

**COMPUTER MATCHING
AGREEMENT BETWEEN
DEFENSE MANPOWER DATA CENTER
DEPARTMENT OF DEFENSE
AND
VETERANS BENEFITS ADMINISTRATION
DEPARTMENT OF VETERANS AFFAIRS
FOR RESERVE PAY RECONCILIATION
DoD-DMDC Computer Matching Agreement #89**

I. INTRODUCTION AND BACKGROUND

A. Supersedes

This computer matching agreement supersedes all existing data exchange agreements or memoranda of understanding between the Department of Defense (DoD) and the Department of Veterans Affairs (VA) concerning reserve pay reconciliation.

B. Guidance

This agreement between the Defense Manpower Data Center (DMDC), Department of Defense, and the Veterans Benefits Administration (VBA), Department of Veterans Affairs, is executed to comply with the Privacy Act of 1974, as amended (5 U.S.C. § 552a), Office of Management and Budget Guidelines (OMB) pertaining to computer matching (54 FR 25818, June 19, 1989), and OMB Circular No. A-108 (81 FR 94424, December 23, 2016).

C. Abbreviations and Definitions

1. **Disclose and Disclosure:** The release outside the agency (department) of information or data, with or without consent of the individual to whom the data pertains, either by DoD or VA.
2. **DMDC:** Defense Manpower Data Center, DoD Center Monterey Bay, 400 Gigling Road, Seaside, CA 93955-6771.
3. **DoD:** Department of Defense.
4. **Drill Pay:** The monetary benefits a reservist or member of the National Guard receives for performing active and inactive duty training.
5. **FR:** Federal Register, when used for citation purposes with the volume number and page number. Example: 58 FR 12345.
6. **Matching Program:** Defined in subsection (a)(8) of the Privacy Act. This particular program described in this agreement meets the criteria for a matching program because it involves a computerized comparison of two automated systems

of records for the purpose of verifying the eligibility of, or continued compliance with statutory and regulatory requirements by, recipients of payments under a Federal benefit program.

7. **OMB:** Office of Management and Budget.
8. **Privacy Act:** The Privacy Act of 1974, as amended, 5 U.S.C. § 552a.
9. **Recipient Agency:** Consistent with subsection (a)(9) of the Privacy Act, the agency receiving the records and actually performing the computer match, i.e., the matching agency.
10. **Reserve Military Pay:** The monetary benefits authorized by law for a reservist or member of the National Guard for performing a duty in accordance with 10 U.S.C. 12316. Includes “military pay” and “training pay,” as used on VA Form 21- and VA Form 21-8951-2, Notice of Waiver of VA Compensation or Pension to Receive Military Pay and Allowances.
11. **Source Agency:** Consistent with subsection (a)(11) of the Privacy Act, the agency initially disclosing the records for the purpose of a computer match.
12. **SSN:** Social Security Number.
13. **U.S.C.:** United States Code.
14. **USCG:** United States Coast Guard.
15. **VA:** Department of Veterans Affairs, 810 Vermont Avenue, NW, Washington, DC, 20420.
16. **Waive/Waiver:** Election by Veteran to forego **either** 1) VA benefits **or** 2) reserve military pay/allowances in order to receive the other.

D. Background

This computer matching program will identify individuals who are receiving VA disability compensation or pension based on their previous military service and DoD or Coast Guard active service pay.

II. PURPOSE AND LEGAL AUTHORITY

A. Purpose of the Matching Program

1. The purpose of this agreement is to verify eligibility for DoD/USCG members of the Reserve forces who receive VA disability compensation or pension to receive, in lieu and upon election, military pay and allowances when performing reserve duty.

Veterans who perform reserve duty must choose the monetary benefit they prefer and waive the other.

2. On an annual basis, VA will use the DoD reserve military pay data in the VA-DoD Identity Repository (VADIR) to match against VA recipients of VA disability compensation or pension. DMDC sends reserve military pay data to VADIR monthly; the data provided by DMDC include all data elements required for the match, including the dates worked for pay.

B. Legal Authority

38 U.S.C. § 5304(c), Prohibition Against Duplication of Benefits, provides that VA disability compensation or pension based upon a person's previous military service shall not be paid to that person for any period for which such person receives active service pay. 10 U.S.C. § 12316, Payment of Certain Reserves While on Duty, further provides that a Reservist who is entitled to disability payments due to his or her earlier military service and who performs duty for which he or she is entitled to DoD/USCG compensation may elect to receive for that duty either the disability payments or if he or she waives such payments, the DoD/USCG compensation for the duty performed.

III. JUSTIFICATION AND ANTICIPATED RESULTS

A. Justification

The parties to this agreement have determined that a computer matching program is the most efficient, expeditious, and effective means of obtaining and processing the information needed by VA to identify those individuals who are receiving both VA compensation or pension and DoD/USCG payments for those periods when they are performing Reserve duty. By law, the individual must waive his or her entitlement to VA disability compensation or pension if he or she desires to receive DoD/USCG pay and allowances for the period of duty performed. This matching agreement will result in an accurate reconciliation of such payments by permitting VA to determine which individuals are being paid by DoD/USCG for duty performed and are being paid VA disability compensation or pension benefits for the same period of time without a waiver on file with VA. If this reconciliation is not completed by computer matching but is performed manually, the cost would be prohibitive and most dual payments would not be detected.

B. Anticipated Results

As a result of an internal cost/benefit analysis (Attachment 1), VA expects net savings of approximately \$1.3 billion from December 7, 2023, to June 6, 2026. The cost and beneficial impact of this match on DoD operations is also described in Attachment 1.

IV. DESCRIPTION OF THE MATCH AND RECORDS INVOLVED

A. Description of the Match

DMDC updates VADIR monthly. On an annual basis, VA will use the Reserve military pay data in VADIR to match against VA recipients of VA disability compensation or pension and to resolve any discrepancies or inconsistencies on an individual basis. VA will initiate actions to obtain an election by the individual of which pay he or she wishes to receive and will be responsible for making final determinations as to positive identification, eligibility for, or amounts of pension or disability compensation benefits, adjustments thereto, or any recovery of overpayments, or such other action as authorized by law.

B. Number of Records and Data Elements Involved

1. The DMDC reserve pay data contains information on approximately 800,000 DoD and 6,000 USCG Reservists who received pay and allowances for performing authorized duty (estimates based on FY20 figures).
2. DoD will provide to VADIR the name, SSN, date of birth, paid inactive duty training days, paid active duty days, and other days worked for pay VA will use data from VADIR provided by DoD to match against VA recipients of VA disability compensation or pension.

C. Privacy Act Systems of Records

1. The DMDC will use the system of records identified as DMDC 01, entitled "Defense Manpower Data Center Data Base," last published in the Federal Register on May 27, 2022, 87 FR 32145. The Routine Use provides for disclosure to VA to conduct computer matching programs in support of "[p]roviding identification of reserve duty, including full-time support National Guard/Reserve Armed Forces personnel, to the DVA, for the purpose of deducting reserve time served from any DVA disability compensation paid or waiver of VA benefit. The law (10 U.S.C. 12316) prohibits the receipt of reserve pay and DVA compensation for the same time period, however, it does permit waiver of DVA compensation to draw reserve pay."
2. VA will use the system of records identified as "Compensation, Pension, Education and Vocational Rehabilitation and Employment Records– VA (58 VA 21/22/28)", last amended at 86 FR 61858 (November 8, 2021).
3. VA will also use the system of records identified as "Veterans Affairs/Department of Defense Identity Repository (VADIR)-VA (138VA005Q)", last amended at 87 FR 79066 (December 23, 2022).
4. The systems of records contain appropriate routine uses permitting the disclosure and exchange of information between VA and DoD pursuant to subsection (b)(3) of the Privacy Act. The routine uses are compatible with the purposes for which each agency collected the information and also reflect that the disclosures are made for computer-matching purposes.

V. RECORDS ACCURACY ASSESSMENT

A. Department of Defense/DMDC

DoD serves as the source agency. DMDC records consist of reserve pay data provided by the Defense Finance and Accounting Service and the Coast Guard Human Resources Service and Information Center. Experience with matching programs and analyses by DMDC show these records to be at least 99% accurate with respect to the month in which payment was made.

B. Department of Veterans Affairs

VA serves as the recipient agency. VA records are from information provided for VA pension and disability compensation recipients. Previous matches with the same data indicate that these records are 99% accurate.

VI. STARTING AND COMPLETION DATES

A. Transmittal Letter Begins Review Time

When this agreement is approved and signed by the Chairpersons of the respective Data Integrity Boards, VA, as the recipient agency for the match data, will submit this agreement and the proposed public notice of the match as attachments via a transmittal letter to OMB and Congress for review.

B. Matching Notice Publication

VA will submit the notice of this match to OMB and Congress at least 30 days before the publication of the notice in the Federal Register (unless VA requests and OMB grants an expedited OMB review period) in accordance with OMB Circular A-108. The matching notice will clearly identify the record systems and categories of records being used and state that the program is subject to review by OMB and Congress. A copy of the published notice shall be provided to DoD.

C. Effective Date of Agreement

VA will forward the public notice of the proposed matching program for publication in the Federal Register, as required by subsection (e)(12) of the Privacy Act. The effective date of the matching agreement and date when matching may actually begin shall be at the expiration of the 30-day review period after publication of the matching notice in the Federal Register; or the end of a subsequent 30-day review period should significant changes in response to public comments and republication of the matching notice in the Federal Register be necessary. The mandatory 30-day public comment period for the Federal Register publication will be after the 30-day OMB and Congressional review period (unless VA requests and OMB grants an expedited OMB review period).

D. Duration of the Agreement

This agreement shall be valid for 18 months after the effective date and may be renewed by the parties for a period of time not to exceed one additional year if each agency's program manager certifies to its respective Data Integrity Board that:

1. The matching program will be conducted without change; and
2. The matching program has been conducted in compliance with the original agreement.

It shall be the responsibility of the recipient agency to draft the renewal. If either party wishes not to renew this agreement, it should notify the other of its intentions not to renew at least 90 days before the expiration of the agreement. This agreement may be modified at any time with the consent of both parties. The modification must be in writing, satisfy the requirements of the Privacy Act, and be approved by the Data Integrity Board of each agency.

Upon the expiration of this agreement, or for any period during which it is suspended, lapsed, or otherwise not in effect, and to the extent that any reserve military pay data is received from DoD, VA agrees not to make any automated comparison of the data that would lead to any prospective adjustments of compensation or pension benefits until an agreement is executed.

E. Frequency of Matching

VA currently performs matches on an annual basis using reserve military pay data that is updated monthly in VADIR. The agencies may explore the possibility of eventually increasing the frequency of matching so that members who are receiving dual compensation are notified promptly and provided an opportunity to elect between military pay and allowances and VA disability compensation.

F. Termination

This agreement may be terminated at any time with the consent of both parties. Either party may unilaterally terminate this agreement upon written notice to the other party, in which case the termination shall be effective 90 days after the date of the notice, or at a later date specified in the notice so long as the termination date does not exceed the expiration date of the agreement in effect (including any applicable renewal period approved by the Data Integrity Board).

VII. NOTICE PROCEDURES

A. Individual Notice

Subsection (o)(1)(D) of the Privacy Act requires an agency to implement procedures for providing individualized notice at the time of application, and notice periodically thereafter, to applicants for and recipients of payments under the Federal benefits program. VA provides individualized (direct) notice to all individuals who apply for disability compensation or pension benefits that the information provided on the application (VA Form 21-526) is subject to computer matching with other agencies. VA will provide beneficiaries with subsequent notice annually. VA also furnishes such notice on separate handouts. The application or handout informs all applicants that information obtained through computer matching may be used to determine eligibility for benefits and may be used by VA to verify any information provided.

B. Constructive Notice

Any deficiencies as to direct, and periodic, notice procedures to the individual for the matching program in paragraph A., above are cured by the indirect or constructive notice that will be accorded record subjects by VA's publication in the Federal Register of the public notice of the proposed matching agreement as required by subsection (e)(12) of the Privacy Act.

Constructive notice also has been furnished to DoD/USCG Reservists and VA beneficiaries by publication in the Federal Register of the DMDC and VA system of records notices that information may be disclosed for computer matching for purposes of reconciling what payments are due the individual.

VIII. VERIFICATION PROCEDURES AND OPPORTUNITY TO CONTEST

A. Verification Procedures

1. VA is responsible for verifying and determining, in the event of a match, if the data from the DMDC records are consistent with the data in the VA pension and disability compensation records and for resolving any discrepancies or inconsistencies as to positive identification on an individual basis.
2. VA will screen the initial data to verify that the matched individual is in fact a recipient of VA pension or disability compensation. VA will do this by comparing the "hit" data with VA's case files to verify the identity of the individual and will conduct independent inquiries when necessary to resolve questionable identities.
3. Any discrepancies or inconsistencies in data furnished by DoD, or developed as a result of the match, will be independently investigated, and verified by VA prior to any adverse action being taken against the individual.

B. Actions by VA

1. After verification of a match, the VA Benefits Delivery Center at Hines, Illinois will mail the Veteran [VA Form 21-8951-2](#) (Notice of Waiver of VA Compensation or Pension to Receive Military Pay and Allowances). The form advises the Veteran that active or inactive duty training pay cannot legally be paid concurrently with VA disability compensation or pension benefits. The form mailed to the Veteran will give the individual the following options: 1) "I elect to waive VA benefits for the days indicated in order to retain my training pay." 2) "I elect to waive military pay and allowances for the days indicated in order to retain my VA compensation or pension. NOTE: Checking this option will give most veterans LESS money." Or 3) "I received no military pay and allowances during the fiscal year(s) indicated on the front of this form."
2. [VA Form 21-8951-2](#) noted in section VIII.B.1, above, will be issued with a predetermination notice of the proposed action. As part of the predetermination notice,

VA agrees to inform the Veteran:

- i. VA has received information from DMDC indicating the number of training days for which the Veteran was paid; that the Veteran also received VA disability compensation or pension payments for the same time period; that receipt of both payments is not authorized by law and may constitute an overpayment of compensation, which may be subject to collection; and the Veteran must make an election as to which payment they wish to receive. VA will also advise the Veteran of the right to present new evidence and the right to a hearing.
 - ii. The Veteran has 60 days in which to contest and respond to the information provided by VA.
 - iii. If VA does not receive a response within 60 days from the date of the notice, VA will conclude that the data provided by DMDC is correct and that the Veteran wishes to waive VA benefit payments. VA will take appropriate action to retroactively withhold the Veteran's benefits for the same number of days for which they received reserve military pay.
3. If the Veteran responds within 60 days, VA will make a decision based on the response.
- i. If the Veteran waives VA benefit payments in order to receive reserve military pay, VA will take action to withhold the same number of days of benefits as printed on the form. The withholding will be at the appropriate rate for the fiscal year in question. This withholding will generate a debt for the Veteran. The debt amount is then transmitted to the VA Debt Management Center for collection.
 - ii. If the Veteran waives VA benefit payments but indicates that the number of days printed on the form is incorrect, or indicates that they did not receive military pay during the fiscal year, VA will adjust the withholding, as appropriate, based on the number of days provided by the Veteran and certified by the Unit Commander or designee. Any remaining withholding will be at the appropriate rate for the fiscal year in question. This withholding will generate a debt for the Veteran. The debt amount is then transmitted to the VA Debt Management Center for collection.
 - iii. If the Veteran chooses to waive military pay and allowances in order to receive VA benefits, VA will not adjust the Veteran's award, will retain a digital image of the waiver form, and will send a digital image of the waiver form to the appropriate DoD or United States Coast Guard office at the following websites, e-mail addresses, or mailing addresses (if necessary), for appropriate action.

Air Force National Guard and Reserve:

Current e-mail contact: Claude.M.Dodds.civ@mail.mil

Military pay and allowance waivers are sent to the following corporate mailbox:
dfas.indianapolis-in.jfl.mbx.mpo-af-omb@mail.mil

Army National Guard and Reserve:

<https://corpweb1.dfas.mil/askDFAS/ticketInput.action?subCategoryID=18364>

Navy Reserve:

<https://corpweb1.dfas.mil/askDFAS/ticketInput.action?subCategoryID=18184>

Marine Corps Reserve

Current e-mail contact: Alfred.Marcoux@usmc.mil

RFF – KCI

Reserve Pay Section

2306 E. Bannister Road

Kansas City, MO 64131

Coast Guard Reserve

Current e-mail contact: Brian.J.Spina@uscg.mil

USCG PPC

444 SE Quincy Street

Topeka, KS 66683-3591

C. Final Authority

After verification and notice under subsection (p) of the Privacy Act, VA will make all determinations regarding whether an individual's benefits are to be withheld. The individual will be provided notice of his or her review rights whenever a decision is made.

D. Effect of Amendments to Regulations

On December 12, 2023, VA published amendments to its regulations at 38 C.F.R. §§ 3.103 and 3.654, with an effective date of January 11, 2024. 88 FR 86058 (Dec. 12, 2023). Because the procedures in the amended regulations have not yet been fully implemented, VA will follow the procedures described in this section. Any notice provided to a Veteran under this section will clearly indicate applicability of the procedures described in this section. Before adopting a process that is inconsistent with the process specified in this agreement, VA will notify the DoD points of contact listed in section XIII to execute any necessary amendment to this agreement, in accordance with section VI.D.

IX. SECURITY PROCEDURES

- A.** DoD and VA will comply with all Federal requirements relating to information security, information systems security, and privacy, including the Federal Information Security Modernization Act of 2014 (FISMA), the E-Government Act of 2002, OMB memoranda related to privacy, the National Institute of Standards and Technology (NIST) directives in the special publications (SP) 800 series (e.g., NIST SP 800-53, Rev 5, and NIST SP 800-

37, Rev 2). Specific security requirements include, but are not limited to, the following:

1. Each party shall establish appropriate administrative, technical, and physical safeguards to assure the security and confidentiality of records and to protect against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom information is maintained.
2. The data will be transmitted through secure means, e.g., secure file transfer protocols, virtual private networks, secure socket layers, symmetric key encryption, or other generally recognized means of securing data transmissions.
3. Access to the records matched and to any records created by the match will be restricted only to those authorized employees and officials who need it to perform their official duties in connection with the uses of the information authorized in this agreement.
4. The records matched and any records created by the match will be stored in an area that is physically safe from access by unauthorized persons during duty hours as well as non-duty hours or when not in use, including ensuring that the removal of any data from the work site for official purposes (e.g., telework, working from a residence, etc.) is only accomplished in accordance with agency procedures that shall protect the data (e.g., password protocols, encryption, etc.) if the portable devices on which the data is stored (e.g., laptop hard drives, CDs, disks, etc.) are lost, stolen, or otherwise compromised.
5. The records matched and any records created by the match will be processed under the immediate supervision and control of authorized personnel in a manner that will protect the confidentiality of the records, and in such a manner that unauthorized persons cannot retrieve any such records by means of computer, remote terminal, or other means.
6. All personnel who will have access to the records matched and to any records created by this exchange will be advised of the confidential nature of the information and the civil and criminal sanctions for noncompliance contained in the Privacy Act of 1974 and other applicable federal laws.
7. DoD and VA will also comply with the personally identifiable information breach reporting and security requirements as required by OMB M-17-12, "Preparing for and Responding to a Breach of Personally Identifiable Information (PII)." DoD and VA also agree to report information security incidents, where the confidentiality, integrity, or availability of a federal information system of the Executive Branch is potentially compromised, to the Cybersecurity & Infrastructure Security Agency/United States Computer Emergency Readiness Team (CISA/US-CERT) with the required data elements, as well as any other available information, within one hour of being identified by the agency' top-level Computer Security Incident Response Team (CSIRT), Security Operations Center (SOC), or information technology department.

The agency experiencing the PII breach will notify the other agency's System Security Contact named in Section XIII of this CMA. If DoD is unable to speak with the VA System Security Contact within one hour, or if for some other reason notifying the VA System Security Contact is not practicable (e.g., it is outside of the normal business hours), DoD will contact VA at National Data Center ISO at VAVBAHIN/ISO@va.gov. If VA is unable to speak with the DoD System Security Contact within one hour, VA will contact DMDC at: dodhra.dodc-mb.dmdc.list.ir-team@mail.mil and dodhra.dodc-mb.dmdc.list.privacy-office@mail.mil.

8. If the agency that experienced the breach of PII determines, in coordination with the agency that provided the PII (as applicable), that the risk of harm to affected individuals or to either agency requires notification to affected individuals and/or other remedies, that agency will carry out the remedies and assume all costs of the remediation.

B. DoD and VA may request onsite inspections of the other party's facilities and/or security documentation or make other provisions to ensure that adequate safeguards are being maintained under this agreement by both agencies.

C. DoD and VA will adopt policies and procedures to ensure that information contained in their respective records and obtained from each other shall be used solely as provided under this agreement, in accordance with the Privacy Act and any other applicable laws.

X. RECORDS USAGE, DUPLICATION, RETENTION, AND REDISCLOSURE RESTRICTIONS

A. Each party agrees to the following limitations on the access to, disclosure and, use of the data and information provided by the other agency:

1. That the data supplied by each agency and the records created by the match will be used only for the purposes of, and to the extent necessary in, the administration of the matching program covered by this agreement.
2. That the data provided by each agency will not be used to extract information concerning individuals therein for any purpose not specified in this agreement unless required by law.
3. That the data provided by the source agency will not be duplicated or disseminated within or outside the recipient agency without the written authority of the source agency, except as otherwise provided for in this agreement.
4. That information resulting from the matching program may be disclosed for follow-up and verification or for civil or criminal law enforcement or prosecution if the match uncovers activity that warrants such action.

- B.** Both agencies will keep an accurate accounting of disclosures from an individual's record as required by subsection (c) of the Privacy Act so as to permit record subjects to know how their personal information is being used; to enable the agency to inform past recipients of disputed or corrected information; and to provide an audit trail for any subsequent reviews of agency compliance with subsection (b) of the Privacy Act pertaining to conditions of disclosure.
- C.** Each party agrees to the following with respect to data ownership and retention:
1. DMDC data sent to the VA pursuant to this agreement will remain DoD-owned records while stored in VADIR. Those records shall be retained in accordance with the Federal Records Act and applicable records schedules (44 U.S.C. 3303A). VA will not create a separate, permanent data set consisting of this information except as necessary to monitor the results of the matching program.
 2. If any DMDC record pertains to a match and warrants retention by VA, VA may copy the DMDC record and maintain it in the Veteran's file in the appropriate VA Privacy Act system of records associated with the VA activity supported by this matching agreement. Those records shall be retained in accordance with the Federal Records Act and applicable records schedules (44 U.S.C. 3303A).

XI. COMPTROLLER GENERAL ACCESS

The Comptroller General of the United States may have access to all DoD and VA records as necessary in order to monitor and verify compliance with this agreement.

XII. REIMBURSEMENT

Expenses incurred by this data exchange will not involve any payments or reimbursements between DoD and VA. Cost adjustments, however, may be made in the future between the agencies. DoD and VA may make such adjustments by means of a reimbursable agreement between the two Departments.

XIII. POINTS OF CONTACT

A. DoD contacts:

For DoD Data Integrity Board Issues:

Rahwa A. Keleta
Director for Privacy and Civil Liberties
Office of the Assistant to the Secretary of Defense
for Privacy, Civil Liberties, and Transparency
Department of Defense
4800 Mark Center Drive
Alexandria, VA 22350
Telephone: (703) 801-4788
Email: Rahwa.a.keleta.civ@mail.mil

DMDC Program Issues:

Privacy Issues:

Samuel Peterson
Privacy Chief
Defense Manpower Data Center
Telephone: (831)-220-7330
Email: Samuel.m.peterson2.civ@mail.mil

Program Manager:

Pete Abraham
Program Manager
Defense Manpower Data Center
Telephone: (831) 236-7223
Email: peter.f.abraham.civ@mail.mil

Security Issues:

Donna Naulivou
Information System Security Officer Defense
Manpower Data Center Telephone: (831)-220-
6855
Email: donna.m.naulivou.civ@mail.mil

B. VA contacts:

Program Issues:

Eric Robinson
Lead Program Analyst
Inter-Agency Data Sharing and Military Operations (212C)
Compensation Service
Veterans Benefits Administration
810 Vermont Avenue, NW
Washington, DC 20420
Telephone: (202) 443-6016
Email: eric.robinson3@va.gov

Security Issues:

Andre Davis
Information System Security Officer
Office of Information & Technology
Veterans Benefits Administration
1615 Woodward Street
Austin, TX 78772
Telephone: (512) 326-7422
Email: andre.davis2@va.gov

Privacy Issues:

Rochelle Foxworth
Supervisory Privacy Officer
Office of Mission Support
Veterans Benefits Administration
1800 G. ST. NW
Washington, DC 20006
Telephone: (202) 461-8401
Email: Rochelle.Foxworth@va.gov

DEPARTMENT OF DEFENSE

A. APPROVALS

A. DoD Program Official

Subject to the approval of the Data Integrity Boards of the parties to this agreement and the required notifications, the authorized program official, whose signature appears below, accepts and expressly agrees to all the terms and conditions, included herein, confirms that no verbal agreements of any kind shall be binding or recognized, and hereby commits DMDC to the terms of this agreement.

YOUSEFZADEH. SAM.1299285614
Digitally signed by YOUSEFZADEH.SAM.1299285614
Date: 2024.05.30 09:13:39 -04'00'

Sam Yousefzadeh
Director
Defense Manpower Data Center
4800 Mark Center Drive
Suite 04E25
Alexandria, VA 22350

Date

DEPARTMENT OF DEFENSE

XIV. APPROVALS

B. Defense Data Integrity Board

The respective Data Integrity Board, having reviewed this agreement and finding that it complies with applicable statutory and regulatory guidelines, signifies its collective approval thereof by the signature of the below official.

CHUNG JOO Y
1512306507

Digitally signed by Chung Joo Y, DN: cn=Chung Joo Y, o=DoD, ou=DDIB, email=chung.joo.y@ddib.mil, c=US
Date: 2024.06.18 12:29:49 -04'00'

6/18/24

Joo Y. Chung
Chairperson
Defense Data Integrity Board
Department of Defense

Date

VETERANS BENEFITS ADMINISTRATION

A. VA Program Officials

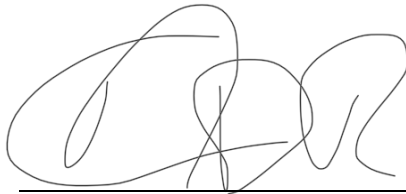
Subject to the approval of the Data Integrity Boards of the parties to this agreement and the required notifications, the authorized program officials, whose signatures appear below, accept and expressly agree to all the terms and conditions included herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commit their respective organizations to the terms of this agreement.

**BETH
MURPHY**

Digitally signed by BETH
MURPHY
Date: 2024.05.22 15:33:05
-04'00'

Beth Murphy
Executive Director
Compensation Service
Veterans Benefits Administration
810 Vermont Ave, NW
Washington D.C. 20420

Date



Dr. Nilijah E. Carter
Executive Director
Pension and Fiduciary Service
Veterans Benefits Administration
810 Vermont Ave, NW
Washington D.C. 20420

5/22/24

Date

B. VA Data Integrity Board

The respective Data Integrity Board, having reviewed this agreement and finding that it complies with applicable statutory and regulatory guidelines, signifies its collective approval thereof by the signature of the below official.

JOHN OSWALT
JOHN OSWALT
2024.09.11 15:44:06
-04'00'

John Oswalt
Chair, Data Integrity Board
U.S. Department of Veterans Affairs

9/11/24

Date

Attachments:

1. Cost Benefit Analysis
2. DoD System of Records Notice DMDC - [01 DMDC-01.pdf \(defense.gov\)](#)
3. VA Record System Notice 58 VA 21/22/28 - [2022-12864.pdf \(govinfo.gov\)](#)
4. Veterans Affairs/Department of Defense Identity Repository (VADIR)-VA (138VA005Q) - [2022-27988.pdf \(govinfo.gov\)](#)

ATTACHMENT 1

COST-BENEFIT ANALYSIS

1. VBA COST BENEFIT ANALYSIS

Identification

The purpose of this estimate is to determine the budgetary impact to the Veterans Benefit Administration (VBA) to renew a computer matching agreement with the Defense Manpower Data Center (DMDC), Department of Defense (DoD). The agreement will allow VBA to verify information for purposes of determining eligibility for benefit payments, and it will be in place for 18 months, from December 7, 2023, to June 6, 2026.

Highlights

Federal law prohibits the duplication of benefits (38 United States Code (U.S.C.) § 5304(c)) and provides that VA disability compensation or pension based upon previous military service shall not be paid to a person for any period for which such person receives active service pay. Further, 10 U.S.C. § 12316 provides that a Reservist who is entitled to disability payments due to his or her earlier military service and who performs duty for which he or she is entitled to compensation from DoD or the Coast Guard may elect to receive for that duty either VA disability payments or compensation from DoD or the Coast Guard for the duty performed.

VBA will provide DMDC electronic data with identifying information on over six million compensation and pension (C&P) recipients from December 7, 2023, to June 6, 2026. DMDC will match the information with its reserve military pay data and provide for each match the number of training days for which the Veteran was paid. VBA will use this information to make necessary payment adjustments. The matching agreement will help VA avoid fraud and minimize improper payments.

Mandatory Savings

VBA estimates mandatory savings of \$1.3 billion from December 7, 2023, to June 6, 2026. This matching agreement is already included in the baseline for VBA's mandatory compensation and pension (C&P) budget; therefore, VBA's budget request to Congress does not need to be adjusted.

FY	Drill Pay Adjustments	Savings from Recovered Overpayments (\$000s)	Savings from Reduced Overpayments (\$000s)	Total Savings (\$000s)
2024	94,109	\$ (194,902)	\$(194,126)	\$(389,028)
2025	120,065	\$ (258,118)	\$(257,090)	\$(515,208)
2026	90,883	\$ (203,417)	\$(202,606)	\$(406,023)
Total	305,057	\$(656,437)	\$(653,822)	\$(1,310,259)

Mandatory Savings Methodology

Debts Collected from Overpayments

PA&I provided the dollar amount of overpayments made to Veterans who received drill pay while in receipt of C&P benefits FY 2020-2022. The average of these overpayments was compared to Veteran C&P obligations from FY 2020-2022. This ratio was applied to the estimated total Veteran C&P obligations in FY2024-2026 from the 2024 President’s Budget to estimate overpayments in outyears.

Based on historical data, Compensation Service assumed that due to instances such as waivers, write-offs, and death of the beneficiary, on average 75.3% of overpayments would be recovered. This recovery rate was applied to estimated overpayments to project total savings from debt collections. Annual savings from recovered overpayments were prorated to reflect the dates of this matching agreement.

Future Cost Avoidance – Reduced Payments

When VA is notified that a Veteran will be called to active service, benefits are terminated for the duration of the Veteran’s active service pay. Based on historical data and program knowledge, Compensation Services assumes future cost avoidance based on this matching agreement will be equal to 75.0% of total overpayments. To project savings attributed to future cost avoidance, the ratio was applied to the estimated overpayments from December 7, 2023, through June 6, 2026. Annual savings from cost avoidance were prorated to reflect the dates of this matching agreement.

Discretionary Cost

1 GS-9 Step 8	2024	2025	2026	Total
Pay & Benefits	\$77,710.02	\$93,438.10	\$80,778.68	\$251,926.80
Non-Pay	\$7,454.25	\$7,514.71	\$6,387.50	\$21,356.46
IT	\$6,128.98	\$6,251.56	\$6,376.59	\$18,757.12
Total	\$91,293.25	\$107,204.37	\$93,542.77	\$292,040.38

Discretionary Cost Methodology

VBA GOE costs, including salaries, benefits, and other administrative expenses associated with administering the matching agreement are estimated to be \$273.3 thousand from December 7, 2023, through June 6, 2026. IT costs for equipment are estimated to be \$18.7 thousand during the same time. Total discretionary costs, including VBA GOE and IT costs, are estimated to be \$292 thousand from December 7, 2023, through June 6, 2026.

Contacts

For questions and comments, please contact MaryAnn Tarr, OFM Benefits Budget Staff, regarding the mandatory estimate, or Malynda Hill-Williams, OFM Discretionary Division, regarding the discretionary estimate.

2. DoD COST BENEFIT ANALYSIS

Benefits

The data sharing arrangement involving the exchange of personnel information between DoD and VA has served to facilitate more effective and efficient management of benefits programs administered by the agencies. Several years ago, reserve military pay data was added to the arrangement to allow VA to identify reservists who were receiving dual compensation. Such dual compensation can occur when a Reservist

receives payment for both drill or active duty pay and VA disability compensation, in violation of 38 U.S.C. § 5304(c). The sharing of reserve military pay data allows VA to conduct matches to determine necessary offsets in the administration of VA benefits and recoupment of dual compensation in a more timely and efficient manner than would be possible in the absence of computer matching. While not eliminating the potential adverse effects from recoupment actions, matching helps to mitigate the financial impact to reservists when recoupment is required from future drill pay due to overpayment of VA disability compensation.

COSTS:

DMDC FY23 Technical Operations

Extract Reserve pay from monthly pay files	3,800	
Load Reserve Pay extracts to Person Data Repository (DEERS)	22,000	
Move data to DoD-VA Data Share	16,500	
Replicate Reserve pay data to VA	2,200	
<i>DMDC FY2023 Technical Operations Estimate:</i>		\$44,500

DoD FY23 Administrative/Personnel Costs

Action Officer		
GS-14-7 @76.11 for 96 hrs = \$7,300		
Office of Legal Counsel/General Counsel		
GS-15-5 @ \$84.55 for 5 hrs = \$423		
Data Integrity Board Executive Secretary		
GS-15-5 @ 84.55 for 5 hrs = \$423		
Data Integrity Board Members (8)		
GS-15-5 @ 84.55 for 0.5 hrs= \$338		
<i>DMDC FY2023 Administrative Estimate:</i>		\$8,484

SUMMARY:

While DoD’s costs for participating in the match are relatively small, the benefit to reservists (even if not provided here in quantifiable form) is substantial. In addition to a more efficient program and improved service, reservists will benefit significantly from this match as a result of the avoidance of hardship due to recoupment actions resulting from dual compensation. Provision of the data to VA on a monthly basis also provide flexibility to move to a more frequent match in the future.