



**PARTNERSHIP FOR PUBLIC SERVICE**

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Written statement prepared for

**The House Committee on Veterans' Affairs**

Hearing entitled,

**“More Than Just Filling Vacancies: A Closer Look at VA Hiring  
Authorities, Recruiting and Retention”**

June 21, 2018

Chairman Dunn, Ranking Member Brownley, members of the Subcommittee on Health, thank you for the opportunity to appear before you today to discuss the implementation of the *VA Choice and Quality Employment Act of 2017* (P.L. 115-46). I am Max Stier, President and CEO of the Partnership for Public Service. The Partnership is a nonpartisan, nonprofit organization that works to revitalize our federal government by inspiring a new generation of Americans to enter public service and by transforming the way our government works.

The success of the Department of Veterans Affairs depends upon a highly qualified, engaged and accountable workforce operating at full capacity and equipped with the knowledge and resources it needs to achieve its mission. Congress is an essential partner to the department in building and sustaining this workforce, and I commend this committee for its continuing focus on how best to do so, including by holding this hearing and passing laws like the one we are discussing today. The Partnership strongly supports this legislation and believes that, if it can be fully realized, it will reduce critical vacancies in key mission-critical occupations and, more importantly, ensure that veterans receive the care they have earned through their service.

But this law, though helpful, represents just a first step. To the department's credit, it has continued to add employees—its total medical workforce grew by 2.9 percent in 2017.<sup>1</sup> The department has also reduced wait times overall and maintained satisfaction levels equal to or above those of the private sector.<sup>2</sup> However, over the next decade, our nation will face potential shortages of between 42,600 and 121,300 physicians, and this will be the environment in which VHA must recruit.<sup>3</sup> More action needs to be taken to modernize the VA, including smart implementation of the tools provided by the *VA Choice and Quality Employment Act*, better data about the agency's workforce, talent needs and applicant pools, additional legislation to address fundamental problems with the VHA's complex and burdensome personnel systems, leaders at the VA who are focused on and committed to these issues, and sustained oversight by this committee.

### **State of VA Choice and Quality Employment Act Implementation**

When Congress passed the *VA Choice and Quality Employment Act* last summer, it provided VA with several new authorities and tools to streamline the hiring of mission-critical talent. These included an expanded direct hire authority, unique promotional tracks for technical experts, better sharing of information regarding applicants for shortage positions, and new training for human resources staff. Collectively, this legislation and the personnel authorities granted by the *VA Accountability and Whistleblower Protection Act of 2017* (P.L. 115-41) empower VA to recruit, hire and retain the talent it needs to serve veterans.

Our understanding is that the VHA is working hard to implement the bill and has already made progress on several fronts. The agency is working with the Department of Defense to stand up joint programs that will bring more transitioning service members into the VHA, as directed by Section 207 of the Act. The agency as a whole is continuing efforts begun in the prior administration to improve collaboration and

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<sup>1</sup> "U.S. Office of Personnel Management - Ensuring the Federal Government Has an Effective Civilian Workforce." FedScope - Diversity Cubes (Enhanced Interface). Accessed June 18, 2018. <https://www.fedscope.opm.gov/employment.asp>.

<sup>2</sup> Sisk, Richard. "VA Wait Times As Good or Better Than Private Sector: Report." Military.com. Accessed June 18, 2018. <https://www.military.com/daily-news/2017/09/20/va-wait-times-good-better-private-sector-report.html>.

<sup>3</sup> "New Research Shows Increasing Physician Shortages in Both Primary and Specialty Care." AAMCNews. April 11, 2018. Accessed June 18, 2018. [https://news.aamc.org/press-releases/article/workforce\\_report\\_shortage\\_04112018/](https://news.aamc.org/press-releases/article/workforce_report_shortage_04112018/).

coordination with the DOD. Next, the VHA is beginning to make use of the direct hire authority authorized under Section 213.<sup>4</sup> The Office of Personnel Management has approved a set of fourteen positions, both clinical and non-clinical, which the VA can fill through the use of this authority.<sup>5</sup> Our understanding is that the VHA has already begun to use the authority to fill vacancies. We also understand that the VHA is looking at how to use the authority granted under Section 206, which speeds the hiring of students and recent graduates, to fill vacancies on the business side of the agency.

For an agency the size of the Veterans Health Administration, any change, however small, will take time to implement. And because the authorities and programs enacted by this legislation did not come with significant new funding, implementation will be slower as a result. In this case, the example of the 2015 Enhanced Physician Recruiting and Onboarding Model (EPROM) is instructive: the VHA issued a set of recommendations to VAMCs designed to improve physician recruitment and speed hiring. However, GAO found that a lack of resourcing and capacity at the facility HR level led many VAMCs to ignore the EPROM or implement it in only a limited fashion, resulting in minimal impact overall.<sup>6</sup> Turnover among HR specialists in facilities across the VHA system is also contributing to lagging action on various provisions of the legislation. A large number of relatively new HR specialists means more preparation and work required to make sure the agency implements new rules and programs effectively. Long-term under-resourcing of the agency's HR function is acting as a drag on the agency's ability to implement the new law as quickly as the committee and stakeholders might prefer. For example, in 2015 more than 80 percent of VAMCs failed to meet target staffing ratios of one HR specialist to 60 employees and it is our understanding that this remains an issue today.<sup>7</sup> These challenges underscore the importance of focusing the committee's oversight on how to ensure the VHA can implement the law and seeking additional ways to improve its personnel system.

## **Enabling More Effective Implementation**

### *More and Better Data*

An organization cannot manage what it cannot or does not measure. For the Department of Veterans Affairs and the Veterans Health Administration, a failure to effectively combine and scale strategic priorities with data about the composition and commitment of its workforce hinders effective hiring and talent management. More broadly, a risk-averse culture which resists change makes the task of using data and building a performance culture even more difficult. Research by the Partnership has found that while many agencies have "taken the first step toward creating a performance management culture" by regularly and systematically collecting data, few are processing it in a meaningful way.<sup>8</sup> John Kamensky of the IBM Center for the Business of Government has similarly noted that agencies have plenty of data but are "information poor."<sup>9</sup> Like other agencies, the VHA has plenty of data, particularly at the facility level, but fails to make full use of it. The decentralized nature of the organization means data is not aggregated to

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<sup>4</sup> *Statement of the Honorable David J. Shulkin, M.D. Secretary of Veterans Affairs for Presentation before the Senate Committee on Veterans Affairs*, 10 (January 17, 2018). 115<sup>th</sup> Congress

<sup>5</sup> United States of America. Department of Veterans Affairs. Office of Inspector General. *OIG Determination of Veterans Health Administration's Occupational Staffing Shortages FY2018*. Washington, DC, 2018. 2

<sup>6</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Better Data and Evaluation Could Help Improve Physician Staffing, Recruitment, and Retention Strategies*. Washington, DC, 2018. 27.

<sup>7</sup> *Ibid.* 13

<sup>8</sup> *Taking Measure: Moving from Process to Practice in Performance Management*. Report. Washington, DC: Partnership for Public Service, 2013. 8

<sup>9</sup> Kamensky, John. "Government Is Data Rich, But Information Poor." Editorial. *Government Executive*, June 12, 2018.

provide a complete picture of the state of the organization. This lack of data is especially true in the workforce space, where GAO has found that VHA lacks detailed information about the overall composition of its workforce and use of hiring incentives.<sup>10</sup> Better data about the composition of the workforce and more sophisticated dashboards that offer real-time views of the critical information that enables better management decisions would greatly enhance the department's talent management and use of workforce flexibilities such as those authorized by the Act.

An effective hiring process makes use of data both at the front end to determine needs and at the back end to evaluate results, and it also provides a means of holding leaders accountable for the state of talent in the organization. The Act took positive steps towards providing more and better data by requiring GAO to examine the department's succession planning practices, mandating the creation of a comprehensive list of vacant positions across VA, and codifying the department's current exit survey. Moving forward, the Partnership believes the VHA should look at ways to align this workforce data with the organization's strategic and service priorities. Better integrating employee satisfaction and commitment data already available to the agency through the VA All-Employee Survey (AES) and the Federal Employee Viewpoint Survey (FEVS), which the Partnership uses to produce its *Best Places to Work in the Federal Government Rankings*®, will be key to this integration. In looking at ways to fill mission-critical vacancies, the department and this committee should not lose sight of the fact that employee engagement is a necessary ingredient for developing a high-performing workforce and attracting top talent. The committee should also look at ways it can use its oversight to track key metrics of the hiring process and agency outcomes, perhaps on a quarterly basis, to work with the department to adjust in real time.

Better use of all of these types of data will be particularly critical because of the troubling quit rates at VHA. Between 2011 and 2017, employees with less than two years of service quit at a rate of nearly 32 percent.<sup>11</sup> This attrition rate is especially problematic because less than one-quarter of VHA employees in clinical roles is under the age of 40.<sup>12</sup> Each of these statistics highlights serious retention issues at the VHA. The department's Office of Inspector General noted in September 2017 that, despite some hiring gains, "the percentage of regrettable losses to total onboard staff in many critical need occupations was high relative to overall increases in onboard staff."<sup>13</sup> Minimizing regrettable losses and retaining talent will require the department not just to understand the size and composition of its workforce, but combining it with insights pulled from surveys like the AES to design national retention strategies. The next step for VHA will be to create an integrated, comprehensive process for gathering and distributing critical workforce data across VAMCs to encourage learning and best practice sharing in the use of various hiring authorities and flexibilities and to get leaders at the facility level to act on it. To its credit, the VHA Office of Workforce Management and Consulting has begun looking at how it can collect and share data better. I strongly encourage the committee to follow up on this work.

#### *Modernizing the Department's Personnel System*

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<sup>10</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Better Data and Evaluation Could Help Improve Physician Staffing, Recruitment, and Retention Strategies*. Washington, DC, 2018. 12

<sup>11</sup> "U.S. Office of Personnel Management - Ensuring the Federal Government Has an Effective Civilian Workforce." FedScope - Diversity Cubes (Enhanced Interface). Accessed June 18, 2018. <https://www.fedscope.opm.gov/employment.asp>.

<sup>12</sup> Ibid.

<sup>13</sup> United States of America. Department of Veterans Affairs. Office of Inspector General. *OIG Determination of VHA Occupational Staffing Shortages FY 2017*. Washington, DC, 2017. I.



The challenges faced by the Veterans Health Administration in recruiting, hiring and retaining mission-critical talent are by no means unique. Agencies across the federal government struggle to function within a system that is “stuck in the past, serving as a barrier rather than an aid in attracting, hiring and retaining highly skilled and educated employees.”<sup>14</sup> Much of the Title 5 civilian personnel system dates back to 1949 and has not been revisited by Congress since 1978. Title 38 was created in 1946 at a time when the state of healthcare was far different than it is today.<sup>15</sup> The accretion of new laws, regulations, and court rulings has also added significant complexity to the process. The VHA faces a particular challenge in that it operates three different personnel systems: Title 5, Title 38 and Title 38 Hybrid, each with unique rules and processes. Organizations from GAO to the VA Office of Inspector General and VHA Commission on Care, created by Congress as part of the *Veterans Access, Choice, and Accountability Act of 2014*, have cited the challenge presented by the department’s multiple personnel systems for recruitment and retention.<sup>16</sup> <sup>17</sup> <sup>18</sup> Fixing the department’s broken personnel management will ultimately require significant reform and, ideally, consolidation of the personnel systems under which it operates.

Perhaps the clearest example of the way in which outdated and inflexible personnel systems limit the department’s ability to recruit and hire is in the area of classification. A June 2018 report by the VA OIG stated that “many facilities noted that...outdated OPM classifications affected their ability to offer competitive salaries and advance opportunities within the organization” with the result that facilities were “less competitive in attracting new staff and retaining highly skilled staff.”<sup>19</sup> The link between classifications and uncompetitive salaries is long-standing and critical. GAO noted in its October 2017 report that one VAMC reported losing its chief of cardiac surgery to a nearby hospital, which increased the individual’s salary from \$395,000 to \$700,000.<sup>20</sup> The VHA has attempted to tackle some issues piecemeal, by working to consolidate classification procedures at the VISN level for example.<sup>21</sup> However, this reform is unlikely to address many of these long-standing challenges on its own. Unfortunately for the VA, it is operating in an environment in which it competes not just with the private sector for talent, but with other federal agencies as well. Regrettable losses caused by the resignation of medical professionals is a symptom of the broader problem.

Operating multiple different systems also hurts the effective functioning and retention of the department’s human resources staff. The VHA struggles to hold on to HR talent—the VA OIG’s FY2018 determination of staffing shortages report noted that HR has ranked among the top ten shortage

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<sup>14</sup> *Building the Enterprise: A New Civil Service Framework*. Publication. Washington, DC: Partnership for Public Service, 2014. 7.

<sup>15</sup> United States of America. Merit Systems Protection Board. Office of Policy and Evaluation. *The Title 38 Personnel System in the Department of Veterans Affairs: An Alternative Approach*. Washington, DC, 1991.

<sup>16</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges*. Washington, DC, 2016.

<sup>17</sup> United States of America. Department of Veterans Affairs. Office of Inspector General. *OIG Determination of Veterans Health Administration's Occupational Staffing Shortages FY2018*. Washington, DC, 2018.

<sup>18</sup> United States of America. Veterans Health Administration. Commission on Care. *Commission on Care: Final Report*. Washington, DC, 2016.

<sup>19</sup> United States of America. Department of Veterans Affairs. Office of Inspector General. *OIG Determination of Veterans Health Administration's Occupational Staffing Shortages FY2018*. Washington, DC, 2018.

<sup>20</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Better Data and Evaluation Could Help Improve Physician Staffing, Recruitment, and Retention Strategies*. Washington, DC, 2018. 28

<sup>21</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges*. Washington, DC, 2016.

occupations since 2011.<sup>22</sup> Attrition among HR specialists is a significant challenge as well, as three-quarters of HR assistants who left VHA in 2015 did so in their first two years. Overall attrition rates for the position rose from 7.8 percent in 2013 to 12.1 percent in 2015, where they have roughly held.<sup>23</sup> Unfortunately, there is little reason to think this trend has abated; in recent testimony to this committee on May 22, 2018, VA Inspector General Michael Missal stated that vacancies in mission-critical positions at the Washington, DC VAMC were caused in part by turnover in the facility's HR office.<sup>24</sup> There is plenty of evidence to suggest that HR specialists are leaving VHA due to their dissatisfaction with understaffing and complexity of the work.<sup>25</sup> The result is administrative delays that further lengthen the time needed to recruit, hire and onboard badly-needed talent.

In the short term, there are several actions the committee might consider to strengthen further the department's ability to fill mission-critical vacancies and improve service to veterans. I describe these actions in greater detail in the recommendations below. The committee should address the technical issue artificially limiting pay for VAMC and VISN directors created by the *VA Accountability and Whistleblower Protection Act* that serves as a significant disincentive to recruitment and retention of these essential leaders. The Partnership also believes the delegation of authority to assess candidates for senior executive roles without advance OPM permission and to make direct hire determinations at the agency level would be highly beneficial. Finally, using provisions authorized by the *VA Choice and Quality Employment Act*, we recommend the committee work with the department to build a scorecard or other assessment mechanism that can be used to hold VA leaders accountable for their organization's health, including talent management practices.

Beyond small-bore changes to the department's current personnel operating authorities, however, the Partnership strongly encourages the committee to work with the administration to move towards a unified personnel system for the department that will allow the VHA to fully address its hiring, classification, pay and accountability issues. The system should be the product of strong leadership across the branches, employee buy-in, and investment in agency HR and other implementation functions, and should reflect a commitment to the Merit System Principles that serve as the bedrock of the civil service system. The VHA Commission on Care came to this same conclusion. The panel stated that VHA uses "talent management approach from the last century" and that Congress should "create a simple-to-administer alternative personnel system, in law and regulation, which governs all VHA employees, applies best practices from the private sector to human capital management, and supports pay and benefits that are competitive with the private sector."<sup>26</sup> Fortunately, the provisions of the *VA Choice and Quality Employment Act* offer a blueprint for how other committees might jumpstart the process.<sup>27</sup> While the

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<sup>22</sup> United States of America. Department of Veterans Affairs. Office of Inspector General. *OIG Determination of Veterans Health Administration's Occupational Staffing Shortages FY2018*. Washington, DC, 2018. 6

<sup>23</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges*. Washington, DC, 2016. 10

<sup>24</sup> *Statement of The Honorable Michael J. Missal Inspector General of the Department of Veterans Affairs Before the Committee on Veterans' Affairs U.S. House of Representatives Hearing on "The Curious Case of the VISN Takeover: Assessing VA's Governance Structure"*, 115th Cong., 13 (2018).

<sup>25</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges*. Washington, DC, 2016.

<sup>26</sup> United States of America. Veterans Health Administration. Commission on Care. *Commission on Care: Final Report*. Washington, DC, 2016.

<sup>27</sup> Neal, Jeff. "How the VA Choice and Quality Employment Act of 2017 May Drive Civil Service Reform." Editorial. *Federal News Radio*, August 15, 2017. Accessed June 18, 2018.

Partnership would prefer that Congress apply this system to all of government, the Veterans Health Administration, with its massive scale, specialized workforce, and complex mission, represents a good place to start.

### *Promoting Leader Ownership*

The next secretary of the Department of Veterans Affairs and his leadership team will have a big job ahead of them and relatively little time to do it. History suggests that the department's political appointees, once confirmed by the Senate, are unlikely to stay in their jobs more than two years. They will be in charge of managing an organization with over 300,000 employees, 145 medical facilities, and 9 million veteran patients.<sup>28</sup> The secretary and his team will also be operating in a complex environment in which the White House, Congress, veterans' service organizations, employee groups and the private sector will all be demanding action. The incentives faced by the department's incoming political appointees will be to focus on policy and headlines, rather than the sometimes invisible work of strengthening the VA's management systems and structure. It is this work that has some of the most lasting impacts on improving services for America's veterans, even if the sheer size of the department means that achieving results may take years. In other words, the incoming leaders of the department need to take ownership of the health of the organization they run and leave it in a state that is better than the one it was in when they arrived.

Section 203 of the *VA Choice and Quality Employment Act* included important language to this effect, specifically requiring that the Secretary and other political appointees of the department have annual performance plans which hold them accountable for talent management, employee engagement and development, and promoting effective performance management practices. This provision provides an excellent opportunity both to the department and to Congress. The Partnership's *Best Places to Work in the Federal Government Rankings* have consistently found that quality of leadership is a key driver of employee satisfaction, but views of senior leadership in the department do not provide much reason for optimism. In 2017 VA ranked 17th out of 18 agencies in employee satisfaction with the effectiveness of agency leadership, declining slightly from 2016.<sup>29</sup> Further, FEVS data showed that fewer than half of VA employees had a high level of respect for senior leaders and just 36.1 percent of employees were satisfied with the policies and practices of these leaders (the number rose slightly to 36.3 percent at the Veterans Health Administration).<sup>30</sup> And, as noted above, data on talent management at the department shows similar problems and, while removals have gone up, there are concerns that new accountability procedures are being weaponized to retaliate against rank-and-file employees.<sup>31</sup>

These data reinforce the importance of the role of Congress and this committee in particular. Congress is itself an "owner" of the Department of Veterans Affairs and has an important stake in its success or failure. To its great credit, this committee has recognized its stewardship role and done excellent

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<https://federalnewsradio.com/commentary/2017/08/how-the-va-choice-and-quality-employment-act-of-2017-may-drive-civil-service-reform/>.

<sup>28</sup> *Statement of The Honorable Michael J. Missal Inspector General of the Department of Veterans Affairs before the Committee on Veterans' Affairs U.S. House of Representatives Hearing on "The Curious Case of the VISN Takeover: Assessing VA's Governance Structure"*, 115th Cong., 13 (2018).

<sup>29</sup> Partnership for Public Service. "Department of Veterans Affairs." *Best Places to Work in the Federal Government*. Accessed June 18, 2018.  
[http://bestplacetowork.org/BPTW/rankings/detail/VA00#tab\\_category\\_tbl](http://bestplacetowork.org/BPTW/rankings/detail/VA00#tab_category_tbl).

<sup>30</sup> Partnership analysis of the 2017 Federal Employee Viewpoint Survey

<sup>31</sup> Arnsdorf, Isaac. "Trump's VA Is Purging Civil Servants." *Politico Magazine*, March 12, 2018.

<https://www.politico.com/magazine/story/2018/03/12/trump-is-trying-to-fix-the-vabut-its-backfiring-217348>.

bipartisan work elevating important issues of talent management and performance. There is more the committee can do to build on its work to date. Asking for more real-time data on vacancies and leadership, utilizing a scorecard to measure and assess the department's leadership, and encouraging system-wide learning by highlighting best-in-class practices would reinforce important norms around leader ownership. These additional reforms would create the lasting expectation that those appointees who answer the call to serve our nation's veterans are capable of and accountable for effectively leading the agency. Many of the provisions of the *VA Choice and Quality Employment Act*, including Section 203, provide the committee with precisely these tools.

As of the date of this hearing, the Department of Veterans Affairs lacks a confirmed secretary, deputy secretary, under secretary for health and assistant secretary for information and technology.<sup>32</sup> The effect of these vacancies should not be understated. The Under Secretary for Health leads the largest healthcare system in the U.S., with a budget of \$65 billion, hundreds of thousands of employees, and hundreds of facilities.<sup>33</sup> The Assistant Secretary for Information and Technology oversees a staff of over 8,000 employees and a \$4 billion budget that is comparable in scope to the largest private sector IT operations. Further, the VA Central Office (VACO) has a significant number of acting officials, which further hampers policy and management execution within the department. The changes that this committee and the VA's many stakeholders want to see, including filling mission-critical vacancies, require permanent leadership. The administration and Senate must, therefore, take swift action to nominate and confirm candidates for these critical positions. I strongly urge the members of this committee to speak up for the need for qualified, confirmed leadership in the agency.

## **Recommendations**

### Short-Term

#### *Authorize Market Pay for VAMC and VISN Directors*

While medical professionals are the individuals on the front line delivering care, the effective functioning of the VHA enterprise is dependent on experienced and capable VAMC and VISN directors. I commend this committee for authorizing direct hire authority for this cohort, and the department deserves credit for maintaining low vacancy rates among this group. But retention of these leaders remains an issue, and a sure way of improving retention is increasing pay, as the SES pay scale was simply never designed for positions like medical facility directors. Individuals in these positions and other similar highly skilled federal employees—those with a professional degree or doctorate—tend to earn far less than their private sector counterparts. Toward this end, the Partnership recommends enacting market pay for this select group of leaders who are so essential to ensuring quality care for veterans. Additionally, we urge the committee to address limitations on the current direct hire authority for this cohort that prevents the VA from paying even at the top of the SES pay scale, hampering successful recruitment.

#### *Use the performance plan required under Section 203 to hold leaders accountable for successfully managing the organization*

As noted above, VA lacks critical data to manage its talent or link personnel and resources to strategic priorities and does little to make political leaders take ownership of the organization's success or failure. The *VA Choice and Quality Employment Act of 2017* provides new performance planning and data

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<sup>32</sup> "Trump Nominations Tracker". The Washington Post. Accessed June 18, 2018.  
[https://www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/?utm\\_term=.af6b57628757](https://www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/?utm_term=.af6b57628757).

<sup>33</sup> Ibid.



collection requirements that can provide this accountability and give Congress greater visibility into how the VA's leaders are managing the organization. The Partnership recommends the committee work with the department to conduct regular oversight of the extent to which leaders are truly taking ownership and moving the department in the right direction.

*Delegate authority to conduct Qualifications Review Boards to VA*

The Partnership has previously stated in testimony to this committee that the VA would benefit from the ability to make final selections for SES positions with appropriate OPM oversight. Today, the VA is still forced to ask applicants for senior executive roles, including VAMC directors, to write lengthy essays explaining their qualifications and then to put those individuals before a Qualifications Review Board (QRB) assembled and led by OPM. The QRB serves as the last step in the SES selection process, extending the hiring process but adding limited value. Today, we reiterate our view that Congress should remove this requirement from VA and increase the department's flexibility to recruit the leadership talent it needs to strengthen the VHA healthcare system. The Senate's Fiscal Year 2019 National Defense Authorization Act proposes granting this authority to the Defense Department.

*Delegate direct hire authority from OPM to the department*

Direct hire authority is an important tool for filling mission-critical vacancies, as this committee has recognized through recent legislative actions to expand its use across the department. However, the current statute still requires the department to receive approval from OPM before finalizing and utilizing this authority. This step adds months to implementation and creates an extra layer of process and complexity. The Partnership recommends addressing this issue by granting the Secretary of Veterans Affairs the ability to designate positions eligible for direct hire authority, with appropriate OPM oversight on the back end and metrics to ensure that it VA uses it responsibly and fairly.

*Develop, collect and report more comprehensive measures of hiring effectiveness*

The Partnership has previously advocated for expanded collection and reporting requirements for aggregated applicant and hiring data. Given the ongoing concerns about shortages of workforce data raised by GAO and others, the Partnership believes this recommendation remains relevant. Beyond simply looking at vacancies in specific clinical or non-clinical positions, these data would also examine applicant pools, recruiting efforts and manager satisfaction with candidates. In fact, data on applicant pools such as physician trainees would be especially important given GAO's finding that VHA does not currently track the number of trainees hired following graduation, even though this group represents a valuable recruiting source.<sup>34</sup> The *Federal Hiring Process Improvement Act of 2010*, introduced by former Senators Daniel Akaka and George Voinovich, includes several measures of hiring effectiveness that could be instructive.<sup>35</sup> Providing such detailed information would make it easier for the committee to target future reforms to the VHA's talent management process.

*Authorize VHA to make conditional offers to employees on the strengths of their qualifications*

It is common in the private sector for hospitals and other entities competing for medical talent to make conditional offers, pending the individual's completion of their training or educational program. The federal government, however, tends to bias the hiring process against individuals without significant

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<sup>34</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Better Data and Evaluation Could Help Improve Physician Staffing, Recruitment, and Retention Strategies*. Washington, DC, 2018.

<sup>35</sup> Federal Hiring Process Improvement Act, S. S.736, 111th Cong. (2010).

professional experience, even if they possess the skills to succeed. While VHA can technically make these offers now, GAO has found that many VAMC officials believe otherwise.<sup>36</sup> A congressional imprimatur in favor of early offers could give VHA officials more cover to promote contingent offers and increase the amount of younger talent.

### Long-Term

#### *Create a unified personnel system for VHA*

As discussed above, the unruly tangle of personnel systems is a weight around the neck of the Veterans Health Administration. Classification under these systems forces employees to accept salaries below those of both the private sector and comparable federal positions. The complexity of administering three separate systems drives human resources specialists into other federal agencies. The need to understand the unique rules and processes for each adds unnecessary time to the hiring process. The Partnership believes it is time, and well worth the investment of energy and political capital, to create a unified personnel system for the VHA. While there are legitimate concerns about the further balkanization of the federal civil service system, the uniqueness of the agency's mission and the pressing challenges it faces in recruitment, hiring and retention demand action sooner rather than later.

#### *Reform the classification system*

The General Schedule classification system, which determines pay for the vast majority of the federal workforce, is nearly seventy years old and hopelessly out of step with modern compensation practices.<sup>37</sup> Many facilities cite uncompetitive salaries stemming from administration of the classification system specifically as a key barrier to effective recruitment and retention.<sup>38</sup> Modernizing this system in a way which gives the department flexibility to craft competitive compensation packages will go a long way towards allowing the VHA to bring in the talent it needs and better serve veterans.

### **Conclusion**

Chairman Dunn, Ranking Member Brownley, members of the Subcommittee on Health, thank you for the opportunity to present the Partnership's views on the implementation of the *VA Choice and Quality Employment Act of 2017* and the continuing mission-critical hiring challenges of the Veterans Health Administration. I applaud the committee for its ongoing, bipartisan commitment to ensuring America's veterans receive the care they have earned. I look forward to continuing to work with you and the department to help it meet its goals and am happy to answer any questions you may have.

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<sup>36</sup> United States of America. Government Accountability Office. *Veterans Health Administration: Better Data and Evaluation Could Help Improve Physician Staffing, Recruitment, and Retention Strategies*. Washington, DC, 2018. 29

<sup>37</sup> *Building the Enterprise: A New Civil Service Framework*. Publication. Washington, DC: Partnership for Public Service, 2014. 16.

<sup>38</sup> United States of America. Department of Veterans Affairs. Office of Inspector General. *OIG Determination of Veterans Health Administration's Occupational Staffing Shortages FY2018*. Washington, DC, 2018. 13.