine Clinton Little Theater, Building 601, Pemberton Campus, Burlington County College, 601 Pemberton Mills Road, Pemberton, New Jersey, Hon. John Runyan [Chairman of the Subcommittee] presiding.

Members present: Representatives Runyan and Titus.

OPENING STATEMENT ON CHAIRMAN JON RUNYAN

Mr. RUNYAN. Good afternoon, everyone, and I welcome this oversight hearing, and the Subcommittee on Disability Assistance and Memorial Affairs will now come to order.

Usually, when we hold DAMA subcommittee hearings, we are in Washington. Today, I am honored and happy to be here with all of you at Burlington County Community College, here in my home district, not too far from my home in Mount Laurel. Although we are far away from the normal hearing room in—on Capitol Hill and further away from the CSPAN cameras, this is still an official congressional oversight hearing of the House Veterans' Affairs Committee, and hearing rules on conduct apply here.

Today's hearing will focus on the Philadelphia Regional Office. In July, the full House Committee on Veterans' Affairs held a hearing that revealed disarray and data manipulation at the Philadelphia Regional Office. Accordingly, today's hearing will seek an update on the situation at the regional office, including concerns on mismanagement and manipulation to make the backlog of claims appear smaller, and exceptional low employee morale.

A regional office employee from another part of the Nation recently shared an impression that he said that the regional office structure has a—has an excess of management, and with a—and a complete void of leadership. I think this observation is telling when we look at what has been going on in the Philadelphia Regional Office. Ms. Rubens is here today as the new director of this regional office, and I hope that she will develop this needed leadership at the regional office, because, up to this point, I am convinced

that the change is neither desired nor sought by some complacent management in the Philadelphia regional office.

Thus, this morning's hearing will also address whether the Philadelphia regional office director has the appropriate measures to address the failures that have recently been heard about, and whether the director is prepared to act swiftly and appropriately in response to the VA OIG's forthcoming report.

Continued claims of misunderstanding are simply not believable. Even if they were, it would show such a level of gross incompetence and disciplinarian action that would be necessary, and nobody is fooled.

I would look forward to hearing from the regional office, as well as the Office of the Inspector General, and the input of various interested individuals and organizations that will speak here today.

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

Mr. RUNYAN. Also, as a matter of formality, I note that Congressman Fitzpatrick has submitted a statement for the record, and I ask unanimous consent that it be admitted into the hearing record.

Hearing no objections, so ordered.

Mr. RUNYAN. And with that, we will begin introductions.

Seated at the witness table, we will have the first panel; Ms. Kristen Ruell, Authorization Quality Services Representatives, at the Pension Management Center; Mrs. Linda Halliday, the Assistant Inspector General for Audits and Evaluations, Office of Inspector General; accompanied by Ms. Nora Stokes, Director of the Bay Pines Benefits Inspection Division, Office of Audits and Evaluations; Mr. Al Tate, Office—Audit Manager of the Atlanta Audit Division, Office of Audits and Evaluations; and Mr. Jeffrey Myers, Benefits Inspector with the San Diego Benefits Inspection Division, Office of Audits and Evaluations. Panel one also features Ms. Diana Rubens, Director of the Philadelphia Regional Office.

Once concluded, we will move on to Panel Two, which will consist of Mr. Walter Tafe, Director of the Burlington County Department of Military and Veterans Affairs, and Mr. John Dorrity with the Bureau of Veterans Services, Ocean County, New Jersey.

I thank all of you for being with us today, and I now yield to the Ranking Member, Ms. Titus, for her opening statement.

OPENING STATEMENT OF DINA TITUS, RANKING MEMBER

Ms. TITUS. Well, thank you, Mr. Chairman, and thank you for holding today's hearing. It is nice to see you on your home turf as opposed to just in Washington. I also want to thank the Burlington County College for their hospitality. This is a beautiful campus, and as the fall hits and leaves start to turn, it is a very nice place to be. I am from the desert of Las Vegas so it is quite a nice change.

Today, we are going to be looking at, as the chairman said, the work of the Veterans Benefits Administration at the regional level. The chairman came and joined me in Las Vegas, and I thank him for that, where we held a hearing on our regional office located in Reno. It was one of the worst in the country in terms of the backlog, so it was important that we heard what some of those problems were and how we could address them. So I am looking for-

ward to hearing from the veterans and the offices that are serving you here in southern New Jersey.

Chairman Runyan and I have worked closely for the past 2 years to ensure that all veterans have the benefits that they deserve and that they have earned, and we have conducted extensive oversight in a number of hearings, and so we know well the challenges that these regional offices face when it comes to trying to deal with and eliminate the significant backlog. I am glad to say that the VA is making progress on meeting its goal for 2015, and they need to get credit for that. Despite the problems, good things are happening.

I thank Ms. Rubens for joining us today, and I hope you are settling in to Philadelphia. So I thank your employees too because you have to address every single kind of problem that must exist out there, and I know you are charged with fulfilling every type of demand. But as the chairman also pointed out, we know that more needs to be done.

As we continue to address this problem, I have a couple of concerns that I hope will come out in the discussion today. One is the VBA's focus on all or nothing when it comes to eliminating the backlog. That is important, but I am afraid that that focus comes at the expense of other VA responsibilities, and that includes the appeals process. You don't want to rob Peter to pay Paul, or fix one problem by creating another. If we focus too much on the original claims process, I hope we are not building a big backlog when it comes to appeals.

The second concern I have is that the VA seems to be focused on just two metrics, and those metrics are average days pending and claims accuracy. Now, that is important, but we have seen that when you become overly focused on the numbers, sometimes you suffer from the ecological fallacy; you can't see the forest for the trees. We have got to remember that these numbers represent real veterans, real people, and so let us look at that from that standpoint, not just from some formula on a chart somewhere. So I hope we can discuss that.

So, again, I thank the chairman for having this hearing. I look forward to hearing from his constituents. We are going to miss him very much in Washington. I am sorry that the chairman has decided not to return to Congress. It has been a pleasure working with him, and I can tell you that you have been well served by his position on this committee. He has looked out for all of the Nation's veterans, and you owe him a debt of gratitude. So thank you.

Mr. RUNYAN. Thank you, Ms. Titus. And thank all of you too.

At this time, I want to formally welcome our first panel to the witness table. Your complete and written statements will be entered into the hearing record.

And, Ms. Ruell, you are now recognized for 5 minutes for your testimony.

STATEMENT OF KRISTEN RUELL

Ms. RUELL. Thank you, Chairman. My name is Kristen Ruell. I testified July 14, 2014, in Washington, DC, regarding gross mismanagement and violations of law occurring at the Philadelphia Regional Office. I want to thank you for the opportunity to be heard today regarding the Philadelphia Regional Office, and regret

to inform you that things have not changed, and accountability is greatly lacking for the management officials involved in the alleged illegal behaviors previously reported.

As a result of a preliminary OIG investigation, Fast Letter 13–10 was rescinded. The practices of data manipulations have continued at the Philadelphia Regional Office. Instead of creating an end product with an altered date of claim, there are many instances where claims are in the computer and have no dates of claims, as if we never received them from a claimant. These veterans are worse off because before they had a false altered new date of claim, and now they have no date of claim. If the claim is old, I am seeing many instances where it is not placed under control at all, which affects the VA's average days pending.

The duplicate record problem has not changed. I was informed that eventually VSOs will be able to create dates of claims, which are creating—which will be creating duplicate records. E-benefits is creating duplicate records as well. A colleague of mine, Ryan Cease, has reported this to the VA central office but, to date, has heard nothing regarding a policy change.

On July 14, 2014, I testified to boxes of claims that were processed in 2011, and were not scanned into Virtual VA, the veterans virtual claim file system in place at the VA. Management scanned the 60-something boxes of thousands of claims into the system, but did nothing to rectify the veterans denied for not having information that was sitting in the boxes for nearly 4 years. There is no way to track people affected by the management decision to let those claims sit for years.

The return mail that was boxed up with the claim and stamped, cannot ID, were thoroughly reviewed, and most employees that were on the project informed me that a majority of the claims could be identified within a few minutes of attention to detail, and some claimants were getting retroactive benefits as a result of papers labeled cannot ID, and had this not been reported, these boxes would have been shredded after being held the required 1-year time frame.

Employees also reported to me that they were given timelines to complete a box, when the timeline was not reasonable. One employee resigned after the project because he told me he felt extremely stressed and rushed. I have received spreadsheets from concerned employees that are afraid to speak up regarding the return project. One employee went back and checked his spreadsheet, and noticed that a number of the cases he marked, required action, have still not been tested and no action has been taken, although management stated that the project is finished.

I have seen a reasonable accommodation process get worse for employees with disabilities. I feel as though the management team in the Pension Management Center should not—should be removed from the process altogether because they are creating liability on behalf of the Agency due to their inability or overt actions to fail to follow EEO laws. There is no reason for them to follow the law because the Agency uses taxpayer monies to pay off employees that have been wronged and, at best, sends the management official to a training, for them to return to the office and target their next victim, with no consequences.

I have not seen any accountability for the managers responsible for the violations that were investigated by the VA OIG. This concerns me because they are still entrusted with making decisions with our taxpayer monies and on behalf of our Nation's veterans, when they have admitted they cannot understand a simple Fast Letter language, and have left thousands of pieces of veterans' claims, dating back to 2008, in white boxes with no action taken to grant or deny benefits. There is no training that can instill morals in these managers. They seem to be playing by a different set of rules and using our taxpayer dollars to have free legal representation, when they are failing to provide timely accommodations for disabled employees, and benefits to the veterans that put their lives on the line for our Nation.

Employees repeatedly say to me that nothing is going to change here, and refuse to report wrongdoings because they feel that there is no accountability, and they will end up being targeted by the people they reported. It is my sincere hope as a citizen of the United States of America that the Department of Veterans Affairs holds management accountable for retaliation toward whistleblowers, and any alleged wrongdoings that are substantiate in the upcoming report from the VA OIG.

[THE PREPARED STATEMENT OF KRISTEN RUELL APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you, Ms. Ruell.

And with that, we will recognize Ms. Halliday. You are now recognized for 5 minutes for your testimony.

STATEMENT OF LINDA HALLIDAY

Ms. HALLIDAY. Chairman Runyan, and Representative Titus, thank you for the opportunity to discuss the OIG's recent oversight at the Philadelphia, PA, VA Regional Office.

Since June 2014, the OIG team members with me today have spent considerable effort reviewing allegations at the Philadelphia VARO, covering a broad range of issues such as cooking the books, which refers to data manipulation, mail mismanagement, duplicate payments, and inappropriate reprisals against whistleblowers. To examine these issues, we began by conducting an unannounced visit to the VARO on June 19, 2014, then expanded our review to access the merits of over 100 complaints and allegations of gross mismanagement and potential wrongdoing. The allegations include shredding and destroying military and returned mail, hiding mail within the VAROs, cherry-picking appealed claims, and failing to respond to approximately 32,000 electronic inquiries from veterans and their beneficiaries.

We considered complaints regarding the VARO's potential misapplication of guidance contained in VBA's Fast Letter 13–10, a high risk to data integrity and the financial stewardship of veterans' claims. VBA's longstanding policy states the date of claim is the earliest date of claim that is received at a VA facility. In contrast, the Fast Letter guidance required claims processing staff to apply current dates to older, unadjudicated claims that were newly found or discovered in claims folders.

As we reviewed a sample of actions completed, we found the guidance was used inappropriately at the Philadelphia VARO to

manage mail backlogs, and to re-establish canceled claims using current dates. Further, the VARO did not comply with the Fast Letter requirements to identify the discovered claims in the electronics system, and to notify the compensation service in central office after the claims were completed. VBA uses dates of claims to control and manage its inventory. Incorrect application of claims processing actions compromises the integrity of the data on the time it reports that it takes to report a veteran's claim. We also learned that some VARO staff took exception to adjusting dates of claims, since the mere application of the guidance results in misrepresenting the time a veteran waits.

We concluded the Fast Letter guidance was inherently contrary to VA's core values of integrity and accountability for reporting accurate information to veterans. In response to our management advisory of these concerns, the Under Secretary for Benefits issued a moratorium on Fast Letter 13–10, while VBA determines the appropriate way to move forward.

During our onsite work, we found mail bins in the VARO full of claims and associated evidence since 2011 that had not been scanned into the Virtual VA for electronic processing. We became concerned that claims processing staff may be making decisions without all required evidence. We also identified serious control weaknesses involving electronic date stamps used by the Pension Management Center staff at the intake processing center to record dates of claim on documents received. Each claims assistant was maintaining a key that allowed access to the mechanism inside the date stamp where they could adjust the electronic date used. As such, opportunities existed for staff to alter and misrepresent dates of veterans' claims. The Under Secretary for Benefits took immediate action to prioritize scanning the claims in those mail bins and associated evidence, and identified and restricted the access to the keys to electronic date stamps.

While we previously reported weaknesses in the VARO management in 2013, we had discontinued our mail management reviews to allow time for VBA to fully transition and implement its Intake Processing Center business model, but by 2014, VBA had begun using its third business model, a centralized mail model. Effective mail management is crucial to control workflow at the veteran service centers. We are concerned that the implementation of 2 new business models over a short period of time has impeded the regional offices' nationwide ability to accurately control and manage mail. We expect to continue to provide oversight of mail management.

As we looked at duplicate records, we considered that VA has a fundamental responsibility to be an effective steward of taxpayer resources. However, we found the Philadelphia VARO managers had failed to prioritize claims processing actions required to initiate the consolidation and merging of duplicate records. Because VARO staff did not timely request consolidation, some beneficiaries received duplicate payments to which they were otherwise not entitled. In spite of some VARO action to correct the situation, more attention is needed to strengthen the controls and make improvements in this area.

We also became aware of facility conditions at 1,400, please excuse this, Wissahickon——

Mr. RUNYAN. Wissahickon.

Ms. HALLIDAY [continuing]. Avenue. Multiple complaints were also received regarding the work environment within that VARO building located close to the main VARO. Physical conditions were adversely affecting employees' health, morale and productivity. This facility holds two of VBA's major call centers. We identified several areas that violated VA's Occupational Safety and Health Standards, resulting in the OIG issuing a management implementation notification to the Under Secretary for Benefits on July 23, outlining our concerns.

In conclusion, data integrity is a significant concern throughout VARO operations, and trust in local leadership needs to be restored at the Philadelphia VARO. Communications need to be open and transparent, and leadership must ensure they align their actions with their words. The level of distrust we observed and heard from staff is most disconcerting. Trust is fundamental to leadership, especially during times of change, and it is too valuable of an asset to be taken for granted. In a healthy environment, staff should not fear bringing issues to their management, and everyone should work together to solve problems. In this case, everyone needs to work together to improve the delivery of benefits to veterans.

Mr. Chairman, this concludes my statement, and myself and my team will answer any question.

[THE PREPARED STATEMENT OF LINDA HALLIDAY APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you, Ms. Halliday.

With that, I will recognize Ms. Rubens for 5 minutes for her testimony.

STATEMENT OF DIANA RUBENS

Ms. RUBENS. Good morning, Chairman Runyan, Ranking Member Titus. Thank you for the opportunity to discuss operations, leadership and employee morale at the Philadelphia Regional Office.

The dedicated employees of the Philadelphia RO are committed to improving the delivery of benefits to veterans and their family. At the RO, we recently asked every employee to reaffirm the commitment to the ICARE values, integrity, commitment, advocacy, respect and excellence, putting veterans and their needs first.

We understand our ultimate measure of success will be how we serve veterans, and we are determined to succeed by regaining the trust of each veteran we serve.

Leadership at the Philadelphia Regional Office has taken the recommendations from the Office of the Inspector General very seriously, and we have actively and quickly worked to address issues that have been raised.

Let me assure you, since I assumed my new duties as the director at the regional office in July, I have been, and will continue to be, committed to fostering an environment and culture where employees feel safe to raise issues. I am inviting all employees to meet with me in small groups so that I can hear their concerns and respond. This is an approach I will continue to take as we strengthen

our leadership team, creating a more inclusive environment for our entire workforce.

The Philadelphia Regional Office is staffed by nearly 1,000 employees, administering disability compensation, vocational rehabilitation employment, and pension benefits. In addition, the regional office is responsible for two of VBA's call centers.

The Philadelphia Regional Office service center transitioned to the new organizational model in November of 2012, and began using the new Veterans Benefits Management System in April of 2013. Today, approximately 95 percent of our rating inventory and compensation claims is in this new Web-based system. We are also collaborating with our veterans service organizations to promote e-benefits, fully developed claims and disability benefits questionnaires, and encouraging our veterans service representatives to utilize the stakeholder enterprise portal, a secure Web-based connection that complements e-benefits, and gives access to VSO representatives and other authorized advocates so they can assist veterans in filing disability claims electronically.

This past fiscal year, the Philadelphia Regional Office completed over 32,000 rating disability decisions. Our 3-month issue-based accuracy rate is currently 95.1 percent, and our 3-month claim-based accuracy is 88.9 percent. We are not there yet, but we are continuing to progress towards the goal of completing disability claims within 125 days. We all have—also have one of our seven national call centers primarily answering calls related to compensation claims, and they answer roughly 2,400 calls a day.

Our Philadelphia Regional Office also manages one of our three national Pension Management Centers, and this past fiscal year, over 300,000 rating and non-rating pension claims have been completed with an accuracy rate of over 97 percent. We also house the only national Pension Call Center, answering about 1,600 calls a day.

The Philadelphia Regional Office Voc. Rehab and Employment Division is currently providing veterans services to over 2,000 veterans in Pennsylvania and Delaware, and over 140 veterans were rehabilitated this past year.

We do understand the serious concerns and the seriousness of the concerns about the operations in Philadelphia that have been raised, and I want to assure you we share those concerns, and we are quickly taking to address—action to address those issues. Some of the issues that Ms. Ruell raised just now I had not heard previously, and will meet with her directly so that we can understand the details better and address them quickly.

June 20, 2014, IG issued a management advisory concerning claims processing in Philadelphia, and the 4 recommendations at that time included in the advisory were concurred in with the recommendations, and we have moved to address the issues thus far raised by the IG. We have not yet seen the final report.

In addition to the issues raised by the management advisory during a July 14 hearing before the House Veterans' Affairs Committee, allegations were made that mail was being improperly shredded at the Philadelphia Regional Office. The referenced mail included returned mail, VA-generated correspondence that the Postal Service has returned because it was undeliverable, and mili-

tary file mail, materials that we had been unable to associate with a veteran's records because of that lack of identifying information.

We had become aware of these issues 2 years ago, and at that time had initiated steps to address the problems. I would tell you that in 2012, procedures were put in place to ensure newly returned mail was addressed timely, and no new additional mail had accumulated since then. The Philadelphia PMC is also—sorry, the Pension Management Center has consolidated all of our military file mail into a properly marked location, incorporates review of that mail weekly with the workload assignments within our Pension Management Center. We have completed that work, and today, the military file mail is up-to-date. There are procedures as we continue to go forward to continue those reviews in an effort to identify that mail and the veterans that it belongs to.

While the IG was at the regional office to conduct a thorough review of operations, the IG raised a concern about the volume of unanswered telephone and email inquiries requesting a status of pending claims. Over the past 2 months, we have dedicated additional resources and have significantly reduced the number of claims that are currently pending. We are continuing to evaluate the number of employees assigned to the activity, to ensure the continued provision of timely responses.

At the direction of Secretary McDonald, the Philadelphia Regional Office also recently conducted four town hall meetings with our veterans, including two at the Philadelphia Regional Office, one here in southern New Jersey, and one in Delaware. In addition to the town halls, we conducted informational seminars and claims clinics for any veterans looking for claim-specific information. We learned we need to improve engagement and communication with our veterans, with our veterans service organizations, medical centers, and National Guard and Reserve units. We found the experience to be beneficial. We will continue to conduct those quarterly town halls to engage and hear from our veterans and other stakeholders. We are also scheduling congressional seminars and VSO representative training opportunities this fall to continue to strengthen those partnerships as well.

We remain committed to providing the best possible service to veterans who reside in Pennsylvania, New Jersey and Delaware, and continue to look for ways to improve our outreach and partnerships to provide timely, accurate and comprehensive assistance to those we serve.

This concludes my testimony. I look forward to answering any questions.

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

Mr. RUNYAN. Thank you, Ms. Rubens.

And with that, we will begin our round of questioning. I am pretty sure we are not going to stay under the 5-minute mark, but—Ms. Halliday, and thank you for being here today and for your testimony, and for all the hard work you have been doing to keep the VA accountable, and to improve the department.

When we last heard from you July 14 in the full committee hearing, you told us that the Office of Inspector General had received serious allegations regarding the mail management, and manipula-

tion of dates of claims and other data integrity issues at the Philadelphia RO. I understand from your testimony that the investigation remains ongoing, so the OIG was unable to publish a final report before this hearing. We look forward to reviewing all the findings when it comes.

In your testimony, you described some of the many disturbing allegations of mismanagement at the Philadelphia RO, including the Fast Letter 13–10 to a more current date, manipulating mail and other games.

It seems to me there is nothing confusing about what is going on there, and management was, frankly, cheating and got caught. My understanding, you have not a final report, can you share whether your report will contain recommendation for action to include disciplinary action on that issue?

Ms. HALLIDAY. Well, our work is ongoing. We intend to lay out the facts as we saw the—see the facts in the application of the Fast Letter.

The issues are the misapplication of that guidance. We found it difficult to grasp that the VBA officials entrusted with administering a broad range of benefits had such a hard time implementing the guidance.

One of the major problems at the Philadelphia VARO is they did not do a reporting of the exceptions to the compensation service in VA headquarters. That compromised the audit trail to determine exactly how many transactions were processed.

We are looking at this very closely. We will issue a report, we will share with the department any area where we feel that the actions have been inappropriate for VA to decide the administrative action.

Mr. RUNYAN. Thank you, and we look forward to it.

You also noted that VBA is challenged in its attempts to work through its claims backlog, while implementing the electronic claims process, and your testimony noted that an increase in oversight is needed at all levels.

As of the OIG's April 2013 report, the Philadelphia RO was just 20 percent compliant with the operational area's review. You visited many—you visit many regional offices annually; why do you believe that this particular RO dropped so significantly since your 2009 review?

Ms. HALLIDAY. I believe that there were approximately 90 vacancies when we were in there that existed. That has a serious impact on operations. I believe employee morale and the distrust embedded in the Philadelphia VARO has a lot to contribute to that.

Mr. RUNYAN. Thank you. And also the testimony commented that when allegations of duplicate claims payments were reviewed, it was not management's priority to address improper payments. I think this is tremendously offensive to the taxpayer. A balanced workload is also not a priority. We can—as can be evidenced by inattention paid to dependency claims and appeals.

If neither workload management nor fiscal stewardship are priorities, what do you see as the priorities there? Just to get it out?

Ms. HALLIDAY. I believe what is driving this is to meet production metrics, at the expense of making the right decisions and processing a veteran's claim according to how it should be processed.

Mr. RUNYAN. All right. I think most of us would probably agree with that.

Next question is for Ms. Ruell. And thank you again for coming and providing your testimony. I would say that every time I have spoken to you, and I think Ms. Rubens has commented on it, you shine a light on something else that needs to be fixed. And, you know, going through that, I would wonder that Ms. Rubens may start to have lunch with you on occasion to figure out what the pulse of the office is.

I would say Congress and the American people are aware of the relationship you highlighted previously. Your previous—you previously testified that you were targeted by managers, and your name was given to those who turned in for wrongdoing. You were suspended, you needed reasonable expectations, and you were denied promotion, and you were better qualified than other candidates. As of July, the treatment of employees and veterans by their—the management of the Philadelphia RO was a national embarrassment, and based on the OIG testimony, the hostility of the workplace persists without remedy.

Can you describe to me any steps that leadership in the RO has taken to make an office place where employees can feel safe in suggesting new practices, or blowing a whistle on wrongdoers?

Ms. RUELL. I don't think that anybody that worked in the Philadelphia Regional Office feels safe whistleblowing. I can honestly say it is not a good thing, it is a terrible experience that you have to go through because even some employees will treat you a certain way because they are mainly worried about getting a promotion. So Diana Rubens has had town hall meetings with employees, however, employees, on a daily basis, report to me and say that they don't feel like anything is changing. So the problem is if—I believe since she has come, she is open, if I send her an email, she responds. If I tell her a problem, she attempts to address it, but she has said to me, and I can see with my own eyes every day there, that she can't micromanage the entire Philadelphia Regional Office. So I believe that nothing is going to change at the place that we work at until the people that we have to report to can be trusted. I don't feel, and I am speaking on behalf of most of the employees that are employed there, I would say, a very high percentage, they lost faith in the managers. I would never feel comfortable reporting anything to anybody in the front office of the department that I work at. They have done nothing to make any changes, and in return have come after me for any suggestions I have made that would never benefit me, that are for veterans and taxpayers. So I feel that it is not realistic to have to tell the director every time there is a problem or a suggestion, because she has to manage the entire building. So I don't think anybody feels comfortable whistleblowing or making any type of suggestions because the department heads are not acting the way Ms. Rubens is acting.

Mr. RUNYAN. Thank you, and again, disturbing.

I think I asked you this same question and I want you to elaborate some more than you did in your opening testimony, but talk a little bit more about no date of claim situation that you noted.

Ms. RUELL. Yes. We have a virtual system where the claims are sometimes scanned right into the computer, and there is an em-

ployee that sends me an email almost every single day that she is working, and tells me that she finds claims in Virtual VA that have no date of claim. And I don't process claims on a daily basis, so I can't speak to any number, how many there are, but it is disturbing to me that every morning when this person does her work, some days she will have 10 or more of these claims, and they are claims that are sitting in the system that, had she not worked on another claim associated with it, we would have never known that claim was there. So it is concerning to me, number one, that this one person is finding these, and the other employees aren't finding them, or what I would say ignoring them, and I understand why they are doing this because you have a choice at the end of the day to not have a job anymore, or to get your points, so most people, when it is time to wrap up and go home, need to leave and they can't do the right thing because that would jeopardize their job.

Mr. RUNYAN. Thank you.

Ms. Rubens, one of the stunning realities that has emerged from this past year of trouble at the VA is the extent to which managers are willing to retaliate against employees who blow the whistle on questionable conduct of their leaders, or even just offer constructive criticism of policies and procedures. We have just heard more testimony from Ms. Ruell about ERO's mistreatment of employees who expressed their concerns. At the July 14 hearing of the House VA Committee, addressing VA issues, under Secretary Hickey, said, "intimidation or retaliation, not just against whistleblowers but against any employee who raises their hand to identify a problem, is absolutely unacceptable."

As recently as this past Monday, Secretary McDonald had stated that "at VA, we take whistleblower complaints seriously, and we will not tolerate retaliation against those who raise issues which may be—which may enable VA to better serve veterans."

Ms. Rubens, if taken concerns of whistleblowers seriously, and assuring their fair treatment is such a priority to the top leader of the administration and your department, it seems to me with Ms. Ruell's testimony that it has not really been a priority of the management of the regional office to address the issue. Can you respond to that at all?

Ms. RUBENS. Sir, I would tell you that since my arrival, one of the things that I have worked to do is ensure that employees feel that they do have a place to come if they have concerns. I am most interested to hear more about the concern, particularly of those claims that have no date of claim. If they are being identified every day, we need to know about that so that we can identify the process.

As I continue to build my team, and the strengths of my team, we will continue to work on an understanding of the importance of employees who bring problems forward, that they need to be reviewed and addressed, and they need to be done in a fair way. That, for us, it is about serving the veteran, and if we have holes in our process or gaps in our process, we need to know about those. We cannot accept a sense of fear or intimidation on the part of employees in terms of bringing those things forward, and I won't accept it.

Mr. RUNYAN. And relating to the phrase gap, in many of your town halls, many veteran service officers have told you that the veterans office often get what they call a stall letter in the mail, asking for more information, when they have already sent in the necessary documentation.

I know, I hear it every day, the veterans are getting increase—increasingly frustrating, and the frustration flows right back to the VSOs, and obviously, you know, the veteran is being denied at the end of the day.

What are you doing to change that process to make sure that we are not technically, I mean, stalling. There has got to be a miscommunication in the way your processes work if the veteran and the VSOs are saying you have the data, you need to process a claim, but yet they are getting a letter saying they need more, and the stories we are hearing is many times it is duplicate information that they are sending back in.

Can you talk about how you are going to challenge and try to change that process to make it work?

Ms. RUBENS. Yes, sir, and I would tell you part of the challenge is making sure that we, as an organization are taking enough time to review the material that we have. We have reduced the number of claims in our veterans service center for disability compensation by nearly 5,000 claims over the last year, but we can't do that at the cost of quality and accuracy of the decisions. We continue to engage in training. This year we took part in nationally-sponsored training due to the funds provided by Congress at the beginning of this calendar year. We will continue to build that expertise within our organization because we have to ensure we are looking at the material we have. If there are systemic issues, we will work to identify whether they are individuals, whether they are teams, whether they are different kinds of work, and ensure that the training is addressed to ensure that if we have the material, we are ready to make the decision.

Ultimately, it is about the quality and the timeliness of that decision we make on behalf of each and every individual veteran.

Mr. RUNYAN. And I am just—really just make a statement and I am going to hand it over to Ms. Titus.

From data manipulation to telling an acting RO director to ignore congressional staffers, there is always an excuse and it always seems it is misinterpretation or a misunderstanding.

From where I have—where I come from and the way I was brought up, stepping up and saying you were wrong is the first step to fixing it, and I don't think we—I don't think anybody gets the sense that anybody is willing to do that a lot of times. You are like, well, you know, well, we will fix it this way. Admit you were wrong and fix it, and I think it will go a lot further in building the confidence and the trust back in the VA.

And with that, I will yield to the Ranking Member, Ms. Titus.

Ms. TITUS. Thank you, Mr. Chairman.

Ms. Ruell, your comments about you don't think anything is going to change, and that people are still very frightened and uncomfortable working there, are very concerning to me, especially after we heard the new secretary say this is a priority, you heard General Hickey say it is a priority, you heard Ms. Rubens say that

she is trying to meet with employees and wants to hear your story. You really don't believe it is getting any better?

Ms. RUELL. No, because I don't think Ms. Rubens can fix all of the problems in the regional office because she has a management team under her that is responsible for different departments, and the people that are in charge, at least in my department, I still see them doing things to make numbers and not to care about a veteran. An example is an end product 407 claim. I just raised a question last week to my supervisor because the—there is something called an informal claim. If you look at the legal definition of an informal claim, it has to be something that is not substantially complete. If you then turn and look at the definition of substantially complete, there are about five criteria; one being a statement of income. To me, the word statement is singular. I looked at an application that a veteran has filled out, and there is an income block with about maybe 15 different types of income, maybe 10, I am not sure. There is net worth and there is income. Our managers are instructing the coaches, which are the next level of managers, which are instructing their team, to informalize claims if all of the income is not there.

Now, that is not what the law says. The law says you need a statement of income. Once we have that, we have a duty to assist that veteran and get the extra information on the claim. Instead, we are informalizing the claim and sending them a letter, which is probably what Mr. Runyan was referring to as a stall letter, saying thanks for your application, however, it is not a formal claim, you have a year to come back. Well, then the claim will come in with a new date of claim. So I get those claims and I pick up the phone and I call the veteran, even if I am just doing a quality check on the claim or I am authorizing, and I ask—sometimes there are only two things missing on the application. To me, that is a substantially complete application.

I raised that question and I was told the VA interprets a statement of income as all of the income section filled out, because the whole section is their statement of income.

So what I see, based on management in my department, is they will interpret any rule or any law to their benefit to get an end product cleared. And it bothers me because an end product being cleared is not helping the veteran. And when I come to work, I thought we were supposed to help veterans, so it upsets me when I am given an answer like that because I don't—the way that I was trained, I did go to law school, to read a statute or a law, it is not the way that the managers are interpreting laws in my department. And I don't know what you can do about that because when I raise the issues, in the past I have been told please don't make any more suggestions, or do you think I don't know how to do my job. And then there are consequences, so I just sort of, for a while, stopped and made my suggestions through other people that they respect more than myself, but I feel most employees see this and they have no interest when they notice something is wrong in bringing it up.

Ms. TITUS. Well, that sounds like that can be a policy change in terms of how you interpret the—but we have heard a lot about how you measure performance and how you hold employees account-

able, and many of the employees of the VA are veterans themselves, and a lot of promotion or merit or bonus, or whatever you want to call it, is based on certain metrics or certain statistics. You think that is not a good way to do it, it sounds like, and I can see that. If you fill out more cases and pass them on, and you get more of a bonus because it looks like you have done more. What would you suggest would be a better way to evaluate real accomplishment and real service to our veterans?

Ms. RUELL. I would like our office to be measured on the amount of people we help or give an honest answer to, instead of how many claims are cleared in a month because, if you look at the performance and if you really look into the system, you get a certain amount of points for completing a case.

Ms. TITUS. Yes.

Ms. RUELL. There are different types of cases we process and different teams. Someone can be on a team and have to do a case that has to do complex income calculations and write a letter that is 10 pages, and someone else will have to do a case where the veteran dies, and they have to hit one button and some—even sometimes there is a system-generated letter that goes out. Well, people don't want to do the cases that take longer because they are not going to get their production element at the end of the day, so they are constantly looking for things that are easier. And I see it, I am on the quality team, and at the beginning of the month you see the kind of claims that are done. You will see a lot of bad dead people at the beginning of the month because know their quality is going to be pulled.

So I think it is a horrible way to measure at the regional office, because I don't feel that we are doing the best we can to serve veterans. I think we are boasting about numbers.

Ms. TITUS. Yes. I would ask Ms. Halliday, that report that you all are working on that is in progress is very damning. I mean I don't see much in there that brags about what is happening. And I know when you all issue a report, you issue very specific things that need to be addressed. For example, you talk about the health environmental safety conditions at a couple of these call centers. Not only is that bad for the employees, it is bad for the records because they can't be kept secure.

As you go through this report, are you issuing those recommendations now, and are they being addressed and is there a timeline, or do we have to wait until the whole report is finished?

Ms. HALLIDAY. We have adopted a practice within the OIG to issue management notices to the Under Secretary for Benefits when we find issues that we think need immediate attention. So my first management advisory, when I put a team in there right after June 19, was to address the Fast Letter. A second advisory was issued on the facility conditions at that other facility that houses the call centers. Based on the information we provided, we felt we had sufficient evidence to be right on what we were saying, and our expectation is that immediate action would take place. With the first advisory, after I put the team in on date of claim, I made a personal phone call to the Under Secretary for Benefits to say you have a problem. And I didn't want any surprises on her part, I wanted her to know I expected immediate action. Then, that

following week, I went up to the VARO myself to make sure my team was moving forward with allegations and that people would talk with us and not have fear of reprisal. I made a personal visit to the Philadelphia VARO to make sure that people were aware that there were protections, and we needed to hear exactly what was happening so we could fix the systemic problems.

So we do use a process that gives early notification. We may tweak some of the recommendations as we get the final details associated with reviews of duplicate payments that might have something specific that we haven't spoken to yet, but there was a sharing of information with that goes to the VARO on duplicate payments so that they could take immediate action, and then we will address character what we saw in the report and lay the facts out so that any, if appropriate, administrative actions can be taken.

Ms. TITUS. And then if actions have been taken during the interim while you are working on the report, will it reflect that as well?

Ms. HALLIDAY. We won't say that in the report.

Ms. TITUS. Yes.

Ms. HALLIDAY. I think that there are some confidentialities with disciplinary actions taken where individuals are involved. We are going to make a recommendation that we see a need for appropriate action. But addressing confidential information could compromise the ability for a removal action, if appropriate.

Ms. TITUS. And, Ms. Rubens, are you working on some of these things that you all have been notified of along the way? Some came before you were there.

Ms. RUBENS. Thank you, ma'am. I appreciate the opportunity to respond.

In fact, when Ms. Halliday traveled to the Philadelphia Regional Office, VBA's Deputy Under Secretary and I both accompanied her to make sure that there was a clear announcement that we wanted everybody to feel comfortable talking with the IG. Mr. Punmil [phonetic spelling] actually indicated that if someone had a different sense, to let him know as well, so we were working very much to make sure it was going to be an open opportunity for employees to engage with the IG. Upon receipt of the notice of the conditions at the call centers, I would tell you I was just getting on board and had been eyeing some space in our current building that had recently become vacated by the Social Security Administration. My thinking was we needed to get our call centers back. Frankly, their second management advisory was a big lever from my perspective. We have already engaged General Services Administration, we have acquired the space and are beginning to work to fit it out so that we can get those call center folks back into the building right away.

From scanning completed claims to addressing returned mail, my guidance was immediate. We needed to address these things, and ensure that the process was in place not to let these things occur again. And so we continue to look for any of that feedback. We just got a list yesterday from the IG regarding the specific duplicate claim payments that they have identified. I have got that out with my staff already, working to identify which claim type it is, with a guard—sorry, a guidance that we will not have another inac-

curate duplicate payment go out with action—without action having been taken before the end of this month, whether that is to provide due process, or whether that is to stop one of those duplicate payments. And so every time we get something substantive, we are working, we are not waiting for that final report, we are going to take action immediately.

Ms. TITUS. That is encouraging.

Well, Ms. Ruell said that she can't go to you, she can't expect you to micromanage, but it is at the middle level that people need to kind of change direction or renew trust, or respond to people who are working at her level.

How—what are you going to do to change that middle level that is under you, but is in charge of different divisions perhaps that needs either to be removed or trained, or inspired, whatever it might be?

Ms. RUBENS. Correct. And I would tell you that part of my goal is to make sure that I had a chance to try and meet, and I have invited, and we have got nearly 1,000 folks, have invited individually folks to come and sit and talk with me. I have begun to compile some of the trends that I am hearing and the concerns that folks have. That said, if their allegation is as serious as Ms. Ruell has identified, I do want you to come to me. And while I may not be able to do everything all at once, those things that are this critical I need to know of immediately so that I can set that right. And in the meantime, as I move forward completing meetings with all employees, I will begin to engage at all levels of the regional office, well, how do we address what I have heard, both from a leadership standpoint in terms of how are we bringing consistency, and how we engage with employees and communicate with employees from my level all the way down, and ensure that, in fact, we get beyond that concern and fear that I have heard here today, because I do believe that we have got a lot of awesome employees in the Philadelphia Regional Office who come to work every day with that focus on how do they help a veteran. And we need to make that environment conducive to doing just that.

Ms. TITUS. One last quick question, Mr. Chairman.

Ms. Halliday, we have heard it so many times when we have looked at specific regional offices that this report is just Philadelphia, or it was just Reno, or it was just Phoenix, but then you look a little further and you find it is systemic, that some of the same problems exist no matter where the regional office is.

Do you anticipate that is going to be the case, or you know that is the case based on some of your findings in Philadelphia?

Ms. HALLIDAY. We do know that to be the case. We designed protocols to look at each VARO, but we are consistently tweaking those based on what we learn from site to site.

I will tell you at the July House hearing I said that we had gotten 6 serious allegations from VAROs. We are working through those. The interesting thing is they are all different, and some were systemic, some were caused by one person misinterpreting regulations. But my Benefits Inspecting teams, they take all of what we have learned from site to site, and then we design protocols to make sure we will capture this.

What Ms. Ruell said about no data claim, that is being factored in to how we are moving forward to look at this.

Ms. TITUS. Thank you. Thank you, Mr. Chairman.

Mr. RUNYAN. Thank the gentlelady.

The testimony on operation and management of the Philadelphia RO, I think everybody agrees, remains concerning. Though the OIG's final report has not been finalized, I kindly ask that all parties remain prepared to address the concerns raised today in greater detail once we have a chance to review that final report.

Again, thank you all. You are now excused, and we will welcome the second panel to the table.

Ms. TITUS. Mr. Chairman, the gentleman was trying to ask you a question.

Voice. I said do you have any questions for us. If not—okay.

Mr. RUNYAN. All right, at this time I welcome Panel Two. Mr. Tafe and Mr. Dorrity, thank you both for your coming and your testimony today. We—your written statement will be entered into the hearing—your complete written statement will be entered into the hearing record.

And with that, Mr. Tafe, I will now recognize you for 5 minutes for your testimony.

STATEMENT OF WALTER TAFE

Mr. TAFE. Chairman Runyan and Ranking Member Titus, thank you for allowing me to provide testimony to the committee surrounding the issues at the Philadelphia Regional Office, and problems that we veterans service offices encounter filing claims.

It is my strong belief that the effective communication and honest communication about the failures of the system, and—as well as an examination of some success stories, could lead to an improved and expedited claim process that will serve the veterans of our community with the commitment and integrity they have earned and that they deserve.

Over the past several years, I have witnessed a steady decline in the service provided by the Philadelphia Regional Office. Timely posting of claim information, process development—process and development, rating decisions and final approval or disapproval have become a protracted and unmanageable process. What should be a brief process has turned into several months, and sadly, often exceeds a year. The communication between the regional office and the geographically separated veterans services offices was badly broken. Phone calls and emails were going unanswered, and I suspect mail was not being opened or processed.

In providing meaningful testimony and helpful information, I want to avoid the impression that I am throwing stones at the VA, however, we veterans service offices are the ones who stand face-to-face with the veterans every day, trying to explain a system of endless errors and bureaucracy that simply cannot be permitted to continue.

A major area of concern is communication between the regional office and the veteran. Often letters sent by the VA are confusing and contradictory. During the development stage, it is not uncommon for a veteran to receive multiple letters asking for the same information already provided. To comply with the multiple re-

quests, the veteran will often resubmit the same information, slowing down the process. Each letter sent to the veteran allows an additional 30 day time to reply, which guarantees another full month added to an already lengthy delay.

From my point of view, there are several areas that require immediate attention. Posting of dependent information is a prime example. A veteran's compensation is increased depending on the number dependents he or she has. The processing of this simple form can add hundreds of dollars to a veteran's claim. Processing of this claim currently takes 9 months to a year for completion. A veteran—to a veteran, a few hundred dollars a month is meaningful, and his or her frustration grows as the months pass.

Another area requiring immediate attention is paying the veteran retroactive pay due to withholding actions because of receipt of military retired pay. Veterans who receive retirement from the military service have their retroactive payment withheld until the VA verifies with the Defense Finance and Accounting Office that a double payment has not occurred. This retroactive payment can sometimes be over $100,000. During the processing, this payment can take up to 9 months to a year after approval from DFAS has been verified and payment is due.

Imagine if you will, if someone owed you $100,000 and failed to pay you month after month, as your expenses mounted and your bills piled up. It is easy to see why elderly veterans feel the VA is simply waiting for them to die.

When a veteran owes the VA money, they move to collect the debt almost immediately, but when the tables are turned, the VA is unable to make outstanding payments in a timely manner. Some improvement has recently been noted, but not enough. Often, dependent indemnity compensation, a pension that the VA provides to the widow or widower of a veteran who dies of a service-connected illness, are delayed due to bureaucratic requirements that have no impact on the outcome of the claim.

The mass—the vast majority of these claims are straightforward cases that could be resolved in a manner of weeks, but instead, they end up taking months and months to process.

If a veteran is compensated for the same illness that he or she dies from, it should be a simple matter of verifying the cause of death listed on the death certificate and approving the claim. These claims are often delayed for foolish and insulting questions. One example is Mrs. Jen Stanley who comes to mind. Mrs. Stanley was married to a veteran for 56 years, and was rated 100—he was rated 100 percent for cancer. The cancer was listed as the cause of death on his death certificate. She filed her claim within 1 month of his death. The approval for DIC was delayed for months because she failed to notify the VA whether or not she had remarried within the first month following her husband's death, after 56 years of marriage.

Pensions for low income veterans are another area for immediate attention, as they take far too long to process. With the information that we can file—we have been informed, we can file a financial hardship if the veteran is in financial need, however, it can pretty much be said that any veteran filing for a low income pension can be said to be experiencing financial hardship. I can't speak for the

turnaround for the VA for completing claims; I can only speak to my experience and that tells me that the process is hardly the picture of efficiency.

Sadly, the majority of veterans have completely lost faith with an institution that was established to protect their rights and make amends for their injuries.

All is not doom and gloom, however, and I would be remiss if I did not say some improvements are being made, and some workers are totally dedicated to the veteran community. I am hopeful that the new recent town hall meeting—outreach meetings will foster a better relationship with veteran service offices, and give veterans the feeling they have their voices being heard. The Philadelphia Regional Office are now holding meetings are out location with the veterans service offices to directly listen to our issues.

Assigning a public contact person to each county is a dramatic move, and I think will tremendously aid us, and I appreciate that having happened.

In closing, let me thank you for allowing a slight use of my—slight overuse of my allotted time, but it is my feeling this is not a situation that can be resolved by throwing money at it or replacing the secretary. The problem that exists can be found in the regional office, and their midlevel supervisors must held accountable. Many members of the regional office are in positions of leadership, and the time has long passed for them to take on the role they have been entrusted with and lead.

I thank you for your time today.

[THE PREPARED STATEMENT OF WALTER TAFE APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you, Mr. Tafe.

Now recognize Mr. Dorrity for his testimony.

STATEMENT OF JOHN DORRITY

Mr. DORRITY. Thank you, Mr. Chairman, and, Ranking Minority Member, Ms. Titus.

Rhetoric v. Reality: The Philadelphia VA Regional Office. I am a combat disabled Vietnam vet. If I may, Mr. Chairman, I would like to read my testimony into the record.

Thank you.

Mr. RUNYAN. So ordered.

Mr. DORRITY. I am a combat disabled Vietnam veteran. I have served my fellow veterans, their spouses and children, in the capacity of an advocate and claims representative since 1982. I am the past president of the National Association of County Veteran Service Officers, and I am also their past national service director. I am the president of the New Jersey Association of Veteran Service Officers, and district commander of VFW District 12, aside from my being the director of the Ocean County Veteran Service Bureau for over 20 years.

And it is extremely easy to single out a particular RO and point to problems within that agency without offering solutions. Ladies and gentlemen, true resolution requires a semblance of the truth. Truth be told, the inadequacies that claimants experience under the jurisdiction of the Philadelphia Regional Office are endemic to the entire, and systemic to the entire VA system of process and ad-

judication. Some of the particular problems that the claimants experience with this RO are duly executed power of attorney form, VA Form 2122, or VA Form 2122–A, are not scanned and recorded into the claim file in a timely fashion. This problem, due to the Privacy Act of 1972, does not allow effective communication from the field rep and the rating specialist to other personnel stationed at the RO.

With the utilization of the paperless initiative under former Secretary Shinseki, copies of rating decisions, to include rating sheets, are denied the field rep by hard copy. Unless they are authorized to use the veterans benefit management system, VBMS, without the rating sheet in particular available to the field rep, we, who sit across the desk from the claimant on a daily basis, are left in the blind, and misinformation and adversity to the VA by the veterans community abounds. This may seem like a correctable situation with the onus of responsibility put upon the field rep, but the authorization process is complex and laborious. At best, case in point, as I amble through the process of authorization to utilization VBMS myself, I have to physically count every POA whom I represent presently. I am halfway through the alphabet, and I am nearly at 2,000 claimants. This physical counting procedure has taken, so far, 3 weeks of my time, even with the assistance of two members of my staff who write claims. They are taken from that.

There is a new electronic initiative, the PC–3 program, that became available in December 2013. We in the field were not notified until June 2014. Training on the use of this system has yet to be announced. Ineffective communication from the top down, in my experience in combat, kills people. Translated to this process, it delays our compliance with this paperless system. The late adjudication has just denied those and their families who have put themselves in harm way—harm's way so the rest of us can enjoy freedom.

The inordinate amount of time that it takes to adjudicate the claim has literally taken its toll on the veterans population. The tens of thousands of veterans and their families whom I have had the honor and privilege to represent over the decade, of those, I have had at least 3 to 4 dozen claimants die while waiting for a VA decision on the claim, as recently as this year.

Now, we can extol the virtue of the electronic initiative to fully develop claim process FDC, the VA Form 21–526EZ, the BVD claims, et cetera. These claims are a quick turnaround time for recently released veterans. What about the World War II vet? What about the Korean vet? What about the Vietnam vet? What about all those vets in between? They did not have access to their service medical records or healthcare, or the production of any evidence or documents that will support their claims. What if all the aforementioned veterans' memory of events is questionable? The oldest claim I have in my office is 11½ years old. We still have a backlog of those claims. Dismiss it if you will. I will keep fighting it.

Appeals still take 2 to 3 years to be heard, and when they are, and when they are with a judge's order to expedite the claim, I feel that no one in the entire VA system knows the meaning of the word expedite. I realize that this issue goes beyond the RO, but

maybe we should also look into the interaction between the RO and the Board of Veterans' Appeals.

I would be remiss if I did not complement the Pension Management Center director, Gary Hodge, and his staff for their efforts on behalf of my claimants. If I call or email, they are right on the problem. The same kudos should be afforded the RO's insurance center. I do not mean to besmirch the compensation component or any other operational component, for that matter, of the RO. I know we do our best. So too do I know we can do better. Electronic answers from the VA central office are no substitute for hard work in the field.

I am familiar with the new RO director, Ms. Rubens. I hope that she can address the issues of all we field reps. The recent town meetings are a good first step. There should be more. Understand that if government is truly—is to truly serve the people, as we reiterate constantly, then it is in those peoples' interests that we are true partners. My associates are, for better or worse, opine employees that are grossly underutilized by the VA in general.

Ladies and gentlemen, you should notice by now that I do not refer to the ongoing problems of the VA process as a challenge. A challenge is me trying to re-enlist in the military on 9/12/2001. These problems have been inherent within the claims process of the VA since I began my voyage of assisting other veterans and their families over 3 decades ago. They have not gotten better. We just create new dialogs and the problems are not adequately addressed as our attention is drawn elsewhere. I do not believe that there are mean-spirited people within the VA who would subjectively deny entitlements to a Claimant. I believe that the process implemented through the former secretary and his staff in the Ivory Tower to address the backlog and a rating system were, and still are, based upon phony statistics. Many of those statistics were the product of a performance bonus program. Are you serious? I have attended many meetings in the central office, not with the purpose of tearing the system down, but to point out deficiencies and offer any method that would make the system less frustrating to the Claimant. It took a whistleblower VA medical center employee to open up the eyes of America and Congress to the workings of gaming the computer in order to receive a bonus? Okay. Okay. That was the Veterans Health Administration, VHA. The same performance bonus system is available within the Veterans Benefit System, VBA. To me, it is blood money. It is the blood of my fellow veterans that we are talking about here, the people who pay our salaries. They deserve better.

Thank you for this opportunity to speak today, and I will not, even if the rest of you, pay no attention to these problems, systemic and endemic, within the claims process, rest on my claimants until the last breath leaves my body.

Thank you.

[THE PREPARED STATEMENT OF JOHN DORRITY APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you, Mr. Dorrity.

And with that then we will open up another round of questions. And I am going to start with Mr. Tafe. And again, both of you, thank you—thank you both for your testimony. Thank you both for

your service for what you do for our veterans, and thank you both for your service——

Mr. TAFE. Thank you.

Mr. RUNYAN [continuing]. And what you do to ensure that our veterans get what they need, earned and deserve.

Mr. Tafe, what I heard in your testimony about the Philadelphia RO disappoints me greatly, but, frankly, doesn't surprise me. Several veterans and service officers who attended the recent town hall in Camden described the same trends you described in your testimony; receiving letters asking them to resubmit information or documents, sometimes multiple times. They described those, as I mentioned to the earlier panel, as stall letters.

Can you tell me how often you get these stall letters, and what the effect it has on the veteran and you, and your colleagues' ability to do your job?

Mr. TAFE. Congressman, I can't tell you how many times it happens because I—it is just so rampant, I couldn't possibly keep track of it, but I can tell you that on so many occasions veterans will call me and they will say, well, you were supposed to send that stuff in and now they are asking for it again. Why didn't you send it in? And it is extremely frustrating for us in that role to be viewed as not doing our jobs when someone else isn't entering information. I will say that e-benefits, the information is not loaded in a timely manner at all, but the letters keep going back and then the veteran loses trust with his veterans service officer, and begins sending duplicate information back to the VA again, just stalling the process longer and longer. That is one of the most frustrating things is when the—when everything is completed, to keep sending letters requesting information from the veteran. It is so frustrating, Congressman, I can't tell you what it feels like to lose a veteran's trust because they believe you are not sending the information in. And sometimes I just want to let you know that I have sent information 3 times and 4 times, and called to verify and they say, no, we don't have it. I have faxed the information over and have the receipt in my hand, and they say, no, that's not in there, Mr. Tafe. That is frustrating.

Mr. RUNYAN. I would agree. But it is—and I think both of you kind of mentioned in your testimony, but, Mr. Tafe, again, it was—glad to hear that you have some good experiences, the excellent service from Anita Broski at the Philadelphia RO, and Janet Wilder of the Newark Regional Office. On the other hand, you mentioned that the leadership of the Philadelphia RO needs to be held accountable for its steady decline in service over the past years—several years.

Have you brought concerns to the regional office leadership at any of the town hall meetings, and if so, what response have you been given?

Mr. TAFE. I have only attended one town meeting recently; the one held in Camden, and I did speak with Ms. Rubens, and I made some suggestions that have already been implemented, which is really favorable to me. The assignment of Ms. Broski as our representative of Burlington County is tremendous. She is an outstanding individual, and, in my mind, should be an example of what the employees at the VA should be. Also, the—I have asked

that we have—instead of us veterans service officers traveling to the regional office in Philadelphia to listen to their meeting about all the statistics, and much of the information given only is relevant to the veterans service officers that work in the regional office, I asked that they please schedule meetings for us service officers. I would host them in my location or at John's location, and that they would come to us and just have us veterans service officers who are geographically separated. Ms. Rubens told me that was going to happen, and I—yesterday, I received an email saying that they wanted to set the first meeting up, so I think that is a very favorable move for us.

Mr. RUNYAN. Okay, and finally, one last question for you and then I will move on to Mr. Dorrity.

As Ms. Rubens is the new director of the RO, it remains to be seen what actions she will take to address the existing ineffective management as the new leader, and what level of effectiveness those actions will enjoy. Do you have any advice from your extended experience with the Philadelphia RO to offer on the onset of her new assignment?

Mr. TAFE. I think one of the most important things, you know, in my mind, and I am a military man for 30 years so I am pretty straightforward, as a command chief, if somebody didn't do their job, they didn't do that job for very long, they were removed. And all the talk about additional training and team building and everything, this is a problem that has manifested in that office for years and years, and some people need to either adapt or go home. And I think I mentioned in there, I think with the important work that the VA has to do, they have room for two types of employees; either outstanding or out the door, and that is just my personal opinion.

Mr. RUNYAN. Thank you.

Mr. Dorrity, again, thank you again for your service on——

Mr. DORRITY. Thank you.

Mr. RUNYAN [continuing]. What is it, about 90 different levels?

Mr. DORRITY. Something like that.

Mr. RUNYAN. Okay. You have heard the perspective of the Philadelphia RO director and others, including fellow accounting service—veteran service directors. In your own experience with the Philadelphia RO with respect to communication and—what has been your own experience with the Philadelphia RO in respect to communication and delays in claims processing?

Mr. DORRITY. Well, thank you for that question, Congressman.

It has been poor to miserable prior to, prior to Ms. Rubens coming there. I am expecting change. I am expecting meetings, as Walter indicated, in his office and hopefully my office. We hold state meetings every 2 months. Surely, she is welcome to come to those, and so too is everyone else. As a matter of fact, we serve pizza.

I can say, and I believe that I issued it in my testimony, that there are certain operational components within the VA that I have spoken to over the years. The Pension Management Center, since Gary Hodge has been in charge, it has been easier to work with him. I actually have a list of people and extensions I can call on certain issues. Some are better than others. And it is the same with we service officers. The Insurance Center, if I send a one-sum payment in, it is usually done within a week. The DIC, the pen-

sion, this year I had a gentleman who was a World War II vet, I put in for a pension for him, he died 4 months later. Absolutely no reason, no reason why he wasn't afforded pension. I put in for widow's pension for his wife. I got a great decision. Took me 6 months to get them paid. So there are delays in payment.

I have heard a lot of the issues of the employees of the VA, and I understand that. There is politics in every office, your own included. I don't know how to build the morale of 28—280,000 employees of the VA, but I know it can be really distressing at times from our perspective to have claims that are really no-brainers delayed. Irrespective of what the electronic system says to you, I can tell you that after 30—almost 33 years of being a practitioner of my craft, the average processing time on a claim is a year. Pension shouldn't take that long. Shouldn't take that long. And compensation, definitely. The redundancy of VCAA, well, we have to live with that. I have had the same experience of Walter; submitting claims three and four times. They don't show up on VBMS. Well, if this electronics system is all it is touted to be, what the hell is going on? You know, my computer is as good as my gun. It depends on who is using it and what they are using it for.

My experience with Philly has been getting better, let me put it that way, and I anticipate that it will get better, and I am sorry I talk so much. Thank you.

Mr. RUNYAN. I know you too well, so understood, but just one last one, and it kind of goes to culture, and maybe both of you can comment on it because I think it is something that, in this electronic world, I think we lack a little bit, but——

Mr. DORRITY. Oh, yes.

Mr. RUNYAN [continuing]. I have heard at many of the recent town halls that many of you have reported lack of communication, responsiveness from the RO. Do you agree with the veterans also that have said that they feel like sometimes they were dealing with faceless bureaucrats on a daily basis? Because I always—when there is a personal connection, there is usually a little incentive behind it.

Mr. DORRITY. Congressman, I think we have had this conversation before, but faceless is good. It used to be mindless. It is faceless now. I am a bureaucrat. I am a very uncomfortable bureaucrat because of the face that we present.

There is no doubt about it, if there was not a veteran, there would not be a VA. People wouldn't have jobs. Are they faceless? Yeah. My suggestion to the VA as a whole is get out there. There used to be a VA secretary, Jesse Brown. It may be before a little bit of your time, some of you guys may know him. He is a great guy. And he would do things like I would do them. He would put on his old field jacket, his dungarees, glasses, go into the VA, ride the buses, go to the VDA, you know, just see how things were going. He never got noticed. I would do the same thing, and people would walk by and they would say, hi, Mr. Dorrity, how you doing, you know? I mean there was a difference in how we did it, and maybe I was better known than the secretary at the time, but he tried to put a face on the VA. Unfortunately, he passed away a few years ago.

I think what, you know, we are the face of the VA. We are not VA employees, but you come into my office and you get this redundant, stupid letter, stupid letter, all of a sudden, Walter or John, hey, you never sent my stuff in. Wait a second, let us read it. It says that they received all this stuff. They are asking for additional information. The Veterans Claims Assistance Act was a—was the—a great Act. It overturned Morton v. West, which I believe is the beginning of the backlog. Morton v. West was a Court of Veterans Appeals decision that really screwed up the works here.

I think what the VA can do, Congressman, to make it brief, if I have ever been that, is to get out there more. To get out there more. Come to our state meeting. I try and engage not just the talking heads, but the veterans population. Hell, I throw food out there for them. Everybody comes to a meeting where you are going to eat, except today's. But that being said, I—it is a bureaucracy, yes, it is faceless. Any number of rating specialists can handle a claim or pass it along. I truly believe that the bonus system is an affront to the American taxpayer, and maybe that is where some of our mistrust of this system as a whole.

I can tell you this, I have come to the conclusion lately that I don't trust the system, but I trust people within the system, from a personal perspective. Thank you.

Mr. RUNYAN. All right, Mr. Tafe.

Mr. TAFE. Congressman, if I might, first, I want to tell you the food that John offers is not that good, however——

Mr. DORRITY. It is cheap, buddy.

Mr. TAFE [continuing]. I would like to say though, I don't know so much about the matter of faceless because there are so many veterans and so many employees, but all that I would ask is answer the phone, return the message when you say you are going to, and answer the email when it is sent. At least they know there is somebody at the other end. What is extremely frustrating is recordings at some of the VA offices that say please leave your name and your number and we will call you back. That call never takes place, and that is a shame. If they will answer the phone, answer the email and answer the question, and if it doesn't happen today, it happens tomorrow or the next day, at least they know somebody is listening, and that, I think, is very important.

Mr. DORRITY. May I Segway off that, Mr. Chairman?

Mr. TAFE. No.

Mr. DORRITY. No, but the 1–800 number, the National Call-in Center, many of my claimants refer to it as 1–800–NO–CAN–DO, because you will sit on the phone. People get hung up on. They don't get responded to, as Walter had said.

Look, the simple thing is, as we are speaking as people, the—we have to have that human connect. If we don't have that, we have nothing. We have nothing.

Mr. RUNYAN. Thank you both.

And with that I will yield to the Ranking Member, Ms. Titus.

Ms. TITUS. Well, thank you, Mr. Chairman.

I share some of your frustration because most of the veterans in the valley live in Las Vegas, that is where the population is, and yet the regional office is 8 hours away in Reno. That is a long trip across a lot of desert to get there, so veterans just feel like they

have no connection whatsoever. And so then they turn to other places and they come to congressional offices because they don't feel like anybody is listening.

Mr. Tafe, also, this business of some of the bureaucracy of bureau—the red tape, in other words, I learned that when a person is notified of a ruling on a claim, they have I think it is 30 days to ask for an appeal, then the VA has 30 days to send them the form, then they have 30 more days to send it back. Why don't you just put the appeal form in the original letter when you send it out, and that takes away that 60-day problem in the beginning? That is just commonsense.

We had a Bill to do that. It passed our committee, passed the House, now the VA is doing it. It is just some commonsense things that could make a difference.

I am glad to hear about the town meetings, and also about the county officers. I think we should be sure that every regional office does that, not just Philadelphia, so we need to get that word out. But I would ask you this, we are talking about communications, you have the Federal VA, then you have the regional offices, you have State Departments of Veterans Affairs, you have the VSOs, you have the Congressional Offices, and now you have all these charities, it is a big thing to be a charity supporting veterans these days. Lot of them get grants like U.S. Vets. They do good work.

What can we do so that they all aren't working in different directions, aren't duplicating efforts, right hand doesn't know what the left hand is doing, to better coordinate all of these services so we can serve veterans better?

Mr. TAFE. Right. I think one of the starting points is that the VA, and this starts in the regional office, but they certainly have to know who is representing the veteran, and I can tell you that my mail goes all around the state. When they do send it, I go down to John's and he will give me 20 letters that went to his office, and I will take them up to Mercer County or wherever, or to the state office, because we have the New Jersey Department of Military and Veterans Affairs, and we have the County Veterans Service Offices of New Jersey, it is very confusing, but they need to keep track of that. That is what they get paid to do.

As for the charity organizations out there, I think that one of the issues that I have known dealing with some of the charity organizations is a lot of people want to help veterans and it is very popular thing to do, but they haven't defined what it is they want to do other than help veterans——

Ms. TITUS. Yes.

Mr. TAFE [continuing]. And that can very, very cumbersome to try to deal with those. They will come in and say—I will say what is your mission statement, and they will say, well, we are developing it.

Ms. TITUS. Yes.

Mr. TAFE. Well, that makes it more confusing for a veteran to know who to turn to for help when they are not, you know, they are not even certified yet or know what their mission is.

Ms. TITUS. Some of them are not legitimate either——

Mr. TAFE. Absolutely.

Ms. TITUS [continuing]. And they prey on collecting money from people who think, sure, I will donate if it is to help a veteran, and then none of that money really goes to veterans.

Maybe we need better clearinghouses of information and the regional offices of who is out there, what they are doing, where you go, what the phone numbers are, who to call, that sort of thing.

Mr. TAFE. Right.

Ms. TITUS. Mr. Dorrity.

Mr. DORRITY. Yes. May I address a couple of comments you made, Ms. Titus?

First off, there are only two sacrosanct time frames within the VA. When I get a decision, I have 1 year to file a notice of disagreement. That is the first step in the appeal process. Now, that takes a year, so let us put that on top of the year it took to get to a no decision. Okay, so that takes a year. If we resolve the issue within that time frame, terrific, wonderful. If not, if not, and there are people sitting in the room whom I have trained over the years, then they have to issue a statement of the case. So there is no 60-day turnaround time until—unless the one year has elapsed from the decision time.

We have to be understanding of the process before we can make assertions, and put legislation on the table that is meaningless——

Ms. TITUS. Yes.

Mr. DORRITY [continuing]. Or meaningful. Okay. That being said, if it is beyond the year time frame from the decision letter, irrespective of good, bad or indifferent, then I have 60 days to respond to the appeal.

Now, my office is a culture of get it done, try not to inconvenience the veteran. We have the largest number of veterans in New Jersey living in Ocean County. We have the largest number of veterans in New Jersey over the age of 65, believe it or not. More than Nevada. Nevada. I say it right? Okay, thanks. It is unconscionable that, on average, an appeal takes 2½ to 3 years to be heard, because you have that 2 years, then you have 2½ years and——

Ms. TITUS. Yes.

Mr. DORRITY. And my friends in the VA can dispute it all they want. Boy, I can run through an easy claim. I can run through a fully developed claim if you got out yesterday, but if I have a 92 year old vet, like I had sitting in my office yesterday, 70 years ago, boy, I can't remember what I had for breakfast. It—the process—the measures that are put in place to eliminate this backlog, the first thing I would say to the secretary, a number of years ago I noticed that if you go on VA.gov and you Google in Monday morning workload, that gives you the backlog. During the former secretary's tenure, one of the things he did, and I know Rick Shinseki well, he is a—and he is a really good guy, a really good guy, but he is gone. One of the things they did is they revised the Monday morning workload.

So, Congressman, you and I have had this discussion about what is the true number of the backlog, and I believe Ms. Rubens addressed it before, she said rating and non-rating claims. When you guys see 600,000, all you are seeing is rating claims. There are non-rating claims. I get Walter 30 percent. He is married with two kids, I have to put in a 686C for dependency. That is a non-rating

issue. I hand in his marriage certificate, form filled out, signed by him, his kids' social security cards, a copy of them, pay the man. Why does a non-rating issue take up to 6 months? They used to take 30 days or less, or a little more.

There are a number of problems within the entire system. Philadelphia is just one of the sources. I believe the IG said they are looking at every RO.

Ms. TITUS. Yes.

Mr. DORRITY. That is important.

As far as the nonprofits go, I have written letters of support for a number of them, some of them you guys may be familiar with, and they have gotten their grants from the VA. Throwing money at the problem, putting a band aid on my jugular when it is cut is not going to stop the bleeding, ladies and gentlemen. Direct pressure is. Okay?

I believe that the former secretary's statements that he was going to knock this backlog down and cure homelessness amongst veterans by 2015 are ridiculous. Are ridiculous. Totally absurd. There is no truth to it. You can assert anything you want, doesn't mean you are going to get there.

I have found—and I can poke holes in the electronic initiative of the VA consistently. I could. I could. As recently as yesterday. The charity organizations, maybe a clearinghouse is in order, but I am hesitant to add layers of bureaucracy on top of bureaucracy myself. Is it the VA's responsibility? I don't know that it is. Maybe VHA, Veterans Health Administration, if we are talking about a project like Soldier On, or Shriner House, Homeless Veterans.

Ms. TITUS. Yes.

Mr. DORRITY. A great illustration we have, we are fortunate enough in Ocean County to have an organization called Vet Worth that I started working with when I started this career. I didn't start working with them, I was a volunteer. And they are an illustration, if the VA really wants to look at how to cure homelessness, they should look at the New England Shelter for Homeless Veterans. There are project out there; we don't have to keep reinventing the wheel. The mousetrap works, believe me. I took a mouse out this morning in the trap. Works. Works. We don't have to keep inventing stuff. What we have to do is admit, and my illustration before with the backlog is, and I can never get this across at my meetings in DC., admit there is a problem. Thank you, Mr. Chairman. Say there is a problem. I screwed up. Let me straighten it out. Hell, I do that every day. Everybody thinks I know everything. When you think that way, you know nothing. You know absolutely nothing. I have run into arrogance, and don't take offense, most of the arrogance I have run into in the VA comes out of Washington.

Look at VACOLS, the appeal system. The backlog in the appeal—by the way, that 11½ year old case is mine. It is at the BVA. I had a hearing 6 years ago. I am still waiting for expedited service, as the judge ordered. So if it is happening to me, how many folks out there is it happening to, you know. And I applaud the VA for allowing me to expedite a claim based on homelessness, terminality, financial hardship, they will at least consider that, or if I am sitting in front of a judge, as I will be in a couple of weeks,

filing a motion to expedite a claim based on age. But that serves my 92 year old vet, that doesn't serve Walter. Are his due process rights not the same as mine and that 92 year old vet, and the EC claims? Aren't we? If we are not, great, but I think we are.

Thank you.

Ms. TITUS. Thank you, Mr. Dorrity. I certainly honor your service, and I appreciate your enthusiasm, but I have to disagree with your final statement. I think it was a little unfair when you said that we may ignore what we are hearing here today, but you would never do that. Well, Mr. Runyan and I are not ignoring this, or we wouldn't be here and holding these field hearings and being very concerned, as you are, about these problems.

Mr. DORRITY. And I respect your disagreement. I have been doing this for quite a long time and I have provided testimony on a number of bases, and as I said, I never apologize for my words, I am sorry that you may be offended. I know the good work that my congressman has done. I truly do.

Ms. TITUS. Thank you.

Mr. CHAIRMAN.

Mr. RUNYAN. The gentlelady yields back, and I thank her.

Thank you all for being here with us today. The panel is excused. I appreciate everyone's time and attention that went into preparing all of your remarks today, and ask you all to keep up the communication with this subcommittee because this is how we are going to get this fixed. I also ask unanimous consent that all Members have five legislative days to revise and extend their remarks, and include any extraneous material. Hearing no objection, so ordered.

I thank the Ranking Member, Ms. Titus, for her attendance today, and I am so pleased she took the time out to travel across the country and join us here in south Jersey.

With that, this hearing is now adjourned.

[Whereupon, at 12:47 p.m., the subcommittee was adjourned.]

APPENDIX

PREPARED STATEMENT OF JON RUNYAN, CHAIRMAN

Good afternoon and welcome everyone. This oversight hearing of the Subcommittee on Disability Assistance and Memorial Affairs will now come to order.

Usually when we hold our DAMA Subcommittee hearings, we are sitting in Washington.

Today, I am honored and happy to be here with all of you at Burlington County College, here in my District, and where I am proud to call home.

Although we are far away from our normal hearing room on the Hill and the CSPAN cameras, this is still an official Congressional oversight hearing of the House Veterans' Affairs Committee, and hearing rules of conduct apply.

Today's hearing will focus upon the Philadelphia Regional Office.

In July, the Full House Committee on Veterans' Affairs held a hearing that revealed disarray and data manipulation at the Philadelphia Regional Office.

Accordingly, today's hearing will update upon the situation at this Regional Office, including concerns on mismanagement, manipulation to make the backlog of claims appear smaller, and exceptionally low employee morale.

A Regional Office employee, from another part of the Nation, recently shared an impression—he said that Regional Office structure has an excess of "management," and a complete void of leadership.

I think that observation is telling when we look at what has been going on at the Philadelphia Regional Office.

Ms. Rubens is here today, as a new Director of this R–O, and I hope that she will develop this needed leadership at the Regional Office . . .

Because, up to this point, I am convinced that change is neither desired, nor sought, by complacent management in Philadelphia.

Thus, this morning's hearing will also address whether the Philadelphia R–O Director has taken appropriate measures to address the failures that we have recently heard about—and whether the Director is prepared to act swiftly and appropriately in response to VA O–I–G's forthcoming report.

Continued claims of "misunderstanding" are simply not believable—even if they were, it would show such a level of gross incompetence that disciplinary action would be necessary . . . Nobody is fooled.

I look forward to hearing from the Regional Office, as well as the Office of Inspector General, and the input of various interested individuals and organizations that will speak today.

With that, I will begin introductions. Seated at the witness table, we have the first panel. First, Ms. Kristen Ruell, Authorization Quality Services Representative, at the Pension Management Center,

Ms. Linda Halliday, Assistant Inspector General for Audits and Evaluations, Office of Inspector General,

Accompanied by Ms. Nora Stokes, Director of the Bay Pines Benefits Inspection Division, Office of Audits and Evaluations;

Mr. Al Tate, Audit Manager of the Atlanta Audit Division, Office of Audits and Evaluations; and Mr. Jeffrey Myers, Benefits Inspector with the San Diego Benefits Inspection Division, Office of Audits and Evaluations.

Panel One also features Ms. Diana Rubens, Director of the Philadelphia Regional Office.

Once concluded, we will move onto Panel Two, which will consist of Mr. Walter Tafe, Director of the Burlington Department of Military and Veterans Affairs, and Mr. John Dorrity, with the Bureau of Veterans Services, Ocean County, New Jersey.

I thank you all for being with us today and I now yield to our Ranking Member, Ms. Titus, for her opening statement.

Thank you, Ms. Titus.

At this time, I formally welcome our first panel to the witness table. Your complete written statements will be entered into the hearing record.

Ms. Ruell, you are now recognized for five minutes—please proceed.

Thank you, Ms. Ruell.

Next we have Ms. Halliday. You are now recognized for five minutes.

Thank you, Ms. Halliday.

Ms. Rubens, you are now recognized for five minutes—please begin when you are ready.

Thank you, Ms. Rubens.

I will begin the questioning and then will recognize the Ranking Member and our other Members, alternating in order of arrival.

I now recognize the distinguished Ranking Member for any questions she may have.

Thank you Ms. Titus.

The testimony on the operations and management of the Philadelphia Regional Office remain alarming, though as noted, O–I–G's final report has not yet issued on current investigations.

I kindly ask that all parties remain prepared to address concerns raised today in greater detail once we all have a chance to review that report.

Thank you all again, and you are now excused from the witness table, and we will seat our second panel.

At this time, I welcome Panel Two, Mr. Tafe and Mr. Dorrity, thank you for coming to testify at today's hearing.

We appreciate your attendance today and your complete written statement will be entered into the hearing record.

Mr. Tafe, you are now recognized for five minutes.

Thank you, Mr. Tafe.

Mr. Dorrity, you are now recognized for five minutes.

Thank you, Mr. Dorrity.

I will begin questions for the second panel, and will again recognize the Ranking Member.

I now recognize Ms. Titus for any questions she may have.

Thank you Ms. Titus.

Thank you everyone for being here with us today, and Panel Two is now excused.

I appreciate your time, and the attention that went into preparing your remarks for today and I will ask you all again to keep communication open with this Subcommittee.

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

I thank Ranking Member Titus for her attendance today, and I am so pleased that she took the time to come out and visit us here in Southern New Jersey.

This hearing is now adjourned.

PREPARED STATEMENT OF KRISTEN RUELL

My name is Kristen Ruell. I testified July 14, 2014 in Washington, DC regarding gross mismanagement and violations of law occurring at the Philadelphia Regional Office. I want to thank you for the opportunity to be heard today regarding the Philadelphia RO and regret to inform you that things have not changed and accountability is greatly lacking for the management officials involved in the alleged illegal behaviors previously reported.

As a result of a preliminary OIG investigation, Fast letter 13–10 was rescinded. The practices of data manipulation have continued at the Philadelphia RO. Instead of creating an end product with an altered date of claim, there are many instances where claims are in the computer and have no dates of claims as if we never received them from a Claimant. These veterans are worse off because before they had a false, altered, new date of claim and now they have no date of claim. If the claim is old, I am seeing many instances where it is not placed under control at all, which affects the VA's average days pending.

The duplicate record problem has not changed. I was informed that VSOs are now able to create dates of claims, which are creating duplicate records. E benefits is creating duplicate records as well. A colleague of mine, Ryan Cease, has reported this to the VA Central Office, but to date has heard nothing regarding a policy change.

On July 14, 2014, I testified to boxes of claims that were processed in 2011 and were not scanned into Virtual VA, the Veterans virtual claim file system in place at the VA. Management scanned the sixty something boxes of thousands of claims into the system but did nothing to rectify the Veterans denied for not having information that was sitting in the boxes for nearly 4 years. There is no way to track people affected by the management decision to let those claims sit for years.

The returned mail that was boxed up with the claims stamped "Cannot ID" were thoroughly reviewed and most employees that were on the project informed me that a majority of the claims could be identified with a few minutes of attention to detail and some claimants were getting retroactive benefits as a result of papers labeled "cannot ID" and had this not been reported, these boxes would have been shredded

after being held the required one year timeframe. Employees also reported to me that they were given timelines to complete a box, when the timeline was not reasonable. One employee resigned after the project because he felt extremely stressed and rushed. I have received spreadsheets from concerned employees that are afraid to speak up regarding the Returned mail project. One employee went back and checked his spreadsheet and noticed that a number of the cases he marked "required action" have still not been cested and no action has been taken, although management stated the project is finished.

I have seen the reasonable accommodation process get worse for employees with disabilities. I feel as though the management team in the Pension Management Center should be removed from the process altogether, because they are creating liability on behalf of the Agency due to their inability or overt actions to fail to follow EEO laws. There is no reason for them to follow the law, because the Agency uses taxpayer monies to pay off employees that have been wronged and at best sends the management official to a training, for them to return to the office and target their next victim, with no consequences.

I have lost faith in the Department of Veterans Affairs. I have not seen any accountability for the managers responsible for the violations that were investigated by the VA OIG. They are still entrusted with making decisions with our taxpayer monies and on behalf of our nations Veterans when they have admitted they cannot understand simple fast letter language and have left thousands of pieces of Veterans claims dating back to 2008 in white boxes with no action taken to grant or deny benefits. There is no training that can instill morals in these managers. They seem to be playing by a different set of rules and using our taxpayer dollars to have free legal representation when they are failing to provide timely accommodations for disabled employees and benefits to the Veterans that put their lives on the line for our nation. Employees repeatedly say to me that nothing is going to change here and refuse to report wrongdoing because they feel that there is no accountability and they will end up being targeted by the people they reported.

It is my sincere hope, as a citizen of the United States of America, that the Department of Veterans Affairs holds management accountable for retaliation toward whistleblowers and any alleged wrongdoings that are substantiated in the upcoming report from the VA OIG.

PREPARED STATEMENT OF LINDA A. HALLIDAY

Chairman Runyan and Ranking Member Titus, thank you for the opportunity to discuss the results of the Office of Inspector General's (OIG) work related to the Veterans Benefits Administration (VBA). We will focus on previously issued reports regarding the Philadelphia VA Regional Office (VARO), as well as recent situations that have come to our attention through the VA OIG Hotline and directly from current and former VARO employees. I am accompanied today by Nora Stokes, Director, OIG Bay Pines Benefits Inspection Division; Al Tate, Audit Manager, Atlanta Audit Division; and Jeffrey Myers, Benefits Inspector, San Diego Benefits Inspection Division.

Background

Delivering timely and accurate benefits and services to the millions of veterans who served in our Nation's Armed Forces is central to VA's mission. The Philadelphia VARO is responsible for administering a range of benefits to 825,000 veterans and their families living in eastern Pennsylvania, Southern New Jersey, and Delaware. These services include administration of compensation and pension, loan guaranty, national call center services, and vocational rehabilitation and employment benefits—programs that annually total approximately $4.1 billion.

The OIG's Benefits Inspection Program was created at the request of Congress in 2009 to review individual VARO operations. We are on schedule to complete a review of each VARO approximately every 3 years. Our inspections focus on high-risk functional areas within each VARO's Veterans Service Center (VSC) such as disability claims processing, management controls, workload management, eligibility determinations, and public contact. In addition, our inspectors identify and report on systemic issues impeding VARO performance, including examining issues or allegations referred by VA employees, Members of Congress, VA leadership, or other stakeholders. Upon completion of each inspection, we issue a report to the VARO Director on the results and publish a report with the Director's comments. We completed benefits inspections of the Philadelphia VARO in October 2009 and again in August 2012.

In May 2014, we received a number of allegations through the VA OIG Hotline of mismanagement at the Philadelphia VARO. We were concerned that many of these allegations included indicators that VARO staff have a serious mistrust of VARO management. Based on our initial assessment at the VARO, we performed an unannounced visit to the Philadelphia VARO on June 19, 2014, and issued a Management Advisory Memorandum on June 20, 2014, to alert the Under Secretary for Benefits (USB) of situations requiring corrective actions (Exhibit A). Shortly thereafter, OIG issued another notification to the Under Secretary on July 23, 2014, outlining concerns about facility conditions at the VARO facility located at 4700 Wissahickon Avenue.

To summarize, from the date of our unannounced visit to the Philadelphia VARO on June 19, 2014, until our last visit on August 15, 2014, VA OIG benefits inspectors, auditors, and criminal and administrative investigators conducted over 150 interviews with VARO management and staff to assess the merits of over 100 complaints and allegations of gross mismanagement and potential wrongdoing. In general, most staff we interviewed felt the working environment at the Philadelphia was hostile and did not trust management because they felt they were not treated fairly or with respect. Generally, employee complaints addressed a broad range of issues including unfair work assignments; discriminatory practices based on disability, race, and gender; and denial of a reasonable accommodation request. Our work related to these allegations is ongoing, therefore we must limit our testimony today to our two prior benefits inspections and the concerns raised in the management advisory notices to the USB.

OIG Benefits Inspections of the Philadelphia VARO

Since we first began benefits inspections of VAROs in April 2009 to present, we have conducted 93 benefits inspections at VAROs and have consistently reported the need for enhanced policy guidance, oversight, workload management, training, and supervisory review to improve the accuracy and timeliness of disability claims processing and VARO operations.

During our first inspection of the Philadelphia VARO in October 2009 we reviewed claims processing actions related to claims for temporary 100 percent disability evaluations, post-traumatic stress disorder, traumatic brain injuries, and herbicide exposure-related disabilities.[1] The overall inaccuracy rate for the 120 claims reviewed was 33 percent, resulting in improper payments to 14 veterans totaling just over $475,000. Moreover, we identified 21 errors with the potential to impact veterans' benefits if left uncorrected, and 4 other miscellaneous errors. We made other recommendations for improving VSC operations, the safeguarding of veterans' personally identifiable information (PII), and the processing of adjustments in fiduciary claims for veterans.

Prior to the start of inspections for each new fiscal year, we review the protocols and change as needed or appropriate. For the fiscal year 2012 inspections, we discontinued our review of post-traumatic stress disorder claims due to policy changes that relaxed stressor requirements. We also discontinued our review of herbicide-related claims due to significant improvement in claims processing action associated with these types of claims.

While conducting our second benefits inspection work onsite in August 2012, we reviewed claims processing actions related to claims for temporary 100 percent disability evaluations and traumatic brain injuries.[2] In comparison with our previous inspection, the overall inaccuracy rate for the 60 claims reviewed in 2012 increased slightly. Within this sample of 60 claims, we identified improper payments to 4 veterans totaling $194,130 and 18 errors with the potential to impact veterans' benefits if left uncorrected. Additionally, we reported that VARO staff did not comply with VBA policy when processing health care entitlement decisions for Gulf War veterans. This report also included recommendations for the VSC to improve its homeless veterans outreach efforts. Based on information received from VBA, we closed our report in November 2013 indicating that they had acted on our recommendations in the report. The effectiveness of the actions taken by VBA will need to be assessed during our next inspection.

While the claims processing inaccuracy rates from both inspections were at unacceptably high levels, they remained somewhat consistent between 2009 and 2012. At the same time, the VARO's inventory of pending rating-related claims more than doubled—from 7,182 pending in 2009 to 15,615 in 2012. Further, it took VARO staff an average of 122 days in 2009 to complete rating-related claims whereas in 2012 it took 288 days to complete similar work. Despite the increase in inventory and

[1] Inspection VA Regional Office Philadelphia, Pennsylvania, March 4, 2010.
[2] Inspection VA Regional Office Philadelphia, Pennsylvania, April 9, 2013.

time to process claims, the VSC experienced a reduction of 94 positions from April 2009 to March 2014. Based on repeated areas of non-compliance with VBA policy, we remained concerned about the VARO's ability to process high-risk disability claims accurately and timely.

During our 2012 inspection, we also found that the Philadelphia VARO management team continued to face multiple challenges within the Veterans Service Center. These challenges included the need to improve oversight of operational activities, gain control over workload, and improve the accuracy of disability claims processing.

Comparison to Other VA Regional Offices

Our benefits inspection protocols are designed to review disability claims processing actions we consider at increased risk of processing errors. Therefore, our inspection results do not represent the overall accuracy of disability claims processing at the VAROs. Noteworthy, to date, none of the VAROs inspected have been totally compliant with all operational areas reviewed. The following offers a comparison of our Philadelphia VARO inspection results with those of other offices previously inspected in the same time frame.

- October 2009 Benefits Inspection: From April 2009 through September 2010, we published 16 VARO inspection reports. Of the 16 VAROs on which we reported, the Jackson, Mississippi. VARO had the highest level of overall compliance (70 percent) with VBA policy in the areas inspected. The Philadelphia VARO was the 6th most compliant of 16 VAROs inspected, with an overall compliance rate of 55 percent when our report was published in March 2010.
- August 2012 Benefits Inspection: From January through September 2013, we published 20 VARO inspection reports. Of the 20 VAROs, the Milwaukee and Denver VAROs had the highest level of overall compliance (80 percent). The Philadelphia VARO was tied with five other VAROs for being the 13th most compliant, with an overall compliance rate of 20 percent when we published our report in April 2013.

Allegations of Mismanagement

Since May 2014, we received numerous allegations regarding the operations of the Philadelphia VARO. Allegations included a broad range of issues such as "cooking the books," referring to data manipulation and taking actions that appear to reduce workload backlogs, mail mismanagement, and potential duplicate payments. Further, one allegation raised concerns that the Fast Letter 13–10 guidance issued by VBA provided opportunities for "cheating" on the dates of mishandled claims (Exhibit B). Several allegations raised concerns of inappropriate reprisals against whistleblowers. This led us to make an unannounced visit to the VARO on June 19, 2014. Since our June 2014 work began, we expanded our work to include reviewing allegations of:

- Staff not timely scanning documents into Virtual VA, the electronic claims repository.
- Staff inappropriately shredding or destroying military and returned mail that could not be delivered.
- Staff hiding mail within the VARO.
- Staff "cherry picking" and processing easily appealed claims out of order, potentially misrepresenting performance.
- Staff not addressing over 32,000 electronic inquiries from veterans and beneficiaries.

The paramount issue is the Fast Letter guidance. In issuing this guidance, VBA deviated from its longstanding policy of establishing dates of claims, which adversely affected claims processing for many VAROs across the Nation. By design, the Fast Letter guidance required claims processing staff to apply current dates to older claims previously overlooked. Many of the Philadelphia VARO staff told us they took exception to this Fast Letter guidance on adjusting dates of claims and thus we concluded those actions were inherently contrary to, the VA core value of integrity.

Philadelphia VARO and Fast Letter 13–10

VBA uses dates of claims within the electronic processing environment to control and manage its claims inventory and generally prioritize which cases staff will process first. VBA policy states that the date of claim is the earliest date a claim is received at a VA facility. Each document VA receives in any of its facilities or locations where it has a presence must be annotated with the date of receipt. Incorrect application of dates of claims results in delayed claims processing actions and compromises the integrity of reported time it takes VARO staff to process claims.

On May 20, 2013, VBA issued Fast Letter 13–10, which provided an exception to this longstanding date of claim policy. The Fast Letter guidance advised staff to adjust dates of claims for unadjudicated claims to a more current date, that is, the date each claim was "discovered" in the claims folder. VARO staff were to use a special designator, "Unadjudicated Claims Discovered," to identify these unprocessed claims in the electronic record. Without this electronic label, VBA staff cannot identify claims where the dates of claims were adjusted under the new guidance. The Fast Letter also reminded staff to consider the earliest date stamp shown on the claim document when determining the effective date for benefits payments—a requirement VBA staff must follow for all claims, found/discovered or otherwise. Additionally, the Fast Letter required the VARO Director or Assistant Director to approve each adjusted date of claim and send an email notification to VBA Compensation Service.

During our onsite review beginning June 19, 2014, we identified 30 instances where the Philadelphia VARO's Pension Management Center (PMC) staff adjusted dates of claims using the Fast Letter guidance. However, in some of the cases, we determined staff had misapplied the guidance. The following are examples of how VARO staff misapplied the guidance.

- PMC managers instructed claims processing staff to apply the "date discovered" rule to manage their backlog of mail.
- PMC staff cancelled claims that were already established and pending in the electronic record and reestablished the claims using current dates. PMC staff were already aware that the claims existed, so they should have used original date of claim not the "date discovered" rule. Such actions made the average days that claims were pending appear better than if staff had used the original dates the claims were received.

While the VARO Assistant Directors signed the memorandums approving the adjusted dates of claims to recent dates, they did not provide the required notification to VBA Compensation Service after VARO staff adjudicated the claims. Philadelphia VARO management indicated the Fast Letter guidance was confusing as their explanation for misapplying the guidance. We disagreed and felt the guidance provided in this 3-page Fast Letter was clear even though it deviated from longstanding policy that ensured consistency and accuracy regarding how long a veteran waited for his or her claim to be processed.

Mail Management Concerns

During our initial walk-through of the VSC during an unannounced visit in June 2014, we found mail bins full of claims and associated evidence that had not been scanned into Virtual VA since 2011. We became concerned that evidence located in these mail bins was needed for processing future claims because until the documents are scanned, claims processing staff may be making decisions without all of the required evidence.

Another concern centered on the electronic date stamps used by PMC staff at the Intake Processing Center to record dates of claims on the documents received. Management told us that each claims assistant maintained a key that allowed access to the mechanism inside the stamp where they could adjust the electronic date. As such, the opportunity existed for staff to misrepresent dates of claims. Although we did not find any instance during our limited review where staff changed the electronic dates, we did find one instance where the electronic date stamp incorrectly stamped documents with a future date. Management indicated they were aware of this problem and had instructed staff to cross out the incorrect date stamps and restamp the documents with the correct dates of claims.

Duplicate Records and Payments Allegations

VARO staff also showed us several instances where veterans or their dependents received duplicate payments resulting from duplicate records in VBA's electronic system. We were told that this is an ongoing problem, both in the PMC and the VSC. Although management was aware of this issue, it was not a priority to make corrections in spite of the potential for improper payments.

In our report, Audit of VBA's Pension Payments (September 4, 2013), we substantiated that VBA's corporate database contained duplicate pension records, and that these duplicate records occurred because VBA relied on PMC staff to identify preexisting records prior to creating a new record. VBA did not have system controls in place to prevent users from creating duplicate records. As of September 30, 2014, 6 of the 8 recommendations in this report remain open.

VBA's Response

The USB agreed to do the following to address the issues that we reported on:

- Issue a moratorium on Fast Letter 13–10 while VBA determined the appropriate way to move forward.
- Prioritize scanning the claims and associated evidence we identified in mail bins into Virtual VA.
- Establish a key control point, limiting employees' access to keys for electronic date stamps.
- Prioritize the correction of duplicate claims to reduce the risk of potential improper payments.

We plan to follow up on the corrective action taken in future benefit inspections.

Facility Conditions

Based on numerous complaints we received from VARO staff about the physical conditions in which they work, we dispatched a group of administrative investigators to the Philadelphia VARO. VARO employees told us, and by our own observations, we learned of unacceptable conditions at the VARO workspace located at 4700 Wissahickon Avenue. According to employees, the environment within this building (a separate building located close to the main VARO) has adversely affected employee health, morale, and productivity. Based on our own observations, we identified several areas that violated VA's Occupational Safety and Health (OSH) standards, leading the OIG to issue a Management Implication Notification to the Under Secretary on July 23, 2014, outlining these concerns. For more details on the conditions, please see Exhibit C which is attached.

We recommended the USB take immediate action to ensure that the VBA workspace at 4700 Wissahickon Avenue complies with VA's OSH directives and handbooks, occupational safety and health requirements contained in Federal laws, regulations, and Executive Orders. We also advised that the Under Secretary ensure the protection and safeguarding of all veterans' records.

Conclusion

These are challenging times for VA in general and VBA specifically, as they attempt to work through the compensation claims backlog while simultaneously implementing multiple initiatives to move VBA into an electronic, paperless environment. From an oversight perspective, these process changes require an increase in oversight at all levels. Management involvement is critical to minimize the financial risk of making inaccurate benefit payments, maintain a balanced approach to processing all workloads, and ensure the accurate and timely delivery of benefits and services.

Our work at the Philadelphia VARO is ongoing and we will issue a report upon completion of our work. Moving forward, the VARO leadership must work to restore the trust of employees and promote open communication. They can succeed by working transparently and engaging the staff to work together to deliver vital services and benefits to veterans and their families.

This concludes my statement and we would be happy to answer any questions that you or Congresswoman Titus may have.

PREPARED STATEMENT OF DIANA M. RUBENS

Good morning, Chairman Runyan and Members of the Subcommittee. Thank you for the opportunity to discuss operations, leadership, and employee morale at the Philadelphia Regional Office (RO). The dedicated employees of the Philadelphia RO are committed to improving the delivery of benefits to Veterans and their families. VA has strong institutional values—those mission-critical ideals and attitudes that profoundly influence day-to-day behavior and performance: Integrity, Commitment, Advocacy, Respect, and Excellence (I CARE). At the Philadelphia RO, we recently asked every employee to reaffirm commitment to the I CARE values, putting Veterans and their needs first. We understand our ultimate measure of success will be how we serve Veterans, and we are determined to succeed by regaining the trust of each Veteran we serve. Leadership within the Veterans Benefits Administration (VBA) and management at the Philadelphia RO take recommendations from VA's Office of Inspector General (OIG) very seriously, and we have actively, and quickly, worked to address issues that were recently raised. My testimony will outline the benefits and services provided by the RO and actions taken to improve operations.

Leadership and Employee Morale

First, let me assure you that since I assumed my new duties as the Director of the Philadelphia RO in July, I have been and will continue to be committed to fostering an environment and culture where employees feel safe to raise issues. I am

inviting all employees to meet with me in small groups so I can hear their concerns and respond, which is an approach I will continue to take as we strengthen our entire leadership team, creating a more inclusive environment for the entire workforce. I have received suggestions and recommendations from employees and will engage them in developing plans to address these concerns as I reach the end of my first 90 days in Philadelphia. The workforce is the key to successful benefits delivery. As we create more open lines of communication with our employees, the Philadelphia RO is committed to becoming more transparent to our Veterans and stakeholders as well.

Overview of Operations and Outreach

The Philadelphia RO is staffed by nearly 1,000 employees, 38 percent of whom are Veterans themselves. The RO administers disability compensation benefits for Veterans in 40 eastern counties in Pennsylvania and 7 counties in southern New Jersey. The RO also administers vocational rehabilitation and employment (VR&E) benefits for disabled Veterans in eastern Pennsylvania and manages the Wilmington RO in Delaware. In addition, the RO is responsible for two of VBA's call centers and a Pension Management Center (PMC) that processes pension and survivor claims for the eastern United States, Puerto Rico, and all foreign countries with the exception of Central and South America. Each month, the Philadelphia RO provides more than $390 million in VA benefits to over 170,000 Veterans and their dependents.

Disability Compensation

The Philadelphia RO's Veterans Service Center transitioned into the new organizational model in November 2012. The new organizational model incorporates a case-management approach to claims processing, by reorganizing the workforce into cross-functional teams that give employees visibility into the entire processing cycle of a Veteran's compensation claim. These cross-functional teams work together on one of three segmented lanes: express, special operations, or core. Lanes were created based on the complexity and priority of the claims, and employees are assigned to the lanes based on their experience and skill levels. An Intake Processing Center, located in the Veterans Service Center, serves as a formalized triage activity to quickly and accurately route Veterans' claims to the correct lane when claims are first received. This model also includes Quality Review Teams comprised of local quality review specialists. The teams evaluate station quality and individual employee performance and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process.

The Philadelphia RO started processing claims using the Veterans Benefits Management System—VBA's web-based, electronic claims processing solution—in April 2013. Approximately 95 percent of the RO's rating inventory now resides in this web-based system.

In addition, the RO is assisting our Nation's Veterans by promoting use of eBenefits, the Fully Developed Claims Program, and Disability Benefits Questionnaires. The RO is also collaborating with Veterans Service Organizations (VSOs) to promote these tools and encourage VSO representatives to utilize the Stakeholder Enterprise Portal, a secure, web-based connection that complements eBenefits and gives access to VSO representatives and other authorized advocates so that they can assist Veterans in filing disability claims electronically. The Philadelphia RO is also collaborating with the Veterans Health Administration to have three doctors from the local VA Medical Center located in the Veterans Service Center to provide medical opinions, which will reduce deferral rates and increase efficiency.

This fiscal year, the Philadelphia RO provided over 28,000 rating decisions to Veterans who filed disability claims. The RO has already surpassed the number of decisions provided to Veterans last fiscal year by 34 percent. The 3-month, issue-based accuracy rate is currently 95.1 percent, and the 3-month claim-based accuracy rate is currently 88.9 percent. Veterans are now waiting an average of 179 days for a decision on their disability compensation claims, an 85-day or 32-percent improvement over the peak wait time in April 2013. Although we are not there yet, we are continuing to make progress toward the goal of completing all disability compensation claims within 125 days.

The Philadelphia RO also has one of VBA's seven National Call Centers, which primarily answers calls related to compensation benefits. The National Call Center answers over 2,400 calls per day.

Pension Management Center (PMC)

The Philadelphia RO manages one of three national PMCs. This fiscal year to date, over 269,000 rating and non-rating pension claims have been completed with an accuracy rate of over 97 percent. The PMC in Philadelphia also houses the Na-

tional Pension Call Center, answering 1,600 calls per day. The Pension Call Center provides information to claimants and dependents regarding pension and survivor benefits. Pension applicants are currently waiting an average of 75 days for a rating decision, an improvement of 121 days, or 62 percent, since the peak wait time in November 2012.

Vocational Rehabilitation and Employment (VR&E)

The Philadelphia RO's VR&E Division is currently providing services to over 2,000 Veterans in Pennsylvania and Delaware, and over 100 Veterans have been rehabilitated this fiscal year. The VR&E Division participates in the VetSuccess on Campus Program and has a Vocational Rehabilitation Counselor assigned at the Harrisburg Area Community College. This counselor provides outreach and counseling on benefits and services to over 1,100 Servicemembers, Veterans, and their dependents enrolled at the school.

Outreach

The Philadelphia RO has four Military Services Coordinators who provide comprehensive briefings on Veterans benefits to active duty Servicemembers stationed at Dover Air Force Base in Delaware, Carlisle Barracks in Pennsylvania, and Joint Base McGuire-Dix-Lakehurst in New Jersey. The RO supports the Transition Assistance Program (TAP) Goals, Plans, Success (GPS), which is mandatory for separating Servicemembers. Mandatory components of TAP GPS include pre-separation counseling, two VA briefings on benefits, and the Department of Labor Employment Workshop. After Servicemembers learn about eligibility for benefits in the briefings, RO employees accept any applications for disability benefits submitted (within 180 days from separation) and ensure supporting documents are certified.

In addition to military outreach, the Veterans Service Center conducts targeted outreach to Veterans who are homeless, former prisoners of war, women, minorities, and elderly. During these outreach sessions, coordinators distribute literature and answer questions about VA benefits. The Philadelphia RO provides volunteers to annual Stand Down events in Philadelphia, Pennsylvania; Cherry Hill, New Jersey; and Wilmington, Delaware, and works closely with national and county-level VSOs.

Steps We Are Taking To Resolve Recent Issues

We understand that serious concerns about the operations at the Philadelphia RO have been raised, and I want to assure you that we share those concerns and are quickly taking action to address these issues. We take seriously our commitment to providing timely and accurate benefits and are working to ensure we meet this commitment for Veterans and their families. Our partnerships with Congress, VSOs, and other stakeholders are critical in meeting this commitment.

OIG Management Advisory

On June 20, 2014, OIG issued a Management Advisory concerning claims processing at the Philadelphia RO. Four recommendations were included in this advisory. The first recommendation was related to the allegation that staff at the Philadelphia RO misapplied VBA Fast Letter (FL) 13–10, Guidance on Date of Claim Issues (FL 13–10). OIG found instances in which the Philadelphia RO did not enter the correct date of claim in some Veterans' records and recommended that VBA discontinue the use of FL 13–10. On June 27, 2014, VBA suspended FL 13–10, pending a thorough review of its implementation. VBA concurred with the other three recommendations in OIG's advisory and has moved to address all the issues raised by OIG, as detailed below. OIG has not yet issued its final report.

The second recommendation was related to scanning completed pension claims. OIG found 68 mail bins containing completed pension claims and associated evidence that had not been scanned into VA's electronic records. These claims were completed in 2011, and it is important to note that no Veterans were waiting for the resolutions of these pension claims; in addition, the most relevant information was available within VBA's electronic systems. Moreover, if the original documents were needed for processing subsequent claims, PMC employees were aware of how to access those documents in the paper records. Nevertheless, in April 2014, the Philadelphia RO started a concerted effort to reduce the volume of paper records associated with completed claims needing to be imaged; by adding resources to this mission, we completed this task in August 2014.

The June 20, 2014 OIG Management Advisory also reported on several instances in which Veterans or their dependents received duplicate payments resulting from duplicate records in VA's electronic system. In response to OIG's recommendation, the Philadelphia RO is prioritizing review of any potential duplicate payments. VA's Hines Information Technology Center generates monthly reports identifying potential duplicate payments in VBA's corporate database. One report identifies beneficiaries who have two running awards for the same benefit (such as two compensa-

tion awards), while the other report identifies beneficiaries who have more than one running award but for different benefits (such as one for compensation and one for pension). To reduce the creation of duplicate records in VBA's systems, the Compensation Service provided guidance to nationwide ROs in September 2013 on how to prevent duplicate records. The P&F Service provided similar guidance to PMCs during the February, April, and June 2014 monthly PMC calls. Additionally, VBA developed standardized training for field personnel on how to avoid creating duplicate records and how to correct the system when they identify a duplicate record.

The fourth recommendation in the Management Advisory was to limit employees' access to electronic date stamps. To address OIG's recommendation, the RO changed its procedures on July 11, 2014, and moved date stamping into a secure mailroom. A small number of exceptions were permitted for the Public Contact staff and other front office employees. Employees continue to be assigned to specific machines so the RO can audit use of date stamps. All unassigned machines remain secured by the RO's Records Management Officer.

Proactive Steps To Address Other Recent Concerns

In addition to the issues identified by the OIG's advisory, during a July 14, 2014, hearing before the House Veterans' Affairs Committee, allegations were made that mail was being improperly shredded at the Philadelphia RO. The referenced mail included returned mail (VA-generated correspondence that the U.S. Postal Service returned because it was undeliverable) and "military file" mail (materials VA was unable to associate with a Veteran's record because of a lack of identifying information on the documents). VA became aware of these issues 2 years ago and, at that time, initiated steps to address the problem. In March 2012, VBA's Pension and Fiduciary (P&F) Service visited the Philadelphia RO to investigate allegations of claims records being destroyed. At that time, there were 126 boxes of returned mail needing to be reviewed and 13 file cabinet drawers of "military file" mail dating back to 2009.

The Philadelphia PMC is in compliance with all procedures regarding records disposal. In 2012, procedures were put in place to ensure newly returned mail is addressed timely, and no additional returned mail has accumulated. The Philadelphia PMC has also consolidated all "military file" mail into one properly-marked location and incorporated reviews of that mail into weekly Philadelphia PMC workload assignments. The Philadelphia PMC has now completed this work, and all "military file" mail is up-to-date. By August 19, 2014, the Philadelphia PMC had reviewed all boxes of mail returned as undeliverable and has screened approximately 1,400 pieces of returned mail and identified a small number that need further processing.

While the OIG was at the Philadelphia RO to conduct a thorough review of operations, the OIG raised a concern about the volume of unanswered telephone and email inquiries requesting the status of pending claims. In response to this concern, the Philadelphia RO quickly initiated an action plan to reduce the volume of unanswered inquiries. As a key part of the action plan, the Philadelphia PMC temporarily assigned ten additional employees to review and respond to the outstanding inquiries. Over the past 2 months, this number of pending inquiries has been significantly reduced, and the RO is currently evaluating the number of employees assigned to this activity to ensure the continued provision of timely responses.

Although the final results of the OIG's review have not been issued, the Philadelphia RO has worked to address all issues that were raised with the leadership of the RO during the OIG's review.

Town Hall Meetings and Seminars

At the direction of Secretary McDonald, the Philadelphia RO recently conducted four town hall meetings, including two at the Philadelphia RO, one in Southern New Jersey, and one in Delaware. We hosted these meetings to engage our Veterans and hear their concerns; Secretary McDonald believes these events will help us to accomplish our mission, live our I CARE values, and improve the care and benefits we deliver to Veterans. In addition to the town halls, we hosted informational seminars and claims clinics for any Veterans looking for claim-specific information. As we spoke with our Veterans, we learned that we need to improve engagement and communication with our VSOs, VA medical centers, and local National Guard and Reserve units. We found this experience to be beneficial, and we are conducting quarterly town halls to continue to engage and hear from our Veterans and other stakeholders.

The Philadelphia RO was recently visited by Congressmen Fitzpatrick and Meehan, as well as Senator Toomey's staff. These visits have been valuable opportunities to exchange information and improve our partnership in serving Veterans. We are also scheduling seminars with Congressional staff and our VSO representatives for this fall to continue to strengthen our partnerships in service to Veterans.

Conclusion

The Philadelphia RO remains committed to providing the best service possible to Veterans who reside in Pennsylvania, New Jersey, and Delaware. We continue to look for ways to improve our outreach and partnerships to provide timely, accurate, and comprehensive assistance to all those we serve. Mr. Chairman, this concludes my testimony, and I look forward to answering any questions you and the other Members of the Subcommittee may have.

PREPARED STATEMENT OF WALTER J. TAFE

Congressman Runyan, Committee members, it is indeed an honor for me to provide testimony to this committee concerning issues surrounding the Philadelphia VA Regional Office and problems I've encountered during the claims filing process. I commend the committee, and especially Congressman Runyan, for their continued concern for the veterans of this district as well as those throughout our nation. It is my strong belief that our effective and honest communication about the failures in the system, as well an examination of some success stories, can lead to an improved and expedited claim process that will serve our veterans with the commitment and integrity they have earned and deserve.

My office services Burlington County and its more than 35,000 veterans. We serve not only the veterans of our community but, with our close proximity to Joint Base McGuire-Dix-Lakehurst, we also process the claims of National Guardsman and Reservists as they return from deployment. We are proud of what we do, and feel honored to serve our nation's best. Unfortunately, our reputation can become tarnished when the claims we file on behalf of our veterans are not processed in a timely manner, or are simply "lost in the mail." I cannot count the number of times veterans have called me complaining that the regional office has not received information or claims my office has filed.

Over the past several years, I've witnessed a steady decline in the service provided by the Philadelphia Regional Office. Timely posting of claim information, processing and development, rating decisions, and final approval or disapproval has become a protracted and unmanageable process. What should be a brief process has turned into several months and, sadly, often exceeds a year. The communication process between the regional office (RO) and geographically separated veteran service officers is broken. Phone calls and emails go unanswered and, I suspect, mail is not opened or processed. While toll-free 800 numbers are provided, wait time can exceed 35 minutes. With the high volume of clients my office services, this is simply not acceptable.

In providing meaningful and helpful information, I want to avoid giving the impression that I am throwing stones at the VA. However, we Veteran Service Officers are the ones who stand face-to-face with veterans every day, trying to explain a system of endless errors and bureaucracy that simply cannot be explained or permitted to continue. I sometimes provide second, third, and fourth submissions of the same information only to be continually informed that it has not been received. Even when I fax in paperwork and have a successful send receipt on file, I'm still informed that the information was never sent.

One area of major concern is the communication between the RO and the veteran. Often, letters from the VA are confusing and contradictory. During the development stage, it's common for a veteran to receive multiple letters asking for information they already provided. To comply with the multiple requests, a veteran will often re-submit the same information, slowing down the process. Each letter sent to the veteran allows for an additional 30-day reply time, which guarantees that another full month is added to an already lengthy delay. Simple, straightforward claims that could be completed within 90 to 120 days are taking 6 to 9 months, and the veteran or Veteran Service Officer is always blamed for the delay. They either didn't respond to a letter (which they never received), didn't show up for an appointment (which they didn't know about), or didn't send an address change to the RO (even though they did). The list is endless, but it's never the fault of the VA.

From my point of view, there are several areas that require immediate attention. Posting dependent information is a prime example. A veteran's compensation is increased depending on the number of dependents he or she has. The processing of this simple form can add hundreds of dollars to a veteran's claim. Processing this form takes an average of 9 months to a year for completion. I'm told by VA employees it is because this is not seen as a priority by the VA. To the veteran a few hun-

dred dollars a month is meaningful and his or her frustration grows as the months pass.

Another area requiring immediate action is paying the veteran retroactive pay owed due to withholding actions because of receipt of retired pay. Veterans who receive retirement from their military service have their retroactive payment withheld until the VA receives verification from the Defense Finance and Accounting Office that Concurrent Retirement Disability Payment (CRDP) has not been paid. The intention of this process is to ensure the veteran does not receive double payment. This retroactive payment can sometimes be over $100,000.00. Processing this payment can take 9 months to a year after DEFAS has verified the payment is due. Imagine, if you will, that someone owed you over $100,000.00 and failed to pay month after month as your expenses mounted and your bills piled up. It's easy to see why elderly veterans feel the VA is waiting for them to die. When a veteran owes the VA money, they move to collect the debt almost immediately ... but when the tables are turned, the VA is unwilling or unable to make their outstanding payments in a timely manner.

Often, Dependent Indemnity Compensation (DIC) claims—the pension the VA provides to the widow or widower of a veteran who dies from service-connected illness—are delayed due to bureaucratic requirements that have no impact on the outcome of a claim. The vast majority of these claims are straightforward cases that could be resolved in a matter of weeks, or even days; instead they end up taking months to process. If a Vietnam Veteran dies of an Agent Orange-listed illness, and was being compensated for the same illness at the time of death, it should be a simple matter of verifying the cause of death listed on the death certificate and approving the claim. Yet these claims will be held up in development for months before arriving at the rating office. Often these claims are delayed for foolish or insulting questions. The example of Mrs. Genna Stanley comes to mind. Mrs. Stanley was married to her husband, veteran Harry Stanley for over 50 years and he was rated 100 percent for cancer. When Mr. Stanley died, the cancer he was rated for was listed as cause of death on his death certificate. His widow's approval for DIC was delayed for months because she failed to notify the VA whether or not she had remarried after her husband's death. Adding insult to injury, the question was totally irrelevant since a widow who remarries after the age of 56 is still entitled to the DIC.

Pensions for low income veterans are another area for immediate action; they take far too long to process. We are informed that we can file a financial hardship for a veteran in severe financial need ... however, pretty much any veteran filing for a low income pension can be said to be experiencing financial hardship! I can't speak to turnaround the VA reports for completing claims. I can only speak to my experience, and that tells me that the process itself is hardly the picture of efficiency. I would like to tell my veterans it will take 120 days, but the reality of my experience is that these claims can take up to a year.

I can offer innumerable examples of veterans who have suffered due to the delay in processing claims, but time doesn't permit me to expound. Suffice it to say that many of my veterans have become extremely frustrated when hearing about bonus programs at the Regional Offices that reward workers for their efficiency while they face a seemingly endless wait for much-needed financial help. Sadly, the majority of veterans have completely lost faith in an institution that was established to protect their rights and make amends for their injuries.

All is not doom and gloom however, and I would be remiss if I did not note some improvements that are being made and some workers who are totally dedicated to the veteran community. The new mail system recently instituted by the VA should drastically reduce lost mail. It is my understand mail received at the processing centers is scanned and send directly to the ROs. I have more confidence it this system and hope to see the effects in expedited claims soon.

I'm hopeful that recent town hall outreach meetings will foster a better working relationship with Veteran Service Officers and give veterans the feeling that their voice is being heard. By simply enabling veterans to voice concerns directly to RO personnel, we can help enhance what has become a tarnished image.

Lastly, allowing the geographically separated VSO access to the RO files through the Stakeholder Enterprise Portal should prove to be a major asset that dramatically improves communication across the entire spectrum.

In the short time I have left, I would like to recognize and commend Ms. Anita Brodsky who has been assigned to work with our county. Ms. Brodsky is responsive, aggressive, and displays a very caring attitude. She always returns phone calls and emails, and seeks the VSO out when she sees anything concerning our clients that may be problematic. I'm comfortable that anything I fax to Ms. Brodsky will receive her immediate attention and confident in the professionalism she projects; the

Philadelphia Regional Office should be proud of her hard work and the difference she's making every day.

Additionally, Ms. Jannah Wilder of the Newark Regional Office, who recently assumed duties as a Vocational Rehabilitation Counselor, is a breath of fresh air. In a very short time, she has established a solid reputation as a person who truly cares and is totally dedicated to her clients. It is refreshing to work with a true professional who will go the extra mile to ensure our veterans receive the benefits they have earned.

In closing, and let me thank you for allowing me to use slightly more than my allotted time; it is my feeling that this is not a situation that will be resolved by throwing money at it, or replacing the Secretary. The problems that exist can be found in the regional office, and their leaders and their mid-level supervisors must be held accountable. Many members of the Regional Office are in positions of leadership, and the time has long passed for them to take the role they've been entrusted with and lead! In today's environment, there's room for just two types of workers in the VA: outstanding and out processing! Thank you for allowing me to provide my thoughts today.

PREPARED STATEMENT OF JOHN P. DORRITY MSW, CVA

I am a combat Disabled Vietnam Veteran. I have served my fellow veterans, their spouses and children in the capacity of an advocate and claims representative since 1982. I am the past President of the National Association of County Veterans Service Officers (NACVSO, 2004–2005), the past National Service Director (NSD, 2005–2012), the President of The New Jersey Association of Veterans Service Officers (NJAVSO, 1998–present) and the District Commander of VFW District 12 (2013–present).

It is extremely easy to single out a particular RO and point to problems within that agency without offering solutions. Ladies and gentlemen, true resolution requires a semblance of the truth. Truth be told, the inadequacies that claimants experience under the jurisdiction of the Philadelphia RO are endemic to the entire VA system of process and adjudication. Some of the particular problems of claimants experience with this RO are;

1) Duly executed power of attorney forms (VA form 21–22, VA form 21–22A) are not scanned and recorded into the claim file in a timely fashion—this problem, due to the Privacy Act of 1972, does not allow effective communication from the field rep and the rating specialist or other personnel stationed at the RO;

2) With the utilization of the "Paperless" initiative under former Secretary Shinseki, copies of rating decisions, to include rating sheets, are denied the field rep by hard copy, unless they are authorized to use the veterans benefits management system (VBMS). Without the rating sheet, in particular, available to the field rep, we, who sit across the desk from the claimant on a daily basis are left in the blind and misinformation and adversity to the VA by the veterans community abounds. This may seem like a correctable situation with the onus of responsibility put upon the field rep but, the authorization process is complex and laborious, at best. case in point, as I amble through the process of authorization to utilize VBMS, I have to physically count every POA whom I represent. Presently, I am halfway through the alphabet and am at nearly 2,000 claimants. This physical counting procedure has taken, so far, 3 weeks of my time, even with the assistance of 2 members of my staff.

3) There is a new electronic initiative, the PC–3 program. It became available in December, 2013. we, in the field, were not notified until June, 2014. training on the use of this system is yet to be announced. Ineffective communication from the top down, in my experience in combat, kills people. Translated to this process, it delays our compliance with this "paperless" system. Delayed adjudication is justice denied those, and their families, who have put themselves in harm's way so that the rest of us can enjoy freedom!

4) The inordinate amount of time that it takes to adjudicate a claim has literally taken its toll on the veterans population. the tens of thousands of veterans and their families whom I have had the honor and privilege to represent over the decades. I have had at least 3–4 dozen claimants die while waiting for a VA decision on their claim. Oh, we can extoll the virtue of the electronic initiative, the fully developed claim process (FDC), the VA form 21–526EZ, etc. These claims are a quick turnaround time, for recently released veterans. What about the WW II vet, the Korean vet, the Vietnam vet and all of the others in between who do not have access to their service medical records or healthcare or the production of any evidence or doc-

uments that will support their claims. What if all of the aforementioned veterans memory of events is questionable? The oldest claim I have in my office is 11 years old. We still have a backlog in those claims.

5) Appeals still take 2–3 years to be heard. and when they are, and when they are with a judge's order to expedite the claim, I feel that no one in the entire VA system knows the meaning of the word "expedite". I realize that this issue goes beyond the RO but maybe, we should also look at the interaction between the RO and the board of veterans appeals (BVA).

I would be remiss if I did not compliment The Pension Management Center Director, Gary Hodge, and his staff for their efforts on behalf of my claimants. If I call or e mail, they are right on the problem. The same kudos should be afforded the RO'S Insurance Center. I do not mean to besmirch the compensation component, or any other operational component for that matter, of the RO. I know we do our best. So, too, do I know we can do better. electronic answers from the VA Central Office are no substitute for hard work in the field. I am familiar with the new RO Director, Ms. Diana Rubens. I hope that she can address the issues of all of we field reps. The recent town meetings are a good first step. There should be more! Understand, that if government is to truly serve the people, as we reiterate constantly, than it is in those people's interest that we are true partners. My associates are, for better or worse, FTE who are grossly underutilized by the VA in general.

Ladies and gentlemen, you should notice by now that I do not refer to the ongoing problems of the VA process as a "challenge". A challenge is me trying to reenlist in the military on 9/12/2001. These problems have been inherit within the claims process of the VA since I began my voyage of assisting other veterans and their families over 3 decades ago. They have not gotten better. We just create new dialogue and the problems are not adequately addressed as our attention is drawn elsewhere. I do not believe that there are mean spirited people within the VA who would subjectively deny entitlements to a claimant. I believe that the process implemented through the former secretary and his staff in the ivory tower to address the backlog and the rating system, were, and still are, based upon phony statistics. Many of those statistics were the product of a performance bonus program. Are you serious? I have attended many meetings in the central office, not with the purpose of tearing the system down but, to point out deficiencies and offer any method that would make the system less frustrating to the claimant. It took a whistleblower former VA medical employee to open up the eyes of America and Congress to the workings of "gaming" the computer in order to receive a bonus. Okay, that was the Veterans Health Administration (VHA). The same performance bonus system is available within the Veterans Benefits System (VBA). To me, it's blood money. It is the blood of my fellow veterans that we are talking about here; the people who pay our salaries; they deserve better!

Thank you for this opportunity to speak today and I will not, even if the rest of you pay no attention to the problems endemic within the VA claims process, rest on my claimants until the last breath leaves my body.

FOR THE RECORD

CONGRESSMAN MICHAEL G. FITZPATRICK

The Philadelphia VA Regional Office is broken.

Since 2012, my office has been involved in highlighting the very serious issues that are detracting from the Philadelphia VA's ability to execute its primary mission—serving veterans.

We've had reports of improper mail handling. Boxes upon boxes of returned mail sat stacked in a dark corner of the mail room for years. This is despite efforts in 2012 to highlight the problem. Only recently, after national attention, has the Philadelphia office made efforts to sort the mail. This comes as veterans in the region describe sending mail to the Philadelphia VA as a black hole, almost expecting their mail to go missing.

We received reports of potentially millions of dollars of duplicate payments being improperly doled out. The VA Central Office in Washington, DC attempted to downplay the concerns, telling my office that they have procedures in place to catch this problem and that any payments are minimal. But whistleblower testimony paints a different picture, and more needs to be done to ensure that taxpayer money is being used efficiently and effectively.

We have been presented with a picture of the Philadelphia office as one of low employee morale plagued by a broken process; a process that is putting the empha-

sis on numbers and production to the detriment of individual veterans. Time and time again we hear stories of employees focusing on easy claims while putting off, or worse, hiding older more difficult claims.

We have seen data manipulated to meet production goals. Management in Philadelphia directed employees to change the dates on claims, thus making the backlog look smaller than it really was. Furthermore, the Philadelphia failed to follow national protocols that required they report any changed dates to the VA Central office.

I am not confident that the Philadelphia VA has identified the right fix.

I have been to the Germantown office twice since the Office of Inspector General investigation began. I have met and listened to the stories of many of those hardworking employees. The picture they paint of the office culture is not good, and most of it leads directly back to management. The majority of these employees just want to serve veterans. Those hardworking employees are not the problem in Philadelphia; the problem is the management.

When I asked Acting Secretary Sloan Gibson, during a July 24th Veterans Affairs Committee hearing, what the VA's plan was to fix the Philadelphia office, he told me that they are sending one of their most "capable and experienced senior leaders" to take over that "troubled location," and to expect "steady improvement."

Veterans in the greater Philadelphia area have been expecting steady improvement, as promised, for the last 3 months. But we haven't gotten it. Instead we are getting more of the same. We get training materials comparing veterans to a homeless grouch that lives in a trashcan. Then we get claims from Philadelphia office management that the Oscar the Grouch training material was referring to VA employees and their "inner Oscars", not veterans. I've seen the materials. How you come to that conclusion is beyond me. In fact, it appears to be a concerted effort by Philadelphia to spin the issue in a way that, as the VA Secretary confirmed in correspondence to my office, is contrary to VA's mission and values.

We need a Philadelphia Office that works. We cannot accept failure. It's going to take a concerted effort by local veterans, the Philadelphia VA, and by Congress to get this right. We must succeed. But a first step in rehabilitation is admitting you have a problem. Veterans know Philadelphia is a problem, and have known for some time. Philadelphia VA employees know we have a problem, but they've been silenced. Congress has been ringing the alarm about Philadelphia for several years, but has been paid lip service. But what is missing is a realization by the management within Philadelphia that they have a problem, that they need help. And so I hope today's hearing finally gets the message across to VA management. We need change. We need accountability. We need to fix this.