

Statement of Peter B. Hegseth

before the

Subcommittee on Economic Opportunity,
House Committee on Veterans' Affairs

concerning

H.R. 4031, the "Department of Veterans Affairs
Management Accountability Act of 2014"

March 25, 2014

Chairman Flores, Ranking Member Takano, and Members of the Committee, thank you for the opportunity to be here today. It's a privilege to take part in these proceedings.

My name is Pete Hegseth and I am the Chief Executive Officer for Concerned Veterans for America, an organization of veterans and military families dedicated to fighting for the freedom and prosperity here at home that we fought for while in uniform. Our organization represents a growing number of veterans, military families, and concerned Americans—young and old—who refuse to accept the status quo in Washington, especially as it pertains to our veterans, our military, and our country's fiscal future.

I received my commission from Princeton University in 2003, and have served three tours with the U.S. Army since 9/11; first at Guantanamo Bay, Cuba, second in Iraq, and most recently in Afghanistan. I'm currently an infantry Captain in the Minnesota Army National Guard, and recently graduated with a Masters in Public Policy from Harvard University's John F. Kennedy School of Government. I'm before this committee today as a veterans advocate, and certainly do not purport to speak on behalf of the military.

I am speaking, however, on behalf of the membership of Concerned Veterans for America—and every veteran, and their supportive families, who feel like second-class citizens in their own system. I'm here for every veteran who has waited and waited and waited for disability claims resolution, only to be denied and thrown into an even longer appeals backlog. For every veteran who calls a VA hotline, and then sits on hold for hours. For every veteran who waits days, weeks, and even months for basic health care appointments. For every veteran who receives sub-standard care because, through no fault of their own, they live near a poorly-run VA facility. And, tragically, I'm here for every veteran who passed away because they didn't receive the care they needed when they needed it. You've seen the stories. I've seen the stories. And it's long overdue that things change at the Department of Veterans Affairs. It's time for accountability. It's time for transparency. And it's time for results.

This context and these stories motivate my testimony today, as well as my organization's full support of House Resolution 4031, the Department of Veterans Affairs Management Accountability Act of 2014. No sober observer of VA's track record, especially in the past few years, can look you, me—or any veteran—in the eye and defend the status quo. The status quo is unacceptable—and everyone knows it; especially those who access, or I should say *attempt-to-access*, VA's impenetrable, unaccountable, and woefully ineffective bureaucracy.

This situation, of course, is not for a lack of trying. The Obama administration, this committee, legislators from both sides of the aisle, and traditional Veterans Service Organizations—of which I am a member—have made very well-intentioned and repeated attempts to make VA work. Everyone wants to help veterans; there is no doubt about that. For years, and understandably so, the overwhelming answer has been to spend more money, hire more staff, and fund more programs.

As Secretary Shinseki says repeatedly, VA has all the resources it needs. Since 2009, VA's budget has increased by over \$66 billion, or 67%. But what VA and its army of advocates will not admit *publicly* is that VA's problems have nothing to do with money—and everything to do with a calcified culture of mediocrity, as opposed to a dynamic culture of excellence. At VA, nearly all employee performance is rewarded (regardless of outcomes), poor employee performance is routinely ignored (or covered up), and veterans are left holding the bag—wanting and waiting.

What we have today is a VA that is really good at serving and protecting managers, staff, and bureaucrats—and not so good at actually serving veterans. Omar Bradley, of World War II fame and former VA administrator, once said, "*We are dealing with veterans, not procedures; with their problems, not ours.*" Bradley's creed has been turned on its head; today's VA is the exact opposite. VA is obsessed with procedure, and so engulfed in its own cultural problems, that they're not serving veterans the way our nation expects.

I'm not saying VA leadership, managers, and bureaucrats are bad people—they're not, and they're certainly not the enemy. Many of them are veterans, and many of them do an excellent job. But with any bureaucracy, over time, institutional incentives can distort human behavior in ways that become self-serving and process-driven, as opposed to customer-service focused and outcome-driven. This has clearly happened at VA—as not a single senior VA manager has been fired under this administration. Not one. Tell me this, if basic accountability is not enforced at the top, how can incentives—and therefore behavior—be corrected throughout the organization?

That is what H.R. 4031 seeks to combat, providing the VA Secretary with the tools necessary to bend the incentive curve. The bill would simply empower the VA Secretary to fire underperforming managers, specifically members of VA's Senior Executive Service. These are the folks who run the hospitals, lead regional offices, and run entire departments. The ability to cut through red-tape, and actually fire bad managers, is the very same power the Secretary of Defense enjoys—which Secretary Gates used quite

effectively in cleaning up the 2007 mess at Walter Reed. Why should the VA Secretary not have the same tools?

Of course, VA opposes this reform measure—and is peddling their own, watered down versions. That's to be expected, as it's rare that any bureaucracy would demand more accountability for itself. Some in Washington also deride the bill as an issue of "employee rights." They argue that H.R. 4031 would eliminate key employment protections and undermine existing civil service rules.

Critics may frame the issue as a matter of employee rights, but what "rights" are they defending? The "right" of a poor performing VA executives to continue failing at their jobs, at great cost to veterans, their families and the taxpayers? The "right" of VA employees to retaliate against whistle-blowers who report problems plaguing the department? Or the "right" to grant—and accept—extravagant bonuses for employees when VA's performance is failing? It takes a very expansive understanding of "employee rights" to oppose this bill on those grounds.

Far from being an attack on dedicated public servants, H.R. 4031 would instead empower them. By bringing greater accountability to an underperforming organization, this bill would bolster the best employees, while sending a clear signal to poor performers that results matter. If anything, these reforms will finally attract reform-minded leaders to VA, where they are desperately needed.

The key question before this committee—and this Congress—is simple: who will you stand with? Underperforming bureaucrats who can't be fired? Or veterans who are underserved? The answer to that question is crystal clear. I urge you to consider this question as you consider H.R. 4031. Thank you for the opportunity to address this important topic, and I welcome your questions.