

**CUSTOMER SERVICE EXPECTATIONS AND MEASURES BEING UNDERTAKEN
TO IMPROVE THE OVERALL QUALITY OF SERVICE DELIVERY AT
THE DEPARTMENT OF VETERANS AFFAIRS AND THE VETERANS'
TRAINING AND EMPLOYMENT SERVICE, DEPARTMENT OF LABOR**

JOINT HEARING
BEFORE THE
SUBCOMMITTEE ON
COMPENSATION, PENSION, INSURANCE AND
MEMORIAL AFFAIRS
AND
SUBCOMMITTEE ON
EDUCATION, TRAINING, EMPLOYMENT AND HOUSING
OF THE
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

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WEDNESDAY, JUNE 12, 1996

**HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMPENSATION, PENSION,
INSURANCE, AND MEMORIAL AFFAIRS, JOINT WITH
SUBCOMMITTEE ON EDUCATION, TRAINING,
EMPLOYMENT, AND HOUSING,
COMMITTEE ON VETERANS' AFFAIRS,
*Washington, DC.***

The subcommittee met, pursuant to call, at 10 a.m., in room 334, Cannon Building, Honorable Terry Everett (chairman of the Subcommittee on Compensation, Pension, Insurance, and Memorial Affairs), presiding.

Present: Representatives Everett, Buyer, Ney, Cooley, Montgomery, Evans, Filner, and Mascara.

OPENING STATEMENT OF CHAIRMAN EVERETT

Mr. EVERETT. Good morning. The joint hearing will come to order. We are here today to conduct oversight on VA and VETS customer service standards. I would first like to thank the Chairman and Ranking Members of both subcommittees for agreeing to this format, since customer service affects all benefit areas.

Today, we will hear how VA collects its customer service data, and hopefully, how they intend to use it. I want to state upfront that unless this data is used as a part of the overall strategic planning process, all the focus groups and surveys could be a waste of time. The recent curtailing of the restructuring plan is a good example of not doing a disciplined cost-benefit analysis of proposed organizational changes. I know that eventually political considerations will determine to some extent what VBA looks like, but the beginning of the change process must be predicated on a sound managerial decision process to have any hope of improving veterans services.

If you read the Pre Test Survey of Veterans Satisfaction, published last January, you will see that veterans expectations are largely unmet in many benefit areas, especially compensation and

pension. There is a constant theme—the need for better communication in the form of improved phone services, clearer letters and more computer-accessible information—running throughout the survey. It appears that many expectations would be met or changed as a result of improved communications. It's also interesting that the survey shows VA is doing extremely well in some areas. I hope we can build on that.

As you know, the Compensation and Pension Subcommittee has been looking at computer modernization over the past year or so, and we've got another hearing scheduled for next week. But the lesson thus far is that VA has spent over \$300 million for modernizing its computer system—which both veterans and VA employees recognize as a key element in improving communications—without a great deal to show for it in terms of improved service to its veterans.

I am eager to hear today from both VA and VETS how they are assessing and meeting customer expectations. Where they feel expectations are unrealistic, I hope they will tell us how they intend to educate the veterans—and us—about reality. I also hope they are going to show us how this fits into the strategic planning process.

I will now yield to the Chairman of the Education and Training Subcommittee for any remarks he may have.

**OPENING STATEMENT OF HON. STEVE BUYER, CHAIRMAN,
SUBCOMMITTEE ON EDUCATION, TRAINING, EMPLOYMENT
AND HOUSING**

Mr. BUYER. Thank you, Mr. Everett. Appreciate you holding this hearing today. I'd like to associate myself with your remarks regarding strategic planning and customer service.

The VETS has a big job for a small agency, and General Taylor's shop of about 250 employees watches over USERRA; runs the DVOP and LVER program, which places our veterans in jobs; provides training for transition assistance program classes; has a small, unfortunately, unfunded homeless veterans program; administers McKinney Act grants to job training and placement programs; and probably a few more things that now presently escape me.

But the point is that even a small agency must do strategic planning and customer service because they are an important piece of that big puzzle. I know that VETS has done a long series of focus groups over the past year or so, and I am very eager, like my colleagues, to learn what you've discovered and how it will apply to the overall planning process.

VETS is in the midst of its own restructuring, and they have already met their 1998 FTE goals. I must admit, though, I am curious as to why the rush to downsize. I hope Secretary Taylor will give a brief explanation relative to how it fits into meeting customer expectations.

I also look forward to hearing how VETS and VA Vocational Rehabilitation Service are coordinating to meet customer service goals for disabled veterans who come out of vocational rehabilitation.

General Taylor, you face a tough job without getting a lot of priority from the Department of Labor. We've discussed that in pri-

vate and in open hearings. The employment systems in the States are changing. The veterans community you serve has more high-tech training when they leave active duty and the Internet has changed the way people find jobs.

I look forward to the testimony today.

To my colleagues, I have to leave this hearing; Judiciary is on right now on the Defense of Marriage Act, Preventing Same Sex Marriages, and there are many amendments this morning.

I yield back the balance of my time.

Mr. EVERETT. Thank you, Steve.

Let me now recognize the distinguished Ranking Member of the Pension and Compensation Subcommittee, a true friend of the veterans and my good friend, Lane Evans, for any remarks he may have.

OPENING STATEMENT OF HON. LANE EVANS

Mr. EVANS. Thank you, Mr. Chairman.

I'm very pleased you are holding this important hearing. Two years ago, you and I held a hearing on this same issue of improving service to our veterans and I appreciate your following through on that today.

I look forward to hearing from our witnesses on how the VA and the Department of Labor, Veterans Employment and Training Services, can put the customers first and improve essential services. After all, the level of satisfaction for our veterans in dealing with the Federal Government has been a measure of how far we need to go to improving these vital programs.

Thank you very much for holding this important hearing, Mr. Chairman.

Mr. EVERETT. Thank you.

Does anybody else, the Ranking Member of—thank you, go right ahead.

OPENING STATEMENT OF HON. BOB FILNER

Mr. FILNER. Thank you, Mr. Chairman, and thank you for scheduling these hearings.

We know that early in his Administration, President Clinton made clear his belief that Government should serve our people, and certainly it should not be the other way around. He appointed Vice President Gore to head the National Performance Review and directed Federal agencies to respond to their customers' needs and expectations.

It seems to me that, although this has been a somewhat painful and difficult process, progress is being made. Change is, in fact, taking place, although I'm sure more needs to be done. I want to congratulate the VA and VETS on all they have accomplished up until this time, and I know it hasn't been easy for anyone.

So, thank you, Mr. Chairman. I look forward to hearing from our witnesses.

Mr. EVERETT. Thank you, Bob. I appreciate it.

I would like to recognize the distinguished Ranking Member of the Full Committee, and also a great friend of veterans, Mr. Montgomery, for any remarks he may have.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I look forward to these hearings, and I think the joint oversight is a good way to do some of these hearings, and I congratulate you on this.

I look forward to our witnesses' testimony.

Frank, do you have anything you want to add to that?

OPENING STATEMENT OF HON. FRANK MASCARA

Mr. MASCARA. Thank you, Mr. Chairman.

Good morning, and it's a pleasure to be here this morning to hear and talk about a subject which should be near and dear to all of our hearts, the provision of quality services to all our veterans.

I took some time last evening and read over the prepared testimony and found it to be very interesting and enlightening.

As some of you know, last year I served for a little period of time, about 6 months, on the Government Reform and Oversight Committee. I recall two occasions, perhaps three hearings during that period, which focused on the implementation of the Government Performance and Results Act of 1993.

For those of you who are not familiar with this Act, it is essentially a law which is intended to make Government agencies recognize taxpayers are customers and that these customers are to be treated politely, timely, and in an efficient fashion.

As a result of its enactment, Government agencies and departments are supposed to become more business-like and develop goals and plans that will demonstrate, in a real world fashion, that they are actually carrying out the programs they are charged with running, and most importantly producing the intended results.

In looking over the testimony, I was pleased to note that the veterans' service organizations indicate they feel the Veterans Benefits Administration is taking this law to heart and is beginning to make some progress and improvements.

However, I must say the testimony notes some serious problems persist with the veterans compensation and pension claims process that needs to be corrected now, not later. Too many veterans, especially some who are very ill, needy or elderly, are still being subjected to a protracted and frustrating process. Too often, needed medical exams are not completed, or are performed in a very cursory fashion. Process errors seem to be common, and neither the VBA or the Board of Veterans' Appeals seems very open to listening to the constructive criticism presented by the veterans' service organizations.

I recognize budget constraints make this job more difficult, but I do think the VBA and Board must focus more attention on resolving these problems.

I do not mean to sound overly critical, but our veterans, especially those who are old and suffering, deserve more prompt and courteous attention.

I am sure each of us have cases pending in our Districts which clearly exemplify these problems. I have one older veterans who has been trying for years to receive compensation for frostbite he suffered during World War II. To date, he has been made to jump through numerous hoops. All I can say is we must do better.

Finally, I was pleased that the Veterans Employment and Training Service Program continues to receive high marks. General Tay-

lor has obviously turned the ship around and greatly improved his agency. All I can say is, keep up the good work and remember to keep listening to the wise recommendations of the veterans' service organizations.

Thank you, Mr. Chairman.

Mr. EVERETT. Thank you, Frank.

I must apologize, I didn't look to my left. I would have expected to look to my right to find you.

Mr. COOLEY. That's right, Mr. Chairman, you never look to your left to find—

Mr. EVERETT. Wes has been an outstanding spokesman for the benefits of the veterans who have been here, and I'll give the floor to you now for any remarks you may have.

OPENING STATEMENT OF HON. WES COOLEY

Mr. COOLEY. Well, thank you, Mr. Chairman, and I want to thank you also for calling this hearing, and thanks as well to those distinguished guests that are here to testify today.

I want to tell you, I'm encouraged by the attempts of both the Department of Veterans Affairs and the Department of Labor to improve the quality of service provided to our Nation's veterans. Customer satisfaction surveys, focus groups, and private sector initiatives are long overdue in the public sector. I'm aware of the Federal Government's tendency to study an issue to death without ever undertaking meaningful change.

While both the Veterans Benefits Administration and Veterans Employment and Training Service are to be commended for their sincere dedication to meeting the needs of our Nation's veterans, I will be eager to see how these agencies constructively respond to the results of their surveys and their focus groups, and I'm looking forward to the hearing.

Thank you very much, Mr. Chairman, for this opportunity.

Mr. EVERETT. Thank you, Wes.

Our first panel is composed of representatives of the veterans' service organizations. Mr. Bill Russo will speak for VVA and Rick Surratt will represent the DAV. Gentlemen, you have a very unusual panel today, it's small, so if you will just proceed as you wish.

Mr. Russo, I believe this is the first time you've testified.

Mr. RUSSO. Yes, sir.

Mr. EVERETT. Well, we want to welcome you to the panel, and we look forward to hearing your testimony.

STATEMENTS OF WILLIAM RUSSO, NATIONAL SERVICE REPRESENTATIVE AND VETERANS BENEFITS DIRECTOR, VIETNAM VETERANS OF AMERICA; ACCOMPANIED BY WILLIAM F. CRANDELL, DEPUTY DIRECTOR, GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA AND RICK SURRATT, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

STATEMENT OF WILLIAM RUSSO

Mr. RUSSO. Thank you, Mr. Chairman.

Messrs. Chairmen, and members of the committee, Vietnam Veterans of America appreciates the opportunity to present its views on customer service standards at the Veterans Benefits Administration of the Department of Veterans Affairs, and the Veterans Employment and Training Service of the Department of Labor.

You have asked for our evaluation on how they are doing, and we are prepared to testify on what we have experienced and observed.

I, myself, have somewhat of an expertise on veterans benefits from the VBA, and Mr. Crandell, of our organization, will talk more about the employment issues.

First, our organization believes that the recent action of the House Appropriations Subcommittee on VA, HUD and independent agencies, regarding VA's budget process and VA's proposed budget to greatly reduce discretionary spending, will have a tremendous negative impact on VBA's ability to deliver services to veterans.

The VA has projected that this will result in a reduction of VBA staff by 550 additional FTE, to a total reduction of 1,000 FTE from 1996. This staff reduction will decrease the VA's ability to process claims and loan applications, increase the case load of the voc. rehab. specialists, and ultimately increase the claims backlog by approximately 48,000 claims by the end of 1997.

We believe that the current claims backlog is already unacceptable. With these budget cuts, the average original compensation claim will take 5 months or more to process, and every year many veterans die before their claim is finally adjudicated. Any more delays in claims processing will lead to even greater levels of customer dissatisfaction with the VA.

We believe that regarding the Adjudication Commission's VBA remand review, they found that the cause of about 54 percent of the VBA's remands to the regional office was to order a new medical examination because of either no exam completed or an inadequate exam done at the local level, and also for inadequate factual development. VA renders some of its worst customer service when veterans have to undergo exams before the appropriate issue is addressed or an adequate report is written.

Many C&P exams fail to address the relevant issue at question.

Another main cause of remands are examinations that focus on the right issue but do not provide enough information to adequately rate the veteran's condition, which also results in the veterans having to be examined again.

Last year, VA General Counsel issued an opinion at the request of VBA. General Counsel stated the physician must review a claimant's past medical records prior to conducting the C&P exam. Based on our experience, VA doctors are often still not reviewing the veteran's records prior to the exam.

VVA commends the efforts of the VA to address these problems and to improve coordination between VBA and VHA. We think that's of critical importance.

The key to good customer service from VA is timely and fair decisions. However, this is impossible if the claim has not been properly developed prior to a decision. There must be better coordination between Board of Veterans' Appeals and Veterans Benefits Administrations.

The VBA remands claims with specific instructions that certain development be done. However, very often the development is not done and a file returns to the Board without that development having been accomplished, and sometimes causing a second and, perhaps, even a third remand.

One program that our organization thinks is very useful and ought to be expanded is the Hearing Officer Program. We find that veterans who have had a hearing at the regional office level are generally much more satisfied, and we believe that program ought to be expanded greatly.

Thank you.

[The prepared statement of Mr. Russo appears on p. 29.]

Mr. EVERETT. Thank you. Mr. Surratt.

STATEMENT OF RICK SURRATT

Mr. SURRATT. Messrs. Chairmen and members of the subcommittees, good morning. I am Rick Surratt with the Disabled American Veterans.

Our clients and constituents are the primary customers of the Department of Veterans Affairs and the Veterans Employment and Training Service. We are, therefore, very interested in the service they receive.

Veterans benefits are an expression of our Nation's gratitude for service to the country. Congress did not design VA to operate as an impersonal, disinterested bureaucracy. Congress designed VA to be a benevolent provider of benefits and services and created within it a duty to serve veterans' interests and assist them in obtaining their benefits.

By its inherent nature, VA is an agency whose attention must first be directed at the needs, concerns and expectations of its customers. It is only fitting, then, that VA be a leader in customer service.

It is the DAV's experience that VA's level of professionalism and quality of service is, for the most part, excellent. This year's *Independent Budget* details the performance of the various programs of the Veterans Benefits Administration, with almost every one a success story.

Unfortunately, it is in the administration of VA's core benefit, disability compensation, where persistent systemic problems result in poor service to many of VA's most deserving and needy customers.

At the VA regional office level, it is the quality of claims decisions that constitutes the greater problem with customer service.

At the Board of Veterans' Appeals, it is the timeliness of the decisions that is the greater problem, and timeliness problems at the appellate level follow from quality problems at the regional office level. The quality problem is put in perspective by considering the fact that the Board of Veterans' Appeals reversed 19.8 percent of the regional office decisions it reviewed during fiscal year 1995 and remanded another 47.6 percent to regional offices to correct some deficiency. Together, the cases reversed and remanded because of errors represent 67.4 percent, or more than two thirds, of the regional office decisions reviewed by the Board of Veterans' Appeals in fiscal year 1995.

The timeliness problem in the appeals process is put in perspective by considering the "Total Appellate System Processing Time" for appealed cases. In fiscal year 1995, the Total Appellate System Processing Time for appeals involving no remand was 939 days, one remand 1,216 days, and more than one remand 1,589 days, nearly 4 ½ years.

Because cases are not decided or processed correctly the first time, multiple decisions are required to properly dispose of them. This lack of quality results in inefficiency and overloads the system, with the final result of poor customer service. These same problems have persisted for several years now and show no signs of improvement.

Improved customer service is the ultimate object of the Government Performance and Results Act of 1993. Customer service standards are, therefore, an essential element of VA's implementation of GPRA. VA's GPRA plans include visions of rapid, accurate claims processing and core values of flexibility, accountability and the highest level of competence.

Some of VA's stated goals are to improve responsiveness to customer needs and expectations and improve service delivery and claims processing. VA's core measures to assess performance include customer satisfaction, timeliness and accuracy.

VA cannot realize visions and goals of timely, accurate claims processing without flexibility, that is, a change in the institutional culture on claims processing, and without full accountability, first and foremost, at the decision-making level.

If we do begin to see real improvements in the quality of rating board decisions in the near future, then the only conclusion will be that VA has not taken the necessary decisive action to improve performance and customer service in this area. The DAV asks that you hold VA accountable for future results.

As we said in our written statement, judging from the lack of complaints about the Veterans Employment and Training Service, these programs must be meeting customer expectations. We will be interested in following the Veterans Employment and Training Service's implementation of GPRA, and reviewing the future performance data it gets from its customer feedback.

I would like to thank the subcommittees for their interest in customer service and for permitting us to share our views on this most important issue. That concludes my statement, and I would be happy to answer any questions that you may have.

[The prepared statement of Mr. Surratt appears on p. 34.]

Mr. EVERETT. Thank you very much.

In general, let me touch on the issue of claims processing. I had mentioned in my opening statement that we're going to have another hearing next week with the VBA concerning the computer modernization program.

The reason this is becoming more and more of a concern to me is we went down this road a year ago. At that point, we thought we had spent \$147 million on computer modernization to improve the claim processing. And, very frankly, although it started in 1986, we had almost nothing to show for it. We had a slight decrease, but then a bump back up.

Since that time, we've learned that we've actually spent \$300 million on computer modernization, and we still have very little to show for it.

I think, frankly, that this is getting to a crisis situation, and, as a matter of fact, it will be a crisis situation if we don't get something started shortly.

While you are correct in your statement that we had, I think it was, over 400 veterans die last year before VA could readjudicate their claims, we have a problem both in initial claims and adjudication.

I also think your point that all the courtesy in the world can't make up for lack of competency and accuracy and fairness is well taken. If you can make one—either one of you—structural change to VBA or BVA's system, what would it be?

Mr. RUSSO. Mr. Chairman, I would say that computers are important, but just as important is training of individuals and individual responsibility.

I would say the one most important change suggested by my colleague is accountability. The Board of Veterans' Appeals itself is an outstanding survey, and its body of decisions is a good survey of what is really going on at the regional offices. These cases come from all over the country, and you can look at those BVA decisions and tell which errors are being made, how often, and in which regional offices. So, we feel that there ought to be more accountability from VA's central office reviewing these decisions and looking and seeing which regional offices are making an unacceptable number of mistakes and maybe making the same mistakes over and over again.

Mr. SURRETT. Mr. Chairman, I would echo that. Accountability is an essential element. Obviously, it's lacking now because of the quality problems we see in the regional office decisions, and I think the most important effort that VA could take to improve claims decisions is to send a clear direction to the regional offices that this is a new day, they have to do it correctly. Give them the proper training, review what they do, and hold them accountable if they don't do it properly.

I just don't see that supervision being done now. I don't see much change in rating board decisions for the better. If you look at the statistics for the last 4 or 5 years, the error rate has been steadily climbing.

Mr. EVERETT. I don't want to put words in your mouth, but if I understand what you are saying, we don't have time to do it right the first time, but we've got time to go back and do it the second and third time.

Mr. SURRETT. That's right, and, you know, the success of the Hearing Officer Program that Mr. Russo talked about, unfortunately, is evidence of failure at the rating board level. The hearing officers are doing a great job making the correct decision, but that's a second review. Let's focus more on getting it right, getting it right the first time. Let's don't focus on screening panels to make sure claims won't be remanded. That's good, but that's after the appeal has already been initiated. The emphasis should be on the correct decision the first time. That's the most cost-effective way. It's the best way to serve the customer.

Mr. EVERETT. Thank you very much.

Bob, have you got something?

Mr. FILNER. Thank you, Mr. Chairman.

I want to just get something on the record and ask some questions.

Mr. Russo, in your testimony you specifically talked about the negative impact of some of the current budget decisions. Mr. Surratt, you didn't comment directly on that in your prepared statement. Do you agree with the impact these cuts would have that Mr. Russo mentioned?

Mr. Surratt. Certainly the Veterans Benefits Administration and the Board of Veterans' Appeals are operating at about capacity, and if you cut their resources it can't possibly have any positive effect, especially on the problems we're talking about here.

Mr. Filner. I totally agree with you. I have a Veterans Advisory Council in my hometown of San Diego that I just met with this weekend. They are increasingly concerned with this, and we talked about how to deal with that in the political environment.

It seems to me, and I'd like your reactions. We have seen, in this year and last unprecedented cuts in the VA. As I understand it, although I'm only in my second term here in the Congress, in the past the VSOs and others would come to this committee, talk about their requests, and things would be worked out between the committee and the great Chairman, Mr. Montgomery. Funding would be in place. We are in a new situation, both with the budget, and the attempts to deal with the deficit and with the political support and understanding of veterans situations across the country.

It seems to me that your organizations, from what I hear in my own town, have to get more involved with the whole political process. It's not just between your representatives here in Washington and this committee. There's a wider problem, it seems to me, that has to be dealt with. I was wondering what you are doing to make sure your members across the country are aware of the present situation, that they get involved with the budget process, and that they make their views known to their Congress people.

We can't rely just on this committee protecting those benefits anymore. We're in a different situation, and we have to mobilize people in a different way to deal with that situation.

Mr. Russo. Sir, I agree completely. Our organization has a network nationwide of legislative coordinators in our various chapters around the country, and they not only disseminate information about what's going on in Congress, which might affect veterans, but they encourage and facilitate our members to write to their congressmen expressing their views and talking about their personal experiences with the VA. And, we also have a national monthly newspaper with an extensive government relations column, which deals with these kinds of issues.

But, we agree completely that in the current environment it's more important than ever that veterans realize that budget cuts are on the horizon, and that they be aware of what's going on, and, perhaps, mobilize to fight that.

Mr. Surratt. I agree with your views also. We have a grassroots network. We keep those people in the field informed, and we'll be sending out information on the Appropriations Bill, and I suspect

that the members will be hearing from some of our members in the field urging them to give more support to veterans programs.

But, the DAV prides itself in having a very large and organized grassroots organization, and I do believe you'll be hearing from them.

Mr. FILNER. I understand that you do, and the other organizations also. I would, from my personal observations and experience with the political process, say for the record that we're in a new situation. Your members aren't used to that, and I'm not sure they are used to trying to deal in a very active and proactive way with the political process. I had this meeting recently, and those attending said, "Well what do we do, how do we react to this?"

You may need to get to them in new ways, and not make the assumption that the traditional newsletters are going to do it. We need some real grassroots organizing among your members so they can deal effectively with the Congress. Many Members do not know the situation and are new to this whole situation. They are looking at the macro budget numbers, rather than our traditional and necessary support for veterans programs.

It's my reading from the field that you've got to get your folks rounded up in a different way and understanding what's going on.

Thanks so much.

Mr. EVERETT. Wes.

Mr. COOLEY. Mr. Russo, in your written testimony, you testified that the VETS focus group revealed service problems in a number of localities. Without naming any specific sites or individuals, roughly where do these problems occur, and did the service problem uncovered by the focus groups tend to concentrate in certain States or regions?

Mr. RUSSO. Yes, if I could, I'd like to defer to my colleague, Mr. Crandell, on that issue.

Mr. CRANDELL. The information that we see, Mr. Cooley, doesn't indicate the geographical distribution. Rather, it's a type of problem or problems, which includes in some offices some real insensitivity to veterans and in some cases to minority veterans.

Mr. COOLEY. Over the whole country?

Mr. CRANDELL. I really couldn't give you an honest answer to that. I haven't seen that in the material that's come out from that. I just haven't seen a geographical placement to it, sir

Mr. COOLEY. So, for the record, you are saying that it's just insensitivity on the part of the Administration toward the veterans, that's what you are saying?

Mr. CRANDELL. Well, people don't meet the Administration in the offices. They meet people who have worked for job services actually of the State governments, but paid for by Federal revenue.

Mr. COOLEY. We have a problem and we are trying to address that problem, but what I find disturbing is that we really don't know what that problem is, we just sort of feel like it's insensitive. What does insensitive mean? I mean, if you want to correct a problem, you have to find out really what the problem is, and it has to be something specific and not just some general term like insensitive.

Mr. CRANDELL. I agree. My understanding is that the focus groups have provided a great deal more detail than the summary of that effort has included.

This is a problem, as you point out, that has existed for veterans for quite a long time. It has nothing to do with one administration or another. The job service over considerable time has not given priority to veterans. I think that's improving, as veterans have felt that they were looked down on for not having jobs. To be honest, I don't know how that differs from non-veterans in the same situation.

Mr. COOLEY. So, we don't know if we really have a problem in some areas or we don't. I mean, if you go into an area where there's 30 percent unemployment, like I have in some of my district because of the shut down of the timber industry, and that veteran goes back to his hometown, we're not sure if it's because there's no jobs there or because there's insensitivity by the administration that's trying to look out for his betterment and trying to get him placed in either, you know, the State or the Federal Government that's trying to help this individual. Is that what we are saying?

Mr. CRANDELL. I think that we do know some things about it. We do know that particularly for blue collar jobs there's a pretty decent rate of placement. What has happened in a number of offices is, the function is good but the customer service, the friendliness, hasn't always been there.

The other piece that we found is that at the white collar level there are just not good job listings, and that's, again, one problem.

Mr. COOLEY. That's really not—we can't turn around and say that people working for us in the VA offices or the State employment offices are not sensitive, there's just nothing there. I know how frustrated you are when you are looking for a job, but, I mean, is this criticism valid then?

Mr. CRANDELL. I gather that it is, but as I said, this has been a long-term problem of how veterans are treated by staff in job service offices.

It was one of the reasons that the specific positions of DVOP and LVER were created in the first place, was there was a sense that there was nobody who cared how veterans were treated in those offices. Now, this is going back 20 years, so we are talking about a long-term pattern.

Mr. COOLEY. Mr. Russo, another question. I'm not familiar with the American Job Bank. I don't know anything about this database, could somebody explain that to me for the record?

Mr. CRANDELL. That's my territory again.

This is the Department of Labor online service that is relatively new, it has taken off fairly fast. We've been hearing that they are receiving, it's a nationwide listing of jobs that are available. I'm sure Secretary Taylor can give you more information on that when his turn comes up. I know that it's received as many as 5 million hits, which is people poking in and seeing what's there per month, which is pretty good.

Mr. COOLEY. In the future, though, can we get some more information about this particular database so we can have some kind of an opportunity to evaluate it? Are we using our computer systems to get into that database?

Mr. CRANDELL. This is an online type of system. I suspect that the Department of Labor would be the best source of that information, sir.

Mr. COOLEY. But, in our VA offices, where we are trying to help these veterans, are computer systems set up in such a way that we can get into this database?

Mr. CRANDELL. I think they are set up for it, but I don't think the training for the staff is uniformly good. I don't think their experience with it is uniformly good. I think that's an area that still needs work.

Mr. NEY (presiding). The gentleman's time has expired.

Mr. COOLEY. Boy, \$300 million. We need to look at that.

Mr. NEY. Mr. Montgomery, do you want to do any questioning before the—

Mr. MONTGOMERY. Yes, I'll be very brief.

Mr. NEY. We will return after that.

Mr. MONTGOMERY. Yes. I'll take about a minute, and I think Mr. Stump agrees with me on most of these issues I mentioned.

For our veterans, we are not getting proportionately the money we've gotten in the past, both from the Bush and the Clinton Administrations, on medical care from the President's request for this next fiscal year, which the Appropriations Committee will take up this and next week, we are \$225 million below the President's request. I know that doesn't come under this joint hearing, but major construction may be \$24 million less, and we thought we were going to get minor construction about \$31 million. The VBA, which comes under this committee, is \$24 million short, credit reform is \$44 million lacking, the National Cemetery system is \$5 million below what's been requested in the past by Clinton and by President Bush.

So, my point is to the veterans organizations, you better start looking at the appropriations subcommittees. This committee is right on line, we are going to do everything we can for you, but appropriations is where we need to get the job done. So, I wanted to point that out, Mr. Chairman, and I'm sorry I'm not going to hear Mr. Gardner or General Taylor, who is sitting on the back row back there. I'm sure they will have good testimony.

Thank you.

Mr. NEY. Thank you, and we'll go over to cast votes and then return. If there's any questions that Mr. Mascara has of panel one, if he doesn't then we'll go straight on to panel two.

Thank you. We'll return in a few minutes.

[Recess.]

Mr. NEY. The committee will reconvene. We ended with panel one. Wait, I did have one question, is panel one still here? I had one question for panel one.

Last year, when we had testimony, there was a problem, if I remember right, of some coordination between how cases were sent over in the first place and how they went to the appeal and a legal basis of how those cases were sent over. Do you have any familiarity with that?

Mr. RUSSO. Yes, but I'm not sure I understand the question.

Mr. NEY. Well, the question is, has anything changed on that, because there was a problem or some dispute about should the cases

have been sent over in a certain form in the first place. Yet, some people said the VA said no, we sent them over and then they couldn't determine how they wanted them.

And, I know from working cases back in the district where I get a lot of calls, we were looking at that time, about a year ago, we had discussions about standardization, so that everybody knew exactly how the case would go over in a certain format, and then we were talking about automation and maybe that would help. Has anything changed on that, or any progress?

Mr. RUSSO. Well, Congressman, one of the big problems, and you may be alluding to this, is cases being called up from the regional office level up to the Board of Veterans' Appeals, and this has been an issue for at least the last year, and I can tell you that it is an ongoing problem with the Board of Veterans' Appeals calling up cases at an inconsistent rate. In some months, it's calling up large numbers of cases, in some months it is calling up small numbers, and right now this situation—and it's also calling up cases that have been sitting in the regional office for 8 months, sometimes calling up cases that have been sitting for 2 or 3 months. It's very inconsistent in this process, and it's an ongoing problem.

Right now, there is a backlog of cases in the veterans' service organizations offices over at the Board of Veterans' Appeals, and so that has been a definite problem and it's ongoing.

Mr. Surratt. Congressman, I want to respond to your question, but I'm sorry, I still haven't quite connected with what it is your asking, cases sent from where to where now?

Mr. NEY. About the Board of Appeals at one time there was a statement, if I recall correctly, that was made that when cases came to them they should be in a certain—

Mr. RUSSO. Docket.

Mr. NEY (continuing). Yes, certain docket. I remember that was discussed here a year ago, and I just wondered if any of that changed.

Mr. Surratt. I'm still not familiar with exactly what it is you are talking about. Are you talking about the format or the notification of the decision from the regional offices, or merely the administrative status that the case comes up in?

Mr. NEY. It was the way the cases if I recall correctly, it was a certain way that the cases were sent over in a certain manner, and if they were in a different type of legal format it would have fit more in line with the Board.

Mr. Surratt. I'm not aware of any problem in that area. As you probably know, the regional office makes a decision, and that's on a standard form, and then when the veteran files a Notice of Disagreement and appeals to the Board, a statement of the case is issued and that outlines the law, and the facts in the case, and the reason for the decision, and the case is certified and then sent to the Board, and I'm not aware of any variation in that format.

Mr. NEY. Well, it was to do with the docket. It was discussed here last year.

Mr. Surratt. Oh, okay. I'm not familiar with that problem.

Mr. NEY. I just wondered if anything has changed.

Nobody had said that anybody in either direction did it wrong, it was just that there needed to be a meeting of the minds as to how the docket was sent, something to that effect.

Anybody have any other questions? If any of the staff would like to submit questions, you may. Also, if staff of either side for members may like to submit questions, you may.

Mr. RYAN. Mr. Russo, in your statement you recommended that the hearing officer should be given greater authority by removing him or her from the adjudication officer's control. Under whose control would you place the hearing officer, and what sort of organizational setup would that include? I have two other questions. How many additional hearing officers are needed? Could this have an effect on the long wait for decisions at the Board of Veterans' Appeals?

Mr. RUSSO. Yes. Mr. Ryan, thank you for asking that. We believe the hearing officers should be independent of the chain of command of the adjudication officer. He could still be, he or she could still be an employee of the Veterans Benefits Administration, but should be outside of the authority of the Adjudication Division. In fact, they could still be an employee of the regional office and report directly to the Director of the regional office, but it's important that they have an independent decision-making authority.

In terms of the resources, I know that several regional offices share different hearing officers. Only recently did the D.C. regional office get its own hearing officer, but we feel that every regional office ought to have its own hearing officer who becomes familiar with the different rating specialists, the work they produce, and becomes familiar with the local VA medical center and the quality of the different physicians, compensation and pension exams.

And, to answer your last point, we feel that the Hearing Officer Program definitely has the potential to reduce the backlog at the Board of Veterans' Appeals.

Mr. RYAN. Thank you very much, Mr. Chairman.

Mr. NEY. Thank you.

One question to follow up. Should the hearing officers work for the Board of Veterans' Appeals?

Mr. RUSSO. Well, that would, in effect, make them Board members, and I know that idea has been discussed. We don't feel that's particularly necessary, and we don't have a definite answer to that question, so long as they are independent of the adjudication officer and the Adjudication Division.

Mr. SURRETT. The DAV would agree. It's the independence that's the important issue, I think. We don't see an advantage in having the hearing officers work under the Board of Veterans' Appeals, but certainly they could work directly for someone in the Veterans Benefits Administration or, perhaps, for a regional office director, and those are issues that we're willing to explore.

Mr. NEY. It's been bandied about, as you know. It's been talked about.

I want to thank the panel for their time and their input.

Mr. RUSSO. Thank you, sir.

Mr. SURRETT. Thank you.

Mr. NEY. Thank you very much.

Next, we'll move on to the second panel. Mr. Bob Gardner, Chief Financial Officer for the VBA, and as such he has a wide responsibility for strategic planning and implementation. It's good to have you here today. I know you'll take a real cost benefit look at the way things are done, which is what everybody is interested in, and the performance of the dollar at the VA, so I want to thank you again for being here. You are welcome to proceed.

STATEMENT OF ROBERT GARDNER, CHIEF FINANCIAL OFFICER, VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY LYNNE HELTMAN, CUSTOMER SERVICE TEAM LEADER, VETERANS BENEFITS ADMINISTRATION

Mr. GARDNER. Thank you very much.

Mr. Chairman and members of the subcommittees, I am pleased to be here today to discuss VBA's efforts to obtain information from our customers—veterans, their families and others—which will help us better provide benefits to those who served their Nation so well. I will also discuss the progress we have made to date establishing VBA performance measures, and I will provide an update on our restructuring proposals.

I ask that my written testimony be made part of the record.

With me today is Lynne Heltman, VBA's Customer Survey Team Leader.

Before addressing the specific areas of customer service, performance measures and restructuring, I would like to briefly note our efforts in strategic planning. We are implementing an enhanced management and accountability system in accordance with the Government Performance and Results Act. Strategic planning and performance measurement are critical elements within this overall system.

Our strategic planning process is the overall framework in which customer expectations, performance measures, restructuring proposals, information technology decisions and everything else we do are all integrated to accomplish common VBA goals.

We are currently working hard on VBA's first comprehensive and coordinated business plan, one of the most important products of our strategic planning process. This plan, when completed, will contain VBA-wide strategic guidance and direction for all our managers. It will also include business line goals and objectives, and various initiatives required to achieve those goals and objectives. We are incorporating our resource requirements into the plan, and it will, therefore, serve as VBA's business plan and the Fiscal 1998 Secretary's Budget Request, which will ultimately come to the Congress next January.

Under Secretary John Vogel will discuss our strategic planning efforts in much more detail next week, but it's important to highlight this activity at the outset of my statement because this is the unifying process which ties all our activities together and ensures we keep the proper focus on the things most worth doing.

Turning to our work in the customer service area, I am proud of the progress VBA has made over a short period of time. VBA is committed to listening to our veteran customers and responding to their concerns with better service delivery. I will summarize our

customer-related accomplishments in two categories: customer surveys and customer service standards.

VBA's Customer Based Measures Survey: As described in the March 1994 "Report to the President on Customer Service Surveys," VBA initiated the Customer Based Measures Survey in order to (1) add the customer's voice to VBA's strategic direction; (2) provide a blueprint for use in defining customer based measures of quality service; and (3) assist in the establishment of resource allocation priorities. The survey project was initiated in 1991, in order to gather valid, reliable data from VBA's external customers. It was designed to yield national, as well as program-specific results.

The Customer Based Measures Survey has been used by VBA in a variety of ways. VBA's top management was briefed on the results of the survey, bringing into focus the customer's perception of the services provided. Perhaps, even more important, the results of the customer survey pointed out that program procedures, while meaningful to VBA for administrative purposes, were less meaningful to veterans and their families.

Our Survey of Veterans' Satisfaction with the Compensation and Pension Programs is ongoing. A standardized compensation and pension customer survey was needed to provide accurate and timely ongoing customer feedback data on C&P claims processing for VBA nationwide, for VBA area offices, and for all VBA regional offices. These two claims processes were selected initially because they were major VBA business lines, and because earlier customer survey results showed that C&P received the lowest overall satisfaction rating of all major VBA programs.

We now have the results of the pretest of the survey, and are currently distributing them for review. A detailed report on pretest results from the Roanoke Regional Office has also been prepared, which presents the most salient findings in graphic form.

Due to repeated follow-up mailings, the Roanoke pretest results showed a 68 percent response rate, which is an excellent response rate for this type of survey. Overall, the pretest proved self-administered mail surveys are a practical and economical way for VBA to obtain customer feedback, and that veterans were willing and able to participate in this effort.

Examples of the results from Roanoke are contained in graphic form in the written testimony and include the differences in the time taken and the time it should take for (1) speaking to someone on the phone, (2) a personal interview, (3) correspondence, and (4) getting a claim decision.

The final chart in the written testimony shows the percent of the time that customer service standards were met.

These charts illustrate how customer expectations can be measured and how customer surveys can be used to measure progress in meeting published customer service standards.

In 1995, two additional contractors were selected to conduct pilots of the survey in 12 additional regional offices. The field work for all 12 pilots has been completed and the customer surveys team is in the process now of finalizing the reports, which should be available by the end of June. Again, the response rates were acceptably high for all stations providing additional support for an all-station mail survey.

Turning to our customer service standards, the President issued Executive Order 12862 in September, 1993, providing Federal departments and agencies with the executive direction for improving customer service. This set out a series of actions agencies were directed to take, which were intended to ensure that the service provided to customers by the public sector would match or exceed the best service available in the private sector.

The primary intent of this directive was that agencies were mandated to develop customer service plans. We delivered our first VBA customer service plan and standards in September of 1994. A Presidential memorandum in March, 1995, mandated that the requirements of the Executive Order should be viewed as continuing requirements.

Our customer service standards are generally courtesy and respect, communication, timeliness and responsiveness.

Turning to VBA performance measures, VBA recognized early in the implementation of the GPRA pilots that well-developed, results-driven performance measures were an important piece of successful program management. VBA's strategic planning group developed five core performance measures that will be applied to all VBA programs. The core measures are the fundamental base for performance measurement in VBA. These measures form a balanced score card approach to performance management. The five measures in VBA are customer satisfaction, timeliness, accuracy, unit cost and employee satisfaction and development.

VBA formed work groups to develop specific detailed performance indicators and objectives for each of the core performance measures that are linked together. The performance indicators identified by these work groups are included in the VBA business plan we are currently working on. They will continually be refined and improved as we become better able to measure and track program performance.

Finally, regarding our restructuring proposals, we held a directors workshop the week of May 20. We discussed VBA's work to date on strategic planning and specific restructuring proposals. The workshop enabled us to share information about our current and projected resource picture, to consider reengineering and restructuring options which can help us address the needs of veterans and to focus on VBA's ability to adjust its business process and its physical organization to meet those needs.

As a result of our deliberations and other dynamics at work, the following steps are being taken at this time. The two compensation and pension related initiatives have been removed from consideration in the President's fiscal year 1997 budget. VBA will instead use business process reengineering methods to redesign how the work will be performed at current regional office sites, rather than changing jurisdictions of offices. Modification of the proposal regarding mortgage loan accounting is required.

We will generally proceed on course with the other Transition Year initiatives as they do meet the test of positive reengineering with a customer focus.

Finally, we remain committed to the enhanced access initiative. However, this service improvement effort will be dependent upon our ability to redistribute available resources and/or identify in-

vestment funds to help us make the changes we hope to accomplish.

Our Field Restructuring Task Force will continue to work refining Transition Year initiatives, integrating process reengineering opportunities into structure, assuring consistency among area approaches to change and exploring options for structural change in the future.

Mr. Chairman, this concludes my prepared statement. I'd be pleased to answer any questions you or members of the subcommittees may have.

[The prepared statement of Mr. Gardner, with attachment, appears on p. 43.]

Mr. NEY. I want to thank you for your time and your testimony today.

One thing I wanted to ask about was some of the figures from the pretest survey, and I want to see some reaction of what the numbers would indicate to you.

As you go down and you go through 90 percent of the people rated VA employees as courteous, which is a tremendously high level I think, 69 percent said they didn't get the information on the full range of benefits that was available through the VA, 47 percent did not get an estimate of how long it would take to do their claim. This was Roanoke, by the way, the pretest. Thirty-three percent said they were not kept informed about their claim, which on the other end of it, by the way, 66 percent were, so I don't want to make this—I just want to get a reaction to this. Fifty-two percent were not informed about delays, 24 percent did not get explanations of the reasons for a decision, and then it took 28 days to answer a veteran's letter, and the goal, I think, of VA is 10 days. The veterans waited about 10 ½ minutes on the phone, the goal was about 3 minutes, and a wait for a personal interview was 23 minutes and the goal was 20, so it was pretty close. But, I just wanted to see a reaction to that.

And also, on a positive note, because I've gone through this myself in the State Legislature, you know, we wanted to see when a letter came in how you answer it, we had a delay, but how do you use the data that I've just given, and how do you go back in and make it work better. What plans do you have to use the data and the information to go back in, and how would you make it happen?

Mr. GARDNER. First, I need to clarify. As you said, these are the results of the Roanoke pretest. Once we have more comprehensive data that allows us to know whether the Roanoke situation is, indeed, unique or not, then we use that data across the board.

Certainly, Roanoke can use that information today, but from a nationwide perspective we need to pursue the other pilots and get that information together.

Mr. NEY. I—

Mr. GARDNER. But, it is our—excuse me?

Mr. NEY (continuing). Oh, no, I was just going to say you can answer the question based on Roanoke. I don't want to assume it will be standard across the country, you know, it's like polling, you assume what you get is standard but it may not be. But, let's just keep it to Roanoke then.

Mr. GARDNER. I think the key will be that we will take that information and use it to assess the best use of available dollars on particular initiatives in our strategic planning process.

As resources become more scarce, there will be fierce competition for ADP applications, training initiatives, or simply additional staff. This will help us determine which initiative will best resolve the problem.

For example, we have a lot of information that indicates veterans cannot get through on the phone, and we want to help them get through on the phone. At the same time we have information that says that when they do get through on the phone they aren't getting the information they need. It doesn't do any good to buy a bunch of telephones, get the people through on the phone and still have 20 percent not get the information they need.

That's a good example of survey results that tell VBA to look farther in our planning process, to include training or other adjustments that ensure veterans are getting the right information when they get in. It doesn't do any good to get through if you are not getting the right information.

I use that as an example of where we will use this particular data to determine that a particular initiative is the better one to do, or the first one to do, or the only one to do, as opposed to others. From my perspective, looking at the budget, I want to be able to sort out alternatives when all the program managers come in with an answer for a particular problem. I want to be able to prioritize the use of the dollars. This data helps us determine that a particular initiative is going to get us closer to the mark with the customer than another one will. And, that's tough when you are comparing ADP, training and other competing initiatives.

Mr. NEY. Who helps you to determine, or how will you determine, whether it's a matter of money, or a matter of streamlining internally, or a combination of both? How will you judge that?

Mr. GARDNER. I think that needs to be an agency-wide discussion. Certainly, my staff will pull together a lot of this type of basic data from surveys. Each of the services is also involved, depending on the program involved, and they certainly would bring a lot of advice to it. We also have what's referred to as the Strategic Management Committee that will discuss these issues, set priorities, and really debate what is the best way to go. That's a new thing for us, and something that I think we will get better at every time we do it.

We have already met once and I was pleased that there was an engaged discussion. We're beginning to take some very important steps as far as really taking more authority and sharing the decisions and deciding how best everybody can pursue the right thing.

Mr. NEY. Can you describe your benchmarking program?

Mr. GARDNER. There is some benchmarking at the program level. I know that the insurance program has done some. As an agency, we have not done as much. We are going to be doing more of that as we get the performance indicators and objectives nailed down. Then we can move on to focus on what is the best practice.

I know that in the business process reengineering project, they've done a little bit of that as well.

Mr. NEY. Have you developed some type of cost model format so that you get at the unit price?

Mr. GARDNER. No, that's what we'd like to do as well. I'm afraid that a lot of my answers are going to be, yes, I'd like to do that and we're working on it, but I'm sorry that we don't have more of it done.

I, as you can imagine, have a very strong desire that we have the ability to capture unit costs. As resources become more tight, we must be able to identify the cost of individual claims, or properties or whatever it is. The difficulty there is between a short and long-term strategy.

The short-term strategy is to take our budget and set it up in a way that in a short period of time best captures the cost, using the information we have. The long term requires probably the use of contractors, where we can go in and establish new systems based on cost accounting and actual data that will supply us with very good unit cost data. That one is going to take the longest to do, but we're trying to take steps as fast as we can.

Mr. NEY. Now you state that the VBA will be developing the new systems, and they would be designed around the performance indicators.

Mr. GARDNER. Yes.

Mr. NEY. What would be those systems? What systems are you talking about?

Mr. GARDNER. It depends on the indicators. In some cases, where we have customer satisfaction, for example, as an indicator, there really won't be a system as much as an ongoing series of surveys of selected programs. We may have a system in terms of how we gather that and report it, but it varies by performance indicator.

In terms of timeliness and accuracy, we already have systems that report that. We may need to change them and refine them as we change indicators. So, it depends on the indicator.

As I said, in unit cost we are talking about is whole new systems based on our financial accounting system.

Mr. NEY. And then, when you tried to determine how you are going to look at indicators, how you are going to look at unit costs, what's the structure within? In other words, at what level do you involve people to try to make the decisions of your short-term look and your long-term look, at what levels of the VA?

Mr. GARDNER. I would hope in terms of managing and building our plans, we are doing it at all levels. Right now we are trying to get our corporate act together, and then we will push that through the organization, whether it's through the area plans, through region office plans, or business line plans.

The plan we are putting together now will accompany the 1998 budget and is composed of the five major business line plans, support office plans, financial management and IRM. It also has input from the areas, which reflects initiatives they are working on.

While that was a quick process, given the timing we had, we hope to eventually involve as many managers as possible, so that everybody understands how their activity relates to the overall goals and mission of the agency.

Mr. NEY. I wondered, how do you—do you have any type of suggestion policy for process from the rank and file of the VA, I mean,

from the people that are out there, not in the management, but are out there doing all the work of—I mean, management does work too, I should rephrase this, I didn't mean it that way, just from the rank and file, do you have suggestions that they can make on how they think it can run better?

Mr. GARDNER. We always are open to suggestions from all of our employees. I think the key is, as we've done in many of our offices, trying to engage all the employees in this together. We appreciate your ideas and involvement. Everybody knows that in a given office people can perceive involvement or they can perceive uninvolved, and I think it's a matter of constantly getting out there and encouraging that.

The best way to do that is, of course, through a formal training process. We have made an effort, through information related to the Government Performance and Results Act (GPRA), to train all of our executives and all of our field managers. Our intent is to get it to an even lower level, mid-level managers, and ultimately make sure as many of our employees as possible, not only understand the process, but also what GPRA is all about.

Mr. NEY. You know, they come down from Pittsburgh to Steubenville, and they run a tremendous health fair for the veterans and people who come in from the community. It's advertised. They have a plan on site, they can take cases, and they do that as volunteers, your employees do. It's tremendous, I went up to it not too long ago, and they do it all over the place.

And also, they have a section of the VA that I think a lot of people are unaware of. It's a section for women that handles very specifically a lot of the women's issues within the VA. I went to it and spent about 3 or 4 hours there, but that was all the employees putting it together on their own time and bringing a very impressive slick operation. And, I mean that in the greatest terms, it was just really smooth.

Mr. GARDNER. We have very dedicated employees. We've run some focus groups with our employees where they've had an opportunity to contribute and offer suggestions as well. That's given us a lot of information in terms of what they feel.

Mr. NEY. Questions of Counsel?

Mr. RYAN. Mr Gardner, in your written testimony mentions the pilot survey of 12 regional offices. Can you give us a timetable for implementing regular customer satisfaction surveys at all of your regional offices?

Mr. GARDNER. Yes. I'll try to address it, and maybe Lynne can help me on this. The additional 12 pilots will be in and that data will be analyzed, I hope, by July of this year. This fall we intend to move to the remaining 45 regional offices and administer surveys there.

By next spring we expect to have data from all our regional offices and have a national perspective on these issues. That's the type of information you are looking at right here from Roanoke.

So, I would say, certainly hopefully in less than a year.

Mr. RYAN. Okay.

A follow-up to the Chairman's question about how you plan to incorporate customer feedback data in deciding how to reengineer or

consolidate some of the functions performed in the various regional offices.

Until a few weeks ago, you had a plan to consolidate adjudication functions that was based on performance data, that is, productivity, cost of adjudicating claims. I'm really interested in learning how VBA will deal with an office that ignores customer satisfaction or which has a very low customer satisfaction rating.

Mr. GARDNER. The overall strategic planning system has, not just a formulation phase, but also an execution phase. There is accountability and targets and goals will be established certainly not right away, but down the road. Managers will be held accountable for trying to increase constantly the level of customer satisfaction. That's part of the plan, that's part of the approach that the planning group has pursued. I think there would be over time certainly encouragement to improve customer satisfaction as much as possible.

Mr. RYAN. Thank you, Mr. Chairman.

Mr. NEY. Thank you for your time today. Thank you very much.

Mr. GARDNER. Thank you.

Our next panel will be the Assistant Secretary for Veterans Employment and Training, Preston Taylor. I want to thank you, General Taylor.

Mr. TAYLOR. You are welcome, sir.

STATEMENT OF PRESTON M. TAYLOR, JR., ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR

Mr. TAYLOR. Good morning, Mr. Chairman, and thank you for the opportunity to testify before these two subcommittees on customer service, an issue very close to my heart.

Today, I would like to report on the kind of service our customers tell us they expect, and the types of things we at VETS are doing to improve the overall quality of that service delivery.

First, I'll request that a copy of my full written statement be made part of the record.

From the beginning of this Administration, the President has said that the Federal Government must be customer driven. The Vice President even made "putting customers first" a main principle of his 1993 National Performance Review report.

Within days of that report, President Clinton ordered Government agencies to survey their customers and set standards of service.

In September, 1994, VETS published its Customer Service Contract as a commitment to veterans seeking employment and employers seeking assistance and information.

In 1994, VETS also initiated a customer satisfaction survey. The contractor—Lockheed Martin—interviewed over 1,200 employers and 1,100 veteran users of employment services provided through our grants to 16 States. Both groups told us they were satisfied with the convenience of our hours and the helpfulness of our staff.

Sixty-eight percent of the veterans said they received at least one referral to a job, two-thirds were given an interview as a result of a referral, and 37 percent converted the interview into a job.

Almost 80 percent of the veterans stated that they would recommend the Job Service to other veterans, 53 percent of them would recommend the Job Service strongly.

While the survey results were valuable, I decided we needed to explore the issues in greater depth through a series of focus groups.

As a direct result of the focus group findings, I established a special task force of VETS employees to review the issues of racial, ethnic, and gender differences and develop specific recommendations. Their report is due at the end of this month.

VETS also is working with the United States Employment Service to develop staff training materials to increase the quality of our customer service and the sensitivity of both the Job Service and Federally-funded veterans' representatives.

I have testified a number of times on VETS' efforts to reengineer itself and its staff operations. Our primary objective always has been to bring programs and decision making closer to our customers—America's veterans and employers needing our assistance. However, today I would note there is a parallel undertaking that may have an even greater impact on our customers—our expanding services and access through technology.

Over the past several years, VETS has established a meaningful partnership with the Department of Labor's Employment and Training Administration and others to maximize the benefits of America's Job Bank—AJB—for our nation's veterans. As many of you know, AJB is a computerized national job bank that links more than 1,800 local employment service offices nationwide to help employers and job seekers find each other. It provides job seekers with the largest pool of active job opportunities available anywhere—approximately 500,000 jobs with over a quarter of them in the professional and managerial sectors.

But our efforts have not stopped there. In March of 1995, with the introduction of America's Job Bank to the Internet, we created new opportunities to extend services to job seekers, link State-level job banks, permit employers to enter jobs and establish links directly to employers' own World Wide Web home pages, 24 hours a day.

AJB is now the largest job bank on the Internet. In computer parlance, the system is averaging over five-and-a-half million "hits" per month.

And I am pleased to inform the subcommittees today, along with our partners, that we are working on plans that hold the potential for better meeting the statutory objectives of the Federal Contractor Job Listing Program.

The AJB/Internet connection will inevitably lead to other innovations that will, in turn, have a positive impact on veterans. We in VETS have indeed made the commitment to move to cyberspace. We believe it is important for us to continue in this direction, but we want the subcommittees to know that we are proceeding cautiously, with great concern for veterans.

By maximizing the opportunities of our customers who can truly benefit from this technology, we better enable our specialists at the State and local service delivery level to assist those veterans who have significant barriers to employment and need personal assistance.

With that, sir, I'll close and respond to any of your questions.

[The prepared statement of Mr. Taylor appears on p. 58.]

Mr. NEY. I want to thank you, General, for your testimony.

Would you have, and not to go through all 50 States, just a reaction from as you fund these programs and they are carried out in conjunction with State employment departments, are the States pretty standardized as to how they interact with you, or are there a lot of differences?

Mr. TAYLOR. Well—

Mr. NEY. I'm familiar with Ohio, of course.

Mr. TAYLOR (continuing). Yes, I think I need to preface my response to that question by telling you that about 3 years ago the unemployment for veterans hovered around 7.2 percent. As of January of 1995, it dropped down to 3.4 percent, and we think that's a direct result of our working closely with the States.

Unemployment for veterans today is 4.7 percent, about 1 percent below the national average. If you look at the country, you will see that veterans are concentrated in various States. We have between 26 million and 27 million veterans in the country. When we decided to do our survey in our focus groups, we took that into consideration, although we did not ignore the rural areas. We have found differences as we crisscrossed the country.

The labor market varies. Unemployment in California a year or so ago was hovering around 8.2 percent. In some States, we found unemployment to be around 3 percent. And so, our strategies to deal with high unemployment differed from State to States. So, we did find differences.

I personally traveled to many of these States with high unemployment and with low unemployment, and I asked the state grantees, the DVOPS and the LVERs, how are you handling the economic situation in your state, and the strategies would vary based on the situation. So, it was not uniform across the country.

Mr. NEY. Now Massachusetts has privatized its state operation. What type of effect has that had on how—

Mr. TAYLOR. Well, that has just happened, and something similar to that is happening in Texas also. The jury really is out on this. We'll have to wait until these programs have been in effect possibly for as long as a year before we can go in and do an evaluation.

Mr. NEY. The other thing that has been pointed out to me—we've got a higher unemployment problem with the younger vets, the 20 to 25 year old's, at about 11 percent or 10 percent. What do you think we can do to try to ease some of that?

Mr. TAYLOR. Well, Mr. Chairman, I'm delighted you asked that question. When one looks at the Bureau of Labor Statistics data on unemployment for veterans, you see that 4.7 percent, and so you can ask the question, what's the problem here? Your unemployment is below the national average. But, you have to look closer at that.

And, when you look closer, you'll see young veterans, between the ages of 20 and 24 or 25. Their unemployment is 14.3 percent. You look at female veterans. Their unemployment is above 7 percent. You look at Black veterans. Their unemployment is above 8 percent. We know that disabled veterans are not being placed in

jobs as quickly as they should be. We recently signed a Memorandum of Understanding with the VA to go into their Vocational Rehabilitation centers before these veterans graduate to identify jobs that they might be interested in. We think that that's working.

So, the 4.7 percent is misleading. We know that we have problems in certain categories among the veterans' community. We have recognized this and we are developing strategies to deal with it. We are going to be writing claims. As a matter of fact, I've established a strategic planning office within my agency, which did not exist before I arrived, so that we can address these niches that command our attention.

Not only are we looking at ways in which we can solve these kinds of problems, but we have to look at the quality of jobs that we are finding for these people.

Quality-wise, we are doing well. We found 567,000 jobs last year. You know, this is verifiable information. But, the survey data that I referred to earlier indicates that we need to do better in the quality of jobs that we are finding for our people.

Now, the America's Job Bank is going to help us with this, because employers are now going to utilize that system to put the good jobs in. If we can find the money to buy computers for our state grantees, those DVOPS and LVERs, this will enable them to access the Internet, which, in turn, would augment the already existing system that we have. We won't replace the existing system, but AJB will augment the existing system, and their employers will list better jobs.

And so, we not only have to look at the young veteran as far as a job is concerned, but we have to look at the young veteran as far as a good job is concerned.

People are surprised when I tell them that of the 26 or 27 million veterans in this country, 65 percent of them are between the ages of 24 and 65, right in the prime working years. Therefore, when you plan and you look out into the future, you see the percentage of veterans in the workforce going up in the future, as the Second World veteran moves on.

Consequently, we need to be developing strategies of how to help these people who are downsized by the private sector, downsized in the federal sector, and who also are coming out of the military—250,000 of them every year.

Mr. NEY. As you are aware, too, it's a dilemma across the country—

Mr. TAYLOR. Yes, it is.

Mr. NEY (continuing). Not just the quantity, but the amount of take home pay and the quality of the job.

Mr. TAYLOR. But, this is a challenge, and we look forward to accepting the challenge.

Mr. NEY. Questions?

Ms. COCHRAN. Mr. Secretary, you mentioned employer outreach and the quality of jobs. That's always, for years, been a big concern that we've all shared.

In the listing of DVOP responsibilities, the first responsibility listed is employer outreach. Do DVOPs have time to do this? Are they doing employer outreach? Is it a large part of how their time is spent during the day?

Mr. TAYLOR. Well, one of the points that Chairman Buyer made before he left was that he wanted to talk to me about our downsizing of the agency and why we are, you know, so enthusiastic about downsizing the agency.

We are really not enthusiastic about downsizing the agency, what we are doing is we are reinventing the agency. What we are doing is trying to change the culture. We are trying to empower our people in the country to get them closer to the customer. We have reduced the size of the national office in Washington by one third.

As we are successful in reinventing the federal sector of the agency, we are also going to be looking at our grantees, the DVOPs and LVERs, as to how the culture needs to be changed there.

We are moving into cyberspace. We are going to be putting smart computers into these employment offices. Able-bodied veterans that are somewhat computer literate are going to be able to walk into those employment offices, walk right up to those computers and access the databases, whether it's America's Job Bank or whether it's the Governor's Job Bank in a particular State. Eventually, people are going to be able to access those databases from home with personal computers and modems. We are looking at that out into the future.

So, what's the role of DVOP and LVER? Well, when Congress created the DVOP, the Disabled Veterans Outreach Program Specialists, the intent was to help those with barriers. I've just pointed out to the Chairman various niches of people with barriers who happen to be veterans. And so, we think that by moving into this new technology it will enable the DVOP to do case management with those people who have problems, and also to do more outreach with prospective employers who normally don't use the employment system, such as IBM and AT&T.

Ms. COCHRAN. In their testimony, VVA noted that you are contemplating permitting federal contractors to fulfill their responsibility, to list their jobs by listing those jobs on America's Job Bank which is a reasonable suggestion.

At the same time, VVA had an interesting caution that additional training for staff would be a very good idea. This is a good move, but, perhaps, not as quickly as some had suggested that you could and you should.

Mr. TAYLOR. Well, Ms. Cochran, as you know, that since we've been here we've put new processes in place, and one of the processes that we have in place is to consult with the VSOs and the members of the staff of both sides of the House before we implement, because we want to hear what the VSOs have to say, and we want to hear what the staff members up here on the Hill have to say before we implement any new ideas.

And, we will continue to do that. And so, we've invited VBA and the Disabled American Veterans and the other VSOs to come to the table and sit down and talk to us before we do something like that. We want to be cautious. We want to make sure we are doing the right thing, and we want to make sure that they are satisfied before we do it.

Ms. COCHRAN. Thank you very much, Mr. Secretary.

Mr. NEY. Thank you for your time. That concludes the hearing. Thank you.

[Whereupon, at 11:53 a.m., the subcommittees were adjourned.]

APPENDIX



Vietnam Veterans of America, Inc.

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A Not-For-Profit Veterans Service Organization Chartered by the United States Congress

Statement of

VIETNAM VETERANS OF AMERICA

Presented by

William Russo
National Service Representative
& Veterans Benefits Director

Accompanied by

William F. Crandell
Deputy Director, Government Relations

Before the

House Veterans Affairs' Committee
Subcommittees on
Compensation, Pension, Insurance and Memorial Affairs
and
Education, Training, Employment and Housing

Regarding

Customer Service Standards
at the Veterans Benefits Administration
and the Veterans' Employment and Training Service

June 12, 1995

Mr. Chairman and members of the Committee, Vietnam Veterans of America (VVA) appreciates the opportunity to present its views on customer service standards at the Veterans Benefits Administration (VBA) of the Department of Veterans Affairs (VA) and the Veterans' Employment and Training Service (VETS) of the Department of Labor (DOL).

We have reached a point in our civil life at which Congress demands that services be tailored to the needs of localities, and yet meet customer service standards set by bureaucrats in Washington. This is not as ironic as it sounds. There are sharp disagreements over what services ought to be provided by federal agencies, but a uniform insistence that those services be provided both capably and in a friendly manner. That makes good sense.

VVA spends a great deal of time advocating on behalf of policy goals over which there remains contention. That is why we exist. But we have always felt it part of our job to complain and explain about services provided rudely, or in a manner that does not meet the needs of the veteran. We are glad to note that the demand for excellent customer service has been in vogue long enough that most federal agencies are trying – and we think trying in good faith – to shape the functioning of their bureaucracy to the needs of the people they serve. This has been a rude shock to many of those who actually run regional offices, medical centers, job service offices and other operations of both VA and DOL. You have asked for our evaluation of how they are doing and where they are sabotaging customer service efforts – deliberately or not – and we are prepared to testify to what we have experienced.

THE VETERANS BENEFITS ADMINISTRATION

Budget Impact

The recent action of the House Appropriations Subcommittee on VA, HUD and Independent Agencies regarding VA's budget proposes to greatly reduce discretionary spending, which will have a tremendous impact on VBA's ability to deliver services to veterans. VA has projected that this will result in the reduction of VBA staff by 550 additional FTE, to a total reduction of 1000 FTE from 1996. This staff reduction will decrease the VA's ability to process claims and loan applications, increase the caseload of the Vocational Rehabilitation Specialists and ultimately increase the claims backlog by 48,000 claims pending at the end of 1997.

The current backlog of claims is already unacceptable. With these budget cuts, the average original compensation claim will still take five months or more to process. We currently see claims that have been remanded from the Board of Veterans' Appeals (and are therefore statutorily entitled to expedited handling by the VARO) that still take six months, eight months or a year to process. This delay will only increase with the FTE reductions needed to comply with the proposed budget figures.

Every year many veterans die before their claim is finally adjudicated. Any more delays in claims processing will lead to even greater levels of customer dissatisfaction with the VA. VVA opposes cuts that will adversely affect the time a veteran has to wait to have his/her claim decided by the VA.

Inadequate C&P Examinations

The Adjudication Commission's BVA Remand Review found that the cause of 54% of remands was to order a specialized medical examination. It also found that "[t]he two general reason categories that generated virtually all of the remands were (1) inadequate medical examinations and (2) inadequate factual development." VA renders some of its worst customer service when veterans have to undergo multiple examinations before the appropriate issue is addressed or an adequate report is written.

1. Bad Reports

Many C&P exams fail to address the relevant issue at question. For example, in a rating increase claim for an already service-connected condition, the examiner will fail to state the severity of the condition and instead focus on the cause of the condition. The veteran must then wait for the VARO or even the BVA to make a determination that the exam was inadequate for compensation purposes so that it will schedule the veteran for another examination.

Another main cause of remands are examinations that focus on the right issue but do not provide enough information to adequately rate the veteran's condition, which also result in the veteran having to be examined again. For example, many veterans have experienced the ten or fifteen minute examination which yields the two sentence medical report.

2. Reviewing the veterans' medical history

Reviewing the veteran's past medical history and relevant portions of the claims file can be an integral part of assessing the etiology or current severity of his/her condition. Yet many veterans report that their claims file was not present during their examination and the doctors have not reviewed their records.

Last year, the VA General Counsel issued an opinion at the request of VBA, stating that the examiner must review a claimant's past medical records prior to conducting a C&P examination¹. Prior to that opinion, in its remand decisions, the BVA had to order the VARO to instruct the C&P examiner that s/he must review relevant portions of the claimant's claims file. Despite the OGC Opinion, we still find this to be an ongoing problem.

VVA commends the VA's efforts to address the problems of coordination between VBA and VHA. We urge VHA to continue working with its doctors to ensure that they review the veteran's medical history prior to an examination and prepare adequate examination reports that can be used to properly assess the etiology or severity of the veteran's condition. If VHA is unable to provide adequate exams in an efficient manner,

¹ VAOPGPREC 20-95 (July 14, 1995).

VBA could contract with private physicians in a referral network to conduct C&P exams, similar to the worker's compensation system. We recommend that VA continue to explore this option.

Duty to Assist

The key to good customer service from the VA is timely and fair decisions. However, this is impossible if the claim has not been properly developed prior to a decision. The VAROs still fail to acquire the relevant evidence needed to fairly adjudicate the claim. For example, failing to obtain Social Security Administration records or medical records pertaining to the claimed condition or failing to file a request with the Environmental Support Group to confirm a veteran's stressor in a PTSD claim.

There must also be greater coordination between BVA and VBA. The BVA remands claims with specific instructions that certain development be done. However, very often the development is not done and the file then returns to the Board automatically to continue this endless cycle. Either the VARO must perform the work on remand in a timely manner or if it is impossible to complete the development, for example to secure private medical records that were destroyed years ago or to verify an unverifiable stressor, the VARO should advise BVA that it has exhausted all resources for completing that task. Instead, the VAROs are often returning the file to BVA without the requested evidence or any explanation.

Hearing Officer Program

A VARO hearing is valuable in that it performs several key functions. It allows the veteran to have a contemporaneous review of his evidence face to face with a VA official. A VARO hearing will highlight the key areas that require development in a case and then give the veteran and the VARO another opportunity to work on that case before it is perfected for appeal to the BVA. This can lead to earlier resolution of a claim and forestalls a BVA appeal and a BVA remand for additional development. The psychic value to the veteran to be able to speak his/her mind is very high.

We also believe that the Hearing Officer should be given greater authority by removing him/her from below the Adjudication Officer's chain of command, since it may be difficult to reverse a decision made by a colleague or a supervisor.

VVA supports expansion of the Hearing Officer program at the VAROs. The expansion of the program should be comprised of both an increase in the number of hearing officers to conduct hearings, as well as greater publicity that this form of appeal is available to veterans. This is a key program and leads to high customer satisfaction.

THE VETERANS' EMPLOYMENT AND TRAINING SERVICE

VVA has testified on other occasions to how impressed we are with the vigor General Preston Taylor has brought to VETS as Assistant Secretary for Veterans' Employment and Training. Nowhere is this more apparent than in customer service. General Taylor brought Total Quality Management principles to VETS on the eve of downsizing – we will not call it "right sizing" – of the past two years. He has used the "Regional Lead Center" concept to farm out major program responsibilities so personnel cuts could fall on central office staff without diminution of services, leaving as many specialists out in the field as funding will allow.

VETS and Its Customers

Two kinds of customers rely on VETS – 2,000,000 veterans each year looking for work, and employers looking for workers. The veterans are entitled by law to priority of services within the job service, and to the skilled services of the Disabled Veterans Outreach Specialists (DVOPs) and Local Veteran Employment Representatives (LVERs) who recognize the special skills and special needs veterans bring with them. Disabled veterans need effective and enthusiastic employment advocates who can match their abilities to available jobs, and then help persuade employers of their rightness. Veterans trying to work their way out of unemployment or homelessness need encouragement and coaching in job-seeking skills. New veterans, fresh out of the armed forces, need customer services to acquaint them with the rituals of the job market.

Surveys show the veteran customers reasonably satisfied with the substance of the services. However, General Taylor instituted focus groups to see how the customer service aspects were being handled, and these revealed problems with attitudes of job service staff in a number of localities. We understand this is being dealt with. Sensitivity toward veterans has always been a problem in the job services.

Hispanic and African-American veterans seem to be the least satisfied veteran customers. This may be due in part to language and cultural barriers and/or economic disadvantage. Perhaps the most significant and at the same time overlooked reason that many Hispanic veterans do not use needed services – programs for which they are rightfully eligible – is language and cultural barriers. There is a need to have bilingual and/or multilingual staff available at all offices. Additionally, benefits information and other materials should be printed and available in Spanish and other appropriate languages.

Employers – the second set of VETS customers – are generally satisfied, and they should be. If a good match results, as experienced by nearly ninety percent of employers who receive veteran referrals, they get what they need. If not, they lose very little, and the service is free. What would serve both employers and veterans better, however, is more effort from VETS on employer development.

The Department of Labor is a two-legged stool that rests on unemployment insurance and employment services. Given its narrow access to the employer community, DOL must

*STATEMENT OF
RICK SURRATT
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEES ON COMPENSATION, PENSION, INSURANCE
AND MEMORIAL AFFAIRS AND EDUCATION,
TRAINING, EMPLOYMENT AND HOUSING
UNITED STATES HOUSE OF REPRESENTATIVES
JUNE 12, 1996*

MESSRS. CHAIRMEN AND MEMBERS OF THE SUBCOMMITTEES:

The Disabled American Veterans (DAV) is pleased to present you with its views on customer service standards of the Department of Veterans Affairs (VA) and the Department of Labor's Veterans' Employment and Training Service (VETS).

As an organization of more than one million service-connected disabled veterans and its auxiliary, DAV is especially interested in the quality of service VA provides to veterans and their family members. We are also very interested in the quality of services VETS provides to veterans in the employment area.

Our Nation's reverence for its veterans, its gratitude for their contributions and sacrifices and the sacrifices of their dependents, and its commitment to assist them is represented by an integrated system of veterans' programs designed to provide support and address the needs of veterans and their dependents in a comprehensive manner. The VA's Veterans Benefits Administration (VBA) administers benefit programs for veterans and other beneficiaries through a system of fifty-eight regional offices located nationwide, with at least one office in every state plus the District of Columbia, Puerto Rico, and the Philippines. These benefits include compensation and ancillary benefits, pension, burial benefits, education, home loans, vocational rehabilitation and counseling, and insurance.

VA is not a passive provider of government services. It disseminates information about its benefits through a wide array of channels. VA employs outreach programs to seek out and educate veterans about their potential entitlements, and VA assists veterans in filing and perfecting their claims.

Congress designed the system to deliver benefits in a helpful, friendly, and courteous manner, without undue formality, antagonism, or an adversarial relationship between VA and its beneficiaries. The effectiveness of these benefits depends greatly upon how well the delivery system functions. It is recognized that veterans deserve an effective benefits delivery system to ensure that benefits are provided in a manner that is meaningful and fully accomplishes their purposes, while affording claimants the dignity they deserve in recognition of their service to the Nation.

In more recent years, especially, many in the veterans' community began to question VA's performance in the area of claims adjudication. Congress reversed a long-standing bar to judicial review and established the United States Court of Veterans Appeals to review VA decisions. Similarly, Congress found that the public lacked confidence in our government institutions and that the public perceived that these institutions were not working well. Sharing the public's frustration with waste, inefficiency, and ineffectiveness in Federal programs, Congress enacted the Government Performance and Results Act of 1993 (GPRA). The purposes of this Act were to: (1) improve public confidence by holding Federal agencies accountable for achieving program results; (2) initiate reform in program performance through a series of pilot projects that were to set program goals, measure performance against these goals, and report publicly on their progress; and (3) improve program effectiveness and accountability by promoting a new focus on results, service quality, and customer satisfaction. Other purposes of

the act were to help managers improve service delivery, improve congressional decision making about these programs, and improve internal management of the Federal Government.

Under GPRA, its objectives are to be accomplished by formulation of strategic plans, performance plans, and performance reports. Organizational mission, the blueprint for reaching related long-term goals, and performance measurement are included in the strategic plan. The incremental measures for accomplishing long-term goals are included in annual performance plans, and performance is to be reported in the annual performance reports.

VA's Loan Guaranty operations and New York Regional Office were established as GPRA pilot projects. Performance plans were submitted to the Office of Management and Budget (OMB) for 1995. Loan Guaranty's performance plan included a variety of performance indicators to track progress toward meeting its service goals. Most of the New York Regional Office's performance plan pertained to the compensation and pension workload. VBA also established a strategic plan that provided overall direction and policy for administering benefit programs and contained primary VBA goals and strategies. VBA's strategic planning process was later revised to lead to a comprehensive, integrated, multi-year Business Plan consistent with GPRA requirements. VA has developed VBA Mission, Vision, Core Values, Goals, and Core Measures statements. These statements are as follows:

VBA Mission

The mission of the Veterans Benefits Administration, in partnership with the Veterans Health Administration and the National Cemetery Service, is to provide benefits and services to veterans and their families in a responsive, timely and compassionate manner in recognition of their service to the nation.

VBA Vision

VBA will earn the respect and trust of veterans, employees and the public by becoming an organization which:

- is easily accessible by veteran customers for all VA benefits and services;
- rapidly, accurately processes requests for benefits;
- provides clear, understandable, timely and informative communications;
- serves as a good steward of the resources entrusted for our use; and
- provides employees with training opportunities and job satisfaction.

VBA Core Values

- Veterans have earned our respect and are our reason for being, our common purpose. All our efforts are directed toward meeting their needs.
- We are committed to communicating with our veterans and employees in a timely, thorough, accurate, understandable and respectful manner.
- We listen to the concerns and views of veterans and our employees about improvements in benefits and services, and the climate in which they are provided.
- We value understandable business processes which consistently produce positive results.
- We foster an environment that promotes personal and corporate initiative risk-taking and teamwork.
- We are open to change and flexible in our attitudes.

- Respect, integrity, trust and fairness are hallmarks of all our interactions.
- We value a culture where everyone is involved, accountable, respected and appreciated.
- We will perform at the highest level of competence, always, and take pride in accomplishment. We are a “can do” organization.

VBA Goals

- **Improve responsiveness to customer needs and expectations.** VBA will establish and apply performance standards that reflect customer needs and expectations. Customer information will be routinely collected to verify the validity of the measures and appropriate adjustments made.
- **Improve service delivery and benefit claims processing.** Reengineering will be utilized to create a more cross-functional, horizontally structured organization. Claims processing will be streamlined to eliminate non value-added activities and reduce rules and regulations. Empowered employees will have increased decision-making authority and be held accountable for process outcomes. These organizational changes, along with the application of new management tools and technology, will allow VBA to improve the timeliness of claims processing and the overall quality of service delivery.
- **Ensure best value for the available taxpayers' dollar.** VBA will strive for the efficient and prudent use of government resources while working to achieve the full breadth of its stated goals.
- **Ensure a satisfying and rewarding work environment.** The work environment will be characterized by positive leadership and an empowered workforce. Training will be provided at all levels to meet technical, developmental and leadership needs. An effective rewards and recognition system will be developed that is directly linked to performance measures and organizational goals.

VBA Core Measures

Core performance measures were developed to provide a common view within VBA of the measurement of success across program, area, regional office and support plan will include a measure from each of the five categories. No one measure should have more emphasis than any other. A balance of all core measures is VBA's goal; a balanced scorecard is the best reflection of success.

- **Customer Satisfaction** -- This measure will compare valid customer expectations with actual service delivered. Customer satisfaction should be routinely measured at all levels of the organization (regional office, area and national). Customer satisfaction measures will be compared with other government agencies and the best of the private sector.
- **Timeliness** -- The timeliness measure is not new to VBA. Traditional timeliness measures will change to focus on timeliness as seen from the customer's point of view. Timeliness is another measure that can be compared to other government agencies and the private sector.
- **Accuracy** -- Accuracy, or quality, is another measure regularly used by VBA to determine performance. The criteria for this measure will change in the GPRA environment. Accuracy will focus on the requirements of the law *and* what is important to the

customer. It will focus on the final result and measure the entire process, not each step of the process.

- **Unit Cost** -- The unit cost measure will include all costs associated with completion of the benefit or service provided. This includes all support activities, overhead costs, FTE costs, other fixed costs, and capital expenditures.
- **Employee Satisfaction/Development** -- This measure is two-fold. Employee satisfaction should be routinely measured at all levels of the organization (regional office, area and national). Employee satisfaction measures will be compared with other government agencies and the best of the private sector. Employee development measures the employee's progress throughout the VBA organizational unit and measures their attainment of skills that add value to the organization.

VBA is implementing GPRA through the development of business plans for its component programs. Business plans were completed and included in VA's budget request for fiscal year 1997 for the Loan Guaranty, Education, and Insurance programs. The plans for each of these services define their missions and set individual goals consistent with VBA strategic plan goals. These goals focus on customer service, performance indicators, and initiatives to achieve efficient, effective delivery of services.

Although not formalized as business plans, Compensation and Pension Service (C&P) and Vocational Rehabilitation and Counseling Service (VR&C) have Business Process Reengineering efforts underway which integrate with the development of the GPRA strategic plan. These plans also include performance and customer service goals and measurement.

In recent years, VBA has begun to use customer satisfaction surveys to evaluate program performance and benefits delivery. Results of these customer surveys were used in developing VBA's strategic plan and its focus on customers and its inclusion of customer service standards. Surveys of VA's customers -- primarily veterans, but also other participants in VA programs such as education and home loan providers and VA employees -- are included as an important tool for development of VBA's customer service standards.

Although VBA has a statistical quality control system, VA learned from its 1992 Customer Based Measures Survey that this system is often more useful in measuring compliance with internal procedures than ensuring quality service in areas deemed important to the customer. Accordingly, VBA's Customer Service Plan for FY 1996 included standards for improvement related to customer expectations. Customer service standards are an integral part of VBA's implementation of GPRA, and as can be seen in VBA's Customer Service Plan for FY 1996, quality service from the customer's viewpoint is the focus of VBA's customer service standards:

Courtesy and Respect

We will treat customers with courtesy and respect at all times.

Communication

We will communicate with customers accurately, completely, and clearly by:

- Explaining the full range of benefits and services available,
- Providing a realistic estimate of how long it will take to process their claim or answer their request,
- Keeping the customer informed on the status of the claim or request, and
- Explaining all reasons for decisions.

Timeliness

We will answer or acknowledge benefit inquiries within 10 workdays.

- We will respond to telephone calls within 3 minutes after the call goes through.
- We will interview customers at our offices within 20 minutes of arrival.
- We will deliver benefits and services in the shortest possible time.

Responsiveness

- We will ensure ready customer access to our services, and
- We will fully address all customer questions, concerns, and complaints.

VBA's Customer Service Plan calls for continued use of customer surveys for feedback on performance. VBA has developed a survey that will provide feedback on the performance of VA locally, to be used by regional offices, and expects to issue reports on the initial surveys in the near future. The plan also calls for focus groups and benchmarking to evaluate and compare VBA performance with customer service elsewhere. Employee training plans will incorporate customer service elements.

Indications from experience and VA's customer surveys have indicated a high level of customer satisfaction with VA's performance in most of its benefit programs. For example, a Loan Guaranty Service customer satisfaction survey revealed that 96% of veterans responding felt they were treated courteously by VA employees, and 93% were "satisfied" or "highly satisfied" with VA service.

However, C&P Service has experienced quality and timeliness problems in recent years which prompted the implementation of various studies and establishment of various committees or panels and the Veterans' Claims Adjudication Commission. High error rates, protracted proceedings, and the necessity of multiple decisions have caused great frustration among often seriously ill, needy, and elderly claimants who experienced prolonged delays in receiving badly needed benefits. Significant numbers of veterans die before VA properly resolves their claims. Here customer service and satisfaction are lacking.

The Independent Budget for Veterans Affairs: Fiscal Year 1996, at page 32, stated:

Customer satisfaction requires courtesy, promptness and many of those intangible qualities of service that shape a customer's perception of VA's performance. However, just as a physician with a wonderful bedside manner will ultimately disappoint a patient if the medical care given lacks reasonable competence and skill, customer satisfaction for VA cannot be attained by good interpersonal interaction with claimants by itself. A measure of customer satisfaction also derives from the accuracy and fairness in VA's decisions and in its dealings with VA customers.

As the DAV and other veterans service organizations have repeatedly stated, it is the poor quality in VA claims decisions that necessitates multiple proceedings to correctly resolve claims, which in turn result in delays and congestion in the processes with system overload then resulting in even more delay.

Although the data point to deficiencies at the primary adjudication level, that is, VA rating boards, VBA's efforts to institute corrective measures have been disappointing, and quality continues to be the factor underlying the problems of the claims processing system.

On several occasions, the DAV has brought cases to the attention of C&P service to demonstrate faulty adjudication practices that are widespread. Although the cases we choose to exemplify the problems are ones that unquestionably involve errors of commission or omission, VA's response generally involves attempts to justify the decision and may even go so far as to simply declare that the rating board performed some element of the adjudication that was obviously and necessarily omitted given the record and the outcome of the case. This is disturbing, of course, not only because our efforts to help VA identify and improve its problem

areas are brushed aside, but also because it sets a bad example for adjudicators and reinforces their erroneous practices. Moreover, this reaction is inconsistent with the principles set forth in VBA's strategic and customer service plans that call for responsiveness to customer concerns, flexibility, and accountability.

One of GPRA's fundamental purposes is to "improve the confidence of the American people in the capability of the Federal Government, by systematically holding federal agencies accountable for achieving program results." VA must be held accountable for its continuing failure to take decisive and meaningful actions to improve decision making and claims processing at the regional office level. And, if VA officials are to make real changes, there must be accountability through each level of the system that flows down to the adjudicator. C&P service management must set the proper example for adjudicators; must instill in them the proper attitudes and sense of fidelity to the law; must properly train them; must oversee them, review their performance, and follow up on training; and hold them accountable for their work products. While customer service may be viewed as an integral part of GPRA, in reality it is VA's final product and thus the ultimate measure of its performance and results.

The Board of Veterans Appeals (BVA or the Board) has also issued a customer service plan. This plan was developed after the Board formed a focus group to determine the aspects of BVA's processes that are important to customers. Timeliness, communication between the Board and appellants, thoroughness and fairness of decisions, and courteous and respectful treatment of appellants by BVA employees were deemed to be areas of concern to customers. BVA conducted a survey of customers and used the results, combined with the focus group's input, to form its customer service standards. These Customer service standards are as follows:

Courtesy and Respect

- You will be treated with courtesy and respect by every Board of Veterans' Appeals employee every time you have contact with the Board.

Communication of Information

- You will receive a complete and understandable explanation of the appeal process when you begin your appeal; you will also be provided a phone number and address which you may use to contact BVA for any questions regarding your appeal.
- You will receive an accurate current status report on your appeal, upon your request.
- You will be kept informed of all significant developments in the processing of your appeal, including significant changes to the estimated completion date.
- You will receive a plain language explanation of the Board's decision along with the formal written decision on your appeal.
- If you receive an unfavorable decision on your appeal, a plain language explanation of your additional appeal rights will accompany the written decision on your appeal.

Timeliness

- Your appeal will be decided in the shortest possible time.
- Within 30 days of docketing your appeal, you will receive a realistic estimate of when to expect a final decision on your appeal.

Thoroughness/Fairness

- All issues in your appeal will be thoroughly reviewed and fairly decided.
- All information and evidence included in your appeal will be reviewed and considered when deciding your appeal.

Training was the vehicle designated to introduce the customer service plan to BVA employees. Improved communications with customers was to be accomplished in a variety of ways, including the development of a pamphlet to explain the appellate process and appellants' rights. BVA, in consultation with veterans' service organizations, developed a 40-page pamphlet, *Understanding the Appeals Process*, which provides a thorough yet understandable explanation of the appellate process.

An important element of BVA's customer service plan is the development of a customer complaint system employing telephone contacts, written inquiries from appellants, Congressional inquiries, and VSO and other representative contacts. BVA's plan is to use this feedback to systematically apply it to improve services.

As with C&P Service, BVA has typically responded to our calling certain cases to its attention by devising a sometimes strained and convoluted rationale for the Board's mishandling of the case. If customers are to have meaningful participation and if veterans' service organizations are to be partners in the effort to improve customer service, this institutional defensiveness must yield to genuine dialogue, particularly where case examples are presented to BVA to illustrate the existence and nature of problems.

VETS funds employment services for veterans through grants to states, which in turn deliver the services, along with employment services for job seekers generally and job matching services for employees, through local Job Service Offices. To determine the kind of services its customers want and their level of satisfaction, VETS conducted telephone surveys of both veteran and employer customers in December 1994 and January 1995, contacting customers from each group in 16 selected states.

Among veteran customers, treatment received was rated "good" by 62%, and speed of service was rated good by 51%. Variety of job listings was rated good by 34%, and coordination of services was rated good by 33% of veterans surveyed. Helpfulness of the Job Service overall was rated "helpful" or "very helpful" by 49% of the veterans. Of the veterans interviewed, 68% stated they received at least one job referral. Two-thirds obtained interviews as a result of a referral, and 37% obtained a job. Almost 80% stated they would recommend Job Service to other veterans.

Of employers interviewed, 39% found referrals were "sometimes" qualified, 37% found them "usually" qualified, and 12% stated referrals were always qualified. Most employers rated the services good.

In 1995, VETS used a focus group study to address issues raised in the surveys, such as:

- How does Job Service fit into a veteran's job search and an employer's search for employees?
- How satisfied are veterans and employers with Job service?
- Do employment service needs vary by race/ethnic group?
- Does satisfaction among veterans vary by race/ethnic group?

The focus group analysis suggested that VETS consider the following recommendations for quality service:

- Establish ongoing training programs to increase the quality of customer service and sensitivity for both Job Service staff and veterans' representatives.
- Ensure that veterans' representatives are capable of performing all aspects of the job, including career counseling and job search assistance.
- Increase diversity among veterans' representatives to represent the veterans' population as a whole.
- Evaluate process improvements for screening, including both manual and computerized matching capabilities.
- Establish initiatives, such as marketing campaigns for employers and orientation sessions for veterans, to raise awareness of services.

VETS is in the process of developing its GPRA strategic plan. Under its September 1994 "Customer Service Contract," VETS has outlined its commitment to customer service for veterans and employers. They are as follows:

What Our Customers Can Expect:

For Veterans:

- Courteous, prompt, and respectful service.
- We will provide a VRR Eligibility Form 1010 within ten days of receipt of a VRR complaint and within three days of the complaint if unemployed.
- We will also settle your VRR case, or refer it to the Department of Justice for litigation, within one year of your complaint.
- Referral for a job and/or job training opportunity for which you are deemed qualified and eligible, with first consideration to service-connected disabled veterans.
- Information about all the services for which you are qualified and eligible, with first consideration to service-connected disabled veterans.
- Help in filing a complaint about employment and training matters.
- Information about, and referral to, other agencies providing benefits and services.

For Employers:

- Courteous, prompt, and respectful service by dedicated veterans' staff.
- You will receive qualified veteran applicants and eligible persons for job openings that are listed.
- A responsive and timely answer to your concerns.
- Answers to your questions about VETS' employment and training programs and help in accessing community resources and incentive programs.

For Grantees:

- Treated with courteous, prompt and respectful service.
- We will consult with you about policy and program changes that affect your grant.
- A responsive and timely answer to your concerns.
- Answers to your questions about our employment and training programs.

Priorities for Improving Customer Service:

We can only achieve our vision of being recognized as a world-class organization in providing and ensuring employment and training services to veterans by providing world-class service to you.

We are conducting two special customer satisfaction surveys. One survey is of veterans who have registered for service at State job service offices. The second survey is of employers who have used the services of States job service offices.

Following these surveys in January 1995, we will:

1. Evaluate how services can be improved and;

2. Establish quantifiable service standards wherever applicable.

If you have any suggestions about how we can better serve you, please call us at one of the numbers in the attached list.

The DAV receives numerous inquiries from veterans regarding their employment rights to include veterans' preference, affirmative action, reductions in force, retirement, and where and how to get a job. Those veterans actually seeking employment are generally referred to the Office of Personnel Management, a federal agency they are specifically interested in, the local job service's Local Veterans' Employment Representative or Disabled Veterans' Outreach Program Specialist, or the Director for Veterans' Employment and Training in a particular state. It has been our experience that, when a veteran is referred to either the Job Service or the Director for Veterans' Employment and Training, seldom, if ever, do we receive a complaint from the veteran. When we make a direct referral to the Director, we ask for a report. We do not recall receiving any complaints from veterans about the service they received or expected to receive.

In summary, overall, VA provides a wide range of benefits and services to veterans in an excellent manner. The quality of this performance stands as a tribute to the many dedicated employees who pride themselves in good service to veterans and their dependents. However, customer service improvements, namely quality and responsiveness to customer input, are needed in the adjudication of compensation and pension claims at the rating board level, and to a lesser extent at the BVA level. Indications are that VETS is providing generally good service to its customers and that it matches veterans searching for jobs with employers searching for workers in an effective manner.

As VA and VETS more fully implement GPRA as required by law, customer service and performance will become a primary source of information for congressional oversight and budgetary considerations. The DAV therefore appreciates the Subcommittees' interest in this most important area and urges that they continue to follow VA and VETS performance closely.

STATEMENT OF
ROBERT GARDNER
CHIEF FINANCIAL OFFICER
VETERANS BENEFITS ADMINISTRATION
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEES ON EDUCATION, TRAINING, EMPLOYMENT AND
HOUSING AND ON COMPENSATION, PENSION, INSURANCE
AND MEMORIAL AFFAIRS

JUNE 12, 1996

Mr. Chairmen and Members of the Subcommittees:

I am pleased to be here today to discuss VBA's efforts to obtain information from our customers--veterans, their families and others--which will help us to better provide benefits to those who served their Nation so well. I will also discuss the progress we have made to date establishing VBA performance measures, and I will provide an update on our restructuring proposals.

Before addressing each of these areas, I would like to briefly note VBA's efforts in implementing an enhanced management and accountability system in accordance with the requirements of the Government Performance and Results Act (GPRA). Strategic planning and performance measurement are critical elements within the overall system.

Our strategic planning process is the overall framework in which customer expectations, performance measures, restructuring proposals, information technology, decisions and everything else we do are integrated to accomplish common VBA goals. We are currently working hard on VBA's first comprehensive and coordinated Business Plan, one of the most important products of our strategic planning process. This plan, when completed, will contain VBA-wide strategic guidance and direction for all our managers. It will also include the business line goals and objectives, and various initiatives required to achieve those goals and objectives. We are incorporating our resource requirements into the plan and it will, therefore, serve as VBA's Business Plan and FY 1998 Secretary's Budget Request.

Under Secretary John Vogel will discuss our strategic planning efforts in more detail next week, but it is important to highlight this activity at the outset of my statement because this is the unifying process which ties all our activities together and ensures we keep the proper focus on those things most worth doing.

Turning to our work in the customer service area, I am proud of the progress VBA has made over a short period of time. VBA is committed to listening to our veteran customers and responding to their concerns with better service delivery. I will summarize our customer-related accomplishments in two categories: customer surveys and customer service standards.

Customer Surveys

VBA's Customer Based Measures Survey:

As described in the March 1994 "Report to the President on Customer Service Surveys", VBA initiated the Customer Based Measures Survey in order to (1) add the customer's voice to VBA's strategic direction; (2) provide a blueprint for use in defining customer based measures of quality service; and (3) assist in the establishment of resource allocation priorities. This survey project was initiated in 1991 in order to gather valid, reliable data from VBA's external customers. It was designed to yield national, as well as program-specific results for some programs.

The original scope of the survey called for completed interviews for 9 of the VBA program areas, because they represented the bulk of VBA's business. In 1993, the prime survey contractor was unable to continue due to financial difficulties, and interviewing stopped. As a result, the full number of interviews was completed for only 5 of the original 9 VBA programs planned: compensation; insurance (claims processing and policyholder servicing); vocational rehabilitation; and veterans assistance. The reports discussing the results of the 5 completed surveys were completed in January 1994.

The Customer Based Measures Survey data have been used by VBA in a variety of ways. VBA's top management was briefed on the results of the survey, bringing into focus the customer's perception of the services received. Perhaps even more important, the results of the customer survey pointed out that program procedures, while meaningful to VBA for administrative purposes, were less meaningful to veterans and their families. In particular, the survey results were similar for veterans having recent contact with the compensation (adjudication) claims division and the veterans assistance division, indicating that they do not make a distinction between these two functions of VBA when evaluating the quality of service.

Perhaps the most significant use of the survey results thus far has been in the development of customer service standards. While several areas of importance to the customer have been identified internally (i.e., timeliness), other issues (such as the importance of communication) had not been as clearly identified prior to the survey results. In addition, the survey data provided a snapshot of information at a single point in time. This information can be compared to the results of future customer surveys to determine trends in customer satisfaction.

Survey of Veterans' Satisfaction with the Compensation and Pension Process:

A standardized compensation and pension (C&P) customer survey was needed to provide accurate and timely ongoing customer feedback data on C&P claims processing for VBA nationwide, for VBA area offices, and for all VBA regional offices. These two claims processes were selected initially because they were major VBA business lines, and because earlier customer survey results showed that C&P received the lowest overall satisfaction rating of all major VBA programs.

Survey results were to provide data to be used to monitor VBA's performance against customer service standards, drive area and regional office improvements in customer service, and to provide the customer's view of organizational performance as required by the Government Performance and Results Act (GPRA). The data would also provide much-needed customer performance measures for VBA's ongoing reengineering and restructuring initiatives.

Under the direction of the newly-formed Customer Surveys Team in the Office of Resource Management, the first phase of the design of the C&P customer satisfaction survey began in February 1995. Sixteen focus groups were conducted in the spring of 1995 throughout the country; eight were with veterans, and eight were with VBA front-line employees.

The primary purpose of the focus groups was to provide information which could be used to design the questionnaire for the "Survey of Veterans' Satisfaction with the VA Compensation and Pension Process." A contractor was hired to help develop the questionnaire and pretest the instrument. A draft questionnaire was developed which contained 82 questions on all aspects of the claims process, including customer service standards. A pretest of this instrument was undertaken in August 1995 with veterans served by the Roanoke Regional Office.

A detailed report on "Pretest Results--Roanoke Regional Office" has been prepared which presents the most salient findings in graphic form. Due to repeated follow-up mailings, the Roanoke pretest results showed a 68 percent response rate, which is an excellent response rate for this type of survey. Overall, the pretest proved that self-

administered mail surveys are a practical and economical way for VBA to obtain customer feedback, and that veterans were willing and able to participate in this effort. Examples of the results from Roanoke are shown in the following charts (Attachment A) and include the differences in the time taken and the time it should take for (1) speaking to someone on the phone (2) a personal interview, (3) correspondence, and (4) weeks to get a claim decision. The final chart shows the percent of the time that customer service standards were met. These charts illustrate how customer expectations can be measured, and how customer surveys can be used to measure progress in meeting published customer service standards.

In late FY 1995, two additional contractors were selected to conduct detailed pilots of the survey in 12 additional regional offices. These included: Chicago, Los Angeles, Milwaukee, Muskogee, Philadelphia, Pittsburgh, Phoenix, Portland, St. Petersburg, Sioux Falls, Washington, and Winston-Salem. The field work for all 12 pilots has been completed, and the Customer Surveys Team is in the process of finalizing the reports, which should be available by the end of June 1996. Again, the response rates were acceptably high for all stations, providing additional support for an all-station mail survey.

Several innovations are currently underway to further refine the survey. An electronically scannable instrument was tested for half of the pilot surveys. This instrument worked well and will be used for the remaining 45 regional office surveys in the fall of 1996, which should reduce survey costs and speed up data coding. In addition, a computer-generated sampling frame is being created which collects a rolling two-month sample of recently completed claims. This will allow VBA to sample, on a more precise and timely basis, in the hope of improving response rates even further.

In the future, we intend to survey all regional offices on an annual basis in order to compare trends among these regional offices, the areas, and the nation. Even though this first in-depth effort has centered on the compensation and pension area, lessons learned and "best practices" can be used effectively for other VBA business lines as well.

Other Surveys:

The two VBA pilot projects associated with the implementation of the Government Performance and Results Act of 1993 (GPRA) have developed customer surveys to add customer data to other performance measures. The New York Regional Office has developed a shortened version of the national Customer Based Measures Survey, which is being administered on an ongoing basis in order to continually chart changes in customer satisfaction.

The other GPRA pilot, the Loan Guaranty Program, is now administering three customer surveys: (1) a survey of veterans who have recently obtained a VA guaranteed home loan; (2) a survey of lenders who participate in the VA home loan program; and, (3) a survey of veterans who have recently received a VA-guaranteed interest rate reduction refinancing loan (IRRRL). The results of the initial surveys were published in August 1995. Except for the IRRRL, which was only conducted once, the other two are currently being periodically conducted and providing our Loan Guaranty Program valuable information on customer expectations.

Surveys conducted outside VBA may also provide data useful for setting customer standards for veterans and their families, or for developing new ways to provide access to VBA's benefits and services. One survey was conducted by the General Accounting Office (GAO) on veterans' satisfaction with VA's benefits claims processing. The survey was conducted by mail in the fall of 1993, and focused on veterans' satisfaction with the claims processing system. Findings from this survey were similar to results obtained from VBA's Customer Based Measures Survey. The final GAO report, "Veterans Benefits - Lack of Timeliness, Poor Communications Cause Customer Dissatisfaction" was published in September 1994.

The second survey is the 1992 National Survey of Veterans sponsored by VA's Office of Policy and Planning. While the primary purpose of the survey was to update demographic, health and socioeconomic characteristics of the veteran population, questions on veterans' prior usage and awareness of VA benefits were also included. The report of this survey was published in April 1995, and it contains information that is useful in determining potential barriers to program usage, and in designing appropriate outreach efforts.

Customer Service Standards

President Clinton issued Executive Order 12862 in September 1993 providing Federal departments and agencies with the executive direction for improving customer service. It set out a series of actions agencies were directed to undertake which were intended to ensure that the service provided to customers by the public sector would match or exceed the best service available in the private sector. The primary intent of this directive was that agencies were mandated to develop Customer Service Plans. VBA delivered its first VBA Customer Service Plan and Standards in September 1994. A Presidential memorandum was issued in March 1995 mandating that the requirements of the Executive Order should be viewed as continuing requirements.

VBA's Current Customer Service Plan:

The last revision of VBA's Customer Service Plan was transmitted to the President in August 1995. It included the following list of Customer Service Standards:

Courtesy and Respect

We will treat customers with courtesy and respect at all times.

Communication

We will communicate with customers accurately, completely, and clearly by:

- Explaining the full range of benefits and services available,
- Providing a realistic estimate of how long it will take to process their claim or answer their request,
- Keeping the customer informed on the status of the claim or request, and
- Explaining all reasons for decisions.

Timeliness

We will answer or acknowledge benefit inquiries within 10 workdays.

We will respond to telephone calls within 3 minutes after the call goes through.

We will interview customers at our offices within 20 minutes of arrival.

We will deliver benefits and services in the shortest possible time.

Responsiveness

We will ensure ready customer access to our services, and

We will fully address all customer questions, concerns, and complaints.

Currently, each program in VBA has an extensive system of statistical quality control (SQC) or quality assurance (QA) measures. However, these measures are often more

useful in ensuring compliance with internal procedures than for measuring service quality outcomes. Results obtained from VBA's 1992 national survey (Customer Based Measures Survey), confirmed that these measures do not reflect all of the areas of service considered important to the customer. The customer standards listed above reflect basic customer requirements such as being treated with courtesy and respect, as well as key areas for improvement indicated by customer survey and focus group results. The standards reflect customers' needs, regardless of whether systems are currently in place to measure how well their expectations are being met. Publishing these standards has encouraged changes in practices and procedures, and spurred the development of additional measurement systems to ensure that customer service standards are being met.

The Presidential memorandum in March 1995 required that agencies report the results and degree to which each was meeting the customer service standards contained in their plans. These results were transmitted to the President through NPR in August 1995. Although VBA had not developed measures for all of its first Customer Service Standards, measurable results for three of the published standards, and those found in the Timeliness category were reported. These results, which are shown below, relate primarily to work performed in Veterans Services Divisions, which are the primary public contact division at VBA regional offices.

- We will answer or acknowledge benefit inquiries within 10 work days.

The first statistic relates to Veterans Assistance Inquiries (VAIs), also known as benefit inquiries. A VAI generally results from a telephone inquiry that cannot be answered without research and nearly always requires a follow-up contact with the customer.

VAIs answered within standard: 91.6 percent

Correspondence is another form of benefit inquiry. The following statistic relates to correspondence answered in Veterans Services Divisions at VBA regional offices.

Correspondence answered within standard: 96.7 percent

- We will respond to telephone calls within three minutes after the call goes through.

VBA's telephone interview activity received more than 5.6 million calls in the first 8 months of the fiscal year (an average of over 704,000 per month).

Calls answered within standard: 84.7 percent

- We interview customers at our offices within 20 minutes of arrival.

A special committee was established within VBA's Veterans Services Program Staff to review its quality control standards, including timeliness of personal interviews at VBA regional offices. As a result of the committee's review, the timeliness goal for FY 1996 was changed from 30 minutes of arrival to 20 minutes. Thus, the statistic reported below is based on the reduced waiting period standard.

Persons interviewed within standard: 90.1 percent

It should be noted that VBA will use both internal measurement systems and external customer surveys to gauge how well customer service standards are being met. In the case of strictly quantitative measures (days or minutes taken) there may be a discrepancy between measures obtained from these two sources. Internal measurement systems measure the actual time elapsed, while customer surveys measure the time taken as recalled by the respondent.

VBA Performance Measures

The Veterans Benefits Administration (VBA) recognized early in the implementation of its Government Performance and Results Act (GPRA) pilots, that well-developed, results-driven performance measures were an important piece of successful program management. VBA's Strategic Planning Group developed five core performance measures that will be applied to all VBA programs. The core measures are the fundamental base for performance measurement in VBA. These measures, in balance with each other, form a "balanced scorecard" approach to performance management. The five balanced scorecard core performance measures used by VBA are:

- **Customer Satisfaction** -- This measure will compare valid customer expectations with actual service delivered. Customer satisfaction should be routinely measured at all levels of the organization (regional office, area and national). Customer satisfaction measures will be compared with other government agencies and the best of the private sector. Benchmarking efforts with other agencies and the private sector are in the development stage.
- **Timeliness** -- The timeliness measure is not new to VBA. Traditional timeliness measures will be expanded and our focus will change to view timeliness from the customer's perspective. Timeliness is another measure that can be compared to other government agencies and the private sector.
- **Accuracy** -- Accuracy, or quality, is another measure regularly used by VBA to determine performance. The criteria for this measure will change in the GPRA

environment. Accuracy will focus on the requirements of the law and what is important to the customer. It will focus on the final result and measure the entire process, not each step of the process.

- **Unit Cost** -- The unit cost measure will include all costs associated with completion of the benefit or service provided. This includes all support activities, overhead costs, FTE costs, other fixed costs, and capital expenditures.
- **Employee Satisfaction/Development** -- This measure is two-fold. Employee satisfaction should be routinely measured at all levels of the organization (regional office, area and national). Employee satisfaction measures will be compared with other government agencies and the best of the private sector. Employee development measures the employee's progress through the VBA organizational unit and measures their attainment of skills that add value to the organization.

VBA formed work groups to develop specific, detailed, performance indicators for each of the core performance measures that will be directly linked to program objectives. The results of these work groups formed the building blocks for the business line plans, the VBA Business Plan and the FY 1998 budget submission. The performance indicators identified by these work groups are included in the VBA Business Plan. The performance indicators for each business line are the critical link between program performance and budget formulation for FY 1998.

The performance indicators will continually be refined and improved as we become better able to measure and track program performance, as business objectives change (i.e., through Business Process Reengineering, Vocational Rehabilitation Program Redesign, etc.), as performance baselines are established, and through improvements based on program evaluations. VBA will soon begin the development of new systems designed around the new performance indicators that will provide program managers with this information to assist them in improving program operations.

VBA Restructuring Proposals

VBA held a Directors' Workshop three weeks ago that was extremely helpful. We discussed VBA's work to date on strategic planning and specific restructuring proposals. The workshop enabled us to share information about our current and projected resource picture, to consider some of the reengineering and restructuring options which can help us address the needs of veterans, and to focus on VBA's ability to adjust its business process and its physical organization to meet those needs.

As a result of our deliberations and other dynamics at work, the following steps are being taken at this time:

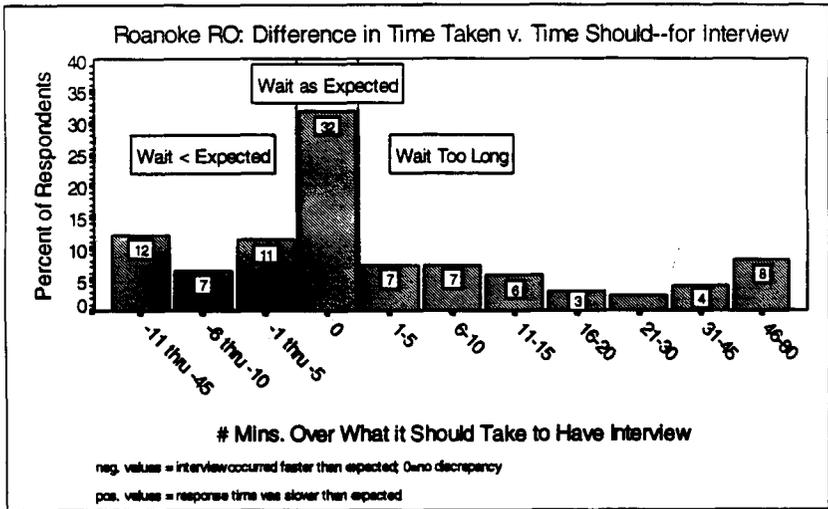
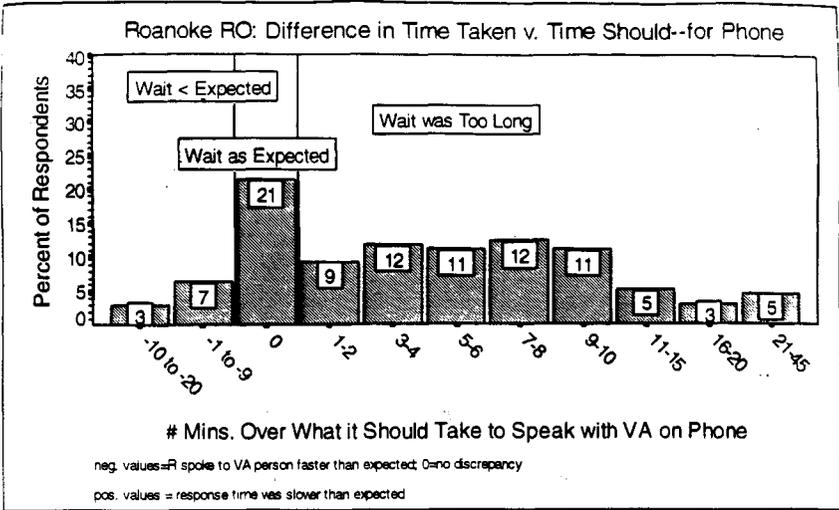
- We have recommended to the Secretary that the two compensation and pension related initiatives (Transition Year initiatives 5 and 6) be removed from consideration in the President's FY 1997 budget. VBA instead will use business process reengineering methods to redesign "how" the work will be performed at current regional office (RO) sites rather than changing jurisdictions of ROs. VBA will also streamline operations, increase customer satisfaction and achieve resource savings. VBA will continue to pursue technology advances which support C&P processing efficiency gains.
- Second, among the other Transition Year initiatives, modification of the proposal regarding mortgage loan accounting (Transition Year initiative 9) is required as we sort out our ability to obtain substantive technological enhancements for the program. We are also deferring the initiative regarding consolidation of eligibility determinations for the Loan Guaranty program (Transition Year initiative 4) while we determine if a reengineering option(s) can supplant that organizational change or enhance it.
- Third, we will generally proceed on course with the other Transition Year initiatives. Although these initiatives do meet the test of positive reengineering with a customer focus; they do offer us the potential to improve and streamline our services in a constrained resource environment.
- Fourth, we are asking the Area Directors, in collaboration with the VBA Programs (business lines), to continue to develop and implement the various reengineering and operational changes which will allow us to preserve overall benefits processing integrity while also assuring we can work effectively within our resource base. There are severe resource concerns which will have to be addressed. There are changes which will have to occur. These, however, will be considered and addressed at the Area and local levels.
- Finally, we remain committed to the Enhanced Access initiative (both the Transition Year proposal and the sub-group expansion). However, this service improvement effort will be dependent upon our ability to redistribute available resources and/or identify investment funds to help us make the changes we hope to accomplish.

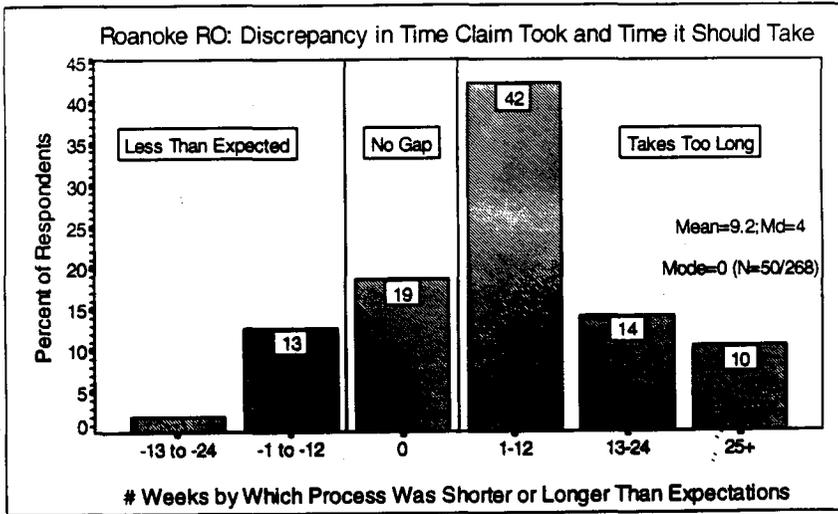
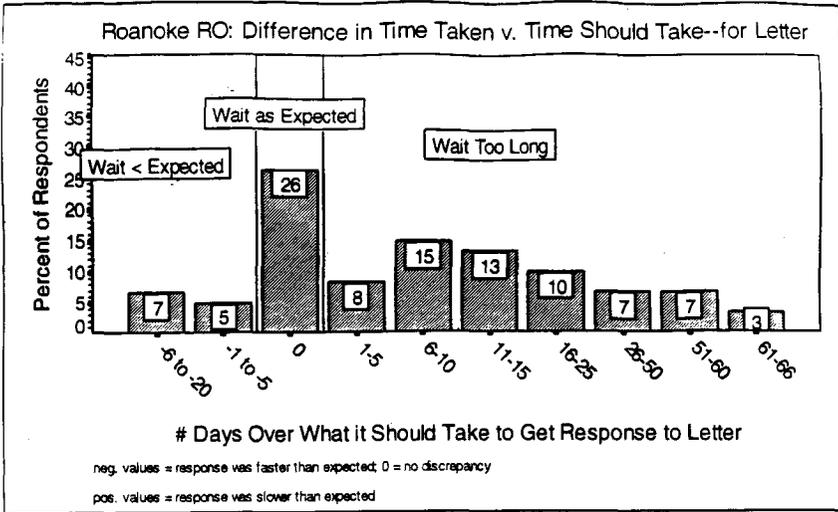
Our Field Restructuring Task Force will continue to work, refining Transition Year initiatives, integrating process reengineering opportunities into structure, assuring consistency among Area approaches to change, and exploring options for structural change in the future.

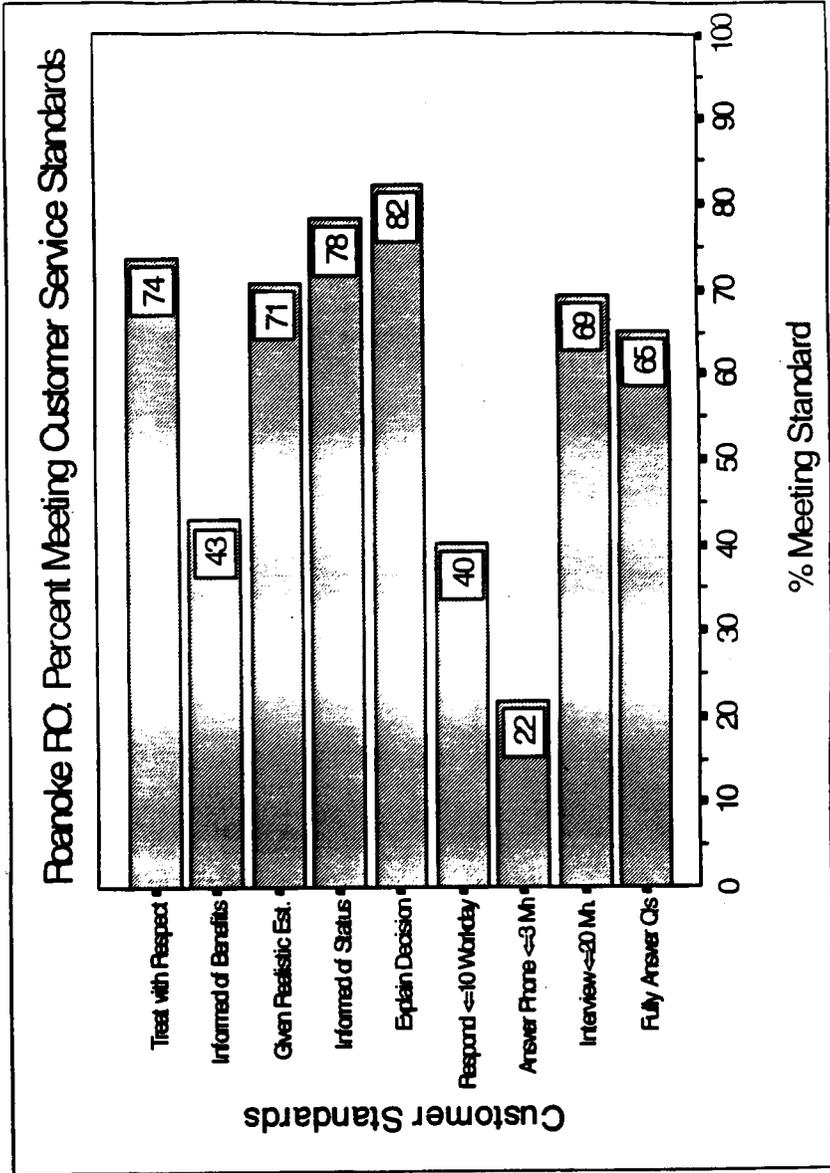
Mr. Chairmen, this concludes my testimony. I will be pleased to answer any questions you or the members of the Subcommittees may have.

ATTACHMENT A

Graphics - Roanoke Customer Survey







**STATEMENT OF PRESTON M. TAYLOR JR.
ASSISTANT SECRETARY OF LABOR
FOR VETERANS' EMPLOYMENT AND TRAINING
BEFORE THE SUBCOMMITTEES ON COMPENSATION,
PENSION, INSURANCE AND MEMORIAL AFFAIRS;
AND EDUCATION, EMPLOYMENT AND HOUSING
HOUSE COMMITTEE ON VETERANS' AFFAIRS
JUNE 12, 1996**

Chairmen and Members of the Subcommittees:

Thank you for the invitation to testify on customer service standards at the Veterans' Employment and Training Service (VETS). This morning I'll also report on the kind of service our customers say they expect and what we at VETS are doing to improve the overall quality of that service delivery.

From the beginning of the Clinton Administration, the President has said that the federal government must be customer driven, and a main principle of Vice President Gore's September 1993 National Performance Review report was "putting customers first". Within days of that report, President Clinton issued an Executive Order calling for a customer service "revolution within the Federal government to change the way it does business." He asked government agencies to survey their customers, find out what they want, and set customer service standards.

A year later, in September 1994, VETS published its Customer Service Contract, a commitment to veterans seeking employment and employers seeking assistance and information about veterans' employment and training programs. Copies were issued to all VETS staff, State Employment Security Administrators (SESAs), and Employment and Training Regional Administrators. VETS staff were instructed to display the contract in work areas. This prominence now serves as a constant reminder for employees and a pledge to visiting customers.

The standards, displayed at the point of service, are explicit, in plain language, and written from an individual customer point of view. In the words of the contract, VETS' mission is to provide "the best possible employment and training services to people who, through military service, risked their lives in the defense of world freedom."

VETS' customers are identified in the contract as veterans and transitioning service members in need of employment and training services; Reserve and National Guard members returning to their pre-service employment; employers wishing to hire veterans; and our state and local partners who provide many of the employment and training services to veterans and employers. The contract emphasizes priority areas for each customer group. For the record, I am submitting a copy of VETS' contract as part of my testimony.

To comply with President Clinton's 1993 Executive Order, VETS initiated surveys of both the employer and veteran customers that use the employment services provided through VETS' grants to the states. I am proud to say that VETS was one of the first agencies in the Department of Labor to initiate its customer satisfaction survey. Draft surveys were designed, reviewed, and commented on by VETS' field staff and veterans' service organizations. The final survey instruments and sample designs were approved by both the Bureau of Labor Statistics and the Office of Management and Budget. Through close coordination with the SESAs and the Interstate Conference of Employment Security Administrators (ICESA), a sample of 16 states serving the largest numbers of veterans in each of the 10 VETS regions was selected. The overall survey results, reported to VETS by its contractor Lockheed Martin on April 28, 1995, were based on 1,211 completed employer surveys and 1,114 completed veteran surveys.

Let me share with you a few of the findings. Employers were asked to rate how often veterans referred from the Job Service were qualified for the positions listed. The majority indicated the referrals were sometimes (39%) or usually (37%) qualified. Twelve percent stated the referrals were always qualified. These ratings of veterans' qualifications were slightly higher than ratings of Job Service referrals in general. Employers also rated their level of satisfaction with particular aspects of the Job Service. The most frequent rating of "good" was given for "ease of posting job openings" (84%), followed by "convenience of hours" (83%) and "helpfulness of staff" (78%).

Veterans rated services as either "good", "fair", or "poor". "Convenience of hours", "treatment received", and "speed of service" were rated "good" by 74%, 62%, and 51% of

respondents, respectively. "Variety of job listings" and "coordination of services" were rated "good" by 34% and 33% of the veterans. When asked to rate helpfulness of the Job Service overall, about half (49%) gave "helpful" or "very helpful" ratings, with only 22% stating Job Service was not at all helpful. Ratings were about 8 percentage points higher -- ratings of "very helpful" and "helpful" -- for respondents who received service from a veterans' specialist.

Regarding outcomes of using Job Service, 68% of the veterans interviewed stated that they received at least one referral to a job. Two-thirds were given an interview as a result of a referral, and 37% converted the interview into a job. Of those employed at the time of the survey, 15% indicated that they heard about their job through the Job Service.

Almost 80% of the veterans stated that they would recommend Job Service to other veterans -- 53% of them would recommend Job Service strongly. Veterans also rated potential new services that would be helpful in their job search. Having an assigned case manager (32%) and putting skills and experience information into a computer system available to employers (30%) were cited most often as potentially helpful.

While the survey results were very valuable, I decided that we needed to explore the issues in greater depth through focus groups conducted with both employers and veterans. This way we could put a human face on our customers' expectations. The focus group study addressed --

- ▶ How the Job Service fits into a veteran's job search and an employer's search for employees.
- ▶ How satisfied veterans and employers were with Job Service.
- ▶ Employment service need variances by race and ethnic group.
- ▶ Veteran satisfaction variances by race and ethnic group.

We learned a lot from the focus groups. Some employers, especially those who have determined how to make Job Service work for them, were very happy. Others reported that screening and customer service need improvement. The same patterns of variance were shown

for veterans. Some were satisfied with the Job Service, regardless of whether they had a positive outcome. Others recommended customer service improvements, better referrals, and more capable and diverse veterans' representatives.

Latino participants in our focus groups were found to be the most dissatisfied, primarily because of differences in expectations that seemed to be culturally based. White participants were the most satisfied, but had a different set of expectations than minority groups. Service delivery needs also varied. Women and minorities appeared to differ from white males in their user habits, awareness of services, or customer service expectations.

VETS is now developing an action plan to deal with these findings of racial, ethnic, and gender differences. I have established a special task force of VETS employees to review these issues and develop specific recommendations. I will receive their report on June 20th.

Lockheed Martin Energy Systems, the contractor retained to conduct the customer satisfaction study, reviewed the focus group results and recommended several actions. I have accepted their recommendations and have either taken action, or plan to take action on all of them.

The first recommendation was that VETS establish on-going training programs to increase the quality of customer service and sensitivity for both Job Service staff and veterans' representatives.

We shared the results of our survey with the United States Employment Service (USES), which had conducted its own survey. With this information, USES has developed excellent training materials and conducted a number of "train the trainer" sessions in which VETS has participated. The materials have been and will be distributed to SESA training staff, who in turn will provide the training to Job Service staff, including VETS-funded state veterans' employment representatives. VETS also intends to have its own Directors for Veterans' Employment and

Training participate in training sessions this fall. Thinking "customer service" is not enough. I believe training is a necessary part of the sensitizing process on this subject.

The second recommendation was for VETS to ensure that federally-funded state veterans' representatives are capable of performing all aspects of the job, including career counseling and job search assistance.

For a number of years now, all veterans' representatives have received professional skills development training at the National Veterans' Training Institute (NVTI) in Denver, Colorado. This training includes career counseling and how to provide job search assistance. Many VETS' funded staff also receive other NVTI training, such as case management.

Several years ago NVTI conducted a needs assessment survey of veterans' service providers. Since that time, NVTI has continually evaluated and updated its course material to maintain its currency and its relevance to the needs of veterans' service providers.

The third recommendation was that diversity among veterans' employment specialists be increased to represent the veterans' population as a whole.

Based upon my observations, I agree with the survey recommendation that greater diversity among those who hold employment assistance positions is likely to increase sensitivity and awareness of their customers' needs.

The fourth recommendation was that VETS evaluate process improvements for screening, including both manual and computerized matching capabilities.

VETS always has encouraged Job Service staff to understand the needs, backgrounds, and interests of job-seeking veterans. An example of this commitment is our sponsorship of the case management course. A recent evaluation of the case management pilot -- conducted in four states -- showed that veterans believed they were served better through this intervention that

maximizes individual attention on those most in need. We are now in the process of sharing these test results with interested parties in the Department of Labor's Employment and Training Administration (ETA) and in ICESA.

We also are coordinating with the USES on its revitalization effort. An important component of this effort is the identification, documentation, and sharing of successful job matching methods or practices used by workforce development agencies. Another output will be a summary of how states are using job matching data for labor market analysis. This product will document the major sources of labor exchange information and how it is used by various customers. Such products will help all Job Service staff provide quality services to veterans, including veterans representatives.

In addition, I would like to point out that we are coordinating closely with the ETA in the development of the One-Stop Career Center delivery system to ensure that veterans receive labor exchange services that will be consistent with title 38 of the United States Code. As the One-Stop Career Center concept increasingly becomes reality, VETS is being positioned strategically to promote veterans' services in this rapidly changing environment.

The fifth recommendation was that VETS establish initiatives to raise awareness of services, such as marketing campaigns for employers and orientation sessions for veterans.

As I have testified to on a number of occasions, we have devoted a great deal of time and energy to reengineering my office and staff operations. A primary objective of this effort has been to bring operations and decision making closer to our customers -- employers and veterans needing our assistance. However, it is also important for you and the members of your subcommittees to be aware of a parallel undertaking that may have an even greater impact on our customers -- expanding services and access through technology.

Over the past several years, we have established a meaningful partnership with ETA, as well as with the Department of Defense and SESAs to maximize the benefits of America's Job

Bank (AJB) for our nation's veterans. As many of you already know, AJB is a computerized national job bank that links more than 1,800 local employment service (ES) offices nationwide to help employers and job seekers find each other. It provides job seekers with the largest pool of active job opportunities available anywhere; approximately 500,000 jobs with over a quarter of them in the professional and managerial sectors. But our efforts have not stopped here. In March of 1995, with the introduction of America's Job Bank to the Internet, we created new opportunities to extend services to job seekers, link state level job banks, permit employers to enter jobs and establish links directly to employers' own World Wide Web home pages, 24 hours a day. AJB is now the largest job bank on the Internet, and it has been recognized as the "best" by a number of rating services. In computer parlance, the system is averaging over five and a half million "hits" per month on the Internet.

And I am pleased to inform the Subcommittees today, along with our partners, that we are finalizing plans that hold the potential for better meeting the statutory objectives of the Federal Contractor Job Listing Program (FCJL).

Essentially, by offering Federal contractors and their subcontractors who are subject to FCJL provisions the opportunity to list jobs with the AJB, we are achieving several important objectives. First, employers will have more choices of how to meet the statutory requirement to list jobs with the public employment service.

Second, because of the processing time saved by both the employer and the ES, jobs will be posted on the AJB two to three weeks earlier than under the old mechanism. This means that most job opportunities will be active when accessed by our staff rather than closed or filled as is presently too often the case.

And third, VETS funded state staff will have greater access to job information that will substantially increase benefits achieved by veterans.

I want to make it clear at this point that we do not intend to mandate employer listing solely through this technology. As I mentioned previously, our intent is to expand choices for our customers. This means that where successful relationships exist between our disabled veterans' outreach program specialists or local veterans' employment representatives and employers subject to the FCJL provisions, we encourage the continuation of that arrangement. Again, the bottom line must always be what is most productive for our customers.

The AJB/Internet connection will inevitably lead to other innovations that will, in turn, have a positive impact on veterans. We in VETS have indeed made the commitment to move to cyberspace. We believe it is important for us to continue in this direction, but we want the Subcommittees to know that we are proceeding cautiously, with great concern for veterans. By maximizing the opportunities of our customers who can truly benefit from this technology, we better enable our specialists at the state and local service delivery level to assist those veterans who have significant barriers to employment and need personal assistance.

With that, I'll close and respond to any of your questions.

Veterans'
Employment
and
Training
Service

Customer Service Contract

A customer service commitment to veterans seeking employment and employers seeking assistance and information about veterans' employment and training programs.

September 1994

VETS' Mission:

VETS' provides the best possible employment and training services to people who, through military service, risked their lives in the defense of world freedom.

Who Are VETS' Customers:

We serve: Veterans and transitioning service members in need of employment and training services; Reservists and guardmembers returning to their pre-service employers; Employers looking to hire veterans; Our State and local partners, who provide many of the employment and training services to veterans and employers.

What Are VETS' Services:

We have numerous programs that provide employment and training related services to veterans and employers.

Veterans' Reemployment Rights (VRR):

We administer the VRR law. A person who leaves a civilian job to perform military duty in the Armed Forces is entitled to return to his or her civilian job after performing military duty.

Disabled Veterans' Outreach Program (DVOP):

DVOP specialists are State employees located in State Job Service offices. They work with employers, veterans' organizations, the Department of Veterans Affairs, the military and community-based organizations to match qualified disabled veterans with jobs and training opportunities.

Local Veterans' Employment Representative (LVER) Program:

LVER staff are also State employees, located in State Job Service offices. They contact employers to develop job openings for veterans; they promote participation of veterans in Federally-funded employment and training programs; they monitor all services to veterans furnished by job service employees; and they also monitor job listings from Federal contractors.

Homeless Veterans' Reintegration Project (HVRP) Program:

Working with local organizations, HVRP uses veterans who have experienced homelessness themselves to reach out to homeless veterans. They go into the streets, shelters, soup kitchens and other places to encourage homeless veterans to take advantage of available services and advise them of the

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HVRP program. HVRP staff also develop job openings for the veterans. The goal is to get homeless veterans off the street and into gainful long-term jobs.

Job Training Partnership Act (JTPA):

Working with local organizations, we provide training to meet the special needs of disabled veterans, Vietnam-era veterans and veterans who have been separated within the last 48 months. In addition to classroom, vocational, skills-based, and on-the-job training, JTPA services can include counseling, vocational and aptitude testing and career assessment; remedial education; job placement; and supportive services and other training-related assistance.

Transition Assistance Program (TAP):

TAP is a 3-day workshop offered nationwide to Armed Forces members who are within 180 days of separation or retirement. At a TAP workshop you learn how to conduct successful job searches and how to make career decisions. Members also receive current information on the job market and veterans' benefits. We also give you a realistic evaluation of your employability.

Veterans Rights and Preferences:

We provide assistance to eligible veterans who believe they have not received their rights to veterans' preference in Federal hiring, or who have been discriminated against by Federal contractors due to their status as disabled or Vietnam-era veterans.

National Veterans' Training Institute (NVTI):

We train DVOP specialists, LVER staff, VETS staff, and others at our National Veterans' Training Institute (NVTI), to teach them the variety of skills they need to be able to give veterans the best possible service.

What Our Customers Can Expect:

For Veterans:

- Courteous, prompt, and respectful service.
- We will provide a VRR Eligibility Form 1010 within ten days of receipt of a VRR complaint and within three days of the complaint if unemployed.

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- We will also settle your VRR case, or refer it to the Department of Justice for litigation, within one year of your complaint.
- Referral for a job and/or job training opportunity for which you are deemed qualified and eligible, with first consideration to service-connected disabled veterans.
- Information about all the services for which you are qualified and eligible, with first consideration to service-connected disabled veterans.
- Help in filing a complaint about employment and training matters.
- Information about, and referral to, other agencies providing benefits and services.

For Employers:

- Courteous, prompt, and respectful service by dedicated veterans' staff.
- You will receive qualified veteran applicants and eligible persons for job openings that are listed.
- A responsive and timely answer to your concerns.
- Answers to your questions about VETS' employment and training programs and help in accessing community resources and incentive programs.

For Grantees:

- Treated with courteous, prompt and respectful service.
- We will consult with you about policy and program changes that affect your grant.
- A responsive and timely answer to your concerns.
- Answers to your questions about our employment and training programs.

Priorities for Improving Customer Service:

We can only achieve our vision of being recognized as a world-class organization in providing and ensuring employment and training services to veterans by providing world-class service to you.

We are conducting two special customer satisfaction surveys. One survey is of veterans who have registered for service at State job service offices. The second survey is of employers who have used the services of State job service offices.

Following these surveys in January 1995, we will:

1. Evaluate how services can be improved and;
2. Establish quantifiable service standards wherever applicable.

If you have any suggestions about how we can better serve you, please call us at one of the numbers in the attached list.

VETERANS' EMPLOYMENT AND TRAINING SERVICE

The Veterans' Employment and Training Service has at least one office in every state and regional offices in the following cities. Each is run by a Regional Administrator (RAVET).

1. Veterans' Employment and Training Service
U.S. Department of Labor
One Congress Street, 11th Floor
Boston, Massachusetts 02114
(617) 565-2080
2. Veterans' Employment and Training Service
U.S. Department of Labor
201 Varick Street, Room 766
New York, New York 10014
(212) 337-2211
3. Veterans' Employment and Training Service
U.S. Department of Labor
U.S. Customs House, Room 802
Second and Chestnut Streets
Philadelphia, Pennsylvania 19160
(215) 597-1664
4. Veterans' Employment and Training Service
U.S. Department of Labor
1371 Peachtree Street, N.E., Room 326
Atlanta, Georgia 30367-2312
(404) 347-3673
5. Veterans' Employment and Training Service
U.S. Department of Labor
230 South Dearborn, Room 1064
Chicago, Illinois 60604
(312) 353-0970
6. Veterans' Employment and Training Service
U.S. Department of Labor
525 Griffin Street, Room 205
Dallas, Texas 75202
(214) 767-4987
7. Veterans' Employment and Training Service
U.S. Department of Labor
Federal Building, Room 803
911 Walnut Street
Kansas City, Missouri 64106
(816) 426-7151
8. Veterans' Employment and Training Service
U.S. Department of Labor
1801 California Street, Suite 910
Denver, Colorado 80202-2614
(303) 391-6760
9. Veterans' Employment and Training Service
U.S. Department of Labor
71 Stevenson Street, Suite 705
San Francisco, California 94105
(415) 744-6677
10. Veterans' Employment and Training Service
U.S. Department of Labor
1111 Third Avenue, Suite 800
Seattle, Washington 98101-3212
(206) 553-4831

Veterans' Employment and Training Service
U.S. Department of Labor
200 Constitution Avenue, N.W., Room S1316
Washington, D.C. 20210
(202) 219-9110

**LOCATIONS FOR VETERANS'
EMPLOYMENT AND
REEMPLOYMENT RIGHTS ASSISTANCE AND INFORMATION**

MONTGOMERY, ALABAMA 36131-4220
649 Monroe Street, Room 543
(205) 223-7677

JUNEAU, ALASKA 99801-1894
1111 West 8th Street, Room 110
(907) 465-2723

PHOENIX, ARIZONA 85005
1400 West Washington
P.O. Box 6123-SC760E
(602) 379-4961

LITTLE ROCK, ARKANSAS 72201
Employment Security Bldg.
State Capitol Mall, Rm. G-12
(501) 682-3786

SACRAMENTO, CALIFORNIA 94280-0001
800 Capitol Mall, Room W1142
P. O. Box 826880
(916) 654-8178

DENVER, COLORADO 80203-3528
600 Grant Street, Suite 900
(303) 866-1114

WETHERSFIELD, CONNECTICUT 06601
CT Department of Labor Building
200 Folly Brook Boulevard
(203) 566-3326

NEWARK, DELAWARE 19702
Stockton Building, Suite 104
100 Chapman Road
(302) 368-6898

WASHINGTON, D.C. 20001
500 C Street, N.W., Room 108
(202) 724-7005

TALLAHASSEE, FLORIDA 32399-0676
Marathon Building, Suite 205
2574 Seagate Drive
(904) 942-8800

ATLANTA, GEORGIA 30303
Sussex Place, Suite 504
148 International Blvd, N.E.
(404) 331-3893

HONOLULU, HAWAII 96811
P.O. Box 3680
Room 232A
(808) 586-8828

BOISE, IDAHO 83735
317 Main Street, Third Floor
(208) 334-6164

CHICAGO, ILLINOIS 60605
401 South State Street, 2 North
(312) 793-3433

INDIANAPOLIS, INDIANA 46204
10 North Senate Avenue, Room SE103
(317) 232-6804

DES MOINES, IOWA 50309-5563
150 Des Moines Street
(515) 281-9061

TOPEKA, KANSAS 66612
1309 Topeka Boulevard
(913) 296-5032

FRANKFORT, KENTUCKY 40621-2339
c/o Dept. for Employment Svs.
275 East Main Street
(CHR Building), 3rd Floor West
(502) 564-7062

BATON ROUGE, LOUISIANA 70802
Louisiana DOL
Employment Security Bldg.
Room 428 Annex, 1001 N. 23rd St.
(504) 389-0339

LEWISTON, MAINE 04243
522 Lisbon Street
P. O. Box 3106
(207) 783-5352

BALTIMORE, MARYLAND 21201
100 North Eutaw Street
Room 205
(410) 333-5194

BOSTON, MASSACHUSETTS 02114
c/o Commonwealth of Massachusetts DET
19 Staniford Street
C.F. Hurley Bldg., 2nd Floor
(617) 626-6690

DETROIT, MICHIGAN 48202
7310 Woodward Avenue
Suite 407
(313) 876-5613 or 5615

ST. PAUL, MINNESOTA 55101
390 North Robert, 3rd Floor
(612) 290-3028

JACKSON, MISSISSIPPI 39215-1699
1520 West Capitol Street
(601) 965-4204

JEFFERSON CITY, MISSOURI 65104
421 East Dunklin Street
(314) 751-3921

HELENA, MONTANA 59601-4144
111 North Last Chance Gulch #4
(406) 449-5431

LINCOLN, NEBRASKA 68509
550 South 16th Street
(402) 437-5289

CARSON CITY, NEVADA 89702
1923 North Carson, Room 205
(702) 687-4632

CONCORD, NEW HAMPSHIRE 03301
143 North Main Street, Room 208
(603) 225-1424

TRENTON, NEW JERSEY 08625
Labor Building, 11th Floor, CN-058
(609) 292-2930

ALBUQUERQUE, NEW MEXICO 87102
401 Broadway, N.E.
(505) 766-2113

ALBANY, NEW YORK 12240-0099
Harriman State Campus
Building 12, Room 518
(518) 472-4415

RALEIGH, NORTH CAROLINA 27605
700 Wade Avenue, Kendall Complex
(919) 856-4792

BISMARCK, NORTH DAKOTA 58502-1632
1000 Divide Avenue
(701) 250-4337

COLUMBUS, OHIO 43215
145 South Front Street, Room 523
(614) 469-2330

OKLAHOMA CITY, OKLAHOMA 73105
Will Rogers Memorial Office
Building, Room 301
(405) 557-7189

SALEM, OREGON 97311
108 Employment Division Building
875 Union Street, N.E.
(503) 399-5780

HARRISBURG, PENNSYLVANIA 17121
Labor and Industry Building
Room 625
Seventh and Forster Streets
(717) 787-5834

HATO REY, PUERTO RICO 00917
198 Guayama Street
(809) 754-5391

PROVIDENCE, RHODE ISLAND 02903
Rhode Island Department of Employment
and Training
507 Federal Building and Courthouse
(401) 528-5134

COLUMBIA, SOUTH CAROLINA 29201
The Bonham Center
914 Richland Street, Suite 101-A
(803) 765-5195

ABERDEEN, SOUTH DAKOTA 57402-4730
420 South Roosevelt
P. O. Box 4730
(605) 226-7289

NASHVILLE, TENNESSEE 37245-4000
301 James Robertson Parkway
Room 317
(615) 736-7680

AUSTIN, TEXAS 78701
TEC Building, Room 516-T
1117 Trinity Street
(512) 463-2207

SALT LAKE CITY, UTAH 84111-2305
140 East 300 South
(801) 524-5703, 5704

MONTPELIER, VERMONT 05602
Post Office Building
87 State Street, Room 303
(802) 828-4441 or 828-4437

RICHMOND, VIRGINIA 23219
701 East Franklin Street, Suite 1409
(804) 786-7269

LACEY, WASHINGTON 98503
605 Woodland Square Loop, Third Floor
(206) 438-4600

CHARLESTON, WEST VIRGINIA 25305-0112
112 California Avenue, Room 205
Capitol Complex
(304) 558-4001

MADISON, WISCONSIN 53702
201 E. Washington Ave.
Room 250
(608) 264-5371

CASPER, WYOMING 82602-2760
100 West Midwest Avenue
(307) 261-5454

STATEMENT OF CARROLL WILLIAMS, DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION

SUBCOMMITTEES ON COMPENSATION, PENSION, INSURANCE
AND MEMORIAL AFFAIRS

AND
EDUCATION, TRAINING, EMPLOYMENT AND HOUSING
COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES
ON
CUSTOMER SERVICE STANDARDS AT THE VA AND VETS

JUNE 12, 1996

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates the opportunity to offer comment today on a number of issues relating to the level and quality of service provided to veterans and other claimants by the Veterans Benefits Administration (VBA).

The Veterans Benefits Administration is responsible for administering the payment of over \$18 billion in statutory benefits which include compensation, pension, education, vocational rehabilitation, insurance, loan guaranty, and burial. It also provides a variety of benefit-related services and information through millions of direct public contacts. To achieve the intended purpose, it is essential that these mandated benefits and services be provided correctly and in a timely manner. Individuals filing claims expect and are entitled to a decision in a reasonable period of time. VBA's notices and correspondence must be understandable and informative. Those contacting a VA office seeking information on benefits or the status of a pending claim have a similar expectation and need to receive the requested information promptly.

VBA's service standards have traditionally reflected the Department's budgetary and management priorities rather than being oriented to its "customer's" needs and expectations. As described in its March 1994 Report to the President on Customer Service Surveys, beginning in 1990, VBA began to seriously focus on developing information on the public's perception of its service for strategic planning purposes, resource allocation, reengineering initiatives, performance measures, and budgeting. In 1991, VBA initiated a multi-phased Customer-Based Measures Survey project to develop valid, reliable data from those who use the VA system. Based on the information obtained, VA indicated that customer service standards were going to be established; mechanisms developed to provide customer-feedback; VA's strategic management and Total Quality Management processes were to be enhanced and refined; and the quality of customer service at all levels of the organization were to be regularly assessed, including input from VBA employees.

There are differing views on how well VBA is meeting its customer's needs, where the problem areas are, and what can be done to overcome them and improve overall service in the future.

One of the most important service issues in recent years has been and continues to be the amount of time the regional offices take to adjudicate a benefit claim. For VBA, this has been the most significant performance indicator or measure of the effectiveness of its management policies, worker productivity, administrative and procedural changes, and the effect of computer modernization initiatives. However, from the claimant's perspective, their basic concern is not with VBA's standards, or goals, or plans, but how long must he or she wait for a decision and for benefits to start. There is also the expectation that the decision will be fair and accurate.

Prior to 1995, the backlog of pending compensation, pension, and death claims had been growing at a rapid rate and reached approximately 500,000 cases. The lack of timeliness in claims processing was identified as the greatest complaint in the September 1994 GAO study on the lack of timeliness and poor communication in VA claims. Since then, despite the impact of the continued downsizing of the armed forces, the increased medical and legal complexity of claims, and precedent decisions of the Court of Veterans Appeals, and repeated cuts in staffing, VBA has been able to substantially reduce the backlog to about 350,000 and the average processing time for an original compensation claim from 213 days to 154 days. Processing times for other types of claims have shown a similar improvement. This has been achieved through the use of substantial overtime, shifting of workload among the various offices, programmatic and procedural changes, and the implementation of a number of computer modernization initiatives.

The net result has been that over the last two years the timeliness of VBA's service to claimants has definitely shown improvement. The plan for 1997 projects a reduction in the backlog to about 277,000 cases and processing time for an original compensation of 117 days. Many years ago, VBA established a long term goal of 106 days for original compensation claims. This was acknowledged as an arbitrary standard. However, it was viewed as being reasonable and achievable from an operational standpoint and responsive to claimant's expectations.

While it is important to the welfare and well-being of veterans and their families that timely action be taken on their claims, this should not be the sole standard. Good service also connotes decisions or actions which are perceived by the recipients as being fair and proper, regardless of whether the outcome of the claim is a full allowance of all benefits sought, a partial allowance of benefits, or a denial. If claimants receive letters or decisions which they do not understand or comprehend, there will be additional letters and calls to the regional offices, including congressional inquiries, and an increased number of appeals filed. As part of its current business reengineering efforts, VBA has developed letters and notices which are intended to be more informative. In addition, the Court of Veterans Appeals has clarified VBA's duty to inform and assist which necessitates that claimants be fully advised as to the specific reasons and bases for the decision on their claim.

In our view, VBA does not appear to have placed as much emphasis and attention on improving the quality of regional office decision making as it has on increasing production. The number of appeals filed each year provides some indication of general customer satisfaction or dissatisfaction with the action taken on their claim by the regional offices. Looking at the number of notices of disagreement (NODs) filed, in 1993 there were 65,600. In 1994, there were 61,800 and in 1995, there were 79,000. The disposition of those cases which went on eventually to the Board of Veterans Appeals (BVA) over this same period tends to confirm the questionable quality of a significant sample of cases. The BVA upheld the regional offices' decision in only 25% of the cases. About 20-22% of the appeals were allowed in whole or in part and about 50% were remanded back to the regional office for further development and readjudication. Claimants effectively find themselves in the same position as they were two or three years before. VA resources should have been devoted to doing the claim correctly the first time.

One of the recommendations in the 1994 GAO report cited earlier was that VBA "develop data on denied applicants so VA can ensure that segment of its customers get the best service possible." VBA concurred with this recommendation, but what specific steps were to be taken to accomplish this were not stated in the response. Based on anecdotal information, The American Legion is not aware of any significant improvement in customer satisfaction with the regional office adjudication.

VBA's efforts to maintain and improve services are increasingly constrained by the discretionary nature of the General Operating Expenses (GOE) budget account. The current budget debate on deficit reduction will necessitate continued reduction in

funding with severe cutbacks in staffing projected. The overall limitation of resources will seriously undermine VBA's ability to provide better and more timely customer service.

In 1995, in response to the prospect of future budget limitations, VBA began developing plans to restructure many of its field station activities. A task force was established to provide specific recommendations that were to be based on sound business principles and data, as well as incorporating initiatives already underway. The task force was also to give consideration to such issues as customer service data which "indicates that veterans and their families desire: improved access to services; improved benefits information; improved timeliness and accuracy; and regular communication regarding status of pending claims." The task force was to openly and continuously communicate with employees and other stakeholders throughout the restructuring process. A progress report was issued in December, 1995 which set forth a series of ten initiatives scheduled for implementation in the transition period 1996-97. However, to date, neither a strategic Master Plan for the proposed restructuring or the specific implementation plan has been made public, in accordance with 38 USC 510.

It appears most of the proposed restructuring initiatives have been developed to achieve needed budget savings. VBA anticipated that veterans would not be adversely affected by these changes and, in some instances, services would be improved. These initiatives included the consolidation of various processing activities in the compensation and pension, loan guaranty, and education programs at certain regional offices. While The American Legion has taken no formal position on such plans, based on the information available we have expressed general concern with the two proposals involving the consolidation of adjudication functions. We believed such action at this point in time was impractical, given the current state of VA's computer modernization program, the substantial up-front costs involved, and the adverse impact on service to millions of veterans.

On May 30, 1996, the Under Secretary for Benefits recommended to the Secretary that action on the compensation and pension consolidation initiatives (#5 and 6) be discontinued. The reasons given was that VBA's business reengineering and computer modernization projects needed more time to have an impact on operations. He also recommended that the mortgage loan accounting initiative (#9) be modified and the consolidation of loan guaranty eligibility determinations (#4) be deferred. No change was recommended on the other proposed initiatives. The Secretary approved these recommendations.

The initiative to provide improved customer access to the VA system by telephone and through community based personnel (#10) was felt to be particularly important. The rationale for this initiative reflected the findings of past customer surveys by VA and GAO which showed the need for improved timeliness in the processing of claims, improved communications, better explanations of decisions, better information on available benefits and services, and the fact that VA employees are interested in helping veterans. The intent was to respond to the needs and desires of the veteran community and, at the same time, satisfy VA's political constituency. VBA's ability to accomplish this initiative was going to be dependent upon the redistribution of available personnel and other resources and/or identify investment funds to help make the changes necessary to improve service.

In conclusion, we recognize that VBA will come under increasing budgetary pressure and constraints in coming years. In the past, we have seen customer service take a backseat to other Department priorities, despite the often stated public goal of "putting veterans first". Now that VBA has clearly identified the needs and desires of its customers, it is faced with the challenge of making sensible business decisions regarding how and where service can be improved in carrying out that policy.

Much time, effort, and resources have gone into their restructuring plans. The impact of the cancellation of a significant portion of those plans will have to be

assessed both by VA and Congress. The American Legion strongly believes, in the final analysis, that service to the veterans of this country and their families should not be compromised.

Customer Service at the Veterans' Employment and Training Service, US Department of Labor

The American Legion is also pleased to comment on customer service and satisfaction observed at the State Employment Security agencies as measured by the Veterans' Employment and Training Service (VETS). It became apparent when the current Assistant Secretary was confirmed, that business as usual at the agency would no longer be the rule. With a background in total quality management, Asst. Secretary Taylor brought a new attention to the customer to the position.

On January 24, 1996, VETS published a survey of how customers, both veterans and employers, felt about the treatment received when using the services of the Local Veterans Employment Representatives (LVER) and Disabled Veteran Outreach Program (DVOP) specialists in the local job service offices. The American Legion would like to comment on the findings as presented in the survey and quoted here.

Establish on-going training programs to increase the quality of customer service and sensitivity for both Job Service staff and veterans' representatives: The logical place for training programs of this nature to be developed and implemented is the National Veterans Training Institute. NVTI has provided the standardization of services found nationwide among veterans' representatives and has been one of the primary reasons for the success of the veterans programs at the Department of Labor. It is lamentable that funding for NVTI is not in the 1997 budget request.

Ensure that veterans' representatives are capable of performing all aspects of the job including career counseling and job search assistance: As pointed out in the report, the role of the veterans' representatives is difficult in that while veterans expect referrals to higher paying jobs, employers demand screening procedures to prevent unqualified people from showing up at their doors. At the same time, veterans need job counseling in order to be more aware of career options. Once again, the National Veterans Training Institute should become the primary instrument of preparing veterans' representatives with the skills needed to meet the demands of a sometimes difficult career.

Increase diversity among veterans' representative to represent the veteran population as a whole: The armed forces are currently about 30% minorities and 11% women. The American Legion believes that this should be the goal for staffing of veterans' representatives in the state employment security agencies. This goal could be reached rather quickly with adequate funding and a proper recruitment program for minorities. We would note here that funding for LVER and DVOP positions has been lacking for at least a decade.

Evaluate process improvements for screening, including both manual and computerized matching capabilities: This is a worthy goal and one which the agency has been moving toward as the whole Employment Service System moves toward the concept of a one-stop environment where a veteran can find help with a multiplicity of needs at one location. The American Legion is aware, for example, that VETS is currently evaluating a resume writer software program which may be made available to veterans' representatives.

Establish initiatives, such as marketing campaigns for employers and orientation sessions for veterans, to raise awareness of services: Congress is well aware of the good things that veterans can bring to the workplace. It should be a goal of the Veterans' Employment and Training Service to make employers aware also. The American Legion raised this issue some years ago and the agency is responding. This

is also an area where proper courses at the National Veterans Training Institute could have a positive lasting effect.

Mr. Chairman, The American Legion would like to point out in closing that adequate funding for the Veterans' Employment and Training Service would solve most of the problems brought out in this hearing. VETS is a better place now than it was a decade ago. Its leadership and staff are committed people who work hard to make the transition from military life to the civilian work force easier for those who have served in the armed forces. By providing the funding necessary, this Congress can make a huge difference in the lives of the 250,000 people who leave the military each year for a career in the American economy. I urge your help in this effort.

Mr. Chairman, that concludes our testimony.

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

CHAIRMAN BUYER TO DEPARTMENT OF LABOR

RESPONSES TO FOLLOW-UP QUESTIONS FROM THE
HOUSE VETERANS' AFFAIRS SUBCOMMITTEE ON
EDUCATION, TRAINING, EMPLOYMENT AND HOUSING
OVERSIGHT HEARING HELD JUNE 12, 1996

Question 1. For the purposes of veterans employment, do you believe that "customer service" means veterans priority of service?

Answer: "Customer service" and "priority of service" are complementary concepts. "Customer service" is a standard of excellence to which the Veterans' Employment and Training Service (VETS) holds its staff and grantee service deliverers in support of veteran customers. "Priority" means giving veterans access to employment opportunities over non-veterans.

Question 2. Priority of service for veterans in the employment service is a necessary ingredient in the labor system. New systems are being created and tested even now in a number of states. New legislation is pending that may change the entire system as we know it.

a. When will VETS implement measures to protect this service priority as we move to new, decentralized labor service systems?

b. How do you propose to implement veterans priority of service in the electronic delivery system?

c. How will you measure it?

d. How will it be enforced?

e. What are the penalties for not providing it?

f. If a veteran currently does not receive priority of service, what is the redress mechanism?

Answer: VETS continues to require service delivery agents receiving Wagner Peyser funds to provide veterans priority in the administration of public employment service. VETS is examining the impact of technology on

the concept of veterans priority. As an example, kiosks are now being placed in shopping malls, community centers, post offices, and employment agencies to allow all individuals ready access to State and America's Job Bank (AJB) job listings. This general public access to these job listings renders obsolete the traditional definition of priority of referral and requires the concept of veterans priority to be viewed from a different vantage point.

The introduction of an open, electronic labor exchange to the public employment service system mandates a paradigm shift. VETS must change the attitudes of the people who manage, staff, and oversee the system. The old "veterans priority" mandate was an "activity-driven" orientation. The new priority focus must emphasize a marketing of veterans to employers and access to their good jobs.

To implement this shift, VETS has established a work group to develop outcome measures for identifying the results of service delivery system contacts with veteran applicants. These measures will provide necessary indicators for the application and practice of priority by service providers and identify appropriate remedial actions.

VETS joined the Employment and Training Administration (ETA) in including a requirement for One-Stop Career System grant applicants to address how veterans priority will be maintained within their system.

Additionally, VETS has requested interested States to join with its Directors for Veterans' Employment and Training (DVETs) and Regional Administrators for Veterans' Employment and Training (RAVETs) to pilot and test a variety of priority models for participating States. VETS will waive the current performance standards during the test period.

In the meantime, VETS staff will continue, as part of their local office and State operation evaluations, to monitor the application of veterans priority in its traditional form.

Priority complaints are considered part of the States' local office complaint process. The complaint log is reviewed by VETS staff during a local office review.

Question 3. When will the electronic delivery systems in One-Stop Shops -- developed by ETA with your assistance -- begin to interface with the Department of Defense's (DoD's) Transitional Bulletin Board (TBB) and Defense Occupational Referral System (DORS)?

a. When will VETS develop a pilot system to equip selected veterans offices with the appropriate hardware necessary to fully integrate these offices with the DoD system and with AJB?

b. Will Secretary Reich encourage the ETA to use funding from the One-Stop Shop development program to assist VETS in funding this program?

c. If the Texas Governor's Job Bank has proven to be the difference in that State, when will you duplicate the effort in other states?

I. How do you intend to expand the participation of employers on the AJB?

ii. Are you working to explore the DoD system for employer participation?

iii. Do your service representatives now have access to the TBB/DORS system?

iv. When do you anticipate this partnership to begin functioning?

Answer: VETS has had preliminary discussions with DoD about interfacing with its TBB and DORS systems, but a plan has not yet been developed.

a. We are working within the Department of Labor (DOL) to seek the necessary funding for the procurement of appropriate hardware for the State Employment Security Agencies' (SESAs') veterans' staff -- Local Veterans' Employment Representatives (LVER) and Disabled Veterans' Outreach Program (DVOP) personnel. VETS/DOL offices are currently becoming equipped to access AJB on the Internet. It is our understanding that DORS and the TBB will soon be on the Internet and thus VETS staff -- when equipped to reach the Internet -- will have access to these systems.

b. With the support of Secretary Reich, ETA is currently providing funding to ensure that Job Service offices have access to the Internet, thereby allowing access to the AJB system.

c. Each State has the freedom to develop its own systems. VETS provides guidance whenever possible as States develop their own job banks or connect to the AJB.

I. VETS will continue to work with Federal contractors and with our partners, ETA and the Interstate Conference of Employment Security Agencies (ICESA), to influence the placement of job orders on the AJB and increase compliance with the statutory requirement for Federal contractors to place job openings with the Job Service. With the rapid expansion of the AJB and its reach to such large employers as IBM, we are confident we can successfully encourage more Federal contractors to participate on the AJB.

ii. VETS is not exploring the DoD system for employer participation at this time.

iii. LVERs and DVOPs outstationed at military bases now have full access to TBB and DORS.

iv. The partnership will be fully functional when TBB/DORS goes on the Internet. We are now meeting with DoD to discuss improved utilization of both the DoD system and the AJB for the benefit of veterans.

Question 4. How will you train your force in the following areas if the National Veterans Training Institute (NVTI) is not funded?

- a. Customer service
- b. Case management
- c. Sensitivity training

d. Computer training

e. If, as you've indicated to us previously, the DVET is to become the point person to ensure veterans services, how is the DVET to be trained?

Answer: At the time of the June hearing it appeared that NVTI might not be funded beyond FY 1996. Since that hearing, however, the House has passed an appropriations bill which would fund NVTI. The answers given here regarding each specific area take into account this new funding outlook.

a. On customer service we are working with DOL/ETA to develop customer satisfaction training for SESA staff, including DVOPs and LVERs. This will be delivered through "train-the-trainer" workshops. A series of training sessions for SESA leadership will be held later this year, with DOL/VETS staff also participating.

b. The Case Management and Managing Case Management curricula are available to the SESAs through NVTI. If NVTI were not to be funded, these curricula would be disseminated to the States for delivery by them through such means as train-the-trainer workshops.

c. Sensitivity training would be the responsibility of the SESAs to provide to DVOPs and LVERs. A video is now under development through NVTI, to be used along with the "Ultimate Job Search" video, to sensitize VETS and SESA staff to the individual needs of our many client groups.

DOL/VETS staff can access existing sensitivity training courses that are offered by the Department.

d. Computer training is being provided by vouchers to DOL/VETS staff so that they can obtain appropriate training in their locale. Additionally, VETS is using training offered through the Department. Computer training for DVOPs and LVERs is being provided by the SESAs, and DVOP/LVER computer training may be explored as part of the refocusing of VETS' NVTI priorities.

e. DVETs will be trained to meet needs identified in an individual development plan, which will be based on agency performance standards.

Training would be through various sources, including private sector providers or existing courses offered by DOL and NVTI (if funded). Regional training conferences will be held by VETS periodically to provide specialized training to targeted groups of VETS staff.

Question 5. You stated in testimony that your Customer Service Contract is displayed at the “points of service” areas. Where and what are these points of service?

Answer: The points of service are all offices where VETS' staff are stationed, including Regional Offices, and DVET and Assistant Director for Veterans' Employment and Training (ADVET) office locations.

Question 6. Tell us more about the case management pilot that you are working on with ETA?

Answer: The pilot we conducted was not with ETA, but instead used DVOP and LVER staff in four states and involved 15 local offices. All participating staff first attended a case management practitioners course. In addition, VETS offered a Managing Case Management Course to ensure that Employment Service supervisors and managers understood the case management concept and the necessity to serve the hardest-to-serve veterans.

The pilot ran for approximately 1½ years and was evaluated by an independent contractor. The study indicated this service approach is successful and we shall continue to expand this method of service delivery. (A copy of the evaluation's Executive Summary is enclosed.) Case management service delivery will enable us to better serve those veterans most in need of services and who have barriers to obtaining immediate gainful employment.

Question 7. The American Legion in its testimony said that the “goal for staffing of veterans’ representatives in the local state employment security agencies” should mirror the armed forces’ numbers of 30% minorities and 11% women. This goal, they say, could be reached quickly with a proper recruitment program for minorities. The Vietnam Veterans of America call for a bilingual or multilingual staff to reach

certain minorities. In your testimony, you agreed with these recommendations, based on your observations. However, you've said in previous testimony that it would be difficult to impose basic DVOP/LVER qualifications on states.

- a. Why would you place diversity standards ahead of professional qualifications?
- b. How will sensitivity training improve the ability of veterans to obtain employment?

Answer

a. Diversity standards and professional qualifications are each important. Through cultural/diversity sensitivity training and other efforts by grantees and our own VETS staff, we can work with individual states to create acceptable hiring practices for staffing veterans' representatives in the states.

b. Cultural diversity/sensitivity training will help DVOP/LVER and VETS/DOL staff interact with our clients more successfully as individuals so that these staff can better understand and help their clients meet their own employment needs and interests. We expect that this training will ultimately open wide to minority and most-in-need veterans the door of opportunity for employment and training.

Question 8. The focus group report of February 7, 1996, was very instructive. As employers are one of the two groups that you are to serve, and naturally, an important constituency as they hire our veterans. So I feel that it is important for us to consider their concerns about the Job Service. However, one of the intriguing comments by employers came under the heading of "Positions Listed" where an employer was quoted as saying, "Job Service does not work for skilled hiring."; and "...no response on the professional side."

- a. When did you implement steps to change these perception?
- b. If not, when will changes be made?

Answer: DOL/VETS staff shared this focus group information at all Job Service management and operations levels in every state, to ensure their awareness of this particular customer service problem. VETS also will address the problem through refinements in the courses delivered by the NVTI that we expect to effect in FY 1997. In addition, with the advent of the AJB, Job Service staff will be afforded access to more skilled/professional job listings.

Question 9. Many of the veterans in the focus groups were identified as dislocated workers, both unemployed or underemployed. The majority had been out of the military for some five years.

- a. What can be done to assist more white collar job-seekers and for the professional veterans?
- b. Does VETS intend to establish special outreach efforts for the dislocated veteran?

Answer

a. The Job Service over the years has emphasized basic labor exchange services and entry-level positions. This has meant less emphasis on professional/white collar jobs. VETS has allied itself with the progressive initiatives sponsored by the Department (such as AJB), which provide the potential to upgrade the level of service to both employers and applicants.

b. DVOPs and LVERs play an active role on rapid response teams that deal with displaced employees resulting from company or plant closings -- assisting displaced veterans promptly in these traumatic situations.

Question 10. According to the focus group result, Texas veterans were the most positive and California veterans the most negative about the veteran job service. It was noted that Latino veterans were the most dissatisfied with the Job Service, but both of these states have significant numbers of Latino veterans. The lowest awareness of the Job Service was in California where the unemployment rate is highest.

a. Why are California veterans so dissatisfied and uneducated about the services provided by your agency?

b. What steps are being implemented to change that situation?

Answer: A study commissioned by VETS helped identify these problems, but the study did not identify the underlying causes or reasons for the problems. VETS established an "Hispanic" cluster group -- comprised of agency staff focused on the needs of Hispanic veterans -- which has provided recommendations for resolving some of the problems noted. These recommendations are being considered as VETS designs its approach to these problems. Key recommendations under consideration include the following:

▶ *Develop a marketing plan: sell the skills and knowledge of minority and female veterans to employers. This can be addressed in different ways, such as TV, radio, public service announcements, a print campaign, a specially designed poster, a nationwide "800" number, special program or address on the Internet, a special section of the transition assistance program presentation geared to minorities and females, and a developed set of criteria for a special award from ICESA and/or the International Association of Personnel in Employment Security.*

▶ *Develop sensitivity/cultural diversity training: work with NVTI to insure that such training is given to all VETS and DVOP/LVER staff. If this is not possible due to dollar and time constraints, maybe expand the existing Core I module. Possibly develop a video to provide all staff concerned. Possibly add a section to the Ultimate Job Search geared to these groups. If any of these are too costly, try to tap into existing programs being offered by the Departments of Labor, Veterans Affairs, etc.*

▶ *Develop an employer/job development course: based on the sensitive area of minority and female veterans, this is an area worth looking into. All parties stand to gain. This course also would be given as a refresher course every two to three years, possibly in a more condensed version.*

Question 11. In veterans' service priority, the focus group survey found that veterans' service priority "tended to shorten wait time." Other veterans found that priority of service was an "empty promise". Many veterans don't even believe priority of service makes wait times shorter, "You get there first to get nothing", one veteran participant is quoted as saying.

- a. What does "tended to shorten wait time" mean?
- b. When will VETS change the perception that "priority of service" is meaningless?
- c. How will VETS change the negative perception of priority of service?
- d. How will veterans receive labor service in compliance with title 38, U.S. Code, in the one-stop shops?
- e. When will you implement these measures, and how will you measure compliance by the states?

Answer

- a. *The "wait time" referenced is the time individual veterans spend waiting to be seen by a Job Service staff person.*
- b. *VETS continues to work with its State agency partners to increase customer satisfaction levels, and in doing so focuses on addressing the perceptions voiced by customers.*
- c. *VETS continues to support initiatives designed to bring fundamental change to the service delivery system. By focusing on the results achieved for our customers rather than on measuring the outputs of the system, by better assessing the needs and desires of each veteran and tailoring service plans accordingly, we think we can do a better job of fulfilling veterans' expectations.*
- d. *By emphasizing case management service approaches, VETS will support a "triage" system to identify veterans according to the level of their service*

needs and then establish individual service plans. VETS will ensure that the veterans suffering the highest unemployment levels receive priority for the labor-intensive services they need. Job-ready veterans will receive high quality assistance (such as job search training using the Ultimate Job Search videos and workbooks available from NVTI) designed to facilitate their helping themselves to their share of the job market.

e. We shall continue to monitor and evaluate the states' outcomes for veterans. We are currently developing new performance measures for the information collection system reflective of quality factors such as the wages related to the jobs obtained by veterans through the one-stop service centers.

Question 12. From the focus group report, under the heading “Attitude toward Veterans”, most employers reportedly responded favorably in terms of veterans’ “characteristics”, rather than in terms of the skills or abilities that are often the basis of hiring. Key phrases like “self-discipline”, “loyalty” and “good team players” all ranked high on their screens.

- a. Bearing this in mind, when do you intend to comply with focus group and Congressional recommendations to “market” these veterans’ skills to employers?
- b. How will the marketing plan look?
- c. What are the necessary measuring parameters to determine the success of the marketing?
- d. Is there any one working on this now?

Answer

a. We have already begun to shift more of our resources into marketing efforts.

b. Marketing plans will emphasize the focusing of employer attention on specific categories of veterans whose unemployment levels indicate they have greater difficulty in the job market, e.g., female veterans. Plans are

being initiated and developed in accordance with VETS' Assistant Secretary's performance goals, which include focus groups, veteran/employer forums, news articles, group presentations, job fairs, town meetings, etc.

c. We shall focus on specific employer targets and measure our success in penetrating those markets.

d. Recently VETS added to its national office staff a marketing specialist as a transfer from DOL's Office of Public Affairs. This brings significant relevant experience to our current efforts in developing marketing plans.

Question 13. "Screening quality" was a phrase used frequently in the focus group study.

a. When are your plans for improving the screening quality to be implemented?

b. If this is a State function, how will VETS assist in improving how the States conduct their training?

c. What are your screening quality standards now?

Answer

a. The service delivery system as a whole is the responsibility of ETA and the SESAs, and thus "screening quality" (and the training associated with it) is ultimately one of their responsibilities as well. VETS provides the DVOP/LVER staff who work within that overall system to maximize veterans' service and veterans' access to employment opportunities. VETS' training efforts for that special staff are on going.

The "screening quality" issue is really the question of who does or does not get referred to an employer for a specific job opening -- and whether veterans get priority in this referral. The employer wants the best possible candidates for the job. VETS/DOL and its grantees must maximize veterans' referrals to provide the employers with those qualified candidates.

b. Recognizing that screening quality is a State function, VETS will continue its on-going efforts to assure that DVOP/LVER staff are trained thoroughly both to make quality assessments of individuals' appropriate job opportunities, and to make referrals of qualified veterans to all appropriate job openings. This training can be accomplished effectively through NVTI (if its funding is continued), and through assistance from VETS staff during their on-site local office evaluations and in their other contacts with Job Service staff.

c. VETS favors referral screening standards that consistently result in discouraging referrals of marginally qualified applicants. We must utilize our veterans specialists to focus intensive employability and job development services for those veterans that the assessment phase of our case management process indicates have only marginal chances of success in the labor exchange, and strategically market those veterans. We must use the new technology to attract more employers into listing their jobs and to improve veterans' access to the job listings. We must trust that the majority of veterans -- given some training in job search skills and self-marketing techniques -- will be successful in the job market.

Today, "veterans priority" means

- 1. Recognizing that a large portion of the veterans' community simply needs job market-related knowledge, which must be delivered effectively and efficiently;*
- 2. Recognizing that some veterans need intensive one-on-one assistance, which also must be delivered effectively and efficiently; and*
- 3. Ensuring that the Job Service is actively building bridges to employment for veterans, rather than being perceived as a gatekeeper trying to keep non-veterans from being referred.*

Enclosure

CASE MANAGEMENT PILOT PHASE III

Final Report on Analysis of Pilot Data

February 20, 1996

Submitted to:

**Office of the Assistant Secretary for
Veterans' Employment and Training
U.S. Department of Labor
Washington, D.C.**

Prepared by:

**DynCorp
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Under Subcontract to:

**Martin-Marietta Energy Systems
Oak Ridge, Tennessee**

EXECUTIVE SUMMARY

The case management method of employment and training service delivery to veterans is a client-centered, goal-oriented process designed to help veterans overcome barriers to employment. Prior to the initiation of the Case Management Pilot, this method had not been systematically incorporated into the standard employment and training service delivery system for veterans. As a result, little was known about how resource intensive the service would be and, therefore, it was difficult to predict what impact its incorporation might have on overall services to veterans. To overcome the uncertainty prior to introducing case management nationwide, the Veterans Employment and Training Service initiated the Case Management Pilot in March 1994. The Pilot was designed to accomplish a number of objectives. Included among these were to determine:

- The amount of time required to implement the case management process;
- The number and types of veterans who could benefit the most from case management;
- The impact that the incorporation of case management into standard veteran services would have on service delivery in local employment offices; and
- The impact that case management has on veterans' employment outcomes.

The Pilot was implemented in three phases from March 1994 to September 1995. During this period, staff in 15 local employment service offices in 4 states implemented case management and systematically recorded relevant data pertaining to the case management process and the veterans who received the service. This information has been a critical source for determining such things as the amount of time spent on case management per client, the average number of days a client remains in case management, and the number and types of clients served. Analyses of the data recorded by Pilot office staff have been summarized periodically over the course of the Pilot in various interim reports. This report presents the results of the final analyses of the data submitted by Pilot offices.

The Existence of Significant Barriers to Employment Was The Most Common Eligibility Criterion for Participants

During the Pilot, veterans were considered eligible for case management if they met one of the following four criteria: (1) they were enrolled in the Service Members Occupational Conversion and Training Act (SMOCTA) program; (2) they were enrolled in the Job Training Partnership (JTPA), Title IV-C program; (3) they

were referred from the Department of Veterans' Affairs (VA) Chapter 31 Vocational Rehabilitation program; or (4) they had significant barriers to employment. The reason that the veteran qualified for case management was referred to as the veteran's case type during the Pilot. Analysis of Pilot data shows that the largest group of case managed veterans -- 45 percent -- qualified based on the existence of significant barriers to employment. Another 39 percent of veterans became case management clients based on their participation in the SMOCTA program (19 percent) and JTPA IV-C program (20 percent). Seven percent of veterans qualified for case management due to their participation in the Chapter 31 program. Case type was unknown for the remaining 9 percent.

The types of barriers to employment that led to participation in case management varied. Lacking marketable skills was the most often listed barrier to employment for those clients with significant barriers -- 39 percent of clients with barriers were reported to lack marketable skills. The next two most frequently cited barriers were lacking work experience (33 percent) and lacking education (22 percent). In many instances, case management clients reported having more than one barrier to employment. While 39 percent of clients with barriers reported having only one barrier to employment, 28 percent reported two barriers. The remaining 33 percent of clients with barriers had three or more obstacles to finding employment.

Case Management Eligibility Applied to a Small Proportion of Veteran Registrants

Analysis of data collected during the Pilot shows that the overall need for case management services applied to a small proportion of the new veteran registrants at the Pilot sites. Across all Pilot states, an average of ten percent of new veteran registrants were considered to be eligible for case management. It appears that this relatively low demand for case management services had positive implications for integrating case management into standard service delivery for veterans. Pilot offices reported that case management did not disrupt overall office operations and that the level of staffing in the Pilot offices was sufficient to meet veterans' needs for case management.

There was some variation in the percentage of veterans deemed eligible for case management across the four Pilot states. Three of the four states had eligibility rates between 5 and 10 percent, while in the fourth, California, 32 percent of new veteran registrants were determined to be eligible for case management. Differences in eligibility rates may be attributed to a number of factors. One obvious factor that appears to account for a substantial portion of the variation in eligibility rates is the existence of differences in the way veterans representatives approached eligibility for case management. Site visits to Pilot states conducted early in Phase III revealed that while some Pilot office staff

focused only on the more traditional "program" eligibility (eligibility based on participation in other programs, such as SMOCTA), others had made a concerted attempt to include in case management veterans with significant barriers to employment. Variation in eligibility rates that might be due to differences in the characteristics of the Pilot states' veteran population will be explored through automated data obtained from the Pilot states.

Unwillingness was the Primary Reason for the Low Participation Rate of Eligible Veterans

During the Pilot, not all eligible veteran registrants in the Pilot offices were provided case management services. While, overall, 10 percent of new veteran registrants were found eligible, only 4 percent of new registrants actually received the service. This means that roughly 60 percent of those veterans found to be eligible did not participate. If the totality of eligibles who did not participate is regarded as 100 percent, then two-thirds did not participate due to their own unwillingness.

Further analysis of Pilot data showed that the percentage of eligible veterans who were not served and who were unwilling to participate also varied across Pilot states. Staff in the Pilot offices in California and Ohio indicated that more than three-quarters of eligible veterans not served were unwilling to participate. In Idaho and Georgia, 17 percent and 44 percent, respectively, of veterans not served were reported to be unwilling to participate.

Discussions with Pilot office staff and managers suggest that there are two primary factors that might contribute to differences in the proportion of veterans who were unwilling to participate. The first relates to the attitude of veterans seeking job services. According to Pilot office staff, some veterans do not want to get involved in a structured program and only seek employment services to receive job referrals. The other factor that might explain high proportions of veterans who are unwilling to participate is the inability of some veterans representatives to effectively "market" case management. Results of conversations with Pilot site staff suggest that this ability can be related to both their skills and desire to promote case management.

Case Management Service Levels Varied by Office Size

For all offices, during the 9 hours typically spent per week on case management, staff provided case management services to 14 different veterans and conducted 20 service transactions. These service levels varied a great deal according to office size. Large offices served an average of 24 clients per week

and had 20 service transactions, while small offices served, on average, 6 individuals and made 7 service transactions.

There was similar variation in the average caseloads maintained by case managers in large and small offices. Across Pilot offices, case managers typically maintained 37 veterans on their caseloads. In large offices, case managers kept a caseload of approximately 54 veterans, while case managers in small offices maintained an average caseload of 14 veterans. The variation in service levels between small and large offices is likely due to differences in the overall number of new veteran registrants in those offices.

Amount of Time Spent Delivering and Overseeing Case Management Was Small

As might be expected based on the eligibility figures presented above, the weekly average amount of time spent providing case management services in Pilot offices was low. An average of 7.6 percent of total DVOP/LVER hours in an office was devoted to case management over the course of the Pilot. This equated to just over 9 hours per week. A variety of activities were undertaken by case managers during this time. The activity that took up the largest portion of the case manager's time was tracking, monitoring, and following-up with clients (23 percent). Another 16 percent of the time devoted to case management was spent on job development and employer relations.

The time spent managing case management in Pilot offices was also relatively low. On average, managers of case management spent 1.6 hours per week overseeing case management, which roughly equated to 2 to 3 percent of total manager hours. The activities that took up the largest portion of the time devoted to managing case management were maintaining and directing the case management team (34 percent) and preparing case management reports (19 percent). There was no significant difference between large and small offices in the proportion of time spent delivering or overseeing case management. The relatively small amount of time spent on case management in Pilot offices also appears to have contributed to its effective integration with standard employment services.

The Time that Veterans Spent in Case Management Spanned Several Months

During the Pilot, an average of 4.8 hours were spent per client providing case management over the course of a 6-month period. In addition, case managers averaged 7 service transactions per client. The service transactions accumulated over the entire course of the case management process, indicating that even though the average amount of time per veteran was low, the level of effort on behalf of the client extended throughout the process. It also signals that veterans

representatives understood and implemented the case management concept of continually working with a veteran to achieve a goal.

There were some significant differences in the amount of time spent per client between veterans with different case types. More time was spent per client -- over a longer period of time -- for veterans who qualified for case management due to enrollment in the SMOCTA program. An average of 6.3 hours per client was spent for these veterans over the course of almost 8 months. The differences observed here are apt to be due to the fact that the SMOCTA program is an on-the-job training program that may last several months and that requires high levels of monitoring.

With regard to customer group, dislocated veterans are the group that stands out. Twice as many hours per client were typically spent for veterans in this group than for veterans in other groups. Discussions with Pilot site staff that served the most dislocated veterans suggest that the greater number of hours likely reflects the fact that this group typically requires higher levels of assistance than other veterans. This was attributed to two primary factors: (1) the existence of barriers, such as not being competitive in the current job market (lacking skills and/or education) and age; and (2) the amount of time it takes for a dislocated veteran to reconcile job expectations based on their previous position with the reality of the current job market, particularly with respect to wages.

Over One-Third of Case Managed Veterans Entered Employment

Pilot data show that 36 percent of all case managed veterans entered employment and this typically took 53 days from the time a case was opened. There were some significant differences among case types and customer groups in the percentage of veterans that entered employment. Aside from veterans in the SMOCTA program, who are typically employed at the time they enter case management, case managed veterans participating in the JTPA IV-C program had a higher proportion of veterans who entered employment than other case types. With regard to customer group, the recently separated veterans were the only group that was significantly different from the others. Fifty percent of recently separated veterans entered employment -- a rate 15 to 18 percentage points higher than for other groups. There were no significant differences between case types or customer groups in the duration of time until entry into employment.

Because a number of factors can affect employment outcomes, apparent differences between case types and customer groups in the percentage of veterans that entered employment will be explored further using automated data from Pilot states. Statistical modeling that simultaneously controls for a variety of factors that affect outcomes will facilitate this analysis.

DEPARTMENT OF VETERANS AFFAIRS
RESPONSES TO POST-HEARING QUESTIONS
CONCERNING THE JUNE 12, 1996
HEARING ON CUSTOMER SERVICE STANDARDS

FROM THE HONORABLE G.V. (SONNY) MONTGOMERY
RANKING MEMBER
HOUSE VETERANS' AFFAIRS COMMITTEE

TRANSMITTED BY THE HONORABLE STEVE BUYER, CHAIRMAN
SUBCOMMITTEE ON EDUCATION, TRAINING,
EMPLOYMENT AND HOUSING
HOUSE COMMITTEE ON VETERANS' AFFAIRS

Question 1: In discussing the subject of service to veterans, what effect will the House Subcommittee on VA, HUD and Independent Agencies markup of the FY 1997 budget, reducing Veterans Benefits Administration staff by 550 FTE, have on service?

Answer: The House Appropriations Committee's (HAC) mark of the 1997 Veterans Benefits Administration's (VBA) budget would have a devastating impact on the organization's ability to provide even basic service to veterans and their beneficiaries. VBA would need immediate RIF authority and would need to use furloughs in order to reduce its FTE levels. VBA would not be able to meet its timeliness and quality goals for processing compensation and pension claims, and increased backlogs would be created. For example, VBA is on track in 1997 to reduce the time to process an original compensation claim by 33 days, from 150 to 117. This budget mark would eliminate the ability to accomplish this goal.

This budget level would eliminate VBA's ability to pursue the orderly restructuring of its claims processing and other business activities. It would also eliminate our ability to conduct systematic downsizing. VBA's restructuring plan is aimed at maintaining or improving service provided to veterans and reducing overall VBA operating costs. The HAC budget level would instead require immediate deep cuts. Under such constraints, VBA would be forced to seriously consider closing selected regional offices.

The reductions would severely hamper the ability of VBA to provide assistance to veterans in VBA's other four main business lines (Loan Guaranty, Education, Vocational Rehabilitation and Counseling, and Insurance.) The personnel reductions would be spread across all VBA functions. The Education Montgomery GI Bill (MGIB) - Chapter 1606 system, which was to be installed in 1997 and would save VBA overpayments to reservists by up to 50 percent, would be eliminated. Loan processing efforts would be impaired due to the reduced personnel levels. Outreach efforts to disabled and homeless veterans would be dramatically reduced.

Insurance support functions would be reduced as well. VBA would not be able to provide veterans and their beneficiaries with the quality of service they deserve.

Question 2: In general, I believe your testimony indicates that your initial efforts at measuring customer satisfaction have been eye-openers.

I'm going to use an analogy here. A customer goes into a restaurant and finds that the staff could not have been more courteous and helpful, but the meal itself is not at all to his satisfaction. This is not a satisfied customer, even though the server was pleasant and responsive.

Do your current surveys distinguish among the various parts of the process? What plans do you have to refine your measures of customer satisfaction.

Answer: All of VBA's current surveys include questions on multiple aspects of service, not just overall satisfaction. With this information, changes in various dimensions of service delivery (such as courtesy, respect, and timeliness) can be charted in conjunction with changes in overall satisfaction. The more fully-developed surveys in use within VBA, such as the "Survey of Veterans' Satisfaction with the Compensation and Pension Process" were specifically designed to measure all aspects of service indicated as important by veterans themselves through focus groups. The C&P Survey, for example, includes 82 questions on all aspects of the claims process from the ease of filling out the application form to the perceived fairness of VA's decision on the claim. This data can be used to pinpoint problem areas which need attention; specifically, those aspects of service which are important to the veteran, but where performance needs to be improved. It also allows VBA to identify and continue to support areas where service is excellent, without expending additional effort in those high performance areas. With continued survey experience and expanded survey capability, VBA plans to review all customer surveys to be sure they include measures of all aspects of the process deemed important by the veteran. Each dimension of service quality can then be tracked over time in order to maximize customer satisfaction.

**RESPONSES TO
POSTHEARING QUESTIONS
CONCERNING APRIL 30, 1996 HEARING
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION, INSURANCE,
AND MEMORIAL AFFAIRS
OF THE
COMMITTEE ON VETERANS' AFFAIRS
FROM JOSEPH A. VIOLANTE,
LEGISLATIVE COUNSEL
DISABLED AMERICAN VETERANS**

Question from the Honorable Terry Everett, Chairman, Subcommittee on Compensation, Pension, Insurance, and Memorial Affairs:

Question:

Each VSO representative pointed out that VA adjudication of radiation-related claims is less than adequate.

Should VA consolidate its radiation claims processing?

Answer:

Consolidation of radiation claims processing encompasses both positive and negative features. In general, the consolidation of claims processing is designed to develop an expertise in a particular area for those VA employees processing these claims, in this case, radiation claims. To the extent that the facts of each individual case are properly considered and all pertinent laws and regulations are applied, atomic veterans would be better served by consolidation of radiation claims processing. However, on the other hand, if the rating specialists and adjudicators are pre-disposed and biased against radiation claims, then atomic veterans will not be served by consolidation of radiation claims processing.

For the most part, our government has taken the position that atomic veterans were exposed to only minimal doses of radiation exposure which, therefore, could not be responsible for the current diseases, illnesses or disabilities being suffered by these veterans. To the extent that this mistaken belief permeates the thinking of rating specialists and adjudicators, atomic veterans will never receive fair and equitable treatment with respect to their claims.

In conclusion, to the extent that claims processing would be dealt with fairly and evenhandedly, consolidation of radiation claims processing would in all likelihood benefit atomic veterans by developing in those rating specialists and adjudicators the necessary expertise handling radiation claims.

Questions from the Honorable G.V. "Sonny" Montgomery, Ranking Minority Member of the Committee on Veterans' Affairs and member of the Subcommittee on Compensation, Pension, Insurance, and Memorial Affairs:

Question:

Joe, you mention that dose reconstruction estimates prepared by DNA are inaccurate. How could a review of DNA's estimates lead to more accurate estimates in the future?

Answer:

Historically, dose reconstruction estimates prepared by DNA have been unrealistically low. It is extremely difficult to believe that so few atomic veterans were exposed to no

more than one rem of ionizing radiation considering the circumstances under which they participated in these tests. Pictures taken at the time demonstrate that many veterans were above ground at the time of detonation. Additionally, many of these veterans were marched through ground zero shortly after detonation, while others, those involved in the testing in the Pacific, ate contaminated local fruits and swam in contaminated waters.

If prior DNA estimates were reviewed by a disinterested, independent third party who could provide an accurate assessment of the level of exposure to ionizing radiation experienced by atomic veterans, future estimates would necessarily be more accurate since they would be based on a sound foundation.

Under current law, as promulgated in 38 C.F.R. § 3.311, dose reconstruction estimates provide the basis for the determination as to whether the veteran's "radiogenic disease" was the result of his exposure to ionizing radiation. Since these dose reconstruction estimates have been extremely low, most veterans are denied entitlement to service connection. Accordingly, either dose reconstruction estimates must be made to be reliable and accurate or Congress should repeal Public Law 98-542 and add all "radiogenic diseases" to the list of diseases presumed to be service-connected.

Question:

Joe, you also mention the Marshall Islanders, and the number of diseases that may be compensable as related to exposure to ionizing radiation. Can you tell the committee whether there are differences in the measured exposure of Marshall Islanders when compared with atomic veterans?

Answer:

I am not aware of the radiation dose exposure of Marshall Islanders as compared to that of America's atomic veterans. The point I was attempting to make in my testimony was that our government placed atomic veterans in harm's way with full knowledge that there was the potential for residual disability. For almost forty years, our government chose to ignore the complaints of atomic veterans. These atomic veterans should receive the same benefits that others receive. In my testimony, I used Marshall Islanders only as an example of a group who receive compensation from our government due to exposure to ionizing radiation. Marshall Islanders are but one of those groups which also includes "down winders," uranium miners, private citizens unknowingly exposed to radiation experiments, those private citizens and military personnel exposed to radioactive material released from Hanford, and those veterans treated with radiation for ear and nose disabilities. All of these groups are either being compensated or are being considered for compensation by our government because of their exposure to radiation. Therefore, atomic veterans should be given the same consideration when determinations are made as to which diseases, illnesses, or disabilities should be considered for service connection.

DAV has expressed its support for adding all recognized "radiogenic diseases" to the list of diseases presumed to be service-connected. Because VA law and regulation are to be administered with a broad and liberal interpretation consistent with the facts in each individual case and because reasonable doubt will be resolved in favor of the veteran or other claimant, atomic veterans should be entitled to service connection and medical treatment and care for all diseases associated with exposure to ionizing radiation for which our government pays compensation to other individuals such as those groups noted above.



Motto: "If I cannot speak good of my comrade, I will not speak ill of him."



DISABLED AMERICAN VETERANS

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July 16, 1996

Honorable Terry Everett, Chairman
Subcommittee on Compensation, Pension, and
Memorial Affairs
House Veterans' Affairs Committee
335 Cannon House Office Building
Washington, D.C. 20515-6335

Dear Representative Everett:

The Disabled American Veterans (DAV) is pleased to respond to the ~~additional question~~ of Congressman ~~Sammy Montgomery~~, ~~presented in connection with the June 12, 1996, hearing on~~ VA's customer service.

Congressman Montgomery presented the following question: "In discussing the subject of service to veterans, what effect will the House Subcommittee on VA, HUD and Independent Agencies markup of the FY 1997 budget, reducing Veterans Benefits Administration staff by 550 FTE, have on service?"

The President's budget request proposed a reduction of 624 FTE in the Veterans Benefits Administration for fiscal year 1997 based on decreased workload and restructuring initiatives. Of the 624 FTE, 174 were attributed to increased efficiency from restructuring. Under this plan Compensation and Pension Service would lose 168 FTE, Education Service would lose 47 FTE, Loan Guaranty Service would lose 64 FTE, Vocational Rehabilitation and Counseling would lose 29 FTE, Insurance Service would lose 18 FTE, Veterans Services would lose 66 FTE, Information Technology would lose 92 FTE, and Support Services would lose 140 FTE.

The DAV believes that VBA components that directly administer the benefit programs cannot afford to lose personnel. For example, the problems of C&P Service are well known. Further reductions in staffing can only worsen an already bad situation.

As was noted in the *Independent Budget* at page 47, approximately 51% of those seeking information or assistance from VA by phone never get through because of inadequate staffing and phone systems. Veterans Services cannot possibly lose additional personnel and still maintain an even minimally acceptable level of services. The story with VR&C and Loan Guaranty is the same. For VBA to lose another 550 FTE would be unjustifiable under any

Honorable Terry Everett
July 16, 1996
Page 2

current circumstances, and would clearly represent an abandonment of the our Nation's commitment to its veterans. In the situation where services are already unacceptably slow or are not provided at all as in the case of blocked phone calls, further deterioration is unacceptable. If the Senate markup is passed and the Administration's FTE request is passed in conference, the adverse effect upon VBA will be much less than that which would result from the markup of the House VA, HUD and Independent Agencies Subcommittee recommendations. However, it is the DAV's view that the components of VBA that directly administer the benefit programs should have no FTE reductions in fiscal year 1997.

The Subcommittee's interest and support are appreciated. DAV also thanks you for the opportunity to present its views.

Sincerely,

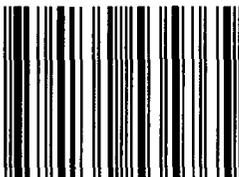


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