



DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

STATEMENT OF MICHAEL J. MISSAL
INSPECTOR GENERAL FOR THE
US DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
US HOUSE OF REPRESENTATIVES
HEARING ON
"BONUS BLUNDER: EXAMINING VA'S IMPROPER DECISION TO AWARD
SENIOR EXECUTIVES MILLIONS IN INCENTIVES"
JUNE 4, 2024

Chairman Bost, Ranking Member Takano, and Committee members, I appreciate the opportunity to discuss the VA Office of Inspector General's (OIG) oversight report on VA's award of about \$10.8 million in critical skill incentives (CSIs) to 182 senior executives in the VA Central Office (VACO) in August and September 2023.¹ An OIG review of VA human resources and payment data revealed these recipients included 148 senior executives in the Veterans Health Administration (VHA) and 34 members of the Senior Executive Service in the Veterans Benefits Administration (VBA). The National Cemetery Administration elected not to award CSIs to its senior leaders, and no other VA program or staff office at headquarters paid CSIs to their senior executives.

CSIs were authorized by the PACT Act as a new tool for VA to use to improve recruiting and retention in anticipation of a substantial increase in healthcare enrollments and benefits claims from individuals exposed to toxic substances, which would require significant additional staffing to handle the workload.² CSIs are available to an employee who "possesses a high-demand skill or skill that is at a shortage" at a rate up to 25 percent of basic pay.³ There are additional criteria that the skill be related to the duties of the employee's position and that recipients' employment serves a critical need of the Department.

The vast majority of CSIs that VA awarded were to *nonexecutives* serving in positions or occupations that VA had preapproved based on their prior identification as long-standing occupational *shortages* for

¹ VA OIG, [VA Improperly Awarded \\$10.8 Million in Incentives to Central Office Senior Executives](#), May 9, 2024.

² Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics Act (PACT Act) of 2022, Pub. L-117-168, 136 Stat. 1759.

³ PACT Act § 909(d), codified at 38 U.S.C. § 706(d). CSIs, like the other workforce provisions in the PACT Act, are set to expire on September 30, 2027. 38 U.S.C. § 706(k). VA's policies regarding CSIs, which were formalized in a policy notice in February 2023, are nearly identical to the statute except that the policy allows CSIs to be awarded to either an employee or "a group of employees." VA Notice 23-03, PACT Act, Critical Skill Incentive Implementation, February 17, 2023.

needed skills (including human resources, police, food services, housekeeping, and medical supply personnel). In contrast, VA awarded CSIs based on *high-demand skills to field executives* (senior staff outside VA headquarters including VHA’s Veterans Integrated Service Network (VISN) and medical facility directors and VBA’s regional benefits office and district directors), as well as to senior executives assigned to VACO within both administrations. The CSIs to VACO senior executives were the focus of the OIG report under discussion today, although the others were addressed in the OIG’s recommendations for VA corrective actions.

It is important to note that nearly all eligible senior executives in VHA and VBA at the central office were awarded the incentive pay for critical skill retention, with VHA providing only the most cursory justification and neither administration conducting an objective assessment of what was needed, if anything, to retain them. The CSIs were awarded at the maximum percentage allowed under the PACT Act at 25 percent of basic pay. They ranged from nearly \$39,000 to over \$100,000, including seven VHA executives’ incentive pay that exceeded \$100,000 each. Moreover, the average amount paid to a VACO senior executive was more than seven times the average CSI amount paid to an employee in a nonexecutive position.

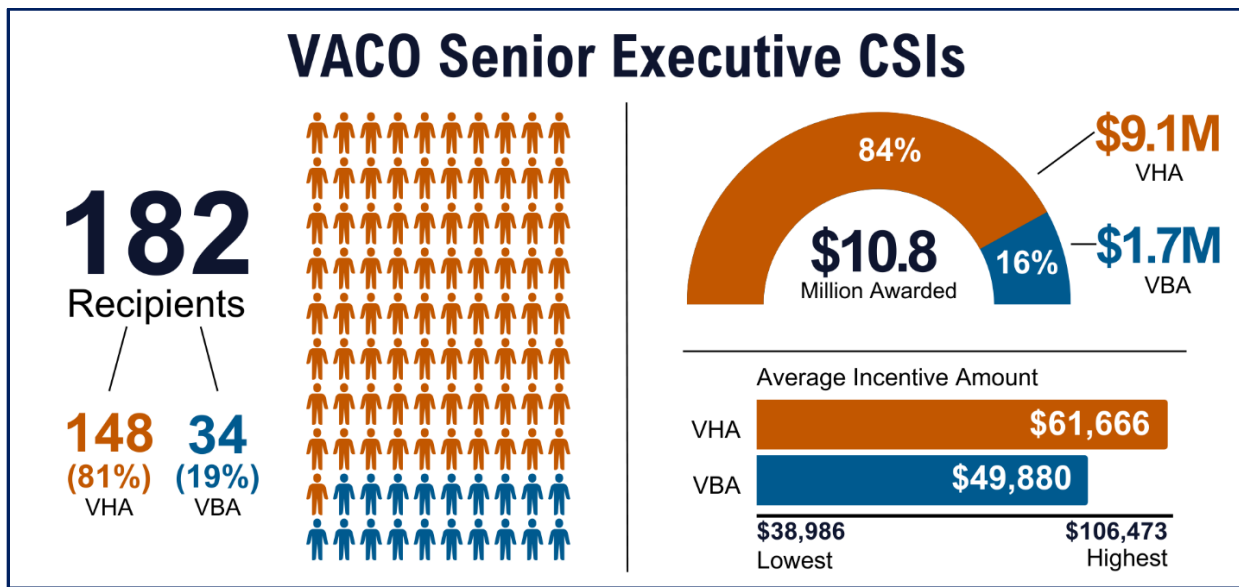


Figure 1. CSIs approved for VACO senior executives in August 2023.

Note: The amount actually paid by VA (\$9,946,718) was lower than the total \$10.8 million awarded because several were not processed initially due to annual salary caps.

Source: OIG Analysis.

On September 13, 2023, VA Secretary Denis R. McDonough was alerted by the Assistant Secretary for Management and Chief Financial Officer (CFO) Jon Rychalski that the Office of Management had detected unusual payment activity relating to senior executives and had received inquiries about delays in processing some senior executives’ CSI payments.

On September 22, VA sent a prepared statement regarding the VACO senior executive CSIs to members of Congress, veterans service organizations, and others.⁴ VA stated it had been “overly broad in the way [it] implemented and executed this authority,” which was a “policy error,” and as a result VA was canceling the payments to headquarters senior executives.⁵

Secretary McDonough contacted me the same day and requested that my office conduct a review.⁶ We assembled a team of investigative attorneys, management analysts, administrative investigators, and audit staff to look at whether VA complied with both law and policy when it issued CSIs to central office senior executives. The team also sought to determine who had been involved in the implementation of CSIs, construct a timeline of decisions, as well as assess internal controls. They interviewed 46 individuals, some more than once. They also searched for review nearly one million emails, over 10,000 Microsoft Teams messages, meeting transcripts, and CSI data maintained in a dashboard by VA, as well as other documents.

WHAT HAPPENED

The appendix to this statement provides a high-level overview of the timeline of actions and decisions detailed in the full report, which occurred over about a six-month period. Of note, in March 2023, Under Secretary for Health Shereef Elnahal announced at a conference attended by many VHA senior executives that field executives (VISN directors and medical center directors) would be receiving CSIs at 25 percent of basic pay across the board. This conflicted with a memorandum he had approved the previous day setting out a two-tiered approach (25 percent CSIs for VISN directors and 20 percent CSIs for medical center directors). VHA human resources staff conformed Dr. Elnahal’s approval memorandum to reflect his conference statement to authorize a CSI of 25 percent across the board—without justification for the increase.

Shortly after the conference, VHA’s chief human capital management executive, Jessica Bonjorni, and her team discussed with Dr. Elnahal the possibility of also awarding CSIs to VACO senior executives. When Under Secretary for Benefits Joshua Jacobs learned that VHA was planning to pay CSIs to both field and VACO senior executives, he also began discussing with his senior human resources adviser and principal deputy under secretary for benefits whether VBA should do the same. The deputy under secretary for benefits, Michael Frueh, commented in mid-April, “I do not like the optics of paying execs,

⁴ The statement was distributed by VA to the staff of the Senate Veterans’ Affairs Committee (SVAC), House Committee on Veterans’ Affairs (HVAC), and Senate and House Committees on Appropriations (Subcommittees on Military Construction, Veterans Affairs, and Related Agencies). It was also sent to 16 veterans service organizations, representatives of five unions of VA employees, and one news reporter.

⁵ The discrepancy between the total VA cited in this statement (\$9.7 million) and the OIG total was due to the OIG team identifying 12 CSIs not paid initially due to annual salary caps, of which eight were canceled before being paid and another four were paid. The OIG team determined that, in all, 182 executives were *awarded* CSIs totaling \$10.8 million. Of those awarded, 174 executives were *actually paid* approximately \$9.9 million.

⁶ The chairmen and ranking member of this committee also supported the Secretary’s request for the OIG’s review. Joint letter from Sen. Jon Tester, SVAC Chairman; Sen. Jerry Moran, SVAC Ranking Member; Rep. Mike Bost, HVAC Chairman; and Rep. Mark Takano, HVAC Ranking Member, to Secretary Denis R. McDonough, September 26, 2023.

because it will add up to a number the public/Congress will question.” Despite this concern, VBA moved forward with plans that paralleled the VHA proposal to pay CSIs to its senior executives.⁷ National Cemetery Administration leaders were aware that VHA and VBA were planning to issue CSIs to senior executives at VACO, but they decided against offering them because, according to the principal deputy under secretary for memorial affairs, they did not believe they had “a justifiable reason to do so.”

Between early May and mid-July 2023, Secretary McDonough sought additional information from Dr. Elnahal and Mr. Jacobs about their plans to pay CSIs to senior executives. The Secretary told OIG investigators that he had concerns about the cost of the incentives and his desire to ensure that PACT Act workforce authorities were used with care. Dr. Elnahal provided information solely on the CSIs for field executives without disclosing to the Secretary the plan for VHA central office executives. As detailed later in this statement, VBA shared its plans to pay CSIs to both field and central office SES in May 2023 with the Secretary and other senior leaders. In early June, the then acting deputy secretary, Guy Kiyokawa, requested that VHA and VBA obtain a review of their written plans by Human Resources and Administration/Operations, Security, and Preparedness (HRA/OSP) and the Office of General Counsel (OGC) “to make sure we are compliant with the statute.” The effect of these requests was to slow down the administrations’ efforts to execute their CSI plans for senior executives.

In late July through early September, HRA/OSP concurred with the VHA and VBA central office senior executive CSI packages, which had also been approved by Dr. Elnahal and Mr. Jacobs, respectively. On September 22, 2023, VA announced the cancellation of the CSIs awarded to VACO senior executives. In late October, VA issued letters of indebtedness (collection notices) to all senior VACO executives who received CSIs. VA employees could seek a waiver or challenge the debt and seek an appeal. While the OIG did not assess this ongoing process, the OIG team received information during the course of this investigation suggesting that VA’s handling of the CSIs had significantly damaged the morale of its senior executives at the central office, and that several had experienced financial hardship as a result of having to repay the incentives.

An analysis of these and other events, and related missteps, resulted in the report’s two findings that the awards of CSIs to VACO senior executives were inconsistent with law and policy, and that VA’s internal controls were insufficient.

Finding 1: The Blanket Award of CSIs to VACO Senior Executives Was Inconsistent with Law and Policy

Evidence suggests that VHA and VBA personnel involved in developing strategies to award CSIs for senior executives at VACO based them first on achieving a desired outcome—incentive awards of 20 or 25 percent of basic pay for all—and then took steps weeks or months later to justify the awards with data. With respect to VHA VACO executives, the OIG did not find evidence that any data were presented to justify the incentives until *after* the Secretary questioned the CSIs in mid-September, at

⁷ VHA’s recipients included all categories of senior executives (career Senior Executive Service (SES) members, Senior-Level employees, and Title 38 SES-equivalent employees), but VBA’s only included SES.

which time VHA conducted a post-payment analysis that revealed weaknesses in the justification for this group. The VACO CSI approach did not satisfy the conditions in the PACT Act and VA policy, which require that the Secretary (or his designee) determine that each recipient of the incentive meets all required criteria.⁸ This was also inconsistent with VA’s approach to implementation for nonexecutives, which showed a more meticulous data analysis to support decisions regarding the occupational groupings to be awarded CSIs. This first finding was based on the following determinations:

- **VHA and VBA each improperly grouped all of their respective eligible VACO senior executives together when recommending them for high-demand skill incentive pay.** Both administrations failed to comply with VA’s own policy requirement to “narrowly define” a group and could not then ensure that each recipient met the statutory criteria to receive a CSI based on a high-demand skill. In particular, because these groups consisted of executives with different skills and occupations serving in diverse positions, the administrations could not show that the “skill” being retained by the incentive was in high demand and that it was directly tied to their “duties and responsibilities.”⁹ The 148 VHA and 34 VBA senior executives awarded CSIs held positions across many occupational series (26 for VHA and six for VBA) with different position titles and job duties.¹⁰ In contrast, nonexecutives were grouped for shortage-skill CSIs based on one or two different occupational series, such as human resources, housekeeping, food service, police, and medical supply.
- **The amounts awarded were determined without considering what was needed for retention.** VA policy requires that “the value of the incentive will be proposed by the recommending official based upon the needs of the Administration/Staff Office.” The OIG found that VHA and VBA awarded CSIs to their senior executives in the central office at the *maximum percentage* (25 percent of basic pay) based on concerns about parity between the administrations rather than supporting evidence. Neither VHA nor VBA assessed whether the actual amounts awarded to the 182 VACO senior executives were necessary to retain them. VHA’s own quick post-payment analysis in September 2023 after questions were raised by the Secretary revealed that, at least for some executives, their salaries were already high compared to the market.

This approach—decide amounts first and justify them later—is underscored not only by the CSI increase announced in March by Dr. Elnahal from 20 to 25 percent for medical center directors to align with VISN directors after his conference announcement, as discussed earlier, but also a similar last-minute increase from 20 to 25 percent that occurred in September for the majority of VHA’s senior leaders at VACO. Initially only a handful were recommended for the higher amount based on their involvement in certain priority

⁸ 38 U.S.C. § 706(d); VA Notice 23-03.

⁹ 38 U.S.C. § 706(d).

¹⁰ Dr. Elnahal and Mr. Jacobs described VACO senior executives as a diverse group in terms of job duties and skills and conceded that the group definitions used for these CSIs were, in hindsight, overbroad. Senior OGC attorneys reached a similar conclusion in mid-September 2023 after the chief financial officer raised questions about the awards.

initiatives, but the change was proposed to treat everyone within VHA's central office equally and to align with VBA's CSIs to its VACO executives.

- **VHA provided no market factors in support of its CSIs, and VBA's justification was based on unsupported assumptions, including that every senior executive was equivalent to a private sector CEO.** For CSIs based on high-demand skills, VA policy requires the recommending official to "list market factors."¹¹ These include higher private sector pay, low numbers of qualified applicants, moderate-to-high vacancy rates/shortages and turnover, difficulty filling positions, and unique specialty or skillset. Yet, VHA identified no specific market factors in support of its recommendation to provide CSIs to all VHA VACO senior executives. The only justification was an identical short paragraph on a single form submitted for all VACO senior executives, citing a "much more competitive" job market "resulting in a very high demand of skills possessed by our experienced executive leadership team." A senior executive in HRA/OSP, who had concerns about the awards, captured the starkness of the justification for VHA senior leaders' CSIs as compared to requirements for much smaller incentives:

I can't even give a GS employee a special contribution award for \$250 without writing an entire page about how great they are and forms and process. And this, with a stroke of a pen and three sentences, they're saying these folks are critical because they're critical, giving all these people this huge amount of money.¹²

While VBA provided more analysis in its form and supporting memorandum, the justification relied on pay disparities with CEOs in "finance and insurance," and "management of companies and enterprises" to support its claim that its central office SES had high-demand skills. The justification did not support that the private sector pay rationale applied equally to all SES—implying any of them could be CEOs of a private sector company—or that incentives were needed to retain each executive. A staff attorney in VA's OGC told VBA in June 2023 that they needed "to ensure the amounts being paid reflect what is needed for the retention."

¹¹ VA Notice 23-03.

¹² The deputy general counsel for legal operations, Brent Pope, had a similar reaction when he reviewed the justification in September. He told investigators, "When I saw the justification that [VHA] gave I honestly couldn't believe it. I said, 'Is that all that was there?'"

HOW THIS HAPPENED

The OIG found weaknesses in governance, leadership, and accountability, with excessive deference to VHA and VBA leaders by individuals reviewing the CSIs, instead of providing necessary checks and balances.

Finding 2: VA's Internal Controls Were Ineffective to Prevent These Improper Awards

Federal employees have a responsibility for “safeguarding federal assets and the efficient delivery of services to the public.”¹³ Federal agency leaders and managers are expected to fulfill this obligation in part by creating governance systems that adhere to enterprise risk management principles and by implementing effective internal controls. With respect to the CSIs for senior executives, before the incentives were awarded, the recommended CSIs were reviewed by HRA/OSP per VA policy, and the acting VA deputy secretary also separately instructed the administrations to have their written plans reviewed by HRA/OSP and the Office of General Counsel (OGC).¹⁴ Yet the CSIs for central office senior executives were not identified as being improper until after most had been paid. There are several contributing factors to this result, which include the following:

- **There was insufficient transparency from VHA regarding VACO CSIs in response to the Secretary's requests for information about plans.** VHA never disclosed to Secretary McDonough the details of VHA's plan to pay CSIs to all VACO senior executives despite specific requests from the Secretary regarding the planned use of these incentives in the months before they were awarded. The OIG found that VHA started developing its plan in late March 2023 and by early April its workforce management staff had prepared spreadsheets listing all potential recipients, their salaries, the amount of the CSI, total cost to VHA, and total individual compensation. Evidence suggests that the possibility of paying CSIs to VHA senior executives in the central office was mentioned by Dr. Elnahal at an under secretaries meeting on April 11. But when the Secretary requested that Dr. Elnahal provide information about CSI plans in May, the under secretary only provided a “justification paper” (white paper) regarding the proposed CSIs to *field* senior executives. Significantly, no information about VHA's plan for paying CSIs to their VACO executives was included in any of the three versions of this white paper that Dr. Elnahal provided in May, even though the total budget impact for these 148 VHA VACO executives was higher than that for their 159 field executives. In contrast, Mr. Jacobs shared information about VBA's plans to pay CSIs to both field and central office SES in

¹³ Office of Management and Budget Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, July 15, 2016.

¹⁴ The December 2022 delegation of authority from the VA Secretary required the Corporate Senior Executive Management Office (an office within HRA/OSP that provides centralized human resources services for all VA senior executives) to conduct technical reviews of CSIs recommended for senior executives. VA Secretary, “Incentives for Critical Skills,” memorandum, December 20, 2022. Per a different delegation regarding executive personnel actions, HRA/OSP's assistant secretary or principal deputy assistant secretary then were to review in order to determine whether they would concur. VA Secretary, “Delegation of Authority to Approve Personnel Actions,” memorandum for the deputy secretary, chief of staff, under secretaries, and other key officials, July 26, 2023. In contrast, there was no affirmative requirement in VA policy for OGC review.

May 2023 with the Secretary and other senior leaders, although the documents did not specifically indicate that essentially *all* senior executives were included.

On August 26, VHA submitted its package of approved CSIs for VACO senior executives to HRA/OSP for concurrence, which included the list of recipients. Although Dr. Elnahal had not provided details yet to senior VA leaders regarding the plan, Dr. Elnahal requested that his staff confirm the Secretary's awareness a few days before it was submitted. He then mistakenly assumed that this had happened when it had not actually occurred due to a series of miscommunications.

Dr. Elnahal acknowledged to OIG investigators that he should have provided information to the Secretary about the CSIs for VACO senior executives (including costs and other details) earlier in response to questions posed by the VA Secretary and then acting deputy secretary but stated he did not do so because he was unaware of the large number of SES at the central office. As he testified,

I had no idea [of] the sheer number of SESs at VHA Central Office. I had no idea that we had upwards of 150 of them . . . I think if I had known that, my management instinct would be to get the same level of justifications together and the costs [as for the field executives].

Just before VHA submitted its CSI package to the Corporate Senior Executive Management Office in August, however, Dr. Elnahal had received an emailed spreadsheet containing the names and titles of more than 150 VACO senior executives in VHA recommended for CSIs. He explained in a follow-up interview that he was traveling when the email was sent to him and was viewing the message on his phone, and believes that he only glanced at the first tab (the smaller list of those executives who were supposed to receive 25 percent) and did not recall seeing the second tab (with the much larger list slated to receive 20 percent) or the third tab (total costs).¹⁵

- **There was an apparent reluctance of leaders in HRA/OSP to vet the CSI plans thoroughly or question the decisions of senior officials despite their staff having concerns.** The then assistant secretary for HRA/OSP, Gina Grosso; her principal deputy, Jeffrey Mayo; and other leaders in HRA/OSP had multiple opportunities to review the CSI plans. Yet throughout these interactions, the OIG found that Ms. Grosso and Mr. Mayo seemed unwilling to challenge the recommendations and decisions made by the under

¹⁵ VA requested edits to the OIG final report, claiming that (1) VHA did not provide VACO CSI information to the acting deputy secretary in May because the package was not yet finalized and made available to Dr. Elnahal and (2) at the time the August concurrence was being sought on the package, Dr. Elnahal requested his staff "obtain the approval" in his absence from the Secretary's office, but this was not done due to a consequence of "timing, miscommunication, and inadvertence." The OIG did not make these edits because they were not supported by the evidence and were not issues raised in Dr. Elnahal's sworn testimony in his interviews with OIG investigators. On the three occasions that the OIG interviewed Dr. Elnahal (the last one at his request), he did not mention—in response to questions about why he did not provide information about the VACO CSIs at any time in May, June, or July—either of these reasons that VA has now suggested in its comments. Instead, he claimed that he did not provide this information because he was unaware at the time of how substantial the costs were and how many executives VHA employed at the central office.

secretaries and their principal deputies even when concerns were raised by senior HRA/OSP staff about the sufficiency of the justifications and the blanket approach to awarding the incentives.

- **OGC missed opportunities to identify substantial legal issues with CSIs until after the payments were made.** After Chief Financial Officer Rychalski raised concerns about the CSIs in mid-September 2023, the Secretary requested that OGC review the payments. Several OGC leaders quickly concluded that the awards were improper because the groups had been defined too broadly and the justifications were insufficient, and recommended the awards be canceled. While staff attorneys in OGC had reviewed the plans in June 2023, they were not provided all available information and may not have had the same broad perspective as the senior attorneys who later found the awards improper. Still, the OIG found that the staff attorneys could have raised more questions based on the information they had regarding the proposals, including VBA’s plan to grant CSIs to all VACO senior executives. Finally, despite CSIs being newly authorized incentives that had the potential to present substantial risk to VA, OGC was not required under VA policy to review the administrations’ implementation plans. As a result, if Acting Deputy Secretary Guy Kiyokawa had not requested that OGC review the VHA and VBA plans in early June 2023, they may not have seen them at all.
- **VA did not leverage its governance processes to ensure proper risk management of the new CSI authority by subjecting CSI proposals to a more robust VA-wide review.** The Office of Management is responsible for VA’s financial management. It “promotes public confidence in the Department through stewardship and oversight of business activities that are consistent with national policy, law and regulations.”¹⁶ The Office of Management is led by Mr. Rychalski, and neither he nor any other senior Office of Management leaders were given information concerning the anticipated total recipients and costs of the CSIs before the payments were authorized. Had existing governance processes been leveraged, such as reviews by the VA Operations Board and the VA Executive Board, there would have been at least an opportunity for principal stakeholders and advisers to discuss the risks of the proposed strategies collectively—discussions that also would have included the Office of Management and OGC’s deputy general counsel.

RECOMMENDATIONS FOR CORRECTIVE ACTION

The OIG made eight recommendations, including revising VA’s CSI policy to be responsive to the findings in the published report, undertaking two reviews of other awarded CSIs (senior field executives and nonexecutive high-demand skill incentives) to ensure compliance with the statute and policy, and examining and addressing the potential conflict of interest issues identified in this report. The OIG also recommended that VA clarify the roles and responsibilities of the technical reviewer and human

¹⁶ “Management” (web page), VA Administrations and Offices, accessed December 5, 2023, <https://department.va.gov/administrations-and-offices/management/>.

resources reviewer for vetting submitted justifications for CSIs, that OGC consider adopting a policy to govern its reviews when VA is implementing new legislation with the potential for substantial financial or reputational risk, and that VA review existing governance board policies to determine whether additional guidance is needed for vetting proposals relating to senior executive compensation. Lastly, the Secretary should take whatever administrative actions, if any, he deems appropriate related to the personnel involved in the process for granting CSIs for VACO executives.

VA concurred with both findings and all recommendations and has provided acceptable action plans and completion timelines. The OIG will monitor VA's progress implementing these recommendations until sufficient evidence is provided to enable closure.¹⁷

Nothing in this report should be interpreted as precluding or excusing VA from undertaking its own review to determine whether any administrative action is appropriate to retrospectively address conduct or to prospectively address potential ethical issues as VA continues to implement the CSI and other authorities that may affect the financial interests of individuals involved in the decision-making process. This decision is within VA's management purview. As an independent oversight body, the OIG does not dictate management decisions on personnel actions.

CONCLUSION

Officials at multiple levels across VA failed to ensure the requirements and intent of the PACT Act were satisfied or to escalate concerns to the Secretary. In addition, some key leaders who were positioned to understand the reputational and financial risks to the Department were not included in the process for vetting the CSI plans or were not provided all the facts needed to make an informed decision. The OIG's recommendations are meant to assist VA in identifying any additional corrective actions needed and to address gaps in controls and processes to avoid repeated misapplication of its incentive authorities.

¹⁷ At quarterly intervals commencing 90 calendar days from the date of the report's issuance, the OIG will send a follow-up status request to the VA office overseeing corrective action asking for an implementation status report. The OIG follow-up staff will provide VA with 30 calendar days to respond. The OIG will make the first request for an update on this report on or about August 9, 2024.

APPENDIX

IMPLEMENTATION OF CSI PAYMENTS IN 2023

FEBRUARY

17 **HRA/OSP** issues the CSI policy notice.

MARCH

22 **Dr. Elnahal** signs off on a proposal to award CSIs to medical center and VISN directors (VHA field executives) at 20 and 25 percent of basic pay, respectively.

23 **Dr. Elnahal** announces a 25 percent CSI to VHA field executives. VHA's HR staff revise his previously signed proposal to match his announcement. VHA begins discussing CSIs for VACO senior executives.

APRIL

3 **VHA** seeks HRA/OSP concurrence on the proposal to pay CSIs to field executives.

4 **VHA** plans a two-tiered CSI (20 and 25 percent) for VACO executives.

11 **Dr. Elnahal** mentions CSIs for field executives, as well as VACO, at a weekly under secretaries meeting.

12 **Acting Deputy Secretary Kiyokawa** asks HRA/OSP to ensure consistency VA-wide for CSIs. VBA leaders begin to discuss following VHA's lead on CSIs for senior executives.

24 **HRA/OSP** identifies concerns with VHA's plan to pay CSIs to its field executives but ultimately concurs on May 1.

MAY

4 **VHA** submits a white paper to Secretary McDonough with an explanation for CSIs to field executives without reference to VACO executives.

5 **Dr. Elnahal** approves CSIs (forms signed) for field executives.

9 **VBA** begins drafting a memo (mirroring VHA's white paper) to support CSIs for its regional office and district directors, and VACO executives.

23 Following a discussion at the weekly under secretaries meeting, **VBA** submits written explanation to Secretary McDonough for regional, district, and VACO executives' CSIs.

24 **Secretary McDonough** pauses CSI efforts by requesting information on the costs and impacts.

26 **VHA** sends a revised whitepaper to the VA Secretary in response to his questions, as well as to other leaders, which adds details on costs attributable to pay authorities that include CSIs. It only references field executives.

31 **Dr. Elnahal** sends a revised draft of the VHA white paper to Acting Deputy Secretary Kiyokawa to include examples of how incentives affect individuals' compensation totals (field executives only).

IMPLEMENTATION OF CSI PAYMENTS IN 2023 (CONTINUED)

JUNE

- 1 Acting Deputy Secretary Kiyokawa** asks VHA and VBA to submit their plans to HRA/OSP and OGC for review. VBA submits plans for both field and VACO executives to HRA/OSP for review.
- 2 VHA** submits documents for field executives only to OGC, as HRA/OSP had previously concurred on May 1.
- 6 HRA/OSP** reviews VBA plans and clears them to move forward to OGC.
- 11 OGC** completes a review of the VHA plan for field executives.
- 13 OGC** completes a review of the VBA plans for field and VACO executives.
- 30 VBA** seeks HRA/OSP's concurrence to pay CSIs to senior executives (both field and VACO).

JULY

- 14 Secretary McDonough** releases the pause in the process.
- 30 HRA/OSP** concurs on VBA packages to pay CSIs to senior executives (field and VACO).

AUGUST

- 1 Mr. Jacobs** approves CSIs (forms signed) for VBA field and central office executives.
- 26 VHA** seeks HRA/OSP concurrence on the request to pay CSIs to VACO executives at 20 and 25 percent, which Dr. Elnahal already approved but had not been previously disclosed to the Secretary. HRA/OSP concurs on August 30.

SEPTEMBER

- 6 VHA** submits a request to HRA/OSP for concurrence on a revised CSI percentage for VACO executives (a flat 25 percent for all recipients), and HRA/OSP concurs the same day.
- 13 VA CFO Rychalski** notifies Secretary McDonough about the substantial CSI payments he has learned were recently made to senior executives.
- 22 VA** announces the cancellation of CSIs for VACO senior executives.