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STATEMENT BY

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BEFORE THE

SENATE COMMITTEE ON VETERANS' AFFAIRS

CONCERNING VETERANS' DISABILITY COMPENSATION CLAIMS PROCESSING

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The American Federation of Government Employees, AFL-CIO (AFGE) thanks you for the opportunity to testify today on behalf of the nearly 160,000 AFGE members working at the Department of Veterans Affairs (VA) regarding the Veterans Benefits Administration (VBA) claims processing system.

AFGE is the sole employee representative of Veterans Service Representatives (VSRs), Rating Specialists (RVSRs), Decision Review Officers (DROs) and other VBA employees. As many of our members who work at VBA are veterans, including service connected veterans, they also bring the "customer" perspective to the job.

The VBA Backlog: A Barrier to Benefits, Health Care and Employment

The enormous VBA claims backlog hurts veterans on several levels. Processing delays deprive disabled veterans of a means of support, as well as access to VA health care (with the exception of new OIF/OEF veterans). The backlog delays veterans' ability to get the rating required to apply for federal employment as preference eligibles. Veterans recently hired by VBA and taxpayers both lose when new hires are terminated during their probationary period because they are expected to "make the numbers" before receiving adequate on-the-job training.

The IBM Study: Flawed Methodology, Overlooked Problems

AFGE concurs with a number of the broad recommendations of the IBM study, such as moving toward a paperless environment, completing the phase-in of VETSNET, improving the VCAA letter and moving to issues-based performance measurement. In fact, some of these changes are already underway.

However, it is hard to take seriously a study of the claims process that interviewed 583 management employees and zero front-line employees who are "on the floor" actually doing the work. Every position listed in IBM's survey methodology was a management position. Our

members confirm that IBM only interviewed management during its site visits.

AFGE appreciates IBM's recommendations for greater labor-management communication, better staff morale and more effective use of the TPSS training tool.

However, the study's one-sided data base contributed to overly optimistic assumptions and findings that understate serious problems that are contributing to the backlog, for example:

? Finding: Staffing in the Pre-determination Unit is above satisfactory. Comment: VSRs are under intense pressure to meet unrealistic production quotas and are encouraged by management to develop only some issues in the case. .

? Finding: On-the-job training is highly effective. Comment: New hires are frequently deprived of critical hands-on training by production-quota driven managers who want them to cut short their rotations to continue processing cases in their current station.

? Finding: The level of staff experience in the Pre-Determination team is less than satisfactory. Comment: If front-line employees were surveyed, they would report that trainers, supervisors and mentors often lack the experience, subject matter expertise and training skills to fulfill their roles.

? Finding: VBA's three-tiered monetary award system provides incentives for good performance. Comment: The study completely overlooks recent disclosures that both the size and number of VBA bonuses are heavily skewed toward management.

? Finding: VBA has effectively implemented the recommendations of the CPI Task Force. Comments: At the RO level, numerous CPI recommendations have been ignored or poorly implemented. For example, smaller offices often lack the staff to establish all six CPI model teams. Second, RO accountability is still severely lacking: Managers continue to manipulate data and hide older cases despite revised performance standards, station work performance reports and the ASPEN tracking system.

REDUCING THE BACKLOG THROUGH IMPROVED TRAINING

One fact that we can all agree on is that the claims backlog is soaring and there is no relief in sight. IBM reported that over the past four years, pending VBA claims increased by 54% while the number of cases with eight or more disability claims increased by 88%.

There is no magic bullet for reducing the backlog in the face of two wars, an aging veteran population and new benefits and laws. Adequately compensating a growing disabled veteran population requires a growing workforce that is adequately trained. IT improvements are long overdue and will increase the efficiency and quality of the claims process. However, these IT tools must be used by a skilled workforce that has enough time to process claims fully and accurately.

In the short term, the challenge is to effectively utilize the 1,800 new hires that Congress funded in FY 2008 and the significant number of new hires expected for the current fiscal year. AFGE greatly appreciates the recognition by Chairman Akaka and other Committee members in their FY09 Majority Views and Estimates that an "intensive training effort" is required to enable additional staff to reduce the backlog. New employee training at the Academy is well regarded, but RO-level on-the-job training for new hires and mandatory 80-hour annual training programs for ongoing employees are severely lacking in quality and consistency.

GAO's May 2008 findings regarding lack of accountability and the lack of evaluation of training particularly at the RO level are valuable guides for further action, and closely align with the concerns our members report from the field. We also note that, unlike IBM, GAO interviewed front-line employees and included their insights and concerns in its report. AFGE's only concern

with the GAO study is that one could misconstrue its finding that there are no consequences for individual staff who fail to complete their training. By far, the primary reason that employee training is incomplete is constant demands by management to stay in production mode, even when it directly violates mandatory training requirements. On any given workday, a visitor to an RO will see employees using their breaks and lunch hours to study, and take home training materials to review after work hours.

Train the Trainers: The first component of an effective training program is good trainers. To ensure that training is of high quality, VBA should develop a cadre of effective, competent trainers with formalized training skills and adequate subject matter expertise who operate independently of RO Directors. The CPI recommendation that each RO have its own full-time training coordinator assisted by VBA Central Office has not been widely implemented. Rather, RO directors assign staff without any particular training skills to be part of the training team. The typical trainer is a mid-level or senior VSR who has not had formalized instruction on training and is too closely aligned with management and its focus on production goals. The result is great variation in the quality and thoroughness of training across ROs.

Use experienced supervisors and mentors: Managers who supervise and mentor new employees often lack adequate experience and subject matter expertise. They should be required to pass the same skills certification tests as front-line employees. AFGE urges the Committee to consider the proposal in H.R. 5892, the Veterans Disability Benefits Claims Modernization Act of 2008 to require that managers pass certification exams also.

Nationally uniform training curriculum: AFGE is pleased with VBA's efforts to develop new training tools and centralized training programs, but much more needs to be done to ensure that quality and consistent training is provided to every VSR and Rating Specialist. VBA training operates much more like national guidance than a national training plan, resulting in tremendous variations in quality between ROs. There is currently too much discretion at the RO level to determine how training is provided and how to ensure that pressured managers do not cut training short to keep employees in production mode. (IBM survey respondents acknowledged that they find it "disruptive" to rotate new hires to different teams even though it greatly benefits employees' professional development.)

Formalized, Independent Oversight: AFGE urges the Committee to increase oversight of VBA training, especially during this critical period of workforce expansion so that new hires develop critical skills and ongoing employees stay abreast of best practices and new benefit rules. Sadly, VBA no longer uses one of the most effective oversight tools available: active collaboration with employee representatives. For example, in recent years, AFGE has been consistently left out of groups addressing training, skills certification and performance standards. An independent, stakeholder training advisory committee that includes employee representatives and veterans' organizations could help VBA develop a national training plan with clearly defined curriculum, identify and disseminate best practices from local facilities, and regularly assess the quality and thoroughness of training programs. The oversight process should also allow require regular reports to Congress.

Strengthen and standardize the 80 hour mandatory training program for ongoing employees: There are a number of factors that deprive ongoing employees of adequate training. First, RO Directors often count subjects that are not "core subjects" for example, courses on ethics and sexual harassment, toward the 80-hour requirement. Second, ROs have too much discretion over whether training is delivered through the classroom, TPSS, self-study etc. Training modules assign credit hours but there is no oversight of how well a particular training mode worked, or

whether employees had the time to fully learn the material.

Regular staff meetings - a simple yet valuable training tool: Managers should also return to the practice widely used during VBA's "case management era" that preceded CPI of setting aside time for weekly staff meetings. These enable employees to learn about challenging and unique cases, and share best practices. This practice is clearly another casualty of the current production-driven environment.

Improve VSR Skills Certification Training: Pursuant to an agreement between VBA and AFGE, qualified GS-10 VSRs who pass a skills certification test can receive a noncompetitive promotion to a GS-11. The test preparation training program has a number of problems. First, contrary to assurances from VBA and the terms of our agreement, the training is not always sufficiently aligned with the scope of the exam, and trainers are often confused about what training materials are relevant to the test. Second, there is significant variation in the amount of time employees have to train for the test. Finally, although the test is "open book", it tests for a tremendously high level of expertise. When employees get a wrong answer, they are directed to complex user manuals rather than receive additional training to help them better understand the training syllabus.

More generally, VBA no longer solicits input of employees and their representatives on matters relating to skills certification testing and training. More collaboration will improve the reliability of this test, which still suffers from low passage rates (25% and 29% for the first two validity tests and 42% for the May 2006 test.)

REDUCING THE BACKLOG THROUGH EFFECTIVE STAFFING AND PERFORMANCE MEASURES

Workload Forecasting:

This Committee has recognized VBA's longstanding tendency to underestimate its staffing needs and the lack of tools to make accurate forecasts. A scientific workload forecasting study, such as a time-motion study of the time and skill sets needed to process different types of claims at each stage, is long overdue. Production standards and staffing should be based on scientific methodology, not politics.

AFGE is aware of only of one meager attempt by VBA to collect this data through use of a software program for a small sample of employees. VBA provided no explanation of how they selected the sample or how they selected participating ROs. Data was collected by a program appearing on the screen every few hours to ask what the employee was doing. The program did not differentiate between employees working on a single claim and multiple claims. Front-line employees and veterans' groups had no input into the study.

REDUCING THE BACKLOG THROUGH IMPROVED PERFORMANCE MEASURES

Pursuant to an agreement between VBA and AFGE, national performance standards to boost VSR productivity were put in place in 1997 and revised in 2005. For the first time, these standards set a national floor and gave ROs the discretion to set them higher.

Currently, these production standards appear to be based more on politics and bonuses rather than the work required to process a C&P caseload that consists of more and more complex, multiple issue claims. VBA managers, many of whom have not adjudicated a claim for many years (or never), define performance solely in terms of inventory and days pending completion of a decision.

The current work credit system has created a tremendously stressful, demoralizing, assembly-line work environment that is hurting VBA retention of experienced employees and contributing to attrition among new hires. Some members report that when they meet RO production goals, they are "rewarded" by arbitrarily higher goals for the following year. As already noted, the current performance measurement system also takes a heavy toll on training.

AFGE urges the Committee to consider the proposal in H.R. 5892 to mandate a study of the work credit system that focuses on quality and accuracy as well as production. IBM's recommendation to move toward issue-based performance measures is a small step in the right direction; VBA's current practice of assigning more credit for work on cases of eight or more claims should be further refined.

REDUCING THE BACKLOG THROUGH MORE EFFECTIVE RECRUITMENT AND RETENTION

As VBA skills are learned entirely on the job, new employees are only able to begin processing cases effectively after roughly two years on the job. In these challenging times, VBA cannot afford to lose the unique skills and experience of its senior claims processing staff. AFGE has several recommendations in this regard.

First, as already discussed, production quality and workplace morale will be greatly enhanced if management returns to the collaborative environment of past years, where employee insights were valued and encouraged on key aspects of VBA operations, including training, certification, IT and CPI.

Next, VBA can take several steps to make the VSR career ladder more competitive. VBA regularly loses VSRs to Social Security and other agencies with higher promotion tracks. Despite the extremely complex medical and legal analysis required by this job, VSRs can only rise to a GS-10 unless they pass the Skills Certification test. VBA started a VSR reclassification study some years ago but dropped it without explanation.

VBA should take lessons from the Veterans Health Administration and offer more educational loan assistance to recruit and retain its employees. Our members report that VBA promises these benefits to recruit new college graduates who are later told there is no money to back up that promise. Greater funding and oversight of VBA's use of this benefit is needed.

Another retention tool that was suggested by the CPI Task Force was to offer experienced VSRs a "super senior" position that offers a promotion to a GS-12. This tool has been woefully underutilized.

CONCLUSION

We look forward to working with Chairman Akaka, Ranking Member Burr- and members of the Committee to identifying approaches to reducing the backlog and improving the claims process and ensuring that VBA considers regular input from employees and their representatives and the veterans' community. Thank you.