



PARTNERSHIP FOR PUBLIC SERVICE

**Statement of Max Stier
President and CEO
Partnership for Public Service**

Prepared for

The Senate Committee on Veterans' Affairs

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“Pending Health Care Legislation”

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Chairman Isakson, Ranking Member Tester, members of the Senate Committee on Veterans' Affairs, thank you for the opportunity to submit a statement for the record on the critical healthcare legislation pending before this Committee today. I am Max Stier, President and CEO of the Partnership for Public Service, a nonpartisan, nonprofit organization dedicated to making government more effective for the American people. I am pleased to express my organization's strong support for S. 1325, the *Better Workforce for Veterans Act*, which will improve the authorities of the Department of Veterans Affairs (VA) to hire, recruit, train, and retain the mission-critical talent necessary to meet the healthcare needs of veterans.

The persistent challenges VA faces in filling mission-critical vacancies require strong congressional engagement, and so this Committee deserves credit for the focus it has given to the talent needs of the Department. Despite efforts on the part of VA to fill vacant positions, it remains significantly understaffed. Earlier this year, Secretary Shulkin reported that the Department had 49,300 vacancies, with 45,000 in clinical positions.¹ These vacancies have a real impact at the facility level where veterans receive care. In the Central Arkansas Veterans Affairs Healthcare System, for example, 140 unfilled nursing positions lead to longer hours and more work for nurses on staff and greater difficulty in providing high-quality care to patients.² The employees of the VA seem to agree that the Department is struggling to recruit and hire effectively: less than half agree that their work unit can recruit people with the right skills, while only about fifty-two percent believe that the skill level in their work unit has improved over the past year.³ According to the Partnership's 2016 *Best Places to Work in the Federal Government Rankings*®, VA was ranked just twelfth out of 18 large agencies in the "Strategic Management" category, which measures whether management is successful at hiring new employees with the necessary skills to help the organization.⁴ Getting good talent and holding employees accountable for results is the key to organizational and mission success. The *Better Workforce for Veterans Act* represents an important step towards reducing staffing shortages and ensuring that the Department has the personnel authorities it needs to manage its talent effectively and achieve its mission.

In the Partnership's view, the challenges VA faces in recruiting, hiring and retaining talent are the result of the complex, burdensome, and outdated federal civil service system under which it operates. The current civilian personnel system dates back to 1949 and largely disconnects the federal workforce from the larger talent market for knowledge-based professional jobs, a problem very apparent at VA. In 2014, the Partnership issued a report that identified many of the challenges created by the government's personnel system and recommended significant, wide-ranging reforms that would empower both agencies and employees to meet their missions.⁵ The Commission on Care similarly found that the federal civil service system was to blame for VHA's staffing shortages.⁶ The government's personnel rules should not

¹ Ogrysko, Nicole. "Shulkin to Release 'State of VA' Report Amid Reorganization Efforts." *Federal News Radio*, 3 May 2017, <https://federalnewsradio.com/veterans-affairs/2017/05/shulkin-to-release-state-of-va-report-amid-reorganization-efforts/>.

² Wentling, Nikki. "Staffing Shortages in Arkansas a 'Snapshot' of VA Hiring Problems." *Stars and Stripes*, 30 June 2017, <https://www.stripes.com/news/veterans/staffing-shortages-in-arkansas-a-snapshot-of-va-hiring-problems-1.476135#.WWPUgljyuUk>.

³ "2016 Federal Employee Viewpoint Survey." *U.S. Office of Personnel Management*, 2016, <https://www.fedview.opm.gov/>.

⁴ Partnership for Public Service. "Strategic Management." *Best Places to Work*, 2017, http://bestplacestowork.org/BPTW/rankings/categories/large/management_16.

⁵ "Building Enterprise: A New Civil Service Framework." *Partnership for Public Service* with *Booz Allen Hamilton*, April 2014, <http://ourpublicservice.org/publications/viewcontentdetails.php?id=18>.

⁶ "Commission on Care Final Report." *Commission on Care*, 30 June 2016, p. 139,

stand in the way of the ability of agencies like VA to get the talent they need, but rather help them do so. Though government-wide reform is outside of the Committee's jurisdiction, many of the past reforms authored by this Committee have become templates for changes proposed elsewhere in government. I would, therefore, encourage you to think about these ideas both in the context of the Department of Veterans Affairs and in terms of the broader influence they might have on future reforms across the federal enterprise.

S.1325 Gives VA More Flexibility to Manage Talent, Improves the Quality of Personnel Data for Decision-Making, and Holds Leaders Accountable for Effective Workforce Management

The *Better Workforce for Veterans Act* would help to address VA's talent challenges in three key ways: the bill gives the Department more flexibility to manage its talent, requires that it collect better workforce data to enhance decision-making, and holds leaders accountable for recruiting, hiring, training, engaging, and retaining mission-critical employees.

Authority to flexibly manage the workforce and hire mission-critical talent when and where it is needed is essential for the VA to meet its obligation to veterans. The legislation the Committee is discussing today would provide this flexibility in several ways. The *Better Workforce for Veterans Act* would make it easier for the Department to rehire qualified former federal employees who may have gained additional valuable experience during their time away from VA and require it to accept resumes in the initial stages of the hiring process for senior executives. The bill would also make it easier for the VA to make use of government-wide direct hire authority and allow the Department to directly appoint highly qualified recent graduates and post-secondary students, groups that are typically disadvantaged by the traditional hiring process, to positions within the Department. Given that under six percent of the VA workforce is below the age of 30, this is a badly-needed reform that will help the Department build a pipeline of talent for the future.⁷ S.1325 would also allow VA to offer market-sensitive pay to Veterans Integrated Service Network (VISN) and medical center directors, giving the Department more flexibility in efforts to recruit senior leaders who play a key role in ensuring that VA manages facilities efficiently and effectively. Should this legislation be enacted into law, it will be critical for the Committee to conduct continued oversight of the Department's implementation of these authorities to ensure that they are effectively used to reduce staffing shortages and recruit mission-critical talent.

The *Better Workforce for Veterans Act* would also require the VA to collect and report more information about the state of its workforce. It is a well-known axiom of good management that an organization cannot manage what it does not measure, and this is just as true at the Department of Veterans Affairs as it is elsewhere. GAO and others have found that the decentralized nature of the Department's HR structure and long-standing IT challenges have hindered its ability to effectively measure, collect, and report key people metrics needed to address both local and organization-wide talent issues.⁸ The Department's HR systems are not built to centralize information, with personnel databases scattered across facilities. S.1325 will push VA to gather more data and put it to better use by requiring the collection of data on hiring effectiveness. It will also allow the broad reporting of exit survey data, which gives medical center and VISN leaders greater visibility into the state of their workforces and insight into

https://www.stripes.com/polopoly_fs/1.417785.1467828140!/menu/standard/file/Commission-on-Care_Final-Report_063016_FOR-WEB.pdf

⁷ U.S. Office of Personnel Management. FedScope: Federal Human Resources Data, 2017, <https://www.fedscope.opm.gov/>.

⁸ Government Accountability Office. "Veterans Health Administration: Management Attention is needed to Address Systemic, Long-Standing Human Capital Challenges." GAO Publication No. 17-30, December 2016, p. 29, <https://www.gao.gov/assets/690/681805.pdf>.

how they can address persistent talent issues.” The VA’s Directive 5006, issued in 2003, required the Department to conduct exit surveys of separating employees, but it is unclear to what extent facilities are consistently collecting this data or how the organization shares it with leaders at the individual facility level, making the requirement for mandatory exit surveys all the more important. The bill also requires the Department to develop a plan to modernize its IT systems for employee performance management and to report on vacancies in mission-critical fields, like nursing. Though there will be a cost associated with setting up systems capable of gathering and reporting this information, it should be considered an investment in strengthening the VA workforce and providing improved services to veterans. This information, taken together, should provide the VA, Congress, and veterans with a complete picture of the areas in which the Department is struggling and how it can improve, as well as where to direct future reform efforts.

Finally, S.1325 will hold leaders in the VA, especially human resources leaders, accountable for effective workforce management. The fact that VA has managed to fill many positions and, in particular, to greatly reduce the number of vacancies at the medical center and VISN leadership level, illustrates the commitment of the organization to addressing workforce gaps. However, persistent vacancies demonstrate that VA can and should do more. VA’s leaders need to be empowered to get results and then held accountable for achieving them. I believe this legislation will do so by clarifying lines of authority in the Department’s human resources management, where day-to-day program and policy implementation happens at the facility and VISN level, rather than at the central office. Though this model provides flexibility, it also makes it harder to get things done. Media stories have noted how even policies pushed directly by the Secretary “at times have taken months to be enacted – if they even get implemented at all.”⁹ Empowering the leaders with visibility over entire VA and VHA human resources enterprise, like the Assistant Secretary for Human Resources and Administration and Deputy Under Secretary for Health for Workforce Services, to hold medical center HR leaders accountable for results and drive change can help improve the way the organization’s HR function does its work. The bill also requires the organization to provide training and assess the competency of HR specialists on available recruitment, hiring, and personnel authorities, and certify that employees have met the training requirements and understand the material. While VA does have robust training resources available, GAO recently noted that many of VA’s HR specialists do not feel that they have the time or bandwidth to take advantage of them.¹⁰ In implementing this legislation, the Department must work to ensure that employees can invest in training, whether that is by prioritizing filling vacant HR positions or reprioritizing current training requirements. S. 1325 further improves accountability by requiring the Department to reorder how it implements future reductions-in-force by raising the priority of performance while still respecting employee tenure and veterans preference. This reform will help recognize high performers in the unfortunate event that a reduction-in-force occurs and follows a similar effort by the Senate Committee on Armed Services and the Department of Defense last year. With these new requirements and authorities in place, the Committee should expect and demand real improvements in the way the Department’s HR function operates.

⁹ Slack, Donovan. “VA Still in Critical Condition, Secretary David Shulkin Says.” *USA Today*, 1 June 2017, <https://www.usatoday.com/story/news/politics/2017/05/31/veterans-affairs-secretary-david-shulkin-state-of-va/102333422/>.

¹⁰ Government Accountability Office. “Veterans Health Administration: Management Attention is needed to Address Systemic, Long-Standing Human Capital Challenges.” GAO Publication No. 17-30, December 2016, p. 26, <https://www.gao.gov/assets/690/681805.pdf>.

Conclusion

Chairman Isakson, Ranking Member Tester, and members of the Senate Committee on Veterans' Affairs, thank you for the opportunity to express our strong support for S.1325, the *Better Workforce for Veterans Act*. The ability of the Department of Veterans Affairs to meet its solemn obligation to those who have served our country requires a highly-trained, highly-engaged workforce and an organization that can recruit, hire and retain the best and brightest. In the Partnership's view, that is what this legislation will help the Department do. Thank you for your efforts on the part of the Department, its employees, and veterans. I urge the Committee to report the bill to the full Senate and encourage Congress to pass it quickly.