GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) STRATEGIES

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BEFORE THE

SUBCOMMITTEE OVERSIGHT AND INVESTIGATIONS

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

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GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) STRATEGIES

THURSDAY, SEPTEMBER 18, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to call, at 9:34 a.m. in room 334, Cannon House Office Building, Hon. Terry Everett (chairman of the subcommittee) presiding.

Present: Representatives Everett, Clyburn, Snyder, Evans, Mascara.

OPENING STATEMENT OF CHAIRMAN EVERETT

Mr. EVERETT. The hearing will come to order. This morning's hearing is on planning by the Department of Veterans Affairs on the Government Performance Results Act. I will call GPRA the Results Act. Our witnesses will explain much more precisely what the Results Act is and requires, but basically it requires the Federal Government's departments and agencies to operate in a more business-like way by having real plans that resemble those used in the private sector.

These plans are to achieve and define measurable outcomes linked to the operations and operating budgets that support them. The Results Act was passed in 1993 with bipartisan support and House Majority Leader Dick Army has made the implementation of Results Act a high-priority. In fact, he has used the VA's Results Act pilot program to improve health care at VA hospitals as one of the early Results Act success stories.

Efficient government should provide better services to veterans. The VA has had active and cooperative consultations with the VA Committee and is off to a positive start. But it is important to recognize that this is only the start and much remains to be done over the next several years to continue developing and refining the planning for veterans to the point where it achieves full Results Act compliance.

We will hear from the General Accounting Office, the Congressional Research Service of the VA, as well as the Departments of Defense and Labor. Our last panel will be several of the veterans' service organizations who represent our veterans. I look forward to hearing their testimony because this is an important subject. The planning to be done will define virtually every aspect of the VA in years to come. Our veterans are depending on Congress and the

Administration for improved results in the services and benefits they have earned.

I now will welcome Panel 1, but prior to that, while Panel 1 is being seated, if any of the other members would like to make a statement or, otherwise we will get right to the hearing.

Thank you very much.

I would like to recognize Dr. Dennis Snook of the Congressional Research Service and Ms. Cindy Fagnoni, Associate Director of Health, Education, and Human Services Division of GAO and ask her to introduce her panel.

Ms. FAGNONI. Thank you. With me today I have Bruce Layton and Greg Whitney.

Mr. EVERETT. Thank you very much.

Ms. FAGNONI. Thank you.

Mr. EVERETT. Dr. Snook, if you will begin, I will appreciate it. By the way, with your cooperation please, I would like to hold your statements to 5 minutes. your entire statements will be entered into the record. Thank you.

STATEMENTS OF DENNIS W. SNOOK, SPECIALIST, SOCIAL LEGISLATION, EDUCATION AND PUBLIC WELFARE DIVISION, CONGRESSIONAL RESEARCH SERVICE, LIBRARY OF CONGRESS; CYNTHIA M. FAGNONI, ASSOCIATE DIRECTOR, HEALTH, EDUCATION AND HUMAN SERVICES DIVISION, U.S. GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY BRUCE D. LAYTON, ASSISTANT DIRECTOR, HEALTH, EDUCATION, AND HUMAN SERVICES DIVISION, U.S. GENERAL ACCOUNTING OFFICE; AND GREG D. WHITNEY, EVALUATION-IN-CHARGE, HEALTH, EDUCATION AND HUMAN SERVICES DIVISION, U.S. GENERAL ACCOUNTING OFFICE

STATEMENT OF DENNIS M. SNOOK

Mr. SNOOK. Thank you Mr. Chairman. Good morning Mr. Chairman and members of the subcommittee. The Congressional Research Service appreciates the invitation to appear before you as you consider the strategic plan prepared by VA. My brief remarks provide additional introduction to the concepts that GPRA instructs agencies to use in responding to the Act's requirements and to how those concepts and terms relate to the VA efforts to develop the strategic plan. As required by GPRA, the GAO has prepared a formal evaluation of the VA plan, and my counterparts from that agency will present that evaluation.

Mr. Chairman, GPRA envisions a rational government with measured effects. In order to achieve such an ideal, the Act requires that the Executive Branch describe itself in terms of the effectiveness of its efforts as well as provide a detailed account of what it does. Through this coherent and comprehensive look at the interrelated aspects of federal functions, GPRA encourages more efficient operations by providing Congress more objective information on achieving statutory objectives on the relative effectiveness and efficiency of federal programs and spending.

GPRA set in motion a process by which such a plan could be produced: the Act established a series of steps and a timetable to produce an accounting of government functions from the bottom up,

and it requires that this explanation focus on purposes rather than simply accepting the basis for the activities as given.

Thus, the Act seeks to link the performance of activities with indicators and measurements of the results of those activities. Currently, performance itself is generally measured through the amounts of money expended, actions taken, manpower and resources engaged, or the number of persons, places, or things affected. GPRA asks that the evaluation process be extended to the ordinary activities of the Federal Government at every level: what is the activity trying to accomplish, and how do we know if it accomplished it?

The Act establishes a method for determining the feasibility of a comprehensive, government-wide plan, to be in place as early as fiscal year 2002. As interpreted by OMB and GAO, a strategic plan contains six elements: comprehensive mission statement; long-term goals and objectives; strategies to achieve those goals and objectives; the relationship between long-term objectives and annual performance goals; identification of key factors beyond the control of the agency; and a description of how program evaluations might help with the process.

In the strategic plan, general goals elaborate policy, programmatic, or management directions that follow from the agency mission, and objectives are more specific statements of something to be accomplished within those directors. For example, VA has a general goal of improving the health care of veterans, which is furthered by an objective of increasing the number of veterans using the VA health care system. Within these objectives are performance goals, which are specific milestones to be attained each year. GPRA requires that agencies establish annual performance plans, with performance goals identified, as part of the annual budget process.

According to GPRA, performance goals must be measurable, and the Act emphasizes the need for agencies to develop performance indicators. Such indicators measure progress toward goals, such as the number or ratio of persons entering a rehabilitation program who regain lost abilities, rather than simply quantifying input into agency activities, such as dollars spent or employee-years, or as simple output from agency program operations, such as clients served or benefits paid.

The VA's strategic plan identifies clear and measurable goals for some agency functions that could be measured through performance indicators. In others, the identification of performance goals that could be linked directly to general mission goals awaits systematic evaluation program evaluation and the data such evaluations would provide. In these instances, VA has listed program evaluations as their short-term objectives, with performance goals met by the conduct of the evaluations themselves.

Achieving the GPRA objective of rational, results-linked government program operations will take time. In addition GPRA does not fully distinguish between performance linked to mandatory program operations, and performance in which the agency is permitted considerable discretion in the pursuit of goals outlined and authorized by Congress.

In VA, over one-half of its $40 billion budget is mandatory spending for entitlements, and the VA plan contains objectives for increasing efficiency of its benefits administration, and for improving its outreach to veterans and their families. Program evaluations could provide a basis for VA to recommend legislative changes, but in the absence of such changes, VA will proceed on the assumption that appropriate objectives are satisfied when it complies with the law as written. For example, evaluations could lead VA to conclude that the basis for compensation ratings is inadequate to the goal of linking appropriate compensation to service-connected conditions, but it will continue to rate and compensate service-disabled veterans under current rules until Congress tells it otherwise.

On the other hand, developing strategic goals for discretionary programs could require balancing competing objectives. While two competing objectives may be necessary and defensible, the emphasis on one may mean less success on meeting the other.

Substantial time and effort has been expended in the preparation of the strategic plan, an investment in staff resources partially shared by your Committee and by your support agencies. I am sure all of us who participated in the consultative process came away with a renewed sense, not only of the broad range of functions within VA, but with the difficulty of creating a unified explanation of those functions.

Now I turn to my counterparts from GAO for their more specific evaluation. Thank you.

[The prepared statement of Mr. Snook appears on p. 38.]

Mr. EVERETT. Ms. Fagnoni, if you will continue, thank you.

STATEMENT OF CYNTHIA M. FAGNONI

Ms. FAGNONI. Thank you. Good morning Mr. Chairman and members of the subcommittee. We are pleased to be here today to provide our views on VA's draft strategic plan which is required under the Government Performance and Results Act of 1993. As you know, the Results Act was one of the major steps the Congress has taken in recent years to fundamentally change the way Federal agencies go about their work. The Results Act requires agencies to clearly define their missions, set goals, measure performance, and report on their accomplishments. One of the act's major milestones, that Federal agencies submit their strategic plans to the Congress, is September 30, less than 2 weeks away.

With fiscal year 1996 spending of over $38 billion, VA is responsible for administering laws that provide numerous types of benefits to many of this Nation's 26 million veterans and their families. The information I am presenting today will address VA's progress in implementing the Results Act. My observations are based on our review of VA's June 1997 draft strategic plan and have been up dated to reflect revisions VA made between June and its latest version, dated August 15.

In summary, VA has made significant progress in its strategic planning, based in part on consultations with the Congress. This is reflected in the progress VA has made in improving its strategic plan. VA's June draft was confusing, because there were numerous layers of goals, objectives and strategies. Also, it contained significant gaps where goals were missing and lacked a clear focus on re-

sults. The latest version is clearer and easier to follow, more complete and better organized to focus more on results and less on process. In addition, VA has filled significant gaps in the discussion of program goals. The largest gap in the June draft was the lack of goals for four of the five major veteran's benefit programs. The current plan includes goals for each of these programs, stating them in terms of ensuring that VA benefit programs meet veterans needs.

While VA's current draft plan represents progress, VA, like many other agencies, will need to continue to improve its strategic planning well after the September 30 deadline. Perhaps the most significant deficiency in VA's draft strategic plan, in both the earlier and current versions, is the lack of results-oriented goals for major VA programs, particularly for the benefit programs. While discussions of goals for benefit programs have been added to the current version, they are placeholders for results-oriented goals that have not yet been developed. The objectives supporting VA's general goal for its compensation and pensioning area, for example, are to evaluate the compensation and pension programs to determine their effectiveness in meeting the needs of veterans and their beneficiaries, and modify these programs as appropriate.

VA has noted that developing results-oriented goals will be difficult until it has completed program evaluations. Evaluations can be an important source of information for helping the Congress and others ensure that agency goals are valid and reasonable, providing baselines for agencies to use in developing performance measures and performance goals, and identifying factors likely to affect agency performance. VA expects to set priorities for evaluating its programs sometime in fiscal year 1998, to complete the highest priority evaluations by the end of fiscal year 2000, and to complete at least one evaluation in each of ten major program areas by fiscal year 2003.

Another observation we made about VA's June draft plan was that VA's discussion of external factors that could affect its strategic planning was incomplete. VA's current draft has added discussions of the implications of demographic changes on VA's programs. For example, VA notes that the death rate for veterans is increasing, which will lead VA to explore various options for meeting increased demands for burials in VA and State veterans' cemeteries. What is missing in the draft, however, is a link between the projected increase in veteran deaths and the proposed schedule of specific cemetery projects.

In our comments on the June draft, we also noted that VA has not clearly identified the areas where its programs overlap with those of other Federal agencies, nor has it coordinated its strategic planning efforts with those of other agencies. VA's current draft strategic plan addresses the need to improve coordination with other Federal agencies and State governments. This will involve identifying overlaps and links with other Federal agencies, enhancing and improving communications links with other agencies, and keeping State directors of veterans' affairs and other State officials apprised of VA benefits and programs, and of opportunities for collaboration and coordination.

VA is aware that it has much work to do to fully implement the Results Act. Some of this work is identified in the current plan. VA's success in implementing the Results Plan will depend on how successful it is in ensuring that its strategic plan focuses on results and how well it integrates these plans with the plans of other Federal agencies, and the Congress will continue to play an important role in consulting with VA in developing results-oriented goals in overseeing VA's efforts to successfully implement the Results Act.

Mr. Chairman, this completes my statement this morning. I would be pleased to respond to any questions you or members of the subcommittee might have.

[The prepared statement of Ms. Fagnoni appears on p. 42.]

Mr. EVERETT. Thank you very much. Dr. Snook the VA's mission statement, includes being the principal advocate for America's veterans in ensuring that they receive their benefits and services. Is that consistent with the VA statutory mandate?

Mr. SNOOK. There is nothing in the statute that gives VA the authority to regard itself as the principal advocate for veterans, and, furthermore, I think that the statement itself runs contrary to the view expressed by Congress, I think, that it is the principal advocate by passing laws that improve benefits for veterans.

Mr. EVERETT. I appreciate that response. Is the Results Act just some sort of management fad with a statutory input, or, how potential important can this be?

Mr. SNOOK. Well I think public administration scholars have long tried to improve the operations of the Federal Government, and this is another example of those attempts. Previous attempts, however, tended to accept government as it was already structured, and attempted to provide a more efficient operation through evaluating its various levels of performance. I think this one follows from a school of thought that says that government should look to see its results first, to try to determine whether the things that it is doing are appropriate. In that regard, a coherent strategic plan, both from an individual agency's perspective, and from the Federal Government as a whole, would be a very important document, and it would allow all of government to determine its appropriate place by looking at the effect of what it actually does. In that regard, I think it could but let me commend you for the work that you all have done with this. We appreciate it very much and certainly it has been very valuable to the committee.

Ms. FAGNONI. Thank you.

Mr. EVERETT. Would you please explain in more detail, how the VA's annual performance plans and future budget requests relate to each other?

Ms. FAGNONI. Well, the strategic plan, the annual performance plans and the budget requests are three components that, together under the Results Act, the whole goal is really trying to enable a closer and clearer link between what the Government is spending and what the results are, or the difference the spending is making in people's lives. The first component, and what agencies are currently working on, is the strategic plan which is supposed to set out the overall mission of the agency, the overall goals and objectives, and strategies for achieving those goals and objectives.

The next item is the annual performance plan; at this point under the Results Act, agencies were supposed to have submitted their first attempts at annual performance plans to OMB this month. Those plans are supposed to show for the next fiscal year, in this case for fiscal year 1999, what the agency hopes to accomplish, what are its goals and measures for that particular year. So it is taking the overall strategic plan and focusing on a specific year.

What is probably the most difficult piece of the Results Act is going to be exactly how the strategic plan and annual plans link up with the budget requests. Right now the annual plan and a budget request go together, and the hope is that there will be links between an agency's goals and objectives for a specific year and what it is asking for in its budget, and ideally and ultimately the goal of the Results Act is for budget decision makers to have some information about an agency's performance and the results it is achieving, to help inform budget decisions.

Chairman Mr. Mascara, for any questions he may have.

OPENING STATEMENT OF HON. FRANK MASCARA

Mr. MASCARA. Well, I will be very brief. I tried to read this and it is very esoteric and arcane and very boring, so I gave up and I said, "Well maybe, I can just ask a question that you can answer in 30 words or less." What I am attempting to ascertain, is, does your study deal with the current budgeting and the amounts of money being spent on these programs? Are you able to determine whether there is insufficient funding, and that is part of the problem, and does your study include that particular phase of whether or not the Federal Government was funding these programs at a sufficient level. You know, you could study, and study and study, but the VA does not have the money to do its job, does your report say that? Is there a sufficient amount of money to achieve the results of your study?

Ms. FAGNONI. What we focused on is the first step in this process, which is VA attempting to lay out its overall goals and what it hopes to achieve. With that in place, over the coming years, under the Results Act, we will be looking at, for an individual year, what is VA asking for, and how does its performance look and how is that measuring up. But at this point, the information is not there for us to put all those pieces together. But the hope is under the Results Act that, over time, that information will be there to allow somebody to look at the program result and say, what do we get for our money, is it enough?

Mr. MASCARA. If we implement the results of your study, will the amount of time that it takes to expedite a claim to the VA, is that going to improve?

Ms. FAGNONI. Well actually——

Mr. MASCARA. I have heard people in here say, "Well it used to take 300 days, now it only takes 160-some days," and, I mean, is this a part of your study to determine the efficiency of delivering services?

Ms. FAGNONI. Well, actually, in VA's strategic plan, it has a piece that is focused more broadly on what it hopes to accomplish with its programs. Part of its strategic plan is also looking at how it can

operate more efficiently and effectively, and VA does have goals that are directed at, for example, improving claims processing. So, yes, that is a component of what VA has laid out in its strategic plan. And that is something, then, that one can measure them against. Are they going to meet these goals they have set in terms of improving the speed of their claims processing and the accuracy?

Mr. MASCARA. Well obviously the strategic planning process cannot take place over night. I saw in there that you had the June version, and then the August version. In your view, how far along do you believe the VA is in the strategic planning process? And, how long can we reasonably expect it to take the VA to complete a workable plan, that sets forth the realistic performance goals and establishes a framework for achieving desirable results?

Ms. FAGNONI. This is really VA's first attempt to do a department-wide plan, and I think they have come a long way, even in the short period of time since they have been trying to put things on paper and trying to communicate effectively what it is they were trying to do. As we say in our assessment while they have made progress in their strategic planning, they still need to make improvements. Particularly in becoming more specific in defining the results of their programs and really assessing how much their programs are achieving. I guess the thing that we are looking at now is, we would encourage VA to set some interim results goals that are a bit more specific than some of the ones they have, particularly in the benefits programs, and that they really lay out a program evaluation schedule and adhere to it, that allows them to look more carefully at their programs and see what they are accomplishing, and determine how they can measure their success in how well they are achieving their goals. So, I think they have come a long way. What we are trying to say, through our work and what I am sure will be continuing work in looking at implementing the Results Act, is for Congress and other stakeholders should to continue to work with VA and to keep VA moving along the direction it is moving and continue to make progress. How long that will take at this point, I would be reluctant to say. Besides, I think partly it depends on how much continued attention there is to this entire effort. Anything that takes over a period of years has the danger that there will be a letup, and I think it will take continued monitoring and consultation to keep this effort moving. It is not an easy effort that they are undertaking. Nor is it for any agency.

Mr. EVERETT. I will not prolong this, but let me say I appreciate the gentleman's line of questioning and if you can take the computer modernization situation, I would say it often takes VA a very, very long time to complete a business plan, and, of course, this business plan is integral to the—Dr. Snyder.

Dr. SNYDER. Thank you Mr. Chairman. I will address this to both of you. This is a specific question. In the Results Act, when we talk about strategic plan, is there a time framework, are we talking over the next 5 years, 10 years, indefinite period of time?

Ms. FAGNONI. Well, under the Results Act, the strategic plans are required to cover 5 years. They can be extended more than that, but it is supposed to cover a 5-year period and the plans are supposed to be updated at least every 3 years. And, as I said, the

plan that VA officially submits to the Congress and OMB in a couple of weeks will be their first strategic plan under the Results Act.

Dr. SNYDER. And what block of time, then, would that likely be, 1998 through 2003?

Mr. WHITNEY. Yes sir. That is the period the VA's plan that they are preparing now is covering.

Dr. SNYDER. As you may know, I am a family doctor and people in health care, we tend to whine a lot about all the dramatic changes that have occurred in health care over the last decade. And as I look, say, at the National Park Service, I see their mission as being essentially the same as it has been for 5 years ago or 10 years ago. When you look at areas in government that are providing health care, whether it is the Indian Health Service or the Department of Defense, their health facilities and VA health facilities, it would seem that if there has not been some dramatic change within the agencies, there is going to need to be. I think there has been some fairly dramatic change as they are adapting to all the marketplace changes that have gone on. Is some of the concerns that you have about the VA, similar to concerns you would have about, say Department of Defense health services, or Bureau of Indian Affairs health services?

Mr. SNOOK. I think so. First of all, a strategic plan could lay out very carefully I think, what trade offs are necessarily made in the disbursement of resources among various kinds of objectives that it might seek. And in VA, with a tremendous changeover occurring as a result of moving from a hospital-based system to an outpatient care system, from a system that was initially designed to provide intensive care and treatment for veterans as they returned from wartime to one which provides basic care, the internal tensions that must be going on there must be very great, and the strategic plan does not reveal those tensions, but one would assume they are there. Now I would think that over the long period of time, that VA, as with other agencies, will have to begin to make explicit, exactly how it does intend to address demographic changes and the changes in the practice of medical care.

Dr. SNYDER. And we have the whole issue of medical education, also the role of the VA system. You are firing off there. The whole role the VA health care system plays in medical education, I would think is one that is going to be a tricky one for them to sort out, too, much differently than a private hospital.

You talk about external factors, do you, is Congress considered an external factor in this process? When you look ahead, or when the VA looks ahead at the strategic plan, where do they put the role of Congress? How do they integrate into their plan? For example, I am thinking now of the efforts by this Committee and others to bring about the Medicare subvention demonstration project, and that was clearly part of the budget process for this next year and we seem to be, hopefully temporarily, stymied on that issue, but clearly we are stymied right now. How, if you are planning a plan, I mean, how do they write in these plans the impacts that Congress' action or inaction can have? I means, I guess I am saying, is it a dream? Is the plan intended to be a dream?

Mr. SNOOK. No, I do not think it is a dream at all. I think that, if anything, it understates how far they can and will be going with

respect to improving the overall medical care system. VA has a very ambitious plan for providing itself, providing its facilities with resources beyond normal appropriations, because of actions on the part of facility directors in the future. So, I think that over the long run, you are going to see a very aggressive VA medial care system expanding and attempting to address more veterans, with more services and doing so more efficiently and with different sources of funds.

Dr. SNYDER. Are these plans written in a contingent fashion? I mean it does not get as much detail as talking about Medicare subvention, but are they written in such a way, if we get these things, then we can aggressively pursue third-party payments. If we do not, then our plan will go this direction. Because if I were the VA right now, I would look over here and I would think I do not know what they are going to do on this Medicare subvention.

Ms. FAGNONI. Well, to some extent, for example in this section, they have an overall goal of improving the health care of veterans. That is one of their major goals, and they do talk about, and one of the goals and objectives to achieve that goal is to increase the nonappropriated funds sources of income. Now they got the medical care cost recovery piece of that, but not the Medicare subvention. And they do mention that as an external factor, that their effort is in part contingent on some actions by the Congress. They have tried to factor that in. But, also, again this is a plan at the department-wide level and as I am sure you know, underneath that plan VHA has its own much more detailed planning effort, Prescription for Change that lays out in more detail some of the efforts it has underway.

Dr. SNYDER. Thank you, Mr. Chairman.

Mr. EVERETT. Thank you, Dr. Snyder. Let me mention for the record that our friend colleague, Congressman Clyburn had some emergency dental work to be done and he hopefully may be here before the end of the hearing, but I know that he apologizes for missing your testimony, but on the other hand we can fully understand why he is not here and his statement will be entered into the full record.

I would like to thank this panel and we will have additional questions for you for the record please.

Ms. FAGNONI. Thank you.

Mr. EVERETT. Thank you.

I would like to call Panel 2 please. Mr. Dennis Duffy, Assistant Secretary for Policy and Planning for the Department of Veterans Affairs, and please ask him to introduce his panel.

STATEMENT OF DENNIS DUFFY, ASSISTANT SECRETARY FOR POLICY AND PLANNING, DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY D. MARK CATLETT, ACTING ASSISTANT SECRETARY FOR MANAGEMENT, DEPARTMENT OF VETERANS AFFAIRS; AND NORA EGAN, DEPUTY ASSISTANT SECRETARY FOR PLANNING, DEPARTMENT OF VETERANS AFFAIRS

Mr. DUFFY. Good morning, Mr. Chairman. It is a pleasure to testify today on behalf of the Department of Veterans Affairs concerning our strategic plan through the year 2003. I wish to congratulate

you and Committee staff on conducting what I hope will be the first of many hearings on VA's strategic direction. I think it is absolutely critical that Congress, the Executive Branch and the veteran service organizations enter into a long-term dialogue on ensuring that we meet the very real needs of veterans into the 21st century.

I am accompanied today by Mark Catlett, our Acting Assistant Secretary for Management and Nora Egan, our Deputy Assistant Secretary for Planning.

As you know, the plan is due to Congress in less than 2 weeks and we are still in the process of revising it, based on comments we have received from various stakeholders.

I can truly say to this committee that VA recognizes the Government Performances and Results Act as a real opportunity to ensure that we remain able to meet the changing needs of veterans in recognition of their sacrifice for America. GPRA promotes a focus on results, on service quality and on customer satisfaction. By now it is also clear to us that GPRA treats planning as an ongoing process of asking and, I hope, answering the tough questions. We have already had to consider fundamental questions like, do veterans programs actually achieve their intended purposes? And what are veterans and the American taxpayer getting in return for the dollars that are expended on these veterans programs?

We are proud of our strategic plan and I am especially proud of the many employees whose efforts produced it, particularly those on my own planning staff. Still, as these questions illustrate, the plan is only a point of departure, not a final destination. We are optimistic about this journey into the strategic planning process, but we are also mindful that the road is a long one.

Four years ago, we began by seeking and obtaining GPRA pilot status for our national cemetery system, our loan-guaranty program, and the New York VA Regional Office. These pilot programs, gave us certain insights that have strengthened our efforts.

Movement accelerated 2 years ago, when VA top managers participated in an intense 2½ day planning conference led by then Deputy Secretary Hershel Gober. That conference led directly to formation of VA's strategic management process. And, as you know, my written statement included a diagram of that process, through which we have already achieved, I believe, some major milestones. We have reaffirmed the Department's vision and goals. We have established a one-VA approach to world-class customer service, and we have developed for the first time a department-wide strategic plan. We have also set the stage for further progress with a thorough environmental scan, an organizational assessment survey of all VA employees, development of what I believe to be truly meaningful customer service goals, and initiation of strategic scans of all of our various benefit and program lines.

Last year's environmental scan allowed us to assess the strengths and weaknesses of the Department and review key veterans issues through the eyes of our stakeholders, who responded to us through a series of interviews and questionnaires. In addition, almost 126,000 VA employees responded to a recent organizational assessment, which is producing tremendous insights into our work

environments as we strive to develop VA into a true high-performance organization.

New customer service goals focus on the previously neglected need at the Department to operate as a unified organization, and to provide seamless service that veterans so rightly expect. These goals, benchmarked against the best in business, will lead us to providing true world-class service.

Our strategic scans of the various business lines will identify data gaps, assess our current performance measures, and highlight issues that still must be addressed to truly evaluate the effectiveness of our programs. These scans will be completed in the next several months and will provide us with the critical underpinnings for truly effective program evaluations.

We have work to do and we have improvements to make, but we are ready to move ahead. As I said, I am proud of what we have accomplished to date, but we are not completely satisfied. I welcome candid discussion of the weaknesses that we have identified, during this hearing and afterward.

Before I describe the plan itself, I want to mention the consultations we have had with staff of this committee and other parts of the Congress. Discussions were at all times frank and professional and contributed immensely to our work. Similar valuable consultations occurred with other stakeholders, including veteran service organizations, OMB, our labor union partners and other Federal agencies. Building on that base, consultation and cooperation will continue.

Let me briefly describe the strategic plan. First the Department's mission and vision were identified, along with major planning assumptions. The opening section also described the veteran population and trends that we anticipate in coming years.

Part one of the plan contains VA's strategic goals for all VA programs through which services and benefits are provided. It describes planned improvements, goals, and objectives. Strategies are identified for each of our various business lines, as well as for all our special-emphasis programs. We sought to provide sufficient information without being overly descriptive. This section also attempts to outline plans for substantive program evaluations, a subject that I hope to address shortly.

Mr. Chairman, VA is genuinely committed to meeting the changing needs of our veteran clients in the 21st century and we recognize that effective program evaluations are critical to that goal.

Part two of our plan attempts to identify management strategies that reflect our strong belief that the future of VA requires true customer service, a high performing workforce, efficient operations and careful exercise of our fiduciary responsibility to the American taxpayer. Our workforce goals include fostering performance accountability and innovative practices. Our return-on-investment goals include better activity-based cost accounting and an effective capital investment program. In constructing our plan, results of the environmental scan and various customer surveys are reflected in the goals and objectives. However, we did not conduct formal program evaluations.

Throughout our consultations with you and with others, that lack of program evaluations and a closely-related subject, a need for

meaningful outcome-based measures, came up again and again. Program evaluations under GPRA are expected to address statutory intent, which will not be so easy. We believe statutes governing VA programs generally do not describe intended results, rather, more often they establish specific benefits and criteria for receipt. Even Congressional oversight has focused almost exclusively on delivery, not on outcomes. And, given this background, we are taking an approach that we believe is both careful and practical. The strategic scans of each of our business lines come first. We then hope to identify the pertinent programs, revalidate our statutory mandates, and formulate the key questions to be addressed. Recognizing the sensitive nature of certain aspects of both program evaluations and outcome-based performance goals, we expect to involve our stakeholders at every step.

We anticipate instances where our statutory intent may be a matter of disagreement among the various players, especially where the common understanding of our programs has evolved in directions different from original intent. These evaluations will provide a firm basis for establishing true outcome-based performance measures. In the meantime, we have taken Chairman Stump's suggestion that we use interim results-oriented goals to the extent possible in our 1997/1998 performance plans.

At this point, I want to shift quickly to another concern for the Congress: better cooperation among agencies. Now, admittedly, planning to date has largely centered on our own internal strategic management process in development of this first department-wide plan. But I would point out that we have long cultivated coordination with related non-VA programs. I will not bother you with the details, I know they will be explained in some detail with the next panel. But we have participated in numerous government-wide seminars and training sessions on GPRA, to share our best practices. And we have exchanged our draft strategic plan with many other agencies. The plan explicitly addresses elimination of duplicate effort and greater coordination of services among multiple Federal agencies. We are fully aware of the need to enhance such cooperation.

In summary, Mr. Chairman, VA's strategic plan represents a huge and, I believe, unprecedented effort. We believe it is a good start, a road map for the future. We are committed to a strategic management process refined by experience. Our annual performance plan and our budget will reflect the plan and we intend to track and report our accomplishments. The plan will change in coming years to reflect the environment in which we operate, the results of meaningful program evaluations, and the extent to which our accomplishments match our intents.

I thank you for this opportunity to present our views. Mr. Catlett, Ms. Egan and I are pleased to answer any questions you or the committee may have.

[The prepared statement of Mr. Duffy, with attachment, appears on p. 49.]

Mr. EVERETT. Thank you very much and you know that I appreciate my working relationship with the VA. Over the past years we have faced and talked about some difficult issues and I appreciate the ability to do that and do it candidly. I remember years ago, I

was serving in the U.S. Air Force Intelligence Service and I was sitting in a meeting and the head of that group, a Captain Kelly, I never will forget his name, asked us about a very complex situation. All of us, all four of us came up with the same answer, and he looked at us and said well you know if you guys all agree, then somebody is not thinking. And I think that that can sort of describe, if you will, the tension that also exists between this Committee and the VA. Let me also say that while perhaps oversight has historically focused on program delivery rather than program outcomes, this Committee is extremely interested in, I think some of you know, in program outcomes, and we will continue to stress that focus.

Before I ask my first question, I will ask unanimous consent to place in the record, letters from Chairman Stump to the Secretary of Veteran Affairs, dated May 20, 1997, and August 12, 1997, regarding the VA's draft strategic planning under the Results Act. Without objection, so ordered.

(The information follows:)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, May 20, 1997.

Hon. JESSE BROWN,
The Secretary of Veterans Affairs,
Department of Veterans Affairs, Washington, DC.

DEAR MR. SECRETARY: As you are aware, the Government Performance and Results Act (Results Act) requires the Department of Veterans' Affairs (VA) to formally file its strategic plan with Congress by September 30, 1997. Full and effective Results Act implementation is a priority for the Committee and is consistent with the type of strategic planning the Committee has long urged VA to do.

The VA Committee has concerns about the Department's progress in implementing the Results Act. While I am encouraged that VA is not on the "trouble list" that the Office of the Majority Leader recently conveyed to the Office of Management and Budget, I agree that it is appropriate for VA to be on the "watch list." However, my statement of concerns about the progress and substance of VA's Results Act efforts is not intended as a criticism of the cooperation or openness shown in consulting with the Committee. To the contrary, I believe VA exhibits a strong commitment to making the changes in thinking and action necessary to achieve the objectives of the Results Act.

In the required consultations with Congress, VA has participated in a number of meetings and briefings and has provided the Committee with draft vision and mission statements, as well as with some drafts of plan elements and performance measures. The VA Committee is consulting extensively with the General Accounting Office and the Congressional Management Institute in reviewing the draft materials submitted thus far I have the following observations about what we have seen:

Vision and Mission Statements: VA has not yet articulated adequate vision and mission statements. VA's draft vision statement is essentially inward looking and does not capture the contemporary expression of VA's mission that it should. The draft mission statement should be considerably more specific about the benefits VA is mandated to bring to veterans and their families. It should reflect each of VA's major activities as set forth in title 38 of the United States Code.

Strategies: The Committee does not have a sufficient picture of VA's strategies to comment at this point.

Goals and Performance Measures: VA's performance measures appear to be largely process rather than results oriented. I recognize the difficulty of defining with precision and measuring what VA's programs should be achieving as outcomes. The Committee will continue its dialogue with VA as the performance measures are refined.

Coordination: Both from the standpoints of efficiency and improving services to veterans, VA should give more attention to coordination with other entities important to achieving the goals for veterans, particularly with the Departments of Defense and Labor.

Sufficient time remains for considerable refinement of VA's first strategic plan under the Results Act. Of course, the first plan will be the starting point for year two and continued improvement. A detailed description of how VA carried out its strategic assessment and the results of that assessment would greatly facilitate planning efforts.

Also, major data integrity, issues continue to confront VA and could seriously undermine efforts to accurately measure performance. Finally, the essentially bottom-up planning to date is inconsistent with Results Act intent and is likely to perpetuate the lack of unity between the major administrations within the Department, despite the stated vision of functioning as a unified department.

The Committee is informed that VA's draft strategic plan is scheduled to be ready on June 1, 1997. It is absolutely essential that the draft plan be timely to allow adequate consultation and review by all stakeholders, including Congress. I look forward to continued cooperation and openness in meeting the challenges of true strategic planning under the Results Act.

Sincerely,

BOB STUMP,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, August 12, 1997.

Hon. HERSHEL W. GOBER,
Secretary-Designate,
Department of Veterans Affairs, Washington, DC.

DEAR MR. SECRETARY: I am pleased that the Department of Veterans Affairs (VA) has continued its active consultations with the VA Committee. These have included both informal meetings and a day-long meeting with a facilitator. One of the most encouraging aspects of the consultations from the beginning has been the open and cooperative way in which the VA has approached them.

The VA also has continued to exhibit its commitment to the long-term process of Results Act strategic planning and to making it a central part of the Department's culture. This involves fundamental improvements in designing, planning and providing veterans' benefits and services. The Department's first real strategic plan in fiscal year 1998 is particularly important because it will be the foundation for each succeeding year's refinements and modifications.

The General Accounting Office has assisted the VA Committee in its review of the August 1, 1997. draft of the plan. although the views expressed in this letter are solely the Committee's. The latest draft incorporates several of the stakeholder suggestions made during the consultations and is considerably strengthened overall. The Department itself has identified areas it recognizes still need improvement and has outlined how it will address them.

My specific observations about the August 1 draft are as follows:

Overall Organization of Plan: Perhaps the biggest stumbling block stakeholders encountered in analyzing the earlier draft of the plan was understanding its basic organization because of its confusing structure and missing parts. It is now better organized. more complete, and clearer.

Mission Statement: While the mission statement remains essentially unchanged due to the plan's improved organization it relates more clearly to the VA's business lines. As previously observed during the consultations, the statement's inclusion of the Department's role as "principal advocate" for veterans may be an aspiration but lacks a statutory basis. The veterans service organizations, a number of which are chartered by Congress. have legal recognition as the advocates for veterans.

External Factors: (1) The VA has expanded the plan's discussion of the demographic changes in the veteran population. The characteristics and trends of the veteran population will undergo changes so profound over the next fifteen years that, in the Committee's view, the discussion of demographic factors, including profiles of veterans seeking VA health care, could be further expanded.

(2) Also, the VA Committee understands the difficulties of coordination with other departments and agencies. Nonetheless, the VA should aggressively continue to pursue cross-cutting issues with the Departments of Defense and Labor in the context of strategic planning.

Results-Oriented Goals: (1) The VA's draft plan continues to lack results-oriented goals for many programs. particularly in the Veterans Benefits Administration, because no program evaluations have been accomplished. The acknowledged lack of

program evaluations is the most serious single deficiency in the VA's preparations for strategic planning under the Results Act. This regrettable failure to comply with a Results Act requirement has put the VA possibly two years or more behind where it should be in its strategic planning. At this point. the VA appears to be doing what it can to catch up by establishing a schedule for program evaluations. The schedule should be as rigorous as possible.

(2) While moving toward program evaluations and the data integrity necessary to perform them, the VA Committee expects the VA to develop interim results-oriented goals rather than to rely on placeholders. Those goals can then be progressively validated and adjusted as necessary. Without results-oriented goals derived from program evaluations, the VA cannot complete its strategic plan and attain full compliance with the Results Act.

The VA Committee fully appreciates how far the VA has come in a short time with its strategic planning efforts. These efforts will define virtually every aspect of the Department in the future and will in large part determine its ability to perform its missions on behalf of veterans. I believe the VA is now off to a good start

Sincerely,

BOB STUMP,
Chairman.

Mr. EVERETT. Mr. Duffy, the committee advocated this general sort of strategic planning long before there was a Results Act, as Chairman Stump has observed and the VA is now off to a good start. But it is only a start as you mentioned, and implementation is ahead. Without consistent follow-up and annual performance and budget plans, and emphasized by VA's top leadership and I stress that, the planning process could lose its momentum before it amounts to too much. How is the VA going to make this planning and annual performance planning its permanent approach to providing federal benefits and services to veterans and their families? Not a quick fix here, we want long-term solutions.

Mr. DUFFY. We have taken very seriously our commitment to a long-term strategic management process at the department level and I can speak without reservation as to top management's complete buy-in to a process which is intended to tie our strategic planning, budget formulation, resource allocation and program evaluation efforts into one continuous whole, so that indeed the strategic plan drives budget formulation and resource allocation and so that indeed we are able to identify for you the real value of these programs to the veterans we have an obligation to serve.

Mr. EVERETT. How is the coordination of issues, the so-called cross-cutting issues, been accomplished with other Federal departments and agencies who also have veterans programs that interfaces with the VA, how much coordination has there been under the Results Act? This appears to be the least-developed of the VA's planning. Why is that?

Mr. DUFFY. I would fully concur with your observation that it is the least-developed part of our strategic planning initiatives to date. I think the reason for that is the lack of maturity in our planning process. I think we are struggling like all other Executive departments and agencies in putting together a meaningful and substantive strategic plan that is completely compliant with the Government Performance and Results Act requirements. Clearly, we have had substantial success working with the Department of Defense, Health and Human Services, Social Security and other Executive departments and agencies on issues of mutual concern to veterans. But, beyond sharing with them copies of our draft strategic plan and reviewing copies of their draft strategic plans and at-

tempting to identify areas of mutual concern, we have not done the necessary substantive coordination of issues. That remains to be done and I will tell you that we are fully committed to doing that with our partners in the Executive Branch.

Mr. EVERETT. Thank you very much. Mr. Mascara.

Mr. MASCARA. I note in your statement that you speak to the outcome-base performance. In Pennsylvania, we have that in education, refer to it as the OBE and I was just wondering, is there some board or commission that will be responsible for analyzing that information and that performance, and then reporting back to you or to us?

Mr. DUFFY. There will be Congressman. I would make a couple of points on that. First of all, the Results act requires that the Department provide to you a performance plan that will be submitted with our fiscal year 1999 budget. In addition, the law requires that we provide you with an accountability report showing the specific progress made in achieving the various goals and objectives identified in our strategic plan. We are committed at the Department level to do this through our Strategic Management Group, which is a board composed of our most-senior level officials in the Department.

Mr. MASCARA. Your testimony indicates the VA conducted an extensive survey of employee views on strategic planning. Can you outline how this survey was conducted and provide the subcommittee with a copy of the survey and its results and what other steps has the VA taken to involve managers, outside of the Central Office and the strategic planning process?

(The information follows:)

DEPARTMENT OF VETERANS AFFAIRS,
UNDER SECRETARY FOR HEALTH,
Washington, DC, September 26, 1997.

Hon. FRANK MASCARA,
Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives, Washington, DC.

DEAR CONGRESSMAN MASCARA: Thank you for the opportunity to discuss our strategic planning process with you and the other members of the Subcommittee on Oversight and Investigations. Your comments will help us to continue to improve the Department of Veterans Affairs' strategic plan.

As promised, I am enclosing a copy of the 1997 "One VA" Employee Survey Report. The survey instrument is contained in Appendix A.

We are in the process of analyzing data, both at the Departmental level and for each independent facility to determine priority areas upon which to focus. It is our intention to link the employee survey results with some of our key GPRA performance outcome measures, such as customer satisfaction. Overall, we will be able to use employee data as part of our strategic data base to enhance our ability to improve service to the Nation's veterans.

We plan to re-administer the survey in late FY 1999 or early FY 2000. Data from this future survey will help us measure growth and re-examine how well we are doing in comparison to other Federal agencies and the private sector organizations.

If you or your staff have questions or need any additional information on the survey results, please let me know. I look forward to further discussions of how we can work together in making sure the GPRA process works for the veterans and the taxpayer.

Sincerely,

DENNIS M. DUFFY.

Mr. DUFFY. We would be pleased to provide you with a copy of the Organizational Assessment Survey instrument and the results

to date. I would ask Ms. Egan to respond in more detail to the specifics.

Ms. EGAN. Thank you. The survey that we conducted, and it was a census survey, provided the opportunity for some 230,000 employees to respond. We worked in conjunction with the office of Personnel Management, using a government-wide survey instrument that assesses not only what our employees feel about our strategic planning efforts, but how they feel about their work environment, the degree to which they feel involved in problem solving at the department level or at their local level, and what they see as the strengths and weaknesses in the department with regard to customer service. There were actually 18 dimensions. The information we got back is providing us with a very rich database. Our employees are telling us that they recognize that customer service and understanding our mission are the most important things to VA. But we still have to build on that. The information is going to be used at the department level to look at how we might refine our approach to accomplishing our mission, particularly with regard to customer service or with education and training and succession planning for our employees. The information is also being rolled down. Every single employee will receive information on the results of the survey. Managers and employees, and the labor management councils at the local level are going to be encouraged to embrace the findings and identify areas where we can strengthen ourselves or, where problems have been identified, the things we can do to resolve them. At all times we will be keeping the focus on how we are improving our ability to take care of those whom we are charged to serve.

We are involving managers by cascading levels of information, not just for the survey, but for the strategic plan, through the department down to the administrations where their business plans are developed, down to the Veterans Integrated Service Networks (VISN) level, the area level, the facility level. There is a sense of connectivity between what we are doing at the department level and what we are doing at the facility level. Information is not just going down, it is also then rolling back up to us, so we can adjust our course or make decisions—getting us where we need to go.

It is an ambitious plan, but hopefully we can keep it going.

Mr. MASCARA. Did the survey provide for individuals to offer information and remain anonymous so that they might be forthright in answering the survey or the questions?

Ms. EGAN. Absolutely, that was one of the main things we were concerned about. As managers we wanted to make sure we could create an environment in which people felt comfortable responding. We also worked with our Labor Partnership Council and that was an issue that, of course, the union was concerned about, too. One of the reasons we went with the Office of Personnel Management is that they have a lot of experience with confidential administration of surveys. The forms went to the employees, they put them in a sealed envelope, which went back to the contractor. Most importantly, we will be able to benchmark our results against other Federal agencies and some private sector corporations.

Mr. MASCARA. Thank you Ms. Egan.

Thank you Mr. Chairman.

Mr. EVERETT. Dr. Snyder.

Mr. Evans, our ranking member, has joined us. And by the way, I would like to make his letter to Secretary Gober, part of the permanent record and so ordered.

(The information follows:)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, August 11, 1997.

Hon. HERSHEL GOBER,
Acting Secretary,
Department of Veterans Affairs, Washington, DC.

DEAR MR. GOBER: I am pleased to note the significant improvements the Department of Veterans Affairs (VA) has made in its Draft Strategic Plan. The August 1, 1997 version of the plan is much more readable than the earlier version. While work continues to be needed in identifying goals which can be measured in terms of "results", the latest draft is clearly a step in the right direction.

I also want to commend the VA for the extensive efforts made to consult with Congressional staff and other stakeholders in the development of the plan. In spite of the progress which has been made, I remain concerned regarding the long time lines projected for evaluation of the VA's programs. The failure to have significant program evaluations in the recent past has made VA compliance with the Government Performance and Results Act extremely difficult. I encourage you to take appropriate steps to ensure the program evaluation components of the plan are on a "fast track". These evaluations are essential if results oriented goals are to be developed and achieved.

Again thank you for the remarkable work which has been accomplished over the past two months. Assuming that this progress continues, I trust that we will have a dramatically improved plan by the start of the coming fiscal year.

Sincerely,

LANE EVANS,
Ranking Democratic Member.

Mr. EVANS. Sir I have an opening statement that I would ask might be included in the record. No questions at this time.

[The prepared statement of Congressman Evans appears on p. 35.]

Mr. EVERETT. I want to thank the panel for its testimony today, and now we will have Panel 3.

Charlie Cragin, the Principal Deputy Assistant Secretary of Defense (Reserve Affairs), Gary Christopherson, the Acting Principal Deputy Assistant Secretary of Defense (Health Affairs); Lieutenant General Norman Lezy, The Deputy Assistant Secretary of Defense (Military Personnel Policy); Al Borrego, Assistant Secretary-Designate for the Veterans' Employment and Training Service, Department of Labor

If you will, begin your testimony, please and by the way, welcome to this place.

STATEMENTS OF CHARLES L. CRAGIN, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS), DEPARTMENT OF DEFENSE; GARY CHRISTOPHERSON, ACTING PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS), DEPARTMENT OF DEFENSE; LT. GEN. NORMAN LEZY, DEPUTY ASSISTANT SECRETARY OF DEFENSE (MILITARY PERSONNEL POLICY), DEPARTMENT OF DEFENSE; AL BORREGO, ASSISTANT SECRETARY-DESIGNATE, VETERANS' EMPLOYMENT AND TRAINING SERVICE, DEPARTMENT OF LABOR

STATEMENT OF CHARLES L. CRAGIN

Mr. CRAGIN. Good morning, Mr. Chairman. Well, thank you very much, it is always a pleasure to appear before the Committee on Veterans' Affairs and its Subcommittees. Mr. Chairman and members of the subcommittee, on behalf of the Secretary of Defense, we appreciate the opportunity to appear before you today to address the cooperation and coordination that exists between the Department of Defense and the Department of Veterans Affairs with respect to the day-to-day operation of a variety of programs that require us to maintain effective interagency relationships.

Many of the goals and objectives of the DVA strategic plan will directly support these ongoing relationships and will serve to enhance their effectiveness. I have provided prepared testimony which I request be incorporated in the record. But let me briefly summarize that testimony.

Mr. EVERETT. The complete testimony will be put into the record.

Mr. CRAGIN. Thank you Mr. Chairman. First let me emphasize that the compensation, care and recognition afforded America's veterans by the Department of Veterans Affairs helps to ensure that DOD is able to continue to recruit and retain a quality armed force. Recruiting and retention are important elements of one of our own corporate-level goals. The DVA assistance programs provided to our active and reserve service members and veterans, contributes directly to the recruitment and sustainment of a robust military force. The Department of Defense interfaces with Veterans' Affairs in many program areas covered by the DVA's strategic plan, to include health care services, compensation benefits, serviceman's group life insurance, the Montgomery GI Bill, housing loan assistance and burial and cemetery services. DOD works closely with DVA to accurately define the characteristics and needs of our military members to include those needs that will take effect upon their transition into the Nation's veteran population.

We strongly support DVA's strategic objective to continue to improve the awareness and knowledge of VA benefits and services for veterans and service members. DOD has been exchanging data with DVA in a number of program areas for over two decades to support the objectives of the Montgomery GI Bill, Servicemen's Group Life Insurance, reconciliation of DOD retired pay and DVA disability pay, and Government-wide debt collection. Business process improvements have been implemented and there is continuous dialogue between DOD and DVA to identify data requirements and sources. The expeditious exchange of program records provides for

more timely response to the claims of veterans and former service members.

DOD and DVA share a common goal of transforming our respective health care delivery systems to managed, patient-centered, primary care systems that assure high quality cost-effective care. In addition to sharing ideas, programs and a number of facilities with DOD, a memorandum of understanding provides for planning and procedures to support DVA's responsibility to serve as a medical backup to DOD in a national emergency situation.

In the immediate future, we hope to be able to expand collaborative medical research efforts in order to maximize research opportunities and to enhance the research dollars available to both agencies. DOD supports DVA's objective of establishing stronger and more online linkages, including programmatic links between the DOD and DVA disability evaluation systems. DOD uses the DVA schedule for rating compensable disabilities and a DVA representative is a member of the DOD disability council. We work together to assess the impact of the current compensation programs that serve our disabled military members.

Improving educational opportunities for military members and veterans is certainly a goal we share with DVA in that it assists recruiting, enhances the qualifications of those serving and meets the needs of veterans. Since the inception of the DVA-managed Montgomery GI Bill in 1985, over 2.5 million service members have enrolled in the program. Another 1.1 million National Guardsmen and Reservists are eligible for the Montgomery GI Bill with the Selected Reserve. We support DVA's strategic goal and are engaged with them in their educational assistance, business process re-engineering effort to further increase the value of the Montgomery GI Bill benefits and to continuously assess the education needs of military members and veterans.

The Assistant Secretary of Defense for Health Affairs and the Under Secretary for Health Veterans' Affairs are continuing a high-level program of cooperation and have established a DOD/VA Executive Council made up of senior DOD and DVA health care executives. In the spirit of a May 1996 report to the Vice President entitled, Strategies for Jointly Improving VA and DOD Health Systems, the Executive Council is overseeing a number of joint efforts to reduce costs and improve health care for veterans, active duty military personnel, retirees and dependents and to capitalize on the resources and experience of both departments.

As I have indicated, DOD and DVA have a long history of interaction, cooperation, and coordination on our related programs. We believe that there will be opportunities to further strengthen the existing alliance between DOD and DVA based on the strategic planning within both organizations. The result will be greater efficiencies and improved performance for both organizations in the accomplishments of our respective missions.

Mr. Chairman, my colleagues and I are prepared to answer your questions.

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

Mr. EVERETT. Thank you very much, I think we will go to Mr. Borrego first for his statement and then we will get into questions.

STATEMENT OF ESPIRIDION "AL" BORREGO

Mr. BORREGO. Thank you. Good morning, Mr. Chairman and members of the subcommittee. I am pleased to represent the Secretary of Labor Alexis Herman and to present testimony on how the Labor Department's Veterans' Employment and Training Service interacts with the goals and strategies presented in the strategic plan of the Department of Veteran Affairs.

In the process of developing its strategic plan, the Department of Veterans Affairs shared early drafts with the Department of Labor, specifically the Veterans' Employment and Training Service, and asked us to comment on the goals and strategies which impact DOL programs. In turn, my agency shared our strategic plan with the VA.

VETS has had a strong working relationship with the DVA, due in large part to the committed support of former Secretary Jesse Brown and current Secretary-designate Hershel Gober. Both agencies are dedicated to bringing the highest quality services to our Nation's veterans. I look forward to building on that relationship in the future.

VETS and the VA coordinate policy and share information in a number of ways. The Secretary of Veterans' Affairs and the Director of the Vocational Rehabilitation and Counseling Service are ex-officio members of the Secretary of Labor's Advisory Committee on Veterans' Employment and Training. This committee keeps the Secretary of Labor informed and advised about issues affecting a wide range of benefits and services for veterans. Their participation ensures the Labor Department has timely knowledge of and input into DVA programs where our activities coincide.

While VETS interacts with the Department of Veterans Affairs in only a few of its many activities, I believe it is important to note that we have had a good working partnership for quite some time. In areas specifically mentioned in the strategic plan—vocational rehabilitation and counseling, compensated work therapy, services to homeless veterans, the Transition Assistance Program, the Disabled Transition Assistance Program and targeted services to women and minority veterans—we interact with the DVA on a continuous basis. In the past, the Department of Veterans Affairs joined the Labor Department in administering the Service Members Occupational Conversion Training Act (SMOCTA), a highly successful pilot program.

In the performance goal of assuring that the vocational rehabilitation meets the needs of veterans, the DVA has stated that its first objective is to increase the number of disabled veterans who acquire and maintain suitable employment. Since 1995, VETS has had a Memorandum of Understanding with DVA that brings together our employment service representatives with VA Vocational Rehabilitation Program participants at least 90 days before these participants complete their program. This allows us to begin to tailor an individual job search and labor exchange program while the veteran is still in rehabilitation. Sharing case information on a timely basis between the VA Vocational Rehabilitation Program counselor and the employment specialist is helping VA Vocational Rehabilitation Program graduates find and keep jobs for which they are qualified.

Our State directors of veteran's employment and training are working with both the State employment service and the DVA to provide veterans with an effective continuum of care. Our long-term goal is to eliminate the unproductive time between completion of therapy and the beginning of gainful employment. I believe that this type of partnership will help both agencies accomplish their goal.

A directive to VETS field staff just last month stated our intention to develop a similar MOU with the DVA for veterans participating in the Compensated Work Therapy Program. To improve our day-to-day working relationship with the Department of Veterans Affairs, Ken Greenberg, from the DVA, is serving on a detail with VETS to help us build more effective delivery systems. We are also working closely with the DVA to help those veterans caught in the tragic cycle of homelessness. The DVA provides outreach, case management, residential, medical and psychological treatment and transitional housing. In short, DVA gets them ready for the job market.

At the same time, VETS is working with these veterans to help them find unsubsidized employment that will enable them not only to regain their ability to pay rent and buy food and clothes, but to regain their dignity and self respect. I believe our combined efforts on behalf of homeless veterans are among the most gratifying and important activities undertaken by our agencies. I am pleased that VETS' fiscal year 1998 budget contains a request for $2.5 million to put some muscle behind our efforts to turn homeless veterans into productive citizens.

Finally, both agencies are committed to improving conditions for women and minority veterans. Representatives from both agencies participated in the recent National Summit on Women Veterans' Issues, which identified issues and concerns of women veterans on the eve of the 21st century.

VETS uses statistical information developed by the DVA's National Survey of Veterans to assess how well our employment service efforts targeted to minority veterans are doing. We are continuously seeking to improve our service delivery systems and to sensitize our service providers to the unique experiences and needs of all minority veterans.

Working in close partnership, and speaking with one voice on veterans issues, VETS and the Department of Veterans Affairs will succeed in helping America's veterans participate fully in the life of this great Nation.

Thank you, that concludes my prepared testimony. I will be glad to answer any questions you may have.

[The prepared statement of Mr. Borrego appears on p. 65.]

Mr. EVERETT. Thank you very much. We have about 10 minutes to get to the Floor. I have one question. Are you going to have any questions? Let me tell you, I appreciate all of your testimony, but let me bring up a point of contention that, and I know you just assumed this position, but I am going to give you a challenge and let me just say as hard as I can, that frankly, if this challenge is not met, I feel like this Committee and the National Security Committee, they are going to come down on DOD and VA, like a ton of bricks. Now, I will note for your consideration that the Chairman

of the National Security Committee is also a member of this Committee as well as the next in line and our ranking member is one of our senior Democrats on that Committee. And, what I am talking about, frankly, is the failure of a standardized medical record, electronic or paper, which could greatly improve the handoff of information. I will be honest with you. I know you have said that you appreciate the work you have done in the last 20 years on the GI Bill and all that kind of stuff, but we are talking about something here that is extremely important, and I want you to know, right now, that I intend to look at this over and over again. Mr. Buyer, who is Chairman of the National Security Personnel Subcommittee, is also a member of this Committee. We think this is extremely important. I do not want to see any bureaucratic finger pointing any, passing the buck. I would like to see something done about this, because we are hurting veterans health care by not having a common medical record between the two of you and that has got to be done and it has got to be done in a hurry.

I hope I am being very clear on this.

Mr. CRAGIN. Mr. Chairman, I think you are being unequivocally clear. I note that my colleague, Mr. Christopherson is chomping to at least make an observation with respect to the challenge you have laid down to both Departments.

Mr. EVERETT. Well, I appreciate that and I am going to at this time dismiss this Panel. We have a vote going on and I, again, appreciate your testimony here.

Mr. CRAGIN. Thank you Mr. Chairman.

Mr. EVERETT. I will have additional questions for the record. We are going to recess for a few minutes and we will be back for the final panel, hopefully, in just a few minutes.

[Recess]

Mr. EVERETT. I will now ask our fourth panel to step forward. Rick Surratt, Assistant National Legislative Director for DAV; Carroll Williams, Director of National Veterans Affairs and Rehabilitation Commission of the American Legion; Chuck Burns, National Service Director for AMVETS and Bob Manhan, the Assistant Director for National Legislative Services of Veterans of Foreign Wars.

Mr. Burns, if you will proceed, and we will get each person in order. I will ask you to hold your comments within 5 minutes and I assure you will get all your statements in the record. Thank you.

STATEMENTS OF CHUCK BURNS, NATIONAL SERVICE DIRECTOR, AMVETS; RICK SURRATT, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; CARROLL L. WILLIAMS, DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION; BOB MANHAN, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS

STATEMENT OF CHUCK BURNS

Mr. BURNS. Thank you, Mr. Chairman. We appreciate this opportunity this morning to comment on the Results Act.

As a result of input from Congress, VSOs and their customers, VA has published a draft of their strategic plan. I believe it is im-

portant to restate the fact that this is a draft, not a final document. As far as the draft is concerned, AMVETS does not have any major problems with its content. We will be continuing our dialogue with VA until the final document is presented.

I must admit that when we first heard the term One VA, a few flags went up. When you think about it though, I think that is the way that most veterans view VA, they do not see it as separate entities like the Veterans Health Administration, the Cemetery System, Veterans Benefits Administration. I believe the Office of Management and Budget also gave them the same feedback and although we applaud the concept, we will be watching the approach and we will offer guidance.

Regarding VA's mission statement which was addressed earlier this morning, we some people complaining about the use of this term, including Dr. Snook earlier in this hearing. His response, Mr. Chairman, to your question about advocacy and the role of advocacy for the VA, Dr. Snook's response that Congress is the advocate for veterans, was quite frankly a little bit chilling for me. Given what Congress did this year in flat-lining the VA budget through the year 2002, AMVETS is going to put its faith in VA's advocacy for veterans.

Why can VA not be the veterans advocate? If the Department of Education is an advocate for teachers and children, why not VA? And if not VA, who?

We believe the best way to evaluate this plan is to see if it meets the criteria that was established and we believe that the division of VA's strategic plan states that it will function as a unified department delivering high quality, timely benefits and services to veterans and their families in a cost-effective world-class manner. This is a living document which will have changes and modifications. We believe that this is an adequate strategic plan at this time, we will continue to monitor its change and growth.

Mr. Chairman, this concludes my statement and I will be happy to take any questions.

[The prepared statement of Mr. Burns appears on p. 68.]

Mr. EVERETT. And now the man from DAV.

STATEMENT OF RICK SURRATT

Mr. SURRATT. Mr. Chairman, good morning. Thank you for allowing us to offer our views on VA's strategic plan.

A strategic plan is a broad outline and perspective on the agency's future direction. A strategic plan's general nature and the fact that VA's plan is an initial one, necessarily makes it somewhat rudimentary. Yet, in places, it identifies specific problems to be overcome and provides methods, performance targets and time tables. As VA completes more comprehensive program evaluations, we would expect its plan to expand and evolve.

Because this is an exercise in improvement, it is an exercise in change. We would expect VA not to cling tightly to the old ways, but at the same not change merely for the sake of change. VA should build on past experience, make prudent calculated changes and go with caution and forethought, not reinvent the wheel as the first step and not overhaul if fine tuning is all that is needed. In DAV's view, VA's initial plan exhibits a good-faith effort not only

to comply formally with GPRA, but also to actually give more meaning to its programs, to perform its tasks with efficiency and effectiveness we rightfully expect of a government agency, and to improve the quality, timeliness and level of service to veterans. It appears VA understands well its mission, appreciates its stakeholders' expectations and has good ideas on how to fulfill its mission. While it is much easier to present a good plan than it is to execute it, VA's efforts so far suggest that its plan is much more than just to improve appearance.

VA knows its stakeholders demand the changes necessary for it to fulfill its mission with the highest standards of performance, proficiency and service. VA's mission statement demonstrates that VA's appreciation for its role goes beyond the mechanics of its assigned tasks. The law makes it VA's responsibility ultimately to ensure veterans receive all due consideration and benefits to which they are entitled. Therefore, for VA to assume the posture of the veteran's adversary or even to deal with a veteran at arm's length would violate its heightened duties to the veteran. The veteran's interests are VA's interests. As a final guarantor of veterans' rights by law, VA is necessarily their advocate, and VA's mission statement does not simply acknowledge that, but proudly declares it. The spirit with which VA approaches its mission is just as important as the technical soundness of its strategy.

VA's goal of world-class customer service is also consistent with its benevolent relationship with veterans. VA sees seamless service delivery as an essential of world-class service. By seamless, VA means coordinated service by an agency whose separate functions cooperate and operate as an integrated whole, rather than compartmentalized service from disconnected units.

This approach by the Veterans Health Administration has yielded positive results, and there is potential for department-wide improvements. For example, improved coordination between the Veterans Benefits and Veterans Health Administrations could improve disability claims processing. Lack of coordination results in inconsistent decisions between VA's business lines. For example, rating boards not infrequently hold that a veteran's service connected disability is not serious enough to prevent work, when Vocational Rehabilitation and Counseling Service has determined the disability is so profound it makes it infeasible for the veteran even to pursue a course of training and vocational goal.

We see instances where indebtednesses are created against veterans because they were not notified of impending foreclosures on their VA-guaranteed mortgages in cases of default by non-veterans who assumed the loans. The excuse of the loan guarantee service is that it had no current address in its files, even though the veteran's current address was on file in the Compensation and Pension Service because the veteran was on the Compensation and Pension rolls. We caution, however, although this unified approach has its benefits, it also has its limits. The diversity of VA's products limits the transferability of methodologies and strategies.

VA's new emphasis on quality and getting it right the first time has more potential to improve performance, efficiency and customer service, we believe. If the practice is to not do it completely and correctly the first time, it is done with the expectation it will rou-

tinely have to be done again, and veterans come to expect that they will have to appeal to get a proper decision. I do not need to explain how that affects efficiency and customer service.

Mr. Chairman, the DAV agrees with VA's statement in its plan that its reason for existence is to improve the quality of life for veterans. Though its strategic plan is preliminary and though we cannot fully evaluate it until it is carried out, VA appears to have charted the right course for itself.

That concludes my statement Mr. Chairman, I would be happy to answer any questions you may have.

[The prepared statement of Mr. Surratt appears on p. 72.]

Mr. EVERETT. Thank you very much, Mr. Surratt.

Mr. Williams.

STATEMENT OF CARROLL WILLIAMS

Mr. WILLIAMS. Thank you very much. Good morning Mr. Chairman and members of this subcommittee.

The American Legion appreciates this opportunity to provide its comments and views on the Department of Veterans Affairs efforts at implementing relevant revisions to its system under the Government Performance Act of 1993. The Results Act mandate has presented a major challenge for the Department, in the opinion of the American Legion. We believe the VA has developed a range of initiatives and changes intended to conform with the requirements of the Results Act, as well as for improved delivery of services to both today's and tomorrow's veterans. Our written testimony, as customary, is a part of the record and we encourage this committee to review and assess our statement in detail on this important issue.

Nonetheless, I would like to just orally express some of the concerns the American Legion has with VA's efforts at implementing changes in accordance with the Results Act.

First off, the American Legion is very supportive of VA's efforts, however, we do have several concerns. The Department's initial planning effort was not without controversy and criticism. For example, as part of VA's business re-engineering plan, a number of field or regional offices restructuring initiatives were developed. Some were adequately supported by acceptable data and justified in our judgment. Several of the initiatives entailed the closing of regional offices and shifts in major work loads. The plans for these initiatives lacked the necessary documentation and proper legality under the law as defined in U.S. Code Title 38.

After considerable thought and lengthy deliberation by then Secretary Jesse Brown, those initiatives were stopped. The American Legion is concerned that many ongoing initiatives, while well intended, provide conceptually appealing solutions which lack certain performance goals and applicable performance measures. Similarly, the current system cannot at present provide the type of information and data needed for effective operational management, forecasting and determining true resource needs. Just recently, the American Legion noted comments and recommendations of the Veterans Claims Adjudication Commission and the testimony of the Chairman of the National Academy of Public Administration,

which both concurred that the Department lacked the capacity for full integrated strategic management and programmatic revisions.

The General Accounting Office reported also in its May 14 report on VA's BPR initiatives, that appropriate performance goals and measures need to be developed by VA in order for its plan to be effective. Last month the American Legion had the opportunity to review a draft of VA's revision of its strategic plan for fiscal year 1998 to 2003. The American Legion appreciated the fact that VA has made extensive use of information it had gathered through feedback mechanisms such as environmental scans, customer service surveys and focus groups as well as external reports to develop the goals and objectives in its strategic plan.

The revised strategic provides significantly more detailed information and data and preparation for evaluations of ms a department-wide benchmarking effort as a major component. The American Legion believes that a disciplined benchmarking process will reduce information VA can use to measure progress or achievement toward its intended goals and objectives.

We are further concerned with the substantial reduction of FTE in VA over the past several months. We believe that further reduction in the FTE will adversely impact on VA's efforts and ability to meet the GPRA mandate. The loss of 1,200 FTE in 2 years, in our judgment, has contributed to VA's continuing problems and its ability to serve veterans, dependents and survivors in a timely and accurate manner. We are aware that 133 FTE are scheduled to be lost in the compensation and pension service. We believe a further loss of FTE by well experienced adjudicators will result in further delay in approving the delivery of benefits. The American Legion is of the opinion that any future staffing cuts should be shifted to the out years so as to allow the Department to achieve and solidify progress at this important juncture of its strategic goals and planning.

The Veterans Health Administration Initiatives, in our judgment, reaffirm the viability of the health care system. We believe that the ongoing efforts by VHA will provide better health care and improved services to the Nation's veterans who are eligible and have access to care. The American Legion believes that the American people will settle for nothing less than the beset for its citizens who, at one time or another, were known as soldiers, sailors, marine and airmen.

In closing, the American Legion is equally committed and interested in the Department's strategic initiatives as it proceeds along the long, narrow road to improve services to our Nation's veterans in the form of health care, compensation, pension and all the other generous benefits bestowed by a grateful Nation to its veterans. The American Legion is eager to play a major part in the Department's plan and demonstrate our willingness and desire to work and complement VA's vision for the 21st century.

Mr. Chairman, that concludes my statement. Thank you.

[The prepared statement of Mr. Williams appears on p. 83.]

Mr. EVERETT. Thank you very much Mr. Williams.

Mr. Manhan.

THE STATEMENT OF BOB MANHAN

Mr. MANHAN. Thank you very much Mr. Chairman. The VFW appreciates being part of your overall hearing to discuss a very important issue, the Department of Veterans Affairs Strategic Plan. I am accompanied at the witness table this morning by Mr. John McNeill who is the VFW's Assistant Director of Veterans Benefits.

For the past several years, the VFW has always identified three problem areas that should be fixed in the processing of claims. They are: first, to improve the quality of the decision making at the regional office level. Second, is to reduce the Board of Veterans Appeals decision time lag from start to stop and third to reduce the high BVA remand rate.

We are very satisfied, in fact we are delighted to see for the first time, that part of the strategic plan that we have discussed this morning sets specific goals to address these areas. The first is that there will be a clear performance objective to process all claims within 60 days, with a 97 percent accuracy rate and with no greater than a 20 percent BVA remand rate. Those are very positive statements or objectives.

Along with this, the Business Process Reengineering, or the BPR implementation plan includes another very favorable strategy on how veteran service organizations will and should operate in the future claims processing system. We look forward to working very much with this procedure. However, the VFW sees one critical vulnerability and that is the success of BPR is very heavily dependent on information management and technology enforcement. Specifically, it is clearly stated that the final development and delivery of the long-awaited veterans service network, which we all know by the acronym VETSNET, is crucial. Consequently, VETSNET must be allowed to replace the current benefits delivery network, BDN, which is universally condemned by our service officers as being extremely cumbersome and archaic in providing the necessary assistance and information our service officers need in the field to better advise and counsel veterans.

That is why the VFW is very concerned to see that both the House and Senate in their very recent appropriation markup report language, direct the transfer of $5 million from VETSNET to other programs. This is particularly disconcerting, because the VA only requested $2.4 million for VETSNET in fiscal year 1998. Lacking any other information, the VFW can only conclude that it is Congress' intention to kill or abolish VETSNET.

This concludes my very succinct summary or our written statement which I know will be part of the record. Thank you Mr. Chairman.

[The prepared statement of Mr. Manhan appears on p. 87.]

Mr. EVERETT. Thank you very much. I would say a couple of things. I do not have any questions, but I would say that the Acting Secretary of VA made the suggestion to this Committee Chairman to transfer that money, not the Congress.

Mr. MANHAN. Thank you very much. The VFW was unaware of that.

Mr. EVERETT. In addition, I would say that the advocates of veterans are sitting at this table and it is chilling to me that some-

body would suggest that it ought to be the VA or the Congress, very frankly.

With that, Mr. Mascara, do you have any questions?

Mr. MASCARA. I do, Mr. Chairman, thank you.

Mr. EVERETT. Go right ahead.

Mr. MASCARA. Mr. Williams, are you satisfied with the role that you were allowed to play in the VA strategic planning process? Do you have any recommendations for improvement?

Mr. WILLIAMS. Mr. Congressman, we are somewhat pleased at our role in assisting VA in their effort. We have provided our input and some of our recommendations have been included in their plan. However, there is considerable room for improvement and we have been working rather closely with the Department of Veterans Affairs, along with my counterparts from the other veteran service organizations. So, in the interest of brevity, to answer your question, yes, we have been a major player in this effort.

Mr. MASCARA. Okay. Either you or Mr. Surratt, how receptive was the VA to your involvement?

Mr. SURRATT. I believe the VA takes very seriously what the veteran service organizations have to say, and I think they changed their plan based on that input, and I would like to say, even before this process, perhaps VA and the veterans' service organizations had a closer inter-reaction and working relationship than a lot of customers do with their particular Federal agency and so I think in the area of taking seriously stakeholder and the customer into it, the VA is to be commended.

Mr. MASCARA. Mr. Burns are you satisfied with the role that the AMVETS have been playing in this process?

Mr. BURNS. I have no problem, Congressman. As my two colleagues have stated, we have been consulted, our input has been provided and we feel that we have genuinely been listened to.

Mr. MASCARA. I guess this is Mr. Williams, yes on page 3 of your statement, you point out the number of FTEs that have been reduced.

Mr. WILLIAMS. Yes.

Mr. MASCARA. And I think there is 1,200 over 2 years and then there is a plan to cut it an additional 133 and this raises a question. I think I asked the question of the other panel but not in the same context. I spoke to the overall budget and how that would reflect on the analysis that they are currently doing, but do you think that the analysis that is going on, and the Government Performance and Results Act, will address the problems associated with the reduction of FTEs?

Mr. WILLIAMS. Well, we would hope so, but also we believe any further reduction of the FTE may have some adverse impact on VA's ability to meet the Results Act mandate. We have found out that, for example, that the number of FTE that I made reference to, Compensation and Pension Service, they are being overworked to a certain degree with more cases involving more complex issues and it is a very difficult task for them not only to meet the mandates, but also to timely and accurately serve our Nation's veterans. So to conclude my response to you, I would just indicate as it is pointed out in my testimony, that a further reduction in the

FTE, in that area can have an adverse affect on the VA's ability to meet the mandates of the Results Act.

Mr. MASCARA. Well I would be hopeful that the analysis would include an honest approach to the problems that we are seeking to solve. I do not know how they could divorce themselves, those people who are responsible for the final draft of the Results Act should——

Mr. WILLIAMS. Well when you are talking about the individuals that we were referring to, you are talking about experienced adjudicators and it takes years to learn that type of work and with this reduction, I think they are going to lose the experience that is required, which is necessary to meet these mandates. And as I indicated earlier, it may adversely impact on their ability to provide timely and sufficient service to our Nation's veterans.

Mr. MASCARA. Thank you very much.

Mr. WILLIAMS. You are welcome, sir.

Mr. MASCARA. Thank you Mr. Chairman.

Mr. EVERETT. Thank you. I want to thank this panel. As always, we enjoy getting your testimony. I was particularly interested in, I agree also in the observation that the performance objectives to process all claims within 60 days is extremely important and with a little modesty, I would point out and I see Mr. Catlett is still here, that as Chairman of the Pensions and Benefits Subcommittee 2 years ago when the VA's target was 106 days, that it was this Committee Chairman that suggested that they put it at 60 days. So I am pleased to see that that has happened.

Again, I want to thank this panel for showing up and giving us the benefit of their testimony.

Mr. SURRATT. Mr. Chairman, I would like to make one final comment, if I may.

Mr. EVERETT. Please.

Mr. SURRATT. I think the DAV has viewed this subcommittee and the Veterans' Affairs Committee as a veterans advocate. We view ourselves as advocates and we view the VA as a veteran's advocate and as long as we all quibble and quarrel over who is the principal advocate, only the veteran can benefit, so let us continue that competition.

Mr. EVERETT. I have to agree with you. I do thank all today's witnesses for their testimony. We will continue to ask GAO to evaluate VA's strategic planning as we will have hearings periodically to monitor results at compliance and advocacy of strategic planning. We look forward to continued cooperation with all parties interested and let me just finally say, I was extremely concerned in my comments to DOD. I do not intend to let the issue rest on the fact that we cannot simply transfer a piece of paper from the active military, reserve or the guard, over to the VA and it be the same piece of paper with the same medical history.

I come out of a business background and I can assure you that this has cost hundreds of thousands of dollars, literally, hundreds of thousands of dollars and I do not care if it is bureaucrat finger-pointing, I do not care if we have food fights going on somewhere, it is going to stop. As I pointed out earlier, the members of this Subcommittee are also members, most of them, of the National Security Committee and this is asinine that this situation exists and

I intend to follow-up and if I have to follow-up with hearings on the subject, then we will do that.

Mr. WILLIAMS. I would just like to make a comment. I appreciate the fact that you are going to look into this because there are a number of stories that I could tell you about involving our services officers trying to assist veterans whose service medical records are missing, have been misplaced from the records processing center in St. Louis, to the regional offices throughout the country. It is a chronic problem and the American Legion is there to assist you if need be. So I appreciate your effort on this important topic, believe me.

Mr. EVERETT. I thank you very much and I do understand the complexities of the electronic transfer, but we can certainly start off with paper transfer and then get to electronic transfer when we can hopefully marry the two systems together.

Again, I want to thank all witnesses for appearing. This hearing is adjourned.

[Whereupon, at 11:38 a.m., the subcommittee was adjourned.]

APPENDIX

STATEMENT OF THE HON. JAMES E. CLYBURN

HOUSE COMMITTEE ON VETERANS AFFAIRS SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS

HEARING ON VA'S STRATEGIES FOR GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) COMPLIANCE

SEPTEMBER 18, 1997

I WOULD LIKE TO COMMEND THE CHAIRMAN FOR CALLING WHAT MAY LIKELY BE ONE OF THE MOST IMPORTANT – BUT LEAST SEXY – ISSUES THE OVERSIGHT SUBCOMMITTEE WILL TRY TO TACKLE DURING THIS CONGRESS.

WHEN THE CONGRESS PASSED THE GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) FOUR YEARS AGO, MOST OF US BELIEVED WE WERE BRINGING MUCH-NEEDED FOCUS TO STRATEGIC PLANNING AT OUR FEDERAL AGENCIES. FOUR YEARS LATER, WE ARE FINALLY BEGINNING TO SEE THE FIRST STAGES OF THE

COORDINATION AND PLANNING ENVISIONED BY THE G-P-R-A.

AS THE TESTIMONY WE HEAR TODAY WILL FURTHER UNDERSCORE, THERE IS MUCH MORE WORK TO BE DONE ON THE PART OF THE VA AND ITS PARTNER AGENCIES TO PLAN FOR THE CHALLENGES OF THE NEXT CENTURY. UNLESS THE VA CONTINUES TO FOCUS ON STRATEGIC PLANNING AND COMPLIANCE WITH THE G-P-R-A, I FEAR THAT WE WILL BE UNABLE TO MEET THE NEEDS OF OUR DESERVING VETERANS DURING THE COMING GENERATIONS.

I SHARE THE CHAIRMAN'S INTEREST IN THIS ISSUE, AND I LOOK FORWARD TO THIS MORNING'S TESTIMONY. THANK YOU.

STATEMENT OF THE HON. LANE EVANS

HOUSE COMMITTEE ON VETERANS AFFAIRS
SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS

HEARING ON VA'S STRATEGIES FOR GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) COMPLIANCE

SEPTEMBER 18, 1997

I WOULD LIKE TO COMMEND THE CHAIRMAN AND THE RANKING MEMBER FOR CALLING THIS IMPORTANT HEARING.

GIVEN THE VA'S RESPONSIBILITY FOR PROVIDING HEALTH CARE AND HARD-EARNED BENEFITS TO OUR NATION'S VETERAN POPULATION, AND GIVEN THE RELATIVE SCARCITY OF FUNDS THAT THE VA HAS AT ITS DISPOSAL, THERE IS PERHAPS NO OTHER AGENCY IN THE FEDERAL GOVERNMENT THAT CAN BENEFIT MORE FROM STRATEGIC PLANNING THAN THE VA.

I AM HOPEFUL THAT THIS MORNING'S HEARING WILL DRIVE HOME THE MESSAGE THAT THIS COMMITTEE RECOGNIZES THE IMPORTANCE OF STRATEGIC PLANNING. WITHOUT SUCH PLANNING, THE VA WILL BE HARD-PRESSED TO ACHIEVE THE RESULTS AND HIGH PERFORMANCE LEVELS INTENDED BY CONGRESS WHEN WE PASSED THE G-P-R-A IN 1993.

WE MUST ALSO RECOGNIZE THAT FOCUSED STRATEGIC PLANNING DESIGNED TO ACHIEVE REAL, QUANTIFIABLE RESULTS IS NO EASY TASK. THE VA, LIKE MOST OTHER FEDERAL AGENCIES, HAS BEEN STRUGGLING WITH THESE DIFFICULTIES SINCE THE G-P-R-A WAS PASSED. STRATEGIC PLANNING IS NATURALLY AN ONGOING PROCESS. AND WHILE THE VA HAS A LONG WAY TO GO, I AM PLEASED TO SAY THEY HAVE MADE GREAT STRIDES OVER THE PAST FEW MONTHS TO PUT TOGETHER A WORKABLE PLAN THAT CAN

ACTUALLY BE USED AS A BLUEPRINT FOR SUCCESS DOWN THE ROAD.

I LOOK FORWARD TO THIS MORNING'S TESTIMONY, AND AGAIN I APPLAUD TERRY AND JIM FOR CALLING THIS EXTREMELY IMPORTANT HEARING.

The Strategic Plan of the Department of Veterans Affairs as Required by the Government Performance and Results Act

Presentation Before the Subcommittee on Oversight and Investigations, of the House Committee on Veterans Affairs

Dennis W. Snook
Specialist, Social Legislation
Education and Public Welfare Division
Congressional Research Service

September 18, 1997

Good morning, Mr. Chairman and Members of the Committee. We at the Congressional Research Service (CRS) appreciate the invitation to appear before you, as you consider the strategic plan prepared by the Department of Veterans Affairs (VA). Much of my understanding of Government Performance and Results Act (GPRA) and its requirements I owe to CRS colleagues with special knowledge of the Act's provisions, specifically the work of Frederick M. Kaiser, and Virginia A. McMurtry, of CRS's Government Division, and Genevieve J. Knezo, of our Science Policy Division.[1] My brief remarks provide additional introduction to the concepts and terms that GPRA instructs agencies to use in responding to the Act's requirements, and to how those concepts and terms relate to the VA effort to develop a strategic plan. As required by GPRA, the General Accounting Office (GAO) has prepared a formal evaluation of the VA plan, and my counterpart from GAO will present that evaluation.

The Government Performance and Results Act and the Ideal of a Fully Rational Federal Government

Mr. Chairman, GPRA envisions a rational government with measured effects. In order to achieve such an ideal, the Act requires that the Executive Branch *describe* itself in terms of the effectiveness of its efforts as well as provide a detailed account of what it does. Through this coherent and comprehensive look at the interrelated aspects of federal functions, GPRA encourages more efficient operations "...by providing [Congress] more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending" (107 Stat. 285).

The responsibilities of the national government and the problems and challenges it faces are many and diverse, and such a government-wide plan responds to the difficulties inherent in efforts by congressional overseers to understand the practices and applications of federal authority across the spectrum of government operations. GPRA set in motion a process by which such a plan could be produced: the Act established a series of steps and a timetable to produce an accounting of government functions from the bottom up, and it requires that

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[1] Of special note are CRS Reports, *Government Performance and Results Act: Implications for Congressional Oversight*, 97-382 GOV, by Frederick M. Kaiser and Virginia A. McMurtry, May 12, 1997; and *Government Performance and Results Act, P.L. 103-62 Implementation Through Fall 1996 and Issues for the 105th Congress*, 97-382 SPR, by Genevieve J. Knezo, December 24, 1996.

this explanation focus on purposes rather than simply accepting the basis for the activities as given.

Thus, the Act seeks to link the *performance* of activities with indicators and measurement of the *results* of those activities. In part, descriptions that focus on results contrast with most current methods by which government activities are outlined. Currently, performance itself is generally measured through the amounts of money expended, actions taken, manpower and resources engaged, or the number of persons, places, or things affected. Of course, many program evaluations are always underway throughout government, but GPRA asks that the evaluation process be extended beyond the current horizon of problem-treating programs, to the ordinary activities of the federal government at every level: what is the activity trying to accomplish, and how do we know if it accomplished it.

The Format for Compliance: GPRA Concepts and Terms

GPRA instructed GAO and the Office of Management and Budget (OMB) to provide guidance to agencies as they designed their strategic plans. The format developed by OMB and GAO applies across the federal government, and establishes a common framework both for comparing the effects of GPRA among agencies, and for determining the feasibility of a comprehensive, government-wide plan, to be in place as early as FY2002. Within the framework are certain concepts and terms acquired from contemporary movements within the study of public administration, and applied to federal agencies. As interpreted by OMB and GAO, a strategic plan contains six elements:

- A comprehensive agency mission statement;
- Long-term goals and objectives for all major agency functions and operations;
- Strategies to achieve the goals and objectives, and the resources needed;
- The relationship between long-term objectives, and annual performance goals;
- Identification of key factors beyond the control of the agency that could interfere with achievement of the strategic goals; and
- A description of how program evaluations guided the formation of strategic goals, and a schedule of future evaluations.

A *mission statement* is an abstract of the purpose of a government function as seen from the agency perspective. *Goals and objectives* are statements by an agency (or office) of what the mission attempts to accomplish in terms of outcomes or results. *Strategies* are descriptions of how general goals and objectives will be achieved, in terms of resources and operations. *Program evaluations* are assessments of programs, and include evaluations of the their internal operations and of the success with which they meet their stated purposes. *External factors*, are factors beyond the agency's control but which could affect its strategic performance, such as demographic, economic, political, or technological changes.

In a strategic plan, general goals elaborate policy, programmatic, or management directions that follow from the agency mission, and objectives are more specific statements of something to be accomplished within those directions. For example, VA has a general goal of improving the health care of veterans, which is furthered by an objective of increasing the number of veterans using the VA health care system. Within these objectives are *performance goals,* which are specific milestones to be attained each year. GPRA requires that agencies establish annual performance plans, with performance goals identified, as part of the annual budget process.

According to GPRA, performance goals must be measurable, and the Act emphasizes the need for agencies to develop *performance indicators.* Such indicators measure progress toward goals, such as the number or ratio of persons entering a rehabilitation program who regain lost abilities, rather than simply quantifying input into agency activities, such as dollars spent or employee-years, or as simple output from agency program operations, such as clients served or benefits paid. Program evaluations guide the relationship between an agency's mission and its general goals and objectives, and form the basis for broad agency strategies. The analysis generated by periodic evaluations assists in the reassessment of policy or the redirection of resources to better accomplish the stated mission.

The Strategic Plan of the Department of Veterans Affairs

VA divides its strategic plan into two parts, reflecting a commitment to the *balanced-scorecard* approach favored by some schools of management. In the balanced-scorecard, general programmatic or policy goals are elaborated separately from management or process goals. In theory, this approach would permit internal operational improvements to be given performance milestones, which could then be linked to performance indicators that would measure whether programs are successful in carrying out the VA mission.

VA's mission statement lists the Department's range of programs, services, and benefits, combining that list with a general statement of the reasons for those functions, together with a commitment that VA employees will serve veterans "with dignity and compassion." VA's statement asserts that the Department will act as "principal advocate" for veterans and their families, "ensuring that they will receive medical care, benefits, social support, and lasting memorials."

VA's strategic plan organizes its mission goals around 10 different program areas, which it labels *lines of business.* These lines cover all programs:

- medical care
- medical research
- medical education
- service-connected disability compensation
- means-tested, wartime service pensions
- education
- rehabilitation
- insurance
- home loans
- burial, cemetery or commemorative services.

In some of these lines, the strategic plan identifies clear and measurable goals that could be measured through performance indicators. In others, the identification of performance goals that could be linked directly to general mission goals awaits systematic program evaluation and the data such evaluations would provide. In these instances, VA has listed program evaluations as their short-term objectives, with performance goals met by the conduct of the evaluations themselves.

Conclusion

Achieving the GPRA objective of rational, results-linked government program operations will take time, and VA's difficulty in bringing about a complete and balanced plan at this time is not surprising. In part, this difficulty resides within GPRA, which does not fully distinguish between performance linked to mandatory program operations, and performance in which the agency is permitted considerable discretion in the pursuit of goals outlined and authorized by Congress.

In VA, over one-half of its $40 billion budget is mandatory spending for entitlements, and the VA plan contains objectives for increasing efficiency of its benefits administration, and for improving its outreach to veterans and their families. In addition, regularly scheduled program evaluations could provide a basis for VA to recommend legislative changes, but in the absence of such changes VA will proceed on the assumption that appropriate objectives are satisfied when it complies with the law as written. For example, evaluations could lead VA to conclude that the basis for compensation ratings is inadequate to the goal of linking appropriate compensation to service-connected conditions, but it will continue to rate and compensate service-disabled veterans under current rules until Congress tells it otherwise.

On the other hand, developing strategic goals for discretionary programs could require balancing competing objectives. While two competing objectives may be necessary and defensible, the emphasis on one may mean less success in meeting the other. For instance, the primary VA discretionary program is medical care, and an ongoing issue concerns whether localized special programs can be made more effective; but would that objective interfere with the long-term goal of equitable access to basic medical care for all eligible veterans? Strategic plans could identify where these tradeoffs may be required; VA's plan does not.

Substantial time and effort has been expended in the preparation of VA's strategic plan, an investment in staff resources partially shared by your Committee and by your support agencies. I am sure that all of us who participated in the consultative sessions came away with a renewed sense, not only of the broad range of functions within VA, but with the difficulty of creating a unified explanation of those functions, together with an outline for examining their results. And of course, all participants also understood that we were not simply assisting in an explanation of the details of VA programs to scholars of public administration, but in an evolving document by which this important federal responsibility could be more efficiently managed as it shifts to meet the changing needs of the nation's veterans.

Thank you.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives

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THE RESULTS ACT

Observations on VA's August 1997 Draft Strategic Plan

Statement of Cynthia M. Fagnoni, Associate Director, Veterans' Affairs and Military Health Care Issues, Health, Education, and Human Services Division

GAO/T-HEHS-97-215

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to provide our views on the draft strategic plan developed by the Department of Veterans Affairs (VA), pursuant to the Government Performance and Results Act of 1993 (the Results Act). As you know, the Results Act was one of the major steps the Congress has taken in recent years to fundamentally change the way federal agencies go about their work. The Results Act requires agencies to clearly define their missions, set goals, measure performance, and report on their accomplishments. One of the act's major milestones–submission to the Congress by federal agencies of strategic plans that define their missions and set goals–is less than 2 weeks away.

With fiscal year 1996 spending of over $38 billion, VA is responsible for administering laws that provide numerous types of benefits to many of the nation's 26 million veterans and their dependents and survivors. These benefits include medical care, disability compensation, pensions, rehabilitation assistance, education benefits, home loan benefits, insurance coverage, and burial benefits. My statement today will address the progress VA has made in developing its strategic plan and the challenges VA continues to face in implementing the Results Act. My observations are based on our review of VA's June 1997 draft strategic plan and have been updated to reflect revisions VA made between June 1997 and its latest version, dated August 15, 1997.[1]

In summary, VA has made substantial progress in its strategic planning, based in part on consultations with the Congress. However, as with many other agencies, VA's process of developing a plan that meets the requirements of the Results Act is an evolving one that will continue well after the September 30, 1997, deadline for submitting its first strategic plan to the Congress and the Office of Management and Budget (OMB). The August 15, 1997, draft that VA submitted to OMB for review is an improvement over the June 1997 version, because it is easier to follow, places more emphasis on results and less on process, and fills in some major gaps in the June 1997 draft. However, the latest draft strategic plan continues to lack some of the key elements expected under the Results Act. As with the June 1997 draft, the August 15, 1997, draft lacks results-oriented goals for several major VA programs; lacks a program evaluation schedule; and contains inadequately developed discussions of external factors and the need to coordinate with other federal agencies.

VA is aware that it has much work to do to fully implement the Results Act and considers its strategic planning–including conducting program evaluations and developing results-oriented goals–to be a long-term effort. Some of this work is identified in the current draft strategic plan. VA's success in implementing the Results Act will depend on how successful it is in ensuring that its strategic plan focuses on results and how well it integrates its plan with the plans of other federal agencies. The Congress will continue to play an important role in consulting with VA in developing results-oriented goals and overseeing VA's efforts to successfully implement the Results Act.

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[1]The Results Act: Observations on VA's June 1997 Draft Strategic Plan (GAO/HEHS-97-174R, July 11, 1997). On August 1, 1997, VA provided a new draft strategic plan, revised from the June 1997 version. On August 15, 1997, VA provided another version that contains some additional material supporting the goals stated in the August 1 version. Unless specifically noted, our comments on the August 15 version also apply to the August 1 version.

PURPOSE AND REQUIREMENTS OF THE RESULTS ACT

The Results Act is the centerpiece of a statutory framework to improve federal agencies' management activities.[2] The Results Act was designed to focus federal agencies' attention from the amounts of money they spend or the size of their workloads to the results of their programs. Agencies are expected to base goals on their results-oriented missions, develop strategies for achieving their goals, and measure actual performance against the goals.

The Results Act requires agencies to consult with the Congress in developing their strategic plans. This gives the Congress the opportunity to help ensure that their missions and goals are focused on results, are consistent with programs' authorizing laws, and are reasonable in light of fiscal constraints. The products of this consultation should be clearer guidance to agencies on their missions and goals and better information to help the Congress choose among programs, consider alternative ways to achieve results, and assess how well agencies are achieving them.

The Results Act requires VA and other agencies to complete their first strategic plans and submit them to the Congress and OMB by September 30, 1997. OMB requested that agencies provide it with advance copies of their strategic plans by August 15, 1997, for review and interagency coordination. In addition, the Results Act requires agencies to submit their first annual performance plans to the Congress after the President submits his fiscal year 1999 budget to the Congress. OMB requested that agencies integrate, to the extent possible, their annual performance plans into their fiscal year 1999 budget submissions, which were due to OMB by September 8, 1997. OMB, in turn, is required to include a governmentwide performance plan in the President's fiscal year 1999 budget submission to the Congress. As required by the Results Act, GAO reviewed agencies' progress in implementing the act, including the prospects for agency compliance.[3]

IMPROVEMENTS AND REMAINING CHALLENGES IN VA'S AUGUST 1997 DRAFT STRATEGIC PLAN

VA's August 15, 1997, draft strategic plan represents a significant improvement over the June 1997 draft. The latest version is clearer and easier to follow, more complete, and better organized to focus more on results and less on process. At the same time, VA has still not fully addressed some of the key elements required by the Results Act; the draft plan has

- a lack of goals focused on the results of VA programs for veterans and their families, such as assisting veterans in readjusting to civilian life;
- limited discussions of external factors beyond VA's control that could affect its achievement of goals;
- a lack of program evaluations to support the development of results-oriented goals; and
- insufficient plans to identify and meet needs to coordinate VA programs with those of other federal agencies.

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[2]Other parts of the framework include the Chief Financial Officers Act of 1990, the Paperwork Reduction Act of 1995, and the Clinger-Cohen Act of 1996.

[3]The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997).

The draft strategic plan, acknowledging that three of these four elements (results-oriented goals, program evaluations, and agency coordination) have not been fully addressed, does plan to address them. VA has indicated that it views strategic planning as a long-term process and intends to continue refining its strategic plan in consultation with the Congress, veterans service organizations, and other stakeholders.

Another challenge for VA is to improve its financial and information technology management, so that the agency's ongoing planning efforts under the Results Act will be based on the best possible information. VA's draft strategic plan addresses several financial and information technology issues, such as the need for cost accounting systems for VA programs and the need to improve VA's capital asset planning.

Improvements From the June 1997 Draft Strategic Plan

We found that VA's June 1997 draft strategic plan was confusing, because of numerous layers of goals, objectives, and strategies. Also, it contained significant gaps where goals were missing; and lacked a clear focus on results. VA officials indicated that, based on consultations with staff from the House and Senate Veterans' Affairs committees, which included input from GAO, the draft strategic plan would be revised to make it clearer, more complete, and more results-oriented. The August 15, 1997, version reflects significant progress in these areas.

Instead of presenting four overall goals, three of which were process-oriented, VA has reorganized its draft strategic plan into two sections. The first section, entitled "Honor, Care, and Compensate Veterans in Recognition of Their Sacrifices for America," is intended to incorporate VA's results-oriented strategic goals. The second section, entitled "Management Strategies," incorporates the three other general goals, related to customer service, workforce development, and taxpayer return on investment. In addition, VA has filled significant gaps in the discussions of program goals. The largest gap in the June 1997 draft was the lack of goals for four of the five major veterans benefit programs. The current plan includes goals for each of these programs, stating them in terms of ensuring that VA benefit programs meet veterans' needs. Finally, the reorganized draft plan increases the emphasis on results. The June 1997 draft appeared to make such process-oriented goals as improving customer service and speeding claims processing equivalent to more results-oriented goals such as improving veterans' health care. In the August 1997 version, the process-oriented goals remain but have been placed in their own process-oriented section supplementing the plan's results orientation.

At the same time, VA believes that the process-oriented portions of the plan are important as a guide to VA's management. It considers customer service very important because VA's focus is on providing services to veterans and their families. The Assistant Secretary for Policy and Planning, in written comments on a draft of our July 1997 letter, stated that VA continues to believe "that processes and operations are important to serving veterans and [VA] will continue to place appropriate emphasis on the areas of customer service, workforce development, and management issues." VA also contends that the Results Act does not preclude process-oriented goals from its strategic plan. We agree that many of the process issues VA raises are important to its efficient and effective operation and can be included in VA's strategic plan as long as they are integrated with the plan's primary focus on results.

Lack of Results-Oriented Goals for Major VA Programs

Perhaps the most significant deficiency in VA's draft strategic plan, in both the June 1997 and current versions, is the lack of results-oriented goals for major VA programs, particularly for benefit programs. While discussions of goals for benefit programs have been added to the current version, they are placeholders for results-oriented goals that have not yet been developed. The general goals for 4 of the 5 the major benefit program

areas–compensation and pensions, education, vocational rehabilitation, and housing credit assistance–are stated in terms of ensuring that VA is meeting the needs of veterans and their families. The objectives supporting VA's general goal for its compensation and pension area are to (1) evaluate compensation and pension programs to determine their effectiveness in meeting the needs of veterans and their beneficiaries; and (2) modify these programs, as appropriate. For the three other major benefit program areas, the objectives suggest possible results-oriented goals and are supported by strategies aimed at evaluating and improving programs. For example, the objectives under vocational rehabilitation include increasing the number of disabled veterans who acquire and maintain suitable employment and are considered to be rehabilitated. The strategies under this objective include evaluating the vocational rehabilitation needs of eligible veterans and evaluating the effect of VA's vocational rehabilitation program on the quality of participants' lives.

VA has noted that developing results-oriented goals will be difficult until program evaluations have been completed. Given the program evaluation time periods stated in the draft strategic plan, which calls for evaluations to continue through fiscal year 2002, results-oriented goals may not be developed for some programs for several years. Another difficulty VA has cited is that, for many VA programs, congressional statements of the program purposes and expected results are vague or nonexistent. VA officials cited VA's medical research and insurance programs as examples of programs with unclear purposes. This is an area where VA and the Congress can make progress in further consultations.

Incomplete Discussion of External Factors

Another observation we made about VA's June 1997 draft strategic plan was that VA's discussion of external factors that could affect its strategic planning was incomplete. Discussions of external factors were often limited to whether the Congress would appropriate sufficient funds or make substantive legislative changes. Assessments of factors outside VA's control, such as economic, social, and demographic changes, are also important in setting VA's goals and in assessing VA's progress in meeting them. However, the discussions of external factors related to the plan's individual goals generally did not link demographic changes in the veteran population to VA's goals.

VA's current draft has added discussions of the implications of demographic changes on VA programs. For example, VA notes that the death rate for veterans is increasing, which will lead VA to explore various options for meeting increased demands for burials in VA and state veterans' cemeteries. Meanwhile, the goal to ensure that VA's burial programs meet the needs of veterans and their families is accompanied by a detailed list of specific cemetery construction and land acquisition projects and by a specific target for expanding burials in state veterans' cemeteries. The discussion of external factors related to this goal focuses on the Congress' willingness to fund VA's proposed projects and the cooperation of the states in participating in the State Cemetery Grants Program. What is missing in the draft is a link between the projected increase in veteran deaths and the proposed schedule of specific cemetery projects. Similarly, we recently reported that National Cemetery System strategic planning does not tie goals for expanding cemetery capacity to veterans' mortality rates and their preferences for specific burial options.[4]

Lack of Program Evaluations

We noted that the goals in VA's June 1997 draft strategic plan were not supported by formal program evaluations. Evaluations can be an important source of information for helping the Congress and others ensure that agency goals are valid and reasonable, providing baselines for agencies to use in developing performance measures and performance goals, and identifying factors likely to affect agency performance. As noted

[4]National Cemetery System: Opportunities to Expand Cemeteries' Capacities (GAO/HEHS-97-192, Sept. 10, 1997).

above, VA cites the lack of completed evaluations as a reason for not providing results-oriented goals for many of its programs.

The first general goal of VA's plan is to conduct program evaluations over a period of several years. VA plans to identify distinct programs in each of its 10 major program areas and then prioritize evaluations of these programs in consultation with the Congress, veterans' service organizations, and other stakeholders. VA expects to complete this prioritization sometime in fiscal year 1998, complete the highest-priority evaluations by the end of fiscal year 2000, and complete at least one evaluation in each of the 10 major program areas by fiscal year 2003.

Lack of Coordination With
Other Federal Agencies

In our comments on the June 1997 draft strategic plan, we noted that VA has not clearly identified the areas where its programs overlap with those of other federal agencies, nor has it coordinated its strategic planning efforts with those of other agencies. Three areas where such coordination is needed (and the relevant key federal agencies) are

- employment training (Department of Labor),
- substance abuse (departments of Education, Health and Human Services, and Housing and Urban Development), and
- telemedicine (Department of Defense).

In addition, we noted that VA relies on other federal agencies for information; for example, VA needs service records from the Department of Defense to help determine whether veterans have service-connected disabilities and to help establish their eligibility for Montgomery G.I. Bill benefits.

VA's current draft strategic plan addresses the need to improve coordination with other federal agencies and state governments. This will involve (1) identifying overlaps and links with other federal agencies, (2) enhancing and improving communications links with other agencies, and (3) keeping state directors of veterans' affairs and other state officials apprised of VA benefits and programs and of opportunities for collaboration and coordination.

Financial and Information Technology
Improvement Goals in VA's Draft Strategic Plan

As we noted in our comments on VA's June 1997 draft strategic plan, VA has made progress in financial management and information technology. Like other federal agencies, VA needs accurate and reliable information to support executive branch and congressional decision-making. The "Management Strategies" section of VA's current draft strategic plan addresses some financial management and information technology issues. Since VA has identified the need to devote a portion of its strategic plan to process-oriented goals, it is appropriate that some of these goals should focus on improving its management in these areas.

VA's current draft plan includes a goal to establish an effective departmentwide cost accounting system. For example, a cost accounting system could allow a Veterans Health Administration (VHA) medical facility to appropriately price excess services for sale to the private sector or other federal agencies. Also, a cost accounting system could allow a Veterans Benefits Administration (VBA) regional office to determine how much of its costs were attributable to each of the benefit programs it administers. According to the plan, this system would include two cost accounting systems already in development: VHA's Decision Support System (DSS) and VBA's Activity Based Costing (ABC) system.

Another goal in the current draft plan is to establish a VA capital policy that ensures that capital investments, including capital information technology investments, reflect the most efficient and effective use of VA's resources. Achieving this goal involves developing a VA-wide Agency Capital Plan and establishing a VA Capital Investment Board to generate policies for capital investments and to review proposed capital investments based on VA's mission and priorities.

Still another goal is designed to address the need for VA-wide information technology management to facilitate VA's ability to function as a unified department. Achieving of this goal involves developing a VA-wide information technology strategic plan and a portfolio of prioritized information technology capital investments. In addition, the plan calls for the promotion of crosscutting VA information technology initiatives in order to improve services to veterans.

The draft plan's discussion of information technology addresses one of the information technology issues we have identified as high-risk throughout the federal government–the year-2000 computer problem.[5] Unless corrections are made by January 1, 2000, VA's computers may be unable to cope with dates in 2000, which could prevent VA from making accurate and timely benefit payments to veterans.[6] VA's draft plan includes as a performance goal that full implementation and testing of compliant software (that is, software capable of processing dates beyond 1999) will be completed by October 1999.

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Mr. Chairman, this completes my testimony this morning. I would be pleased to respond to any questions you or Members of the Subcommittee may have.

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[5]High-Risk Series: Information Management and Technology (GAO/HR-97-9, Feb. 1997).

[6]Veterans Benefits Computer Systems: Risks of VBA's Year-2000 Efforts (GAO/AIMD-97-79, May 30, 1997).

STATEMENT BY
THE HONORABLE DENNIS DUFFY
ASSISTANT SECRETARY FOR POLICY AND PLANNING
DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 1997

Mr. Chairman and members of the Subcommittee, it is my pleasure to testify this morning on behalf of the Department of Veterans Affairs (VA) concerning the Department's Strategic Plan FY 1998-2003. I am accompanied by D. Mark Catlett, Acting Assistant Secretary for Management, and Nora E. Egan, Deputy Assistant Secretary for Planning. As you know, the Plan is due to the Congress on September 30 and remains in draft at this time. We are still in the process of revising and improving the Plan, giving consideration to comments and suggestions received.

The Department of Veterans Affairs has embraced the opportunity offered by the Government Performance and Results Act (GPRA) to meet the changing needs of veterans and ensure that we are able to honor, care, and compensate veterans in recognition of their sacrifices for America. GPRA promotes a new focus on results, service quality, and customer satisfaction that is needed and welcome, especially to agencies such as VA whose mission is to provide benefits and services. GPRA's purpose, and VA's intent, is to improve planning functions, program performance measurement, assessment of program outcomes, and program management in order to improve service to veterans.

GPRA has imposed statutory requirements upon the Federal government for integrating planning, budgeting, and performance accountability that previously relied upon various management approaches. We believe that GPRA intends planning to be an ongoing, ever-evolving process that forces us to ask the tough questions, identify appropriate data to support decision making, and adjust our programs, benefits, and services to meet the needs and expectations of veterans and their families. GPRA demands that we consider, in consultation with the Congress and other stakeholders, such questions as these:

Are veterans' programs achieving the purposes or results for which they were intended?

What are veterans and other taxpayers getting in return for the money devoted to veterans' programs?

VA has made a concerted effort over the past two years to change the way we do business and to evolve a Strategic Management Process that provides for a "One-VA" approach to the implementation of GPRA. While we are proud of this Strategic Plan and the efforts of many VA employees to produce this document, we believe that the Strategic Plan is a point of departure, not a final destination. We are enthused about the journey yet mindful that the road is a long one.

VA efforts began soon after the enactment of GPRA in 1993. Early on we sought and obtained GPRA pilot status for the National Cemetery System, the Loan Guaranty Program, and the New York VA Regional Benefits Office. These pilot programs gave us insights into GPRA that strengthened our efforts.

GPRA implementation accelerated in the Fall of 1995 when VA top managers participated in an intense two and a half day planning conference led by then Deputy Secretary Gober. Valuable insights on GPRA were provided by then OMB Deputy Director John Koskinen, which helped us to design a pragmatic approach to an integrated process. A major outcome of that conference was the formation of VA's Strategic Management Process. I have enclosed a diagram of the process for your information. This process uses several internal groups to address strategic issues critical to VA's future. A Strategic Management Group identifies and manages strategic issues with a unified approach to problem solving. The Strategic Management Group is comprised of VA's top policy level appointees and is chaired by the Deputy Secretary. This group ensures that we plan as a department and coordinate strategies as one VA. In addition, the Strategic Management Steering Committee, composed of both political and career senior executives, is a standing committee that evaluates and develops strategic issues, provides options to the Strategic Management Group, and oversees senior staff-level working groups that work on specific issues or projects.

Using the Strategic Management Process over the past two years, we have reassessed and reaffirmed the Department's mission, vision, and goals; established the "One-VA" approach to achieving world-class customer service; and developed the Strategic Plan. We have also made every effort to set the stage for an effective planning process by conducting an environmental scan and an organizational assessment survey of all employees, developing customer service performance goals, and initiating strategic scans of business lines.

The environmental scan was conducted in 1996 and looked at events, trends, directions, and strategic issues through interviews with key individuals and stakeholders, questionnaires, and secondary research in order to provide information that can be used to address critical issues. Interviews were conducted with members of Congress, Congressional staff, the General Accounting Office, the Office of Management and Budget, Veterans Service Organizations, representatives of agency management, and non-federal stakeholders such as the American Medical Association. In addition, a written survey was conducted of State directors of veterans affairs. The organizational assessment was conducted through a survey of all VA employees in partnership with the Office of Personnel Management and our National Partnership Council. Approximately 125,000 employees responded to the survey and the results offer tremendous insight into the VA work environment and provide a baseline for evolving into a truly high-performing organization.

Customer service performance goals were developed with the focus on operating as a unified organization, without stovepipes, to provide seamless service to veterans. The goals cover six dimensions of customer service: access, satisfaction, courtesy, quality, timeliness, and outreach. Achievement of these goals, benchmarked against the best in business, will lead to the provision of world-class service.

Strategic scans of our business lines are intended to identify data gaps, assess the extent to which appropriate program performance measures are in place, and identify issues that must be addressed in order to evaluate the effectiveness of programs. Scans have been completed on the burial benefits, health care, loan guaranty and education business lines. Similar scans will be completed for compensation, pension, and the remaining major programs in the coming months. In the context of program evaluation, these scans address the major issues: the extent to which program intent is clearly established in statute and whether appropriate program performance measures are in place.

The Strategic Plan is the culmination of efforts undertaken over the past two years and yet the Plan represents only a snapshot in time considering the continued evolution we anticipate over the coming months and even years.

I am proud of what we have accomplished to date but also acknowledge that we are not completely satisfied with our Plan. We have been forthright throughout the consultation process in clearly identifying the weaknesses in our planning process and in our Plan. We know that we have work to do and improvements to make before we can be confident that the planning process and the Plan are fully

effective. I will identify some of these weaknesses this morning and welcome a candid discussion of these during the hearing and afterward.

Before I describe the VA Strategic Plan, let me take a moment to acknowledge the fruitful consultations that we have had with the staff of this Committee, as well as the staff of the Senate Veterans' Affairs Committee, the General Accounting Office and the Congressional Research Service. The discussions were frank and professional and have contributed immensely to the development of our Strategic Plan. Similar valuable consultation occurred with our other stakeholders and partners: the Veterans Service Organizations, the Office of Management and Budget, our National Partnership Council, and, to a lesser degree, other Federal departments and agencies. We anticipate that consultation and cooperation will continue and be strengthened in the coming months and years as we strive to implement the goals, objectives, strategies, and performance goals contained in the Plan.

Now I would like to describe specific aspects of the Strategic Plan itself. It is constructed around the requirements of GPRA while also reflecting the unique nature of the Department's mission. First, the Department's mission and vision are identified along with some of our major planning assumptions. We also describe the characteristics of the veteran population and the trends that we anticipate in the coming years.

Part I of the Plan addresses VA's programs and describes our plans to improve the programs and their benefits and services for veterans. General goals, objectives, strategies, performance goals, and external factors are identified for each of VA's ten business lines as well as the many special emphasis programs. The level of detail presented is intended to provide enough information so that it is clear what we intend to accomplish without being overly detailed. We also discuss our plans to institute a process of substantive program evaluation. VA is deeply committed to ensuring that benefit and service programs meet the changing needs of our veteran clients in the 21st century.

Part II of the Plan identifies management strategies that reflect our strong belief that effective program results can be achieved only if we also provide outstanding customer service; if we create and maintain a high-performing workforce; and if we operate efficiently and carefully exercise our fiduciary responsibility to the taxpayers. Earlier I discussed the six dimensions of customer service and the employee survey that will be used to improve workforce performance. Other workforce goals include enhancing performance accountability, recognition, and

innovative practices. Return on investment goals include improving cost accounting and productivity, and establishing an effective capital investment program.

Throughout our consultations, two areas of concern were expressed: program evaluations and outcome-based performance measures. These areas are closely related and interdependent.

In constructing our Plan, the results of the environmental scan and numerous customer surveys conducted by the Veterans Health Administration and the Veterans Benefits Administration were considered and are reflected in our goals and objectives. However, we did not conduct formal program evaluations. The intent of program evaluations under GPRA is to ensure that VA programs are meeting their statutory intent. This intent should not be viewed in isolation. GPRA assumes that agencies will look beyond isolated program lines to evaluate program effectiveness. Defining statutory intent often is not as easy as it appears. The statutes governing veterans' benefit programs generally do not describe intended program results. Rather, they establish specific benefits with criteria as to whom and under what conditions the benefits are available. Historically, Congressional oversight has focused on program delivery rather than program outcomes. Until our recent GPRA consultations, neither the Congress nor VA has, for the most part, focused on outcome or results. Additionally, these benefits need to be assessed as an integrated part of a comprehensive package of military and other federal entitlement benefits to veterans.

Given this background, VA is embarking upon an approach to program evaluation that we believe is both professional and practical. This approach begins with strategic scans of each business line and then identifies all pertinent programs and revalidates program intent. Recognizing the sensitive nature of certain aspects of both program evaluation and the establishment of outcome-based program performance goals, we will closely involve both internal and external stakeholders, including the Congress, in identifying statutory intent and the needs and expectations of veterans. There may be instances in which the statutory intent is either not clear or, when clear, the language may not match everyone's understanding of the programs as they have evolved over time.

Program outcome measures will be established so as to ensure that the results of the programs can be evaluated. Strategic data needs will be identified and approaches developed to meet these needs.

We will then establish a priority list of evaluations to be conducted and a schedule for completion, with input from the Congress and other stakeholders. The schedule will be dependent on several factors including the complexity of the evaluation, the degree to which original data must be collected, and the resources available to conduct the evaluations.

The results of program evaluations address the second area of concern expressed during consultations, that of establishing true outcome-based performance measures. We will assess the extent to which the programs are meeting the needs and expectations of veterans, determine how efficiently the programs are operated and their effect on other related programs, and recommend program changes to include revisions to existing statutes, where appropriate.

Chairman Stump expressed his desire that VA use interim results-oriented goals, particularly in the Veterans Benefits Administration, while true outcome measures are being developed. VBA is committed to developing and including as many such interim goals as possible. Examples already included in the 1998 performance plan are Montgomery GI Bill usage rates and employment effectiveness rates for our Vocational Rehabilitation and Counseling program. Additional short-term measures for the 1999 performance plans will be developed.

At this point, I would like to shift focus to broader GPRA considerations and another concern of the Congress -- improving the coordination, cooperation, and collaboration among agencies on cross-cutting functions and programs. Our planning efforts to date have been largely focused on the VA Strategic Management Process and developing VA's Strategic Plan. We have not coordinated our mission, planning and design efforts with other agencies to the extent we would have liked. However, VA has long engaged in efforts at the operational level to improve the interaction and coordination with those who have related programs. For example:

> With the Department of Defense, VA has many ongoing initiatives in both the health care and benefits areas that are intended to improve the operations of both departments and improve service to veterans and active duty members. A pilot project with the U.S. Army is exploring different ways to conduct separation examinations so that claims for service connection are well grounded and their processing expedited. An evaluation report is expected shortly, but based on preliminary findings, this effort to improve separation exams and pre-discharge rating activities will be expanded to other branches of the service. In addition, Joint use

facilities with the Air Force are in operation at Albuquerque, Nellis AFB, and Elmendorf AFB. In addition, we are exploring, with OMB, the feasibility of using DoD's DEERS/RAPIDS enrollment system for VA enrollment. If this use proves successful, we would gain by using proven information technology as well as data transfer.

With the Department of Labor, we have expanded our mutual efforts to provide job placement assistance for veterans, especially disabled veterans. VA's Vocational Rehabilitation & Counseling Service and the Department of Labor's Veteran's Employment and Training Service (VETS) have renewed their long standing commitment to working together through the re-issuance of a Memorandum of Understanding. As a result, a number of joint training conferences will be held in FY 1998 to enhance opportunities for job placement. Of course, Labor and VA both continue to participate in the Transitional Assistance Program and the Disabled Transitional Assistance Program, which help all veterans, including women and minorities.

Finally, VA and the Department of Health and Human Services continue to work together on a wide range of research and epidemiological initiatives concerning Agent Orange, Persian Gulf, HIV, and other areas of concern for veterans. Most importantly, VA and HHS' Health Care Financing Administration, have now signed an agreement to conduct a pilot test of Medicare reimbursement to VA for health care for higher income nonservice-connected veterans. We are eager to work with Congress to authorize the pilot project.

Many other examples could be cited.

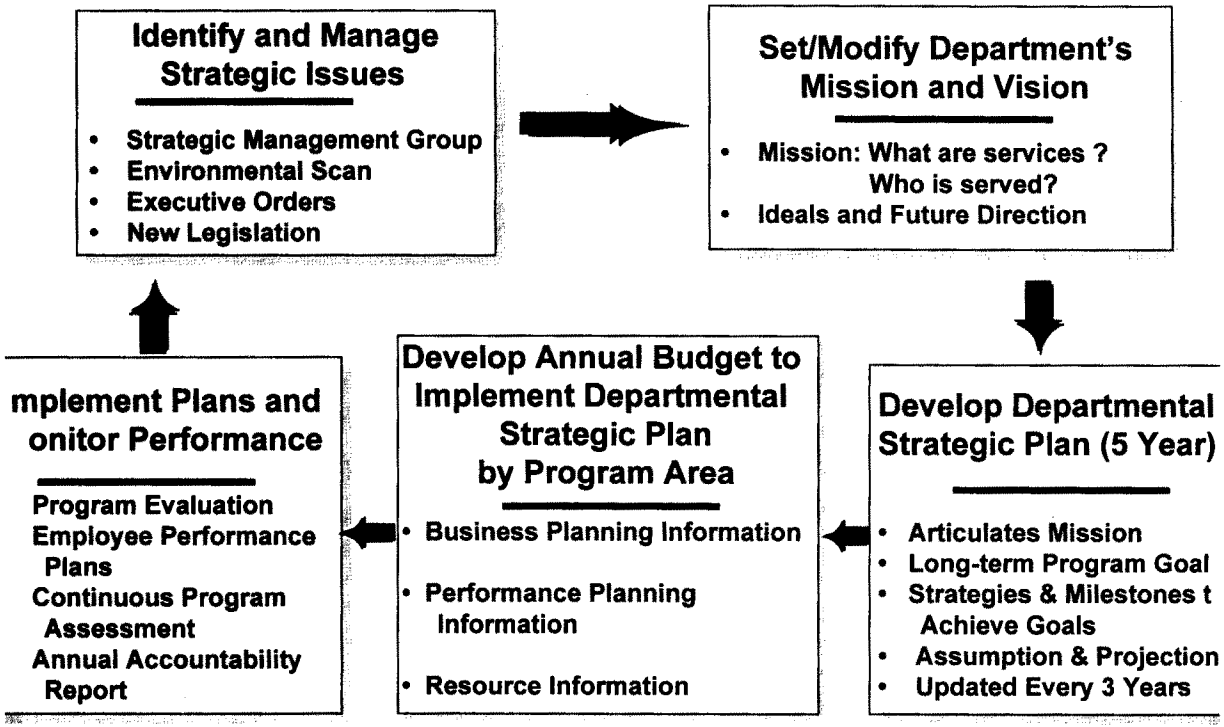
We have participated in numerous government-wide seminars and training sessions on GPRA to exchange best practices and we exchanged draft Strategic Plans with many agencies. Comments received on our draft plan were helpful and generally included pledges of continued support and cooperation. Our Plan includes a specific goal to identify and address overlaps or duplicate efforts and to improve the continuity and coordination of delivery of veteran services and benefits among multiple Federal agencies and we fully intend to do so. We are acutely aware of the need to enhance cooperation and coordination among Federal agencies.

In summary, our VA Strategic Plan FY 1998 - 2003 represents the efforts of VA senior management staff, and consultations with numerous stakeholders. We

believe this is a good start and the Plan provides a road map for the future. We are committed to improving our Strategic Management Process and fully intend to implement the goals, objectives and performance goals contained in the Strategic Plan. Our annual performance plan and budget will implement the Strategic Plan and we will track and report accomplishments in the annual performance report. We will adjust the Plan in the coming years to reflect changes in the environment in which we operate, the results of program evaluations, and the extent to which our accomplishments match our intents.

I thank you for the opportunity to appear before this subcommittee to present our views. Mr. Catlett, Ms. Egan, and I would be pleased to answer any questions you may have.

VA Strategic Management Process (SMP) Model



JOINT STATEMENT BY

THE PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR RESERVE AFFAIRS

CHARLES L. CRAGIN

THE ACTING PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR HEALTH AFFAIRS

GARY CHRISTOPHERSON

&

THE DEPUTY ASSISTANT SECRETARY OF DEFENSE
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LIEUTENANT GENERAL NORMAND LEZY

HOUSE COMMITTEE ON VETERANS' AFFAIRS

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

HEARING

ON

DEPARTMENT OF VETERANS' AFFAIRS STRATEGIC PLAN

SEPTEMBER 18, 1997

For official use only until released by the subcommittee

Mr. Chairman and members of the Subcommittee:

We are very pleased to appear before you today to discuss the interagency program relationships that exist between the Department of Defense and the Department of Veterans Affairs, especially as they relate to the DVA Strategic Plan developed to meet the requirements of the Government Performance and Results Act (GPRA) of 1993. The Department of Defense supports the GPRA and is integrating its critical elements into the DoD Planning, Programming and Budgeting System (PPBS).

DoD – VA Interfaces

The compensation, care, and recognition afforded America's veterans by the Department of Veterans Affairs helps to ensure that DoD is able to continue to recruit and retain a quality armed force, which is an element of one of DoD's corporate-level goals. The DVA assistance programs provided to our servicemembers--both active and reserve--coupled with the knowledge that, as veterans, they will be provided certain additional benefits and entitlements, contribute directly to the sustainment of a robust military force. The Department of Defense interfaces with Veterans Affairs in many if not most of the programs covered by the DVA Strategic Plan, to include such major areas as healthcare services, compensation benefits, Servicemen's Group Life Insurance, the Montgomery G.I. Bill, housing loan assistance, and burial and cemetery services.

In order to meet the needs of the servicemembers that DVA serves today, as well as the veterans that will be served in the future, DoD works closely with DVA to define accurately the characteristics and needs of our military members, particularly as they transition into the nation's veteran population. By ensuring that VA-sponsored benefits and programs are well-publicized, DoD assists its own recruiting and retention programs.

Improving Awareness of VA Benefits and Services

DoD strongly supports DVA's strategic objective to improve the awareness and knowledge of VA benefits and services for veterans and servicemembers. In that regard, DVA and DoD have established aggressive information exchange programs. For example, the military services now transfer directly to DVA the medical records of servicemembers who are being released from active duty. This records exchange provides immediate access to medical

treatment records, reducing the time required to accomplish disability compensation claim determinations and expediting response times to veterans and former servicemembers.

Exchanging Information

DoD has been exchanging data with DVA in a number of program areas for more than two decades. These information exchanges support program management objectives for both agencies for the Montgomery G.I. Bill, Servicemen's Group Life Insurance, reconciliation of DoD retired pay with DVA disability pay, and Government-wide debt collection. Business process improvements have been implemented in meeting DVA requests for military personnel information, and there is a ongoing dialogue between DoD and DVA on process improvements.

Through our cooperative efforts to re-engineer the way death gratuity benefits are paid, DVA and DoD were able to dramatically reduce the average processing time in both agencies from six months to less than 10 days. The increase in the electronic exchange of information, where feasible and practical, and the adoption of other inter-agency business process improvements, support DVA's goal of improving service delivery and benefit claims processing. These practices ensure that the DVA receives from DoD the information needed to respond to veterans' disability claims and benefit requests in the most timely manner possible. DoD continues to work with DVA to identify data gaps and sources of data that would better serve DVA in identifying and validating veterans' benefits. Our efforts to identify and share information can benefit from advances in new technology. We would support opportunities for the development of more on-line program access between DoD and DVA.

Support for Health Care

DoD and DVA share a common goal of transforming our respective health care delivery systems to managed, patient-centered, primary care systems that assure high quality cost-effective care. The DoD managed care initiative, TRICARE, integrates resources of the direct care system with purchased care in order to meet the needs of DoD beneficiaries. Additionally, Congress has recently passed legislation to authorize Medicare payments to DoD under a demonstration project which allows DoD and HHS to begin implementing a program for Medicare-eligible beneficiaries to enroll in the TRICARE program.

In addition to sharing ideas, programs, and a number of facilities with DoD, DVA has an ongoing responsibility to serve in the role of medical backup to DoD in the event of a war, a national emergency, or during a Federal disaster response. The memorandum of understanding

between DVA and DoD requires joint planning and implementation of joint procedures for using the VA medical system as a primary backup to DoD in such emergency situations. Additionally, DoD and DVA have formed a partnership to perform our respective roles in the National Disaster Medical System, along with the Public Health Service and the Federal Emergency Management Agency.

In the immediate future, we hope to be able to expand collaborative medical research efforts in order to maximize research opportunities and to enhance the research dollars available to both agencies. Our Defense Manpower Data Center already provides extensive data support to DVA scientists and analysts working on special projects. Notable in the past year has been the provision of significant data on personnel who served in the Persian Gulf, in support of epidemiological studies. Other ad hoc data reports provided to DVA include profiles on women veterans in support of the National Registry of Women Veterans, and assistance in the determination of the eligibility and use of education benefits.

In planning for the maintenance of a high-performance workforce, DVA's strategic plan emphasizes that employees are VA's most valuable asset. DoD shares this emphasis with its workforce-- full-time, part-time, military and civilian. Both organizations rely heavily in certain areas on volunteers who dedicate their time and service. A substantial number of our reserve component healthcare providers and specialists, essential to meeting DoD's wartime medical requirements, support DVA's medical care services in their civilian capacity. We believe both agencies benefit from the sharing of these valuable medical personnel. While work with the DVA ensures that these reserve members have current, well-honed medical skills, their reserve assignments with DoD expose them to the military system and to the exigencies of wartime or simulated wartime conditions.

An example of interagency cooperation is the Comprehensive Clinical Evaluation Program and Persian Gulf Registry to assess the illnesses and health consequences of military service in the Southwest Asia theater of operations during the Persian Gulf War. Veterans of active duty service during the period of the war--both active and reserve members--with undiagnosed illnesses can, depending upon their status and preference, be referred to a DoD or DVA medical treatment facility for an in-depth, medical examination. Our combined efforts are intended to ensure that none of the veterans who may be suffering as a direct result of service in the Persian Gulf will fall through the cracks of our medical support systems.

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Disability Evaluation Process

DoD supports DVA's objective of exploring and establishing stronger linkage, including programmatic links, between the DoD and the DVA disability evaluation systems. In fact, DoD uses the DVA Schedule for Rating Disabilities (VASRD) when determining ratings for compensable disabilities. A representative from the DVA is a member of the DoD Disability Council.

We are working together to assess the impact of current compensation programs. As a result, we hope to identify more and better ways to serve our disabled military members immediately upon their release from active service. When a veteran is entitled to disability compensation from DVA and military retired pay from DoD, certain offsets to that pay may be required. This is also true for widows, who may be entitled to Dependency and Indemnity Compensation and Survivor Benefits. DoD and DVA work closely to reconcile the required offsets to entitlements and to ensure that veterans and widows are aware of such interactions.

Support for Education

Certain DVA-managed programs, in particular the Montgomery G.I. Bill, greatly assist DoD in the recruitment of new servicemembers into the armed forces. Since the inception of the MGIB program in 1985, over 2.5 million servicemembers have enrolled, most of whom remain eligible to use the benefit. We support DVA's strategic goal and are engaged with them in their Educational Assistance Business Process Reengineering effort to find ways to improve the processing of MGIB benefits, and to make the system more user-friendly for veterans and servicemembers alike. The MGIB-Selected Reserve was established to encourage enlistments, reenlistments, or service in the Selected Reserve. More than 1.1 million National Guardsmen and Reservists have gained eligibility for this entitlement. Reservists move frequently, changing units and their status in the reserve components. This necessitates the continued timely exchange of eligibility data between DoD and DVA. Both DVA and DoD are currently working on the redesign of the reserve component MGIB system to facilitate more timely and accurate data exchange.

Improving educational opportunities to attract prospective servicemembers, enhance the qualifications of those serving (both active and reserve), and better support the needs of veterans is a goal that DoD clearly shares with DVA. The educational needs of military members and

veterans, and the education support programs established to meet those needs, are constantly under review by both DoD and DVA.

Life Insurance Programs

The Servicemen's Group Life Insurance (SGLI) and the Veterans Group Life Insurance (VGLI) programs are extremely attractive to military servicemembers, both active and reserve. DVA runs these group life insurance programs for military personnel. DoD tracks member eligibility and collects and transfers premiums to DVA. The interface on these programs is virtually seamless, with the agencies working closely together to develop and implement legislative proposals, prepare and distribute forms, and resolve problems. We support DVA's strategic planning goal that premium rates must be kept at reasonable and affordable rates for our military personnel, and that the SGLI and VGLI programs should maintain rates that are competitive with commercial products.

Home Loan Guaranty Program

Under the current Home Loan Guaranty Program, DVA guarantees loans made to servicemembers, veterans, reservists, and unremarried surviving spouses for the purchase or refinancing of homes. We support DVA's goal of identifying housing-related issues concerning servicemembers and the recruitment of new servicemembers. We are prepared to assist with the assessment of the existing program and in the development, approval, and implementation of new proposals.

Interagency Cooperative Efforts

The Assistant Secretary of Defense for Health Affairs and the Under Secretary for Health, Veterans Affairs are continuing a high-level program of cooperation and have established a DoD/VA Executive Council made up of senior DoD and DVA healthcare executives. In the spirit of a May 1996 report to the Vice President entitled, " Strategies for Jointly Improving VA and DoD Health Systems," the Executive Council is overseeing a number of joint efforts to reduce costs and improve health care for veterans, active duty military personnel, retirees, and dependents. Examples of key initiatives include: a Veterans Health Coordinating Board, a program to standardize disability discharge physicals, joint clinical practice guidelines, and numerous other programs to capitalize on the resources and experiences of both departments.

Conclusion

DoD and DVA have a long history of interaction, cooperation, and coordination on our related programs at the operational level. We believe that the opportunities for further partnering between DVA and DoD, will serve to strengthen the existing alliance between these two organizations whose missions are so closely interrelated. Strategic planning underway in both organizations will provide both DVA and DoD greater efficiencies and improved performance in the future.

Espiridion "Al" Borrego
Assistant Secretary-Designate
Veterans' Employment and Training Service
House Committee on Veterans' Affairs
Subcommittee on Oversight and Investigations
September 18, 1997

Good morning Mr. Chairman and Members of the Subcommittee. I am pleased to represent Secretary of Labor Alexis Herman and to present testimony on how the Labor Department's Veterans' Employment and Training Service interacts with the goals and strategies presented in the strategic plan of the Department of Veterans Affairs.

In the process of developing its strategic plan, the Department of Veterans Affairs (DVA) shared early drafts with the Department of Labor, specifically the Veterans' Employment and Training Service (VETS), and asked us to comment on the goals and strategies which impact DOL programs. In turn, my agency shared our strategic plan with the VA.

VETS has had a strong working relationship with the DVA, due in large part to the committed support of former Secretary Jesse Brown and current Secretary-designate Hershel Gober. Both agencies are dedicated to bringing the highest quality services to our nation's veterans. I look forward to building on that relationship in the future.

VETS and the VA coordinate policy and share information in a number of ways. The Secretary of Veterans Affairs and the Director of the Vocational Rehabilitation and Counseling Service are ex-officio members of the Secretary of Labor's Advisory Committee on Veterans' Employment and Training. This committee keeps the Secretary of Labor informed and advised about issues affecting a wide range of benefits and services for veterans. Their participation ensures the Labor Department has timely knowledge of and input into DVA programs where our activities coincide.

While VETS interacts with the Department of Veterans Affairs in only a few of its many activities, I believe it is important to note that we have had a good working partnership for quite some time. In areas specifically mentioned in the strategic plan -- vocational rehabilitation and counseling, compensated work therapy, services to homeless veterans, the Transition Assistance Program (TAP), the Disabled Transition Assistance Program (DTAP) and targeted services to women and minority veterans -- we interact with the DVA on a continuous basis. In the recent past, the Department of Veterans Affairs joined the Labor Department in administering the Service Members Occupational Conversion Training Act (SMOCTA), a highly successful pilot program.

In the performance goal of assuring that vocational rehabilitation meets the needs of veterans, the DVA has stated that its first objective is to increase the number of disabled veterans who acquire and maintain suitable employment. Since 1995, VETS has had a Memorandum of Understanding (MOU) with DVA that brings together our employment service representatives

with VA Vocational Rehabilitation Program participants at least 90 days before these participants complete their program. This allows us to begin to tailor an individual job search and labor exchange program while the veteran is still in rehabilitation. Sharing case information on a timely basis between the VA Vocational Rehabilitation Program counselor and the employment specialist is helping VA Vocational Rehabilitation Program graduates find and keep jobs for which they are qualified.

Our state directors of veterans' employment and training are working with both the state employment service system and the DVA to provide veterans with an effective continuum of care. Our long-term goal is to eliminate the unproductive time between completion of therapy and the beginning of gainful employment. I believe that this type of partnership will help both agencies accomplish their goals.

A directive to VETS' field staff just last month stated our intention to develop a similar MOU with the DVA for veterans participating in the Compensated Work Therapy (CWT) Program. In Lebanon, Pennsylvania, our Disabled Veterans Outreach Program (DVOP) specialist has had a close working relationship with the DVA for some time. He makes on-site visits every week to conduct job search training seminars at the DVA medical center and he has a very high job placement rate for CWT graduates.

To improve our day-to-day working relationship with the Department of Veterans Affairs, Ken Greenberg, from the DVA, is serving on a detail with VETS to help us build more effective program delivery systems. By exchanging employees, VETS and the DVA build on a wealth of historical knowledge and experiences to improve services to veterans. This close working relationship enables veterans to move forward and become productive, working citizens. We intend to build on this type of successful cooperative effort in the coming years by closely monitoring placement rates of CWT graduates.

In another example of the continuum of care concept, we are also working closely with the DVA to help those veterans caught in the tragic cycle of homelessness. The DVA provides outreach, case management, residential medical and psychological treatment, and transitional housing. In short, the DVA gets them ready for the job market.

At the same time, VETS is working with these veterans to help them find unsubsidized employment that will enable them not only to regain their ability to pay rent and buy food and clothes, but to regain their dignity and self-respect. I believe our combined efforts on behalf of homeless veterans are among the most gratifying and important activities undertaken by our agencies. Veterans who have sacrificed personal gain and family pleasures to protect our way of life should never find themselves homeless in this great nation. I am pleased that VETS' FY 1998 budget contains a request for $2.5 million to put some muscle behind our efforts to turn homeless veterans into productive citizens.

Finally, both agencies are committed to improving conditions for women and minority veterans. Representatives from both agencies participated in the recent National Summit on Women Veterans' Issues, which identified issues and concerns of women veterans on the eve of the 21st century.

VETS uses statistical information developed by the DVA's National Survey of Veterans to assess how well our employment service efforts targeted to minority veterans are doing. African American veterans still experience unemployment rates above the national average. We are continuously seeking to improve our service delivery systems and to sensitize our service providers to the unique experiences and needs of all minority veterans.

Working in close partnership, and speaking with one voice on veterans issues, VETS and the Department of Veterans Affairs will succeed in helping America's veterans participate fully in the life of this great nation.

Thank you, that concludes my prepared testimony. I will be glad to answer any questions you may have.

SERVING
WITH
PRIDE

Statement of

Chuck Burns
AMVETS National Service Director

before the
Veterans' Affairs Subcommittee

On The
Oversight and Investigations

United States House of Representatives

Thursday, September 18, 1997
Room 334
Cannon House Office Building

A M V E T S

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Mr. Chairman and members of the subcommittee, I am Chuck Burns, National Service Director of AMVETS.

Thank you for the opportunity to express AMVETS' views on the draft Strategic Plan of the Department of Veterans Affairs (VA). AMVETS has not received any Federal grant of contract during the current or previous two fiscal years.

As you know, The Results Act (Public Law 103-62) requires Federal agencies to develop and refine specific goals, objectives and performance measures with a focus on outcomes, not activities, in order to improve the efficiency and effectiveness of federal programs. The law also specifies that agencies must consult with Congress and other stakeholders in the process of defining the department's missions and visions. I am happy to report that as far as AMVETS is concerned, VA has met with us and other Veterans Service Organizations on several occasions regarding their strategic plan. The latest of these meetings was on July 24, 1997.

As a result of input from Congress, VSOs and their customers, VA has published the draft of their Strategic Plan FY 1998-2003. I believe it is important to restate the fact that this is a draft, not a final document. As far as the draft is concerned, AMVETS does not have any major problems with its content. We will be continuing our dialogue with VA until the final document is presented. I would like to highlight a few of the more promising sections of the draft.

I must admit when we first heard the term "One-VA," a few flags went up. Yet, when you think about it, that's the way veterans view VA. They don't see it as several entities like the Veterans Health Administration, National Cemetery System and the Veterans Benefits Administration. They say," I need help and I'm going to the VA". The Office of Management and Budget (OMB) also gave them the same feedback. Although we applaud the concept, we will be watching the approach and will offer guidance.

According to the VA plan, the department's mission is to honor, care, and compensate veterans. "To serve America's veterans and their families with dignity and compassion, and to be their principal advocate in ensuring that they receive the care, support, and recognition earned in service to this Nation." We agree with this mission statement. We especially applaud the use of the word "advocate." I have heard people complaining about this term used in conjunction with VA, but I think it is more than appropriate. Why can't VA be the veterans advocate? Isn't the Department of Education an advocate for the children of this nation? If not VA, than who?

The best way to evaluate this plan is to see if it meets the criteria that was established.

1. Does the VA strategic plan meet the six GPRA requirements? Is it compliant?

We believe it meets the six requirements. It provides a comprehensive mission statement, long term goals and objectives for major functions, strategies to achieve goals and objectives, performance goals, key external factors and program evaluations. We will work with VA on some specific problems with objectives

and strategies.

2. Does the plan format and naming scheme need to be changed to make the plan easier to use?
It was a little difficult to understand at first glance, but then once you get into the actual program information, it is user friendly. The only suggestion we have is to cut out some of the length in the preface, introduction, mission, vision, etc. This should be combined to one page, there is a lot of repetition.

3. Is there anything important missing?
We have not had enough time to go over every program with a fine toothed comb, but overall I don't see any major gaps. I would be interested in seeing some of the results from VA program evaluations by their customers, Congress, VSOs, etc.

4. Does the strategy (content) represent the "right direction" for VA?
Understanding first that this is not a final document, then Yes. We believe VA is heading in the right direction and more importantly is keeping the communication lines open with their consultation process. We feel confident that when there is a problem, we only need to make them aware and it will be addressed.

The vision of VA's strategic plan states, it will function as a unified department delivering high quality, timely benefits and services to veterans and their families in a cost-effective, world class manner.

This is a living document which will have changes and modifications. Even in their plan, it states, "We are learning and will continue to learn what our customers consider important, what to measure, and how to continually improve and modify measures." You can't fault them for that. We believe this is an adequate strategic plan at this time and will continue to monitor it's change and growth.

Mr. Chairman, this concludes my report and I will take any questions at this time.

BIO OF CHUCK BURNS, AMVETS NATIONAL SERVICE DIRECTOR

Chuck Burns assumed the duties of AMVETS National Service Director in April of this year. Prior to joining AMVETS, Mr. Burns served as Assistant Legislative Director for The American Legion National Headquarters here in Washington. He is a decorated Marine Corps, Vietnam veteran, having served his country as a helicopter machine gunner/crew chief during one tour in Vietnam.

Mr. Burns brings more than twenty years' public affairs experience to the National Service Director's position. He founded his own public affairs firm in New Orleans in the early 1980's, representing the Charity Hospital system, among other clients, before the State Legislature. On moving to Washington some ten years ago, he joined the public affairs/public relations firm of Burson-Marsteller where he represented several of the country's largest health care companies as well as a veterans service organization.

He is a graduate of the University of Notre Dame with a B.A. in Government and International Relations.

STATEMENT OF
RICK SURRATT
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
SEPTEMBER 18, 1997

Mr. Chairman and Members of the Subcommittee:

On behalf of the more than one million members of the Disabled American Veterans (DAV) and its Women's Auxiliary, I am pleased to present our views on the draft Strategic Plan of the Department of Veterans Affairs (VA).

In accordance with the Government Performance and Results Act of 1993 (GPRA), VA is required to submit to the Office of Management and Budget (OMB) and Congress, no later than September 30, 1997, its strategic plan for program activities covering fiscal year 1998 and at least the four fiscal years following. On August 15, 1997, having revised its June 1997 draft plan after consultation with key stakeholders, VA released a draft of its 5-year Strategic Plan for fiscal years 1998 - 2003.

While the Strategic Plan is the agency's blueprint for its program operations and roadmap to achievement of its organizational mission, it is only the starting point, is out of necessity rather broad and sweeping, and is only one of several elements of GPRA. Thus, standing alone, it is theoretical and only suggestive of the level of VA's future compliance with GPRA. Even with the best of plans, actual "performance and results" depend on several other factors, some of which are intangible. Perhaps the most important example of such factors is the level of resolve within the agency to impose meaningful reforms, overcome entrenched and powerful resistance to change, and truly improve outcomes. Accordingly, as with any plan, we typically are able to judge only its potential. Nonetheless, its premises, assumptions, concepts, policies, approach, thoroughness, and technical soundness can be evaluated, and these are all very significant. Of course, to determine if the plan formally conforms to GPRA, we need only to survey it for such elements as goals, strategies, and accountability mechanisms.

GPRA's purpose is to improve the effectiveness of Federal programs by holding agencies accountable for achieving program results. The GPRA framework requires an agency to define its mission, set goals for accomplishment of its mission, develop and articulate methods to attain its goals, establish performance measures to determine progress and level of success in achievement of goals, and use performance data to improve overall mission accomplishment.

The strategic plan lays the foundation for efficiently and effectively fulfilling the agency's mission. It follows naturally that the agency's mission must be clearly defined as a first step in formulating the strategy for its fulfillment. The agency's mission statement in its strategic plan

must cover the agency's major functions, which are determined primarily by statutory requirements, but certainly may be presented in the context of the agency view of the qualitative characteristics of its duty to its stakeholders and customers. The purposes of the agency's functions and the results they are intended to achieve form the basis of its goals. The plan must also include general goals and objectives of the agency's major functions and operations. The agency must describe how and what operational processes, skills and technology, and resources will be used to achieve the goals and objectives. The agency must explain how the long-term general goals and objectives in its strategic plan relate to the performance goals for each program activity contained in its annual performance plan under GPRA. The strategic plan must identify factors outside of the agency and its control that could impact upon the agency's achievement of its general goals and objectives. Finally, the strategic plan must contain a description of the program evaluations used in establishing or revising general goals and objectives, with a schedule for future program evaluations.

The agency is required to consult with Congress and seek the input of stakehholders in developing its strategic plan. This is designed to take into account congressional and stakeholder expectations and views on the agency's mission and goals.

VA's plan indicates that its strategy for department-wide reform is to change the long-standing situation in which the Veterans Health Administration (VHA), Veterans Benefit Administration (VBA), National Cemetery System (NCS), and Board of Veterans' Appeals (BVA) operated virtually in isolation from each other. VA intends to transition away from this "stove-pipe" operation to one in which management, planning, and operations involve consultation and coordination between these major functions. The intent is to improve the department's overall efficiency, effectiveness, and customer service. According to VA's vision statement, it will function as "One-VA" and deliver seamless service to its customers. VA also states that its vision includes a more forward-thinking, customer-focused approach to strategic management and that its strategic plan was developed by setting long-term programmatic and management strategies designed to support accomplishment of the program goals. VA indicates that it is building in the GPRA strategic management approach by developing measures of program outcomes and "unit cost" measures of program efficiency; by developing data bases for management information on its measures; by incorporating benchmarks for levels of performance; by linking performance to resource needs in the budget; and by linking organizational goals and performance with individual goals and performance.

Given the special nature of VA's customers and VA's corresponding traditional role of a more personal and benevolent relationship with them, the DAV is pleased that VA sets the tone for its future role in its mission statement by acknowledging its duty to serve veterans and their families with dignity and compassion. Beyond preserving this element of customer service that veterans expect, highly value, and sincerely appreciate, VA prefers to view itself as their "principal advocate." In the DAV's view, if it is impressed upon VA employees that they must constantly keep their advocacy role in mind as they go about their daily business, this statement will come to be much more than a symbolic gesture: it will in fact improve the relationship between VA and its customers and will enhance not only customer service but also employee gratification, satisfaction, and sense of accomplishment. We say this because we believe that there has perhaps

been too little emphasis on proper attitudes and too little recognition of the major role they play in the quality of VA performance and customer service. Because VA is going through a phase of revival of quality, performance, and a customer-focused approach, now is the opportune time for its managers to genuinely commit to and concentrate on that element of institutional health. One of VA's planning assumptions is an increase in customer expectations of accurate, timely, and courteous service. Because employee indifference or negativism toward customers is inconsistent with VA's customer service goals, employee attitudes and convictions are indispensable to meeting these customer expectations and realizing VA's stated goal of "world-class" customer service.

Following its introductory material, mission and vision statements, planning assumptions, and discussion of external factors likely to affect the achievement of its goals and objectives, VA describes the data it used in lieu of program evaluations in establishing its general goals and objectives. For purposes of GPRA, "program evaluations" means " an assessment, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives." VA indicates it has conducted no formal program evaluations recently. Instead, it relied upon other data such as environmental program scans, customer surveys, focus groups, and external reports to craft its goals and objectives. One of VA's general goals in its strategic plan is the implementation of a formal program evaluation process to provide measurement and analysis information necessary to determine the outcomes and effectiveness of programs. VA acknowledges that preliminary data from the series of strategic program scans it conducted show that program purposes need more thorough review, that program outcome data are sparse or non-existent, and that some essential data critical to making informed strategic decisions are lacking.

In this respect, it has been recognized by the GPRA Implementation Committee of the Chief Financial Officers Council, created by the Chief Financial Officers Act of 1990, that total implementation of GPRA cannot occur immediately and will out of necessity be an evolutionary process. We have no reason to question that VA will develop and install program evaluations which meet the statutory requirements, and we anticipate that VA will use that data to make appropriate adjustments and refinements in its strategic goals as is contemplated by GPRA.

VA also indicates that its schedule for future program evaluations is pending full results of program scans yet underway. VA expects these scans to provide a basis for discussion of outcome measures with stakeholders and thereafter develop a formal schedule and priorities for future program evaluations.

VA organizes and presents its operative strategies in two major parts. Part I contains the strategic goals of VA and each of its programs or business lines, although VA indicates that "[g]reater detail on program initiatives specific to the individual organizations is contained in their strategic and business plans." Part II contains process-oriented strategies designed to help VA operate as a more unified organization to improve customer service, ensure a high performing work force, and provide maximum return on the taxpayer's investment.

Section I of Part I contains VA's goal of program evaluation as required by GPRA. This involves validation of the statutory intent of the programs, establishment of outcome measures, and development of program evaluation protocols. VA intends to accomplish these aspects of its plan in fiscal years 1998 and 1999. VA plans to complete at least one program evaluation for each of its business lines by fiscal year 2000.

Section II provides the strategic goals for VHA and its programs, Medical Care Services, Medical Research, and Medical Education. The strategic goals cover the areas of the delivery and quality of patient care, management and work force issues, expansion of staff training, and increasing patient satisfaction. These goals include VHA's "30-20-10" plan from its fiscal year 1998 budget submission. This is the means by which VHA plans to provide better, more efficient services to a greater number and variety of veterans than it has in the past. Under this plan, VHA seeks to decrease the average cost per patient by 30%, increase the number of users of the veterans' health care system by 20%, and increase the portion of the operating budget obtained from nonappropriated sources to 10% of the total. The potential for realization and the associated problems with this plan have been the subject of much discussion by the veterans service organizations, the Veterans' Affairs Committees, and other committees in Congress during deliberations in the current budget cycle. Passage of legislation for Medicare subvention is a key element of this plan, and that is not assured at this time. Hopefully, it will be passed because, as has often been stated, the success of the overall plan depends upon it.

A shift to managed care is a key component of VA's plan to shift emphasis to quality and maximum potential of the care provided to veterans. Under managed care, quality and cost-effective care will be assured by a primary care provider who is in charge of the patient's care and coordinates the health services the patient needs, in the most appropriate setting.

As its second major strategy to improve outcomes in health care delivery, VHA will establish standard performance measures that will enable both management and patients to assess whether high quality care is being provided. For example, the Chronic Disease Index (CDI) measures how well VHA follows nationally recognized clinical guidelines for specified illnesses, and the Prevention Index (PI) assesses how well VHA follows nationally recognized approaches to primary prevention and early detection recommendations related to diseases with major social consequences. With performance measures based on clinical guidelines, VHA will use customer-rated quality assessments. VHA's goals are to increase to 90% the proportion of veterans who report VA health care as good or excellent and who rate the quality of VA health care as equivalent to or better than that provided elsewhere. Performance goals also include increases in the CDI and PI scores from 85% to 98% by fiscal year 2003. In the area of medical care services, VHA also has goals to evaluate its capacity to fulfill its mission as a backup medical care provider for the Department of Defense in the case of war or national emergency and to provide other support during a national disaster.

VHA's strategy for medical research is to link medical research with patient needs and focus research on veterans' priority health care needs. The goal is to increase to no less than 99%, by fiscal year 2003, the proportion of research projects that are demonstrably related to VA's health care mission.

VHA also plans to improve its health care and training programs by placing greater emphasis on primary care, to review its partnerships with medical schools, and to provide an educational and training experience for medical residents and other trainees that is comparable or superior to their other academic training opportunities. VHA's goal is to increase to 95% by fiscal year 2000 the proportion of medical residents and other trainees who rate their health care experience as good or superior to other academic training.

The DAV believes that these goals correspond to appropriate outcomes and the mission of the VA health care delivery system. They appear to be objective, quantifiable, and measurable. We believe that the targets are both appropriate and achievable with the necessary resources and management determination. The performance measures appear adequate and appropriate to assess outputs, service levels, and outcomes of VHA's activities.

VBA customer service and efficiency improvements envision easy access to benefits and services; rapid and accurate claims processing; and clear, understandable, timely, and informative communications along with better training for employees, planning and performance measures, and accountability for outcomes. VBA has established strategic goals to improve responsiveness to customers, improve service delivery and claims processing, ensure the best value for taxpayers' investments, and ensure a satisfying rewarding work environment for employees.

VBA has established core measures focused on performance and accountability which are intended to provide a common view of the success across all benefit programs and to establish a "line-of-sight" for accountability down to each employee administering the benefit programs. Believing that a balance of all core measures is critical to determining success or failure, VBA will place equal emphasis on each of its measures. They are: customer satisfaction, timeliness, accuracy, unit cost, and employee development and satisfaction.

Business Process Reengineering (BPR) is at the center of VBA's plan for solving its problems and meeting its service, performance, and efficiency goals. Guiding principles of BPR include more and better interaction with veterans; resolution of issues at the earliest opportunity; quality (get it right the first time); partnerships among VA, veterans, and veterans' advocates; and increased accountability for employees, veterans, and VSO representatives. Under the BPR vision, better service and increased efficiency will be achieved by the combined contributions of better trained employees, innovative technologies, and new and redesigned business processes.

VBA's plan incorporates performance monitoring and will utilize benchmarking to ensure achievement of the improvements included in the goals for each of its benefit lines. These benefit lines are divided into the following categories:

- INCOME SUPPORT (Compensation, Pension, and Insurance Programs)
- EDUCATION SUPPORT (Veteran and Dependent Education Programs)

- VOCATIONAL REHABILITATION (Education and Employment of Disabled Veterans)
- HOUSING CREDIT ASSISTANCE (Loan Guaranty Program)

VBA's general goal for each of these programs is to assure they meet the needs of veterans and their families.

VBA's objectives for the Income Support programs are to evaluate their effectiveness and then suggest or make any indicated and appropriate modifications. This will entail program scans, along with analysis of the results.

VBA's objectives for the Education Support program involve several steps to evaluate the educational needs of veterans and develop administrative or legislative proposals to make the programs fill veterans' needs. The objectives for Vocational Rehabilitation are to increase the number of rehabilitated disabled veterans who acquire and maintain suitable employment and provide for all services necessary to enable veterans with service-connected disabilities to achieve maximum independence in daily living. Related performance goals involve analysis of veterans' needs and expectations, compare program capabilities with the needs and expectations, determine ways to make the program meet the needs and expectations, enhance partnering, evaluate the impact of the program upon the participants' quality of life, ensure that veterans are evaluated for independent living services where a vocational goal is infeasible, and maximize participation of Vietnam veterans' children with spina bifida.

Similarly, the strategies and goals of the Loan Guaranty Program is to analyze veterans' needs and analyze and compare the capabilities of the program with those needs to identify possible changes. This includes strategies to employ technological improvements to improve management of the program. The strategy and performance goals for the specially adapted housing program include better information on the program, evaluation of its sufficiency, and recommendations to Congress. We would interject here that the *Independent Budget for Veterans Programs: Fiscal Year 1998* recommends that Congress adjust the current $38,000 grant to reflect increases in the cost of housing since the grant was last adjusted nearly 10 years ago in 1988. The plan also includes goals to analyze the effectiveness of the Native American Direct Loan Pilot Program to make recommendations to Congress regarding its extension.

The strategies and goals for VBA's programs essentially involve program evaluation. This is a requisite of GPRA. We recognize the necessity of program evaluation. Quite frankly, we expect these evaluations to show that some of these programs have lost some of their effectiveness because of inadequate resources or because the rates have not been adjusted to keep pace with the rise in the cost of living. Just as VA is expected to act to improve programs based upon the data it gathers, we hope that Congress will be equally conscientious in acting to provide necessary resources and indicated changes. At the same time, we hope that reductions in programs will not be conveniently viewed as the solution to less than adequate performance in cases where restraints on resources account for the deficiencies.

VA addresses the National Cemetery System, State Cemetery Grants Program, and the provision of headstones, markers, and memorial certificates under Section IV of Part I, a section entitled "Commemorative Support." Again, the general goal is to assure that burial and memorial programs are meeting veterans' needs. The objective is to improve availability of the services to increase the number of veterans for which this is a practical option. The strategy is to build new national cemeteries, expand existing cemeteries, and encourage state participation to meet projected demand. These are appropriate approaches to fulfilling the intent of these programs.

Section V of Part I presents a wide variety of strategies to assure that the unique needs of special veteran populations are met. These special emphasis programs are for the following categories:

- Agent Orange
- AIDS
- Blind Rehabilitation
- Ex-Prisoners of War
- Geriatrics and Long-Term Care
- Homelessness
- Ionizing Radiation
- Minority Veterans
- Persian Gulf Veterans
- Posttraumatic Stress Disorder
- Preservation/Amputation Care
- Prosthetics and Rehabilitative Medicine
- Readjustment Counseling
- Seriously Mentally Ill Veterans
- Spina Bifida
- Spinal Cord Injury/Dysfunction
- Substance Abuse
- Traumatic Brain Injury
- Women Veterans

A variety of specially tailored strategies are provided for evaluation and improvement of these programs. It is appropriate that VA give these groups of veterans and their needs added attention.

The management strategies in Part II are addressed in three sections: the first dealing with customer service, the second with a high-performing work force, and the third with providing maximum return on taxpayer investment. These management strategies all support VA's endeavor to operate as "One-VA" and to provide "World-Class" service. VA sees improvement of the quality of life for veterans as its reason for existence, and world-class service is how VA intends to carry out its responsibilities to veterans. World-class service, according to VA, is service comparable to the best provided by public and private sector organizations. A component of this is "seamless" service, which VA defines as service to veterans in which they are provided

the information requested without multiple referrals or hand-offs. VA has established six goals to lead to accomplishment of this quality of service: (1) ease of access, (2) customer satisfaction, (3) courtesy, (4) do it right the first time, (5) prompt delivery of services and benefits, and (6) effective outreach.

VA plans to increase accessibility to VA offices, facilities, and services through use of electronic access such as the internet, improved telephone service, and addition of contact points. VA plans to attain customer satisfaction by gaining information through surveys and other customer feedback and using that information to learn their expectations and experiences, from which improvement goals can be set or revised. VA intends to ensure that veterans are treated with courtesy by employee training to emphasize its importance.

VA plans to attack quality problems by doing it right the first time, and if a mistake does occur, there will be a candid acknowledgment of mistakes and priority assignment to correct them. To accomplish the general goal, VA will assess and improve the level of accuracy for all work and correct errors in the shortest possible time as appropriate for each business line. Some of VA's performance goals are to make correct decisions 97% of the time; decrease BVA remands from a rate of 43.7% to 20%; and improve the quality of disability examinations so that 99% are sufficient to adjudicate claims. VA has established a number of timeliness targets to meet its general goal of prompt delivery of services and benefits. To accomplish this, VA will reengineer its processes and benchmark to optimize process cycle times.

VA will accomplish its general goal of effective outreach by publicizing available benefits through appropriate channels and at appropriate locations. It will also provide clear and easily understood communications.

In DAV's view, there is no more important and essential step to improve VA's claims processing than its focus on quality. With quality, timeliness and, inevitably, customer satisfaction and efficiency will follow. We applaud this aspect of VA's BPR and strategic plans. As we have said, there must also be comprehensive quality standards, strong accountability mechanisms, and aggressive systematic enforcement. Strains on the system, on veterans, and on employees will be reduced with quality and timeliness. Veterans' perceptions of VA's fairness and effectiveness will necessarily improve.

Of course, creating and maintaining a high-performing work force is an essential part of the strategy. VA plans to initiate this process by collecting data from its personnel to find ways to create the environment for a highly trained, multi-skilled, and motivated work force that reflects the diversity of its customers and is accountable for performance.

Finally, VA has presented several goals to enable it to provide maximum return on taxpayer investment. These goals will be met through an array of strategies and performance improvements.

The DAV believes that VA's strategic plan represents a sincere and comprehensive effort to begin the institution of management practices required by GPRA. Naturally, as groundwork,

much of the plan seems to involve generic principles and goals and abstract concepts, but it also reveals that VA has already invested a great deal of preliminary analysis, self examination, and thoughtful, careful planning. Additionally, it reveals that VA has honestly acknowledged its shortcomings and understands well the core problems it must overcome to become a world-class provider of benefits and services. The vision is the right one for veterans. The plan suggests that VA knows the proper direction and intends to go that way. The DAV is satisfied with the plan. If its execution is as good, we will have every reason to be encouraged that veterans are about to be better served, in a manner that truly befits them and recognizes their sacrifices for America. We urge the Congress to provide VA the support and resources necessary to carry out and fully succeed in this important and monumental undertaking.

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

DISABLED AMERICAN VETERANS

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DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received $55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received $8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.

Curriculum Vitae
for
RICK SURRATT

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Biographical Data

Birth Date: May 22, 1949
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Military Service

U.S. Army
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Relevant Experience

Assistant National Legislative Director, Disabled American Veterans (DAV), January 1996 to present.

Associate National Legislative Director, DAV, March 1994 to January 1996.

Judicial Appeals Representative before the United States Court of Veterans Appeals, DAV, September 1989 to March 1994.

National Appeals Officer before the Board of Veterans' Appeals, DAV, June 1989 to September 1989.

National Service Officer, DAV, September 1976 to June 1989.

Other Information

Principal author of DAV's portion of *Independent Budget*

STATEMENT OF CARROLL L. WILLIAMS, DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
THE DEPARTMENT OF VETERANS AFFAIRS STRATEGIC PLANNING UNDER THE GOVERNMENT PERFORMANCE AND RESULTS ACT

SEPTEMBER 18, 1997

Mr. Chairman and Members of the Subcommittee, The American Legion appreciates the opportunity to present its views on the Department of Veterans Affairs implementation of the Government Performance Results Act (GPRA) of 1993.

The GPRA mandate has presented a major challenge for the Department. The American Legion believes VA has made considerable progress in developing the blueprint for their strategic plan, including the development of a spectrum of initiatives and changes intended to conform with the requirements of GPRA and for improved delivery of services and benefits to both today's and tomorrow's veterans. The American Legion is extremely supportive of VA's efforts, however, The American Legion has some concerns.

VA's initial strategic planning efforts have not been without controversy and criticism. As an example, last year, as part of the Business Reengineering (BPR) plans, a number of field restructuring initiatives were developed. With some, The American Legion thought there was adequate supporting data and justification for their achievement. There were several which would have involved the closure of some regional offices and major workload shifts. The plans for these initiatives lacked the necessary supporting documentation and justification as required by law in Title 38 U.S.C.

There was nothing, other than VA's promise that such changes would result in projected service improvements and substantial cost savings. Upon further examination and consideration, the Secretary stopped action on these initiatives.

The American Legion is concerned that many ongoing and planned initiatives, while well intentioned, provide conceptually appealing solutions which lack the necessary performance goals and measures. Similarly, the current system cannot, at present, provide the type of information and data needed for effective operational management, forecasting, and determining true resource needs.

Recently, The American Legion noted the comments, conclusions and recommendation of the Veterans Claims Adjudication Commission (VCAC) regarding the shortcomings and

deficiencies in VA's strategic management process and plans, including the question of Department leadership. The VCAC report also expressed the view that VA's effort to incrementally improve and fine tune the adjudication process was not going to be successful. The Chairman of the National Academy of Public Administration, Milton Socolar, in his testimony before the Senate Appropriation Committee expressed the opinion that the VA, as an institution, lacks the capacity for integrated strategic management.

Chairman Socolar recommended VA reexamine and improve the analysis, approach, and management of its BPR program along with a number of other fundamental management and programmatic changes. The May 14, 1997 Report by the Government Accounting Office (GAO) also noted that VA has made considerable progress toward developing a strategic plan. Their criticism of the current strategic plan is that it still remains process oriented rather than truly results oriented. GAO reiterated further in its report that VA lacks the necessary integration of other programs within the Department as well as those of other Federal agencies. The GAO report concluded its study by recommending that appropriate performance goals and measures needs to be developed by VA.

The development of VA's strategic plan continues to be an evolutionary process. The task is enormously complex. VA is under tremendous pressure to make the transition to a more integrated, strategically managed system within a relatively short span of time in order to meet not only GPRA requirements but the balanced budget.

The American Legion, as recently as last month, received and reviewed a draft copy of VA's revision of its Strategic Plan for FY 1998-2003. The American Legion noted that VA has made extensive use of information it had collected through feedback mechanism such as the environmental scan, customer service surveys and focus groups, and external reports to develop the goals and objectives in the strategic plan.

The revised strategic plan provides significantly more detailed background information and data in preparation for evaluation of its program areas or "business lines" -- medical care service; medical research; medical education; compensation; insurance; education; vocational rehabilitation; housing credit assistance; burial/cemetery services.

The plan details information about VA's ongoing efforts to undertake a Department-wide, systematic benchmarking effort as a major component of the formal program evaluation process. The American Legion believes that a disciplined benchmarking process will produce information VA can use to measure progress or achievement toward its intended goals and objectives. The American Legion believes also that by establishing true outcome measures for its programs, VA will be able to make a preliminary determination and more adequately frame the issues with stakeholders to develop a formal schedule and priorities for future program evaluations.

Over the last 2 years, the Department has put into place several internal and external groups to address strategic issues critical to VA's future. VA has also demonstrated a commitment to incorporate customer and stakeholder views in the decision-making process. The concerns expressed by customers and stakeholders during VA's environmental scan, conducted in

1996, were used by VA in the development of its strategic plan. Findings and recommendations offered by VCAC were also considered by VA.

The American Legion believes that the Department is learning and will continue to learn what their customers consider important, what to measure, and how to continually improve and modify measures by entertaining information from its customers and stakeholders. The American Legion further believes that under GPRA, VA is learning a great deal about strategic planning and its significance as it improves on its delivery of services to veterans and other beneficiaries.

The American Legion remains committed to the Department's efforts as it continues to identify and find solutions to link resources to priorities and performance. The American Legion is confident that VA, in implementing GPRA, will result in quality improvement practices, exploitation of more modern technology, sharing of information and benchmarking which will help forge an alliance with its partners and stakeholders, both inside and outside the Department.

For years, veterans coming to VA regional offices seeking benefits and services to which they were entitled have been confronted by a system that was largely unresponsive to their needs. It was not considered "user friendly." Through the BPR plan and other initiatives, VA appears to be making a determined effort to institute fundamental changes and improvements which will be in line with the needs of veterans and, at the same time, fulfill the GPRA mandates. The American Legion recognizes that this is essentially an ongoing evolutionary , if not revolutionary, process within the Department. Some actions under this plan have been initiated in FY 1997 and others are scheduled to be phased-in beginning in FY 1998, and others are still under development.

VA has clearly set for itself a number of very ambitious service improvement goals for FY 1998, while continuing to reduce staffing levels in each of its program areas or business lines. Overall employment in VBA has been reduced from 12,603 FTE in FY 1996 to 11,943 FTE in FY 1997, and in FY 1998, it will be further cut to 11,400 FTE, which is a substantial decrease of some 1,200 FTE in 2 years. This, unfortunately for the agency and veterans, follows the pattern of VA budgets for the last 10 years. Such sustained losses contributed, in our judgment, to VA's continuing problems in its delivery of services.

In particular, The American Legion is concerned by the plan to cut 133 FTE for the Compensation and Pension Service (C&P). Unfortunately, this comes on the heels a reduction of over 400 FTE this fiscal year which mostly involved the more experienced adjudicators who took buyouts as an inducement to retire. A further loss of FTE may well compromise C&Ps ability to fully and effectively implement the strategic initiatives planned. If the FY 1998 goals cannot be fulfilled, The American Legion believes this places the targets and goals of the remainder of the BPR plan in jeopardy. The American Legion would rather see any staffing cuts shifted to the out years in order for the Department to achieve and solidify progress at this critical stage in its strategic goals and plans.

VA's initiatives involving the VA health care system will, in our opinion, further reaffirm the viability of the system, provide better health care to veterans, and improve overall service. Even in a period of reassessment of the proper role of the Federal government, The American

Legion believes that the American public's commitment to veterans and veterans programs remains very strong. The American Legion believes further that VA is committed to finding ways and solutions to improve service, maintain high quality of care, and become more efficient.

Mr. Chairman, The American Legion is equally committed and interested in the Department's strategic planning initiative as it focus on preserving and improving its delivery of services to our nation's veterans, dependents and survivors. The American Legion looks forward to being a major participant in VA's ongoing efforts in the development of appropriate performance goals and measures needed to implement the necessary changes to meet the expectations and demands of its customers and stakeholders. The American Legion's GI Bill of Health offers proposals which would be compatible with VA's vision for the 21st century.

Mr. Chairman, that concludes my statement.

STATEMENT OF

BOB MANHAN, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

DEPARTMENT OF VETERANS AFFAIRS STRATEGIC PLAN

WASHINGTON, DC SEPTEMBER 18, 1997

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you, Mr. Chairman, for inviting the Veterans of Foreign Wars of the United States (VFW) to participate in what we believe to be an issue of extreme magnitude for the Department of Veterans Affairs and the veterans of this great country.

The *Government Performance and Results Act of 1993* requires all major government agencies to prepare comprehensive strategic plans as the driving force for determining the needed resources and budgetary support in accomplishing an agency's stated mission(s). In accordance with this mandate, the Department of Veterans Affairs is to transmit their strategic plan to Congress and the Office of Management and Budget by the end of this month. The key component of the plan must be on the ability to accurately measure performance of the agency as a whole or, more directly, to become "outcome oriented".

Unlike most other federal government agencies, objectively measuring outcomes is not necessarily a new concept for the Department of Veterans Affairs. For instance, there have been, for a long time, statistics on quantitative issues such as the average time taken to process claims for veterans' entitlements. However, the real problem (and subsequent debate) has lately been focused on the more subjective areas involving the question of how to accurately determine the quality, more so than quantity, of the work being performed

by the many people in the department. That is where the true impact of GPRA must occur.

With that quick background, we are encouraged by the department's initial approach in the development of the VA Strategic Plan. We have now been provided two drafts of the plan, the second this past August 15. In between, we and the other veterans service organizations, were personally briefed on the philosophy behind the VA's approach to the GPRA and the proposed revisions to the first draft of the strategic plan. This erudite consultation indicates a willingness from the department to reach out and seek counsel in the preparation of quite possibly the most important plan yet devised by the VA.

This approach has resulted in our commendation to the Department of Veterans Affairs in a response to the Assistant Secretary for Policy and Planning upon completion of our review of the first draft strategic plan. We felt the plan was overall well-stated and a comprehensive compilation of the important programs in the VA. We believed -- and still do so believe -- the strategic goals, objectives, and performance goals are clear, concise, and fittingly ambitious. We did have one major and four minor suggestions for improvement.

The four minor comments, as best as we can determine, are still not addressed in the second draft. They were: (1) the need to develop a definition and state a separate strategic goal for the Public Law 104-262 enrollment priority category "Catastrophically Disabled"; (2) the possibility that the projection of an overall 11 percent growth rate in veterans' outpatient visits to fiscal year 2003 may be woefully underestimated; (3) the Board of Veterans' Appeals should have specific performance objectives on their respective decision timeliness (from docket date to final decision); and, (4) a strong suggestion to formalize, as a performance objective, the ongoing placement of adjudication and rating personnel by some regional offices into VA medical centers.

More important was our major comment that there was an obvious lack of Veterans Benefits Administration programs. That has been corrected in a large way in the second draft, which now contains most of the VBA's very important goals. All of the VA's business lines are adequately covered with excellent ones involving Vocational Rehabilitation, Education, and Insurance. We also should state that the Veterans Health Administration's strategic goals and performance objectives are well covered as a natural evolution from the *Vision for Change* and its progeny: the *Prescription for Change* and

the contemporary *Journey of Change*. It needs to be noted that a significant factor in the Strategic Plan toward the successful completion of the *Journey of Change* is enactment of legislation for both full retention by the VA on third-party insurance collections and Medicare subvention.

But, particularly critical are those goals in the strategic plan that have been articulated and incorporated from the Implementation Plan for Business Process Reengineering (BPR) in the Compensation and Pension Service. We have, for the last few years, stated that the three primary issues for the VA concerning the claims processing system are: (1) quality decision-making at the regional office level on initial and increased rating compensation claims; (2) reduction of the Board Of Veterans' Appeals decision time-lag; and, (3) the high BVA remand rate. Solve these and all other claims processing problems will essentially resolve because of the interrelated nature of claims adjudication.

The stated goals -- the word "vision" may well be an excellent synonym -- in the VA's Strategic Plan, at last, address these three issues head-on. There are very clear performance objectives to process all claims in an average 60 days, with a 97 percent accuracy rate, and no greater than a 20 percent BVA remand rate. Those are reinforced by the objective to complete all appellate actions within 365 days (from the filing of the Notice of Disagreement through the completion of a BVA decision).

The BPR Implementation Plan includes another solid "vision" on how the veterans services organizations will, and should, operate in the future claims processing system. Indeed, it projects the VSOs toward better, more comprehensive representation. We welcome the challenge, and its inherent increased responsibility, which comes with that expanded role. The Veterans of Foreign Wars had staff members on three of the Compensation and Pension Service BPR work teams (Information Technology/Telecommunications, Training, and Rules & Regulations) that developed the implementation plan.

We are fully supporting the VBA in its current approach toward complete implementation of Business Process Reengineering in the Compensation and Pension Service, as defined in their current plan. But, there is one critical vulnerability: the success of BPR is heavily dependent on information management and technology enhancements. Specifically, it is clearly stated that the final development and delivery of the long-awaited Veterans Service Network (VETSNET) is crucial. (The Chairman may recall that we corresponded this same belief to him last year.)

All this means is that, basically, as the C&P Service's BPR goes, so goes the core of the VA's Strategic Plan. (Eligibility Reform, as defined in Public Law 104-262, gives a heavy priority for VA medical care to service-connected, compensable veterans.) Carrying that theme further, the keystone becomes VETSNET. In other words, the success or failure of the VA's Strategic Plan is directly proportional to the success or failure of the VBA's ability to bring on-line soon VETSNET, or a similar system.

Consequently, VETSNET must be allowed to replace the current Benefits Delivery Network (BDN), which is universally condemned by our service officers as being extremely cumbersome and archaic in providing much assistance toward performing adequate veterans' advocacy. However, we are not blind to the realization that VETSNET is a very controversial subject. We are also aware of the many concerns of Congress as you, Mr. Chairman, have particularly well articulated.

But, we are not sure that all of us have a common definition for VETSNET. Of great concern is a seemingly prevailing belief that VETSNET is one system solely dedicated to replacing the VBA's BDN. (The National Academy of Public Administration, in their recently released report *Management of Compensation and Pension Benefits Claim Processes for Veterans*, compounds this belief, in our opinion.) Actually, it is several systems that share data and information over the department's projected high speed data network. Even more important to us, it is the underlining software applications such as the Claims Processing System (CPS), the Automated Reference Material System (ARMS), the Claims Automated Tracking System (CATS), and Case Management. Thus, not only is VETSNET critical to the VA in support of the goals espoused in the Compensation and Pension BPR Implementation Plan and the performance objectives stated in the VA's Strategic Plan, the four just-mentioned applications are also absolutely essential to our future ability for effective veterans' representation and advocacy.

That is why we were very disturbed to see both the House and the Senate, in their appropriation markup report language, direct the transfer of $5 million from VETSNET to other programs. Because the VA only requested $2.4 million for FY 98, we can only assume that the Congress' intention is to "kill" VETSNET. That is very bad news. With this being done without any attempt to inform interested parties, we don't see how one can interpret it to mean anything other than a plan to redefine the current veterans' entitlement program, not for improvement but to save money. The fight now seems focused no

longer on how to improve the current claims processing system but, instead, its actual survival in the form that we now know it.

The Senate Appropriations Subcommittee markup version goes far beyond this in what we can further describe as an enthusiastic acceptance of the NAPA report. Their expanded report language certainly leads us to believe that the Senate Appropriations Committee fully intends to mandate the NAPA panel's findings and recommendations. One of those recommendations is the "immediate" suspension of VETSNET, with the attendant redistribution of all supporting resources. That, of course, really equates to the termination of the program. (It is interesting to note also that another recommendation is to temporarily stop all C&P BPR actions.)

Our initial review of the NAPA report certainly does not indicate it to be a panacea for all that currently ails the claims processing system. To be sure, there are some excellent recommendations, as was the case for the report by the Veterans' Claims Adjudication Commission. The real danger here is the unilateral action by the Senate Appropriations Subcommittee. We just cannot automatically create legislative remedies without critical dissection of such an important report, as that from the academy. This must include dialogue from all interested parties, particularly the veterans service organizations. Until that occurs, there must be removed any report language or proposed legislation that mandates the "blind" acceptance and implementation of the findings and recommendations contained in the NAPA report.

Mr. Chairman, you have, in the past, always conducted your legislative responsibilities on our veterans with the utmost professionalism and candor. This is both appreciated and applauded. The need for you, and your colleagues, to continue doing so is greater than ever. The eventual success of the VA's Strategic Plan will only happen with a dedicated, open partnership among Congress, the Department of Veterans Affairs and the veterans service organizations. We certainly believe that will occur.

Again, Mr. Chairman, we thank you for the opportunity to participate in this important hearing and are prepared to answer any questions you or the Subcommittee members may have.

Bob Manhan, Assistant Director
National Legislative Service
Veterans of Foreign Wars of the United States

Bob Manhan has worked for the Veterans of Foreign Wars of the United States (VFW) for the past 12 years. He started as a Service Officer in the Washington Office's National Veterans Services and later moved to the Board of Veterans Appeals. For the past eight years, he has been working as a member of the National Legislative Service staff as Assistant Director.

Prior to becoming a member of the VFW, Bob served in the U.S. Army for three decades both an enlisted man and a commissioned officer. His overseas assignments included Europe, the Middle East, and both North and Southeastern Asian countries. Most of his assignments involved troop duty with infantry and artillery units with two different attache postings. Bob's formal education includes an undergraduate degree from UCLA, and a MBA from Shippensburg College. His military professional education includes the Army War College.

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The Veterans of Foreign Wars is not in receipt
of any Federal grant or contract.

PARALYZED VETERANS OF AMERICA
Chartered by the Congress of the United States

September 18, 1997

Honorable Terry Everett, Chairman
House Veterans' Affairs Subcommittee on Oversight and Investigations
335 Cannon House Office Building
Washington D.C. 20515

Dear Mr. Chairman:

At your request, we are pleased to submit the following comments for inclusion in the record of your hearing on the VA Draft Strategic Plan for FY 1998-2008. Our comments are focused on the Strategic Goals for the Veterans Health Administration with particular emphasis on programs providing care for spinal cord dysfunction.

On the whole, the plan spends more time quantifying what care will be provided and where, rather than setting measurable goals insuring the quality of those health care services and the applicability of that health care to the needs of the veteran population. The plan sets dollar-driven goals for cost and patient utilization, citing contemporary managed care techniques, but sets no other standards for consumer protections (such as those currently being implemented in Medicare managed care programs) to make certain that veterans get the appropriate care in the appropriate venue. The managed care formula described in the plan, with its reliance on low-cost outpatient, primary care services, shunning inpatient and specialty services, seems completely at odds with VHA's otherwise stated mission to provide specialized services, such as spinal cord dysfunction care, as well. The VHA "Vision for Change and Prescription for Change" as well as Eligibility Reform Legislation, P.L. 104-262 approved by this Committee last year, stated that meeting these specialized needs of the veteran population was one of the core missions of the VA health care system, and yet these programs seem little more than an afterthought in the draft plan in its drive for low cost "white bread" medicine.

The plan references quality assurance measures such as increasing the number of patients who achieve maximum functional potential, expanding clinical practice guideline production, and increasing chronic disease index scores and prevention indices, but sets up no process, (none currently exist, whereby these measures and guidelines would be implemented or monitored either at the national headquarters level or in the field.

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The medical education section espouses the popular trend in modern medicine to reduce costs and emphasize primary care by decreasing the number of physicians trained in speciality and sub-speciality fields. While this may follow managed care economic models, the plan does not reference the necessity for VA to maintain its expertise in specialized services, such as spinal cord dysfunction medicine, through advanced training in these specialties or sub-specialities

On page 16, "Strategy 1" states, "Strategies of managed care will transform VHA's health care delivery system so that patients can be treated in the most appropriate setting." The inference here, as it could be interpreted by local managers, could be that the only appropriate setting is the cheapest setting. PVA is concerned that roadblocks at access points under managed care models could deny veterans access to needed specialty services or appropriate specialized inpatient or long-term care. For example, PVA has already seen many instances where severely spinal cord injured veterans, many of whom have spent years in VA long term care facilities, have been told they would be discharged to contract nursing homes. The community nursing homes, totally ill-equipped to care for the complexities of these disabilities were described as more "appropriate venues of care" where the true incentive behind the move was to cut VA costs at the expense of the welfare of the veteran patient.

PVA's concerns over the section of the draft report regarding spinal cord injury/dysfunction are contained in the attached September 15, letter to Mr. Dennis Duffy, VA Assistant Secretary for Policy and Planning. In summary, we object to having the plan cite improvements in patient satisfaction as the only measure of quality SCD medicine. Patient satisfaction, while an important component of measuring the health care product, certainly does not address all the factors in the care of a patient by the hospital, the provider, and through the state-of-the-art of modern medicine. Apart from the measurement instruments cited in our letter, additional goals for the VA SCD program should include; 1) Double the number of veterans who receive acute rehabilitation in SCI Centers; 2) Maintain capacity for acute care of secondary conditions in SCI Centers; 3) Aggressively expand long-term care capacity, especially non-institutional alternatives (respite, personal care, assisted living); 4) Organize and integrate care for veterans with multiple sclerosis around interdisciplinary teams coordinated by centers of excellence.

Sincerely,

John C. Bollinger
Deputy Executive Director

House Veterans' Affairs Committee
Subcommittee on Oversight and Investigations
Department of Veterans' Affairs Strategic Plan
September 18, 1997
Member: Chairman Everett
Witness: Gary A. Christopherson
Question 1

Question 1, part 1:

It is my understanding that VA and DoD don't have a standardized medical record, electronic or paper, which could, for example, greatly improve the handoff between the departments when a service member is discharged and goes to the VA for treatment and disability compensation. Are there plans to move beyond the current transfer of hard copy service medical records from the military services to VA?

Answer:

The Department of Defense is pursuing electronic data record transfer through the Computer-based Patient Record (CPR) project. The Computer-based Patient Record will contain information about an individual's longitudinal health status and health care. Appropriate portions will be easily accessible to authorized users when and where needed. CPR integrated computer systems will facilitate the worldwide delivery of health care, assist individuals and clinicians in making health care decisions, and support leaders in making operational and resource allocation decisions. One planned component of the CPR is the Service Member Life Cycle project, which will maintains continuous information about the service member's health status beginning with the initial military service entrance physical through the exit physical. Ultimately, the CPR will completely replace the current system.

The Computer-based Patient Record will insure that a complete, accurate and continuous record of health care is maintained and made available to the Department of Veterans Affairs when Service members transition from active duty. The Department of Defense is working with the Department of Veterans Affairs to share information contained in the CPR. Our goal is to begin implementing both the Computer-based Patient Record and Service Member Life Cycle by the year 2000.

House Veterans' Affairs Committee
Subcommittee on Oversight and Investigations
Department of Veterans' Affairs Strategic Plan
September 18, 1997
Member: Chairman Everett
Witness: Gary A. Christopherson
Question 1

Question1 , part 2:

Do DoD and VA have plans to integrate patient data through an ADP system architecture?

Answer:

The DoD and VA have focused efforts on sharing data through the use of open systems standards, rather than the adoption of a single ADP system. This is due to the significant costs for either VA and/or DoD to abandon their respective existing installed systems and transition to a common Automated Information System solution.

One example of this approach is the successful demonstration of laboratory message transaction exchange between the DoD and VA systems using the Health Level Seven (HL7) protocol in a test environment. HL7 is a standard protocol which specifies the implementation of interfaces between two computer applications (sender and receiver) from different vendors for electronic data exchange in health care environments. The formats are generic in nature and must be configured to meet the needs of the two applications involved.

Additionally, a successful proof-of-concept demonstration for electronic laboratory data exchange between DoD and VA systems was completed with plans for future analysis and development towards a deployable application. The Defense Medical Information Management activity plans to expand the DoD/VA Sharing Agreement to include electronic information sharing as concept demonstrations evolve in other functional support areas. The ultimate goal is to share patient, clinical and administrative data across agencies and systems to promote quality health care and reduce costs.

While many of the technological issues are being resolved to support electronic patient record transfer, other issues remain to be addressed to include, but not limited to, unique patient identifier, security, firewall, data standardization, and confidentiality. DoD continues to work with the VA towards a common solution.

House Veterans' Affairs Committee
Subcommittee on Oversight and Investigations
Department of Veterans' Affairs Strategic Plan
September 18, 1997
Member: Chairman Everett
Witness: Gary A. Christopherson
Question 2

Question 2:

There are a number of electronic tape data exchanges currently taking place between DoD and VA. DoD is working toward a common pay and personnel ADP system for all military services. Are VA requirements being considered in the design of the common pay and personnel system? Absent VA's participation on the DoD working group, how will DoD accommodate VA's needs? If so, at what level in the DoD and VA is this being managed? (Department or Administration)

Answer:

There are several exchanges of data with the VA via tapes sent from the Defense Manpower Data Center. Examples of some of these exchanges are the DD214 File, the Veterans Affairs Compensation File, and the Veterans Affairs Reconciliation Program. These files and data are used by both agencies to update records and to reconcile transactions on benefits and compensation payments for former Service members.

The common pay and personnel system under development is called the Defense Information Management Human Resource System (DIMHRS). This system is being developed around standard personnel data elements that comply with the Defense Personnel Data Model (DPDM). The Department has welcomed VA participation in our business process reengineering program, and we currently are engaged in several joint DoD/VA ventures. The VA was an active participant in the personnel data modeling workshops, and their requirements have been incorporated in the DPDM. The Joint Requirements and Integration Office(JR&IO) will define functional requirements for DIMHRS. When the design and development process begins, sometime during FY1998, subject matter area workshops will be conducted to cover broad areas of military personnel management and pay. Prior to the start of each phase or series of workshops, a careful review will be made to ensure participation of appropriate functional experts and major stakeholders. As a prominent stakeholder in military personnel and pay information, VA will be contacted for direct input and participation for the subject matter areas that are determining factors in, and have direct impact on, entitlement and award of veterans benefits and compensation.

Initial contact with VA on DIMHRS issues will come directly from the Joint Requirements and Integration Office, acting on behalf of the Under Secretary of Defense for Personnel and Readiness. As its predecessor (the Information Management Office) did in the past, the JR&IO maintains a senior level project manager who coordinates military personnel projects with VA and serves as a liaison for the many interagency projects that have been worked in the past. The

Director, JR&IO, also co-chairs many current work groups and sits on active task forces on DoD/VA interagency issues. The following list identifies some of the projects that have been funded by DoD and fully staffed by both agencies for policy decisions and operational business process improvements using the task force, working group, and subject matter workshop approaches:

- The transfer of medical records to the VA when a service member separates from active duty.
- The Personnel Information Access project and a follow up project to test a prototype system for electronic exchange of information between DoD, VA, and the National Personnel Records Center.
- Re-engineering of the death gratuity benefit determination and payment process in "imminent death" cases, which reduced waiting times for survivors from six months to less than a week. Both agencies were awarded the Vice President's Hammer Award from the National Performance Review for this effort.
- Business process improvements in the area of retirement of clinical records for Service members and their family members from Defense medical treatment facilities to the National Personnel Records Center.
- Location, description, and points of contact for World War II mustard gas test participants.

Congressman Evans to Charles L. Cragin, Principal Deputy Assistant Secretary of Defense (Reserve Affairs), Department of Defense

Question for Mr. Cragin: Can you outline for the members of the Subcommittee what additional steps the DoD intends to take over the next year to better coordinate with the VA on strategic planning issues?

A. First, let me state that the goals, strategies and performance measures in the VA stategic plan are consistent with and effectively complement DoD's corporate goals, as expressed in the DoD Quadrennial Defense Review. They continue to support the programs that require DoD-DVA interface. DoD will continue to work closely with DVA on all our respective cross-cutting issues, including those addressed in the DVA Strategic Plan. We support the DVA performance goal to develop the capability to effectively transfer records electronically between DoD and DVA. Since late 1995, there has been a Memorandum of Understanding between the Veterans Affairs' Under Secretary for Benefits and the Under Secretary of Defense for Personnel and Readiness to transfer medical records of service members leaving active duty directly from the Military Services to DVA. DoD and DVA are currently engaged in an interagency working group, under the auspices of Presidential Review Directive-5, to recommend ways of working better together to capitalize on resources and emerging technologies to better serve service members, veterans and their families. The DoD/VA Executive Council, established by the Assistant Secretary of Defense for Health Affairs and the Under Secretary for Health, Veterans Affairs, will continue to oversee joint efforts to reduce costs and to improve health care for veterans, active duty military personnel, retirees and dependents. Many of the DoD-DVA related programs support the DoD corporate goals of maintaining highly ready joint forces and fundamentally reengineering the Department of Defense. DoD will continue to work with the VA through existing joint mechanisms on strategic planning issues that are relevant to both departments.

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Memorandum November 4, 1997

TO : House Committee on Veterans Affairs;
Honorable Lane Evans, Ranking Democratic Member
Attention: Debbie Smith

FROM : Dennis Snook
Specialist, Social Legislation
Education and Public Welfare Division

SUBJECT : **Responses to Questions Submitted for the Record**

You have asked for responses to four questions regarding the topic covered by a hearing before the Subcommittee on Oversight and Investigations of the House Committee on Veterans Affairs on September 18, 1997. The topic of the hearing was the strategic plan that the Department of Veterans Affairs (VA) submitted in compliance with the Government Performance and Results Act (GPRA). This memorandum was prepared in response to your request.

Question 1. *On a scale of 1 to 10, how would you assess the VA's strategic planning efforts to date? Please explain the basis for your answer, and summarize the areas where significant improvements are needed, if any, in the short term.*

The Act requires the General Accounting Office (GAO) and the Office of Management and Budget (OMB), to provide formal evaluations of agency strategic plans, and those agencies have assessed the VA plan. GAO found that the VA plan was incomplete, especially with respect to identifying goals and objectives, and measurements of the efforts to achieve them. OMB agreed with GAO's assessment, and identified specific improvements that were needed. Because the Act assigned evaluative tasking to these other agencies, the Congressional Research Service (CRS) did not develop a method for grading and comparing various plans on merit, and thus we have not assigned a relative score to the VA strategic plan.

Further, given the size and complexity of VA, and the requirement to produce, within a specified period of time, a comprehensive strategic plan covering the range of VA operations, it would be surprising if any plan could match a criteria of success developed from an abstract ideal. A coherent plan requires coordinating goals and objectives understood from different vantage points. In VA, assimilating these different vantage points required that the planning staff gain additional familiarity with ongoing practices of all VA divisions and their diverse responsibilities. Vertical communication problems abound in such situations, and attempts at defining broad goals that could guide the formulation of measurable objectives

could also founder on horizontal disagreements between overlapping functions. VA's plan was the result of this attempt to conduct a comprehensive Department-wide review and planning effort, with all parts of the Department expected to work toward a document with common elements.

The Department could be given high marks for producing a plan that made clear the method by which the plan was developed. However, a complete evaluation of VA's strategic plan, both for the conduct of VA operations, and for the extent to which that plan can be coordinated with those of other federal agencies, awaits data from program evaluations VA has yet to perform. VA has included plans for such evaluations in the strategic plan it submitted in compliance with GPRA's September 30, 1997 deadline, and subsequent revisions of VA plans may well be guided by data from those evaluations.

Question 2. *Can you explain what the GPRA expects of the federal agencies in general, and the VA in particular? In your view, are the goals and objectives of GPRA realistic, or does GPRA expect too much from the federal agencies?*

GPRA requires that the Executive Branch describe itself in terms of the effectiveness of its efforts as well as provide a detailed account of what it does. The Act established a series of steps and a timetable to produce an accounting of government functions from the bottom up, and it requires that this explanation focus on purposes rather than simply accepting the basis for the activities as given.

The Act also required OMB and GAO to assist agencies to achieve consistent compliance. The subsequent compliance format developed by them applies across the federal government, and establishes a common framework so that the effects of GPRA among agencies may be compared. As interpreted by OMB and GAO, a strategic plan contains six elements:

- A comprehensive agency mission statement;
- Long-term goals and objectives for all major agency functions and operations;
- Strategies to achieve the goals and objectives, and the resources needed;
- The relationship between long-term objectives, and annual performance goals;
- Identification of key factors beyond the control of the agency that could interfere with achievement of the strategic goals; and
- A description of how program evaluations guided the formation of strategic goals, and a schedule of future evaluations.

The Act does not relieve VA of any specific requirements, nor does it impose on VA requirements unlike those for other agencies. The complexity of VA's mission may have expanded the scope of VA's strategic plan beyond those produced by other agencies, but any aspects of GPRA that might have had specific relevance for VA only have not been identified.

One objective of GPRA is to determine the feasibility of a comprehensive, government-wide plan, to be in place as early as FY2002. Whether the objective of a rational government with measured effects is achievable within the time-frame suggested by GPRA is uncertain, but the goal remains a clearly defensible ideal.

Question 3. *Can you compare the VA's efforts to comply with the requirements of the GPRA with the efforts to date of other federal agencies?*

Strategic plans are products of an agency's internal review, and it follows that such plans are more difficult to develop within complicated federal bureaucracies than in agencies in which the mission, and plans for its future implementation, are readily understood by examining the agency's authorizing legislation. In a smaller agency, one person (or a fairly small group) working in conjunction with the agency's chief administrator, could probably produce an effective document within a reasonably short period of time.

VA, because it is such an immense structure encompassing a multitude of programs and operations, and because it responds to literally millions of individuals in the most personal of circumstances, could not produce a coherent, comprehensive strategic plan without assigning the responsibility for such a task to a specific office or team of individuals. It was necessary for the office charged with overseeing the development of the Department's plan to introduce a format for gathering the necessary information needed from throughout the Department. The team subsequently assimilated data from offices with differing perspectives on VA's overall mission. Finally, they generated a product that underwent intense scrutiny from both the OMB and from Congressional committees. While the process by which VA produced its plan differed from some agencies, the product met requirements that GPRA placed on other federal agencies.

Question 4. *There are critics from both within and outside the federal agencies who believe GPRA hinders agency productivity, and diverts attention, money, and resources from the real world of agency operations. How would you respond to this criticism of the GPRA? In your view, has the GPRA had a positive impact of the VA's planning process?*

Many, perhaps most, agencies were able to comply with GPRA strategic planning requirements without hiring additional staff solely for the purpose of achieving that compliance. To the extent that existing staff were drawn from other activities to work on GPRA activities, it could be concluded that GPRA requirements substituted for other work that could have been done. However, GPRA requirements are specific approaches under which agencies are to conduct the planning process, and some planning process was generally ongoing in most agencies anyway. While these earlier planning exercises may have used somewhat different techniques, and varied from one agency to another, the introduction of a consistent format cannot be assumed to have substantially changed the amount of personnel time involved in planning efforts.

In VA, with its broad mission and varied responsibilities, the introduction of the GPRA planning process required intensive effort and time from a planning staff. While the ultimate results of that personnel investment await future evaluation, it could be concluded that the activity itself improved understanding of the massive VA operations for many people involved in the planning process.

Follow-up Questions from the Honorable Lane Evans
For Ms. Cynthia Fagnoni
Associate Director
Health, Education, and Human Services Division
U.S. General Accounting Office

1. On a scale of 1 to 10, how would you assess the VA's strategic planning efforts to date? Please explain the basis for your answer, and summarize the areas where significant improvements are needed, if any, in the short term.

As we noted in our September 18 testimony before the Subcommittee on Oversight and Investigations,[1] VA has made substantial progress in improving its strategic plan since the June 1997 draft. The plan is now clearer and more results-oriented. Also, the June 1997 draft plan's major gaps in general goals, objectives, strategies, and performance goals have been filled.

However, VA still needs to make significant improvements to its strategic. The most significant improvement would be to develop results-oriented goals for several major program areas, in particular the program areas administered by the Veterans Benefits Administration (VBA). Among the actions VA could take to improve its strategic plan in the short term are:

(1) VA can develop "interim" results-oriented goals, rather than relying on placeholder goals until VA completes its program evaluations. In preparation for its planned program evaluations, VA has been conducting "program scans," which could provide information for developing interim results-oriented goals. VA's program scans include efforts to identify the purposes, intents, and outcomes of VA programs. VA has indicated that it will develop interim goals, as part of its program scans, in early 1998. Once VA develops an interim results-oriented goal for a program area, it should be able to develop supporting objectives, strategies, and performance goals.

(2) VA can provide better explanations of how external factors affect VA's achievement of goals. In some program areas, improved discussions of external factors depend on the development of interim results-oriented goals. In other program areas, in particular those administered by the Veterans Health Administration (VHA) and National Cemetery System (NCS), existing discussions of external factors could be improved to link such factors as veteran demographic trends to existing goals. For example, we have observed that the strategic plan does not explain the linkage between the increasing numbers of deaths among veterans and NCS plans to undertake specific numbers of cemetery construction and land acquisition projects.

(3) VA can improve its identification of overlaps between VA programs and those of other federal agencies, and its coordination and information sharing links with other agencies. In its strategic plan, VA states that it will use the program scan process, and existing high-level communication links between VA and other agencies, to identify overlaps and opportunities to improve communication and coordination with other agencies. Also, in several specific program areas, the strategic plan identifies opportunities to coordinate with other agencies. VA has noted that it is attempting to establish high-level contacts at several agencies for further coordination; points of contact have been established at the Department of Labor and Social Security Administration.

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[1] The Results Act: Observations on VA's August 1997 Draft Strategic Plan (GAO/T-HEHS-97-215, Sept. 18, 1997).

2. Can you explain in general terms what the GPRA expects of federal agencies in general, and the VA in particular? In your view, are the goals and objectives of GPRA realistic, or does the GPRA expect too much from the federal agencies?

In passing the Government Performance and Results Act of 1993, the Congress expected VA and other agencies to shift their decisionmaking away from a preoccupation with their day-to-day activities, and toward a focus on the results of their activities on citizens' lives. For VA, this means focusing on the impact of its programs on veterans and their families. To move agencies toward a focus on results, the Congress required VA and other agencies to

(1) develop a strategic plan with results-oriented goals, objectives and strategies for achieving them, and performance goals to measure progress in achieving them;

(2) prepare annual performance plans showing the progress agencies plan to make in achieving their goals each year; and

(3) prepare annual performance reports showing whether annual performance goals were met and, if they were not met, providing plans for achieving them.

We consider GPRA's requirements realistic, as long as both VA and the Congress continue to work toward meeting them. In crafting GPRA, the Congress understood that the management changes required to implement the Act would not come quickly and easily. Thus, the Congress set up a phased implementation of the Act's requirements over several years. VA needs to continue to make progress in developing its strategic plan, and to develop annual performance plans. This will require continued support of the planning process by top VA management. The Congress can help VA by continuing to monitor VA's efforts to implement GPRA, and by continuing its consultations with VA.

A key issue in VA's continuing implementation of the GPRA is defining the results of VA programs. VA officials have stated that one difficulty in developing results-oriented goals is that the purposes of some VA programs are unclear. Also, we recognize that defining results for some VA programs will raise politically sensitive issues. Resolving these issues will require continued consultations among VA, the Congress, and veterans service organizations.

3. Can you compare the VA's efforts to comply with the requirements of the GPRA with the efforts to date of other federal agencies?

In September 1997, we reported on our reviews of 27 agency draft strategic plans, including our July 11, 1997, observations of VA's draft plan.[2] We found that much work remained if agency strategic plans were to fulfill the Results Act's requirements, serve as bases for guiding agencies, and assisting congressional and other policymakers. VA's strategic plan is no exception to this observation. For example:

(1) VA was one of several agencies whose draft strategic plans had goals that were not as focused on results as they could have been.

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[2] Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans (GAO/GGD-97-180, Sept. 16, 1997); The Results Act: Observations on VA's June 1997 Draft Strategic Plan (GAO/HEHS-97-174R, July 11, 1997).

(2) Like most agencies' plans, VA had not fully identified program overlaps and duplication with other federal agencies, and had not coordinated its strategic planning with other agencies.

(3) Unlike a majority of agencies' plans, VA's draft plan discussed program evaluations. However, VA's plan did not include some of the information on program evaluations required by the Office of Management and Budget, such as the general scopes and methodologies of future evaluations.

As we noted in our response to Question #1, VA acknowledges many of the areas where its strategic plan needs improvement. In the strategic plan, and responses to comments by GAO and others on its draft plans, VA has indicated ways in which it will make its strategic plan more complete, and more fully compliant with GPRA's strategic planning requirements.

One area where VA has been noteworthy has been in its consultations with stakeholders--in particular, the Congress. VA and staff of the House and Senate Committees on Veterans' Affairs held consultation sessions to discuss VA's June 1997 draft strategic plan, and VA has held consultation sessions with representatives of veterans service organizations. In transmitting its publicly issued strategic plan to the Congress, VA provided detailed responses to comments on its draft plan from the Congress, GAO, veterans service organizations, and other stakeholders.

4. There are critics from both within and outside the federal agencies who believe GPRA hinders agency productivity, and diverts attention, money, and resources from the real world of agency operations. How would you respond to this criticism of the GPRA? In your view, has the GPRA had a positive impact on the VA's planning process?

There is no question that improving the efficiency and effectiveness of day-to-day operations is an important goal for every federal agency. A large portion of VA's strategic plan is devoted to plans to improve the efficiency and effectiveness of VA operations, and improve services to VA's customers--veterans and their families. However, in passing GPRA, the Congress required VA to develop a strategic plan that looks beyond its day-to-day operations, and considers how VA programs affect VA's customers. For example, assuring that VA's vocational rehabilitation program operates efficiently is important; however, under GPRA, VA needs to look beyond the program's operations and consider the results of the vocational rehabilitation program--helping veterans obtain and keep jobs.

As we noted in our September 18 testimony, we agree with VA that many of the process issues in its strategic plan are important to VA's efficient and effective operation, and can be included as long as they are integrated with the plan's primary focus on results. VA could do a better job in its strategic plan of achieving this integration. For example, VA's plan includes performance goals to schedule physician appointments with patients in a more timely manner. While these are important goals for VHA to pursue, the strategic plan does not link them to VHA's general goal to improve the overall health care of veterans.

We believe that GPRA has had a positive impact on VA's planning process. First, we consider it significant that VA has produced one strategic plan, bringing together the planning efforts of all of VA's components. Second, VA has been open and cooperative in its consultations with the Congress and other stakeholders. VA has also been responsive to stakeholder concerns--even when that means disagreeing with stakeholders. We have already seen, in improvements to VA's strategic plan, the benefits of VA's willingness to consult with stakeholders.

POST-HEARING QUESTIONS
CONCERNING THE SEPTEMBER 18, 1997 HEARING
ON VA'S STRATEGIC PLAN REQUIRED BY
THE GOVERNMENT PERFORMANCE AND RESULTS ACT

FOR THE HONORABLE DENNIS DUFFY,
ASSISTANT SECRETARY FOR POLICY AND PLANNING
DEPARTMENT OF VETERANS AFFAIRS

FROM THE HONORABLE LANE EVANS
RANKING DEMOCRATIC MEMBER
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

1. Can you describe to us the most significant challenges faced by VA in attempting to comply with the requirements of the GPRA?

Answer: There are many challenges, but the most significant are changing the VA culture so that we think more strategically, developing meaningful outcome-oriented goals and outcome-based performance measures for all VA programs, evaluating the extent to which our programs are achieving their missions, and finally operating as "One-VA" to better serve our veterans.

Has it been your experience that the GPRA establishes a good framework for agency planning?

Answer: A number of frameworks have been used that had the potential to lead to effective strategic planning, but none worked very well in government because of the pressure of short-term budget issues and agency heads did not find any particular value in long-range planning that would not yield positive results during their normally short tenures. The value in the GPRA framework is not only that strategic planning is now mandated by law, but more importantly, perhaps, is that Congress has shown an interest and awareness of how effective GPRA can be when fully implemented. Because of this interest, agencies are more likely to focus on strategic planning.

2. Your testimony indicates that the strategic planning consultations with Congress have been productive. Are there any improvements you recommend in this regard?

Answer: We believe the consultations were very effective and helped VA produce a better strategic plan. We were particularly pleased with the two-way communication that developed between VA officials and the staffs of the Veterans' Affairs Committees. The process could be improved by making consultation an ongoing process and by including staffs from the Appropriations Committees. The Congress and VA should have periodic discussions throughout the year to keep each other up-to-date on planning issues.

3. Mr. Brickhouse, the Assistant Secretary for Human Resources, recently put together an agency-wide human resources conference in Topeka, Kansas several weeks ago that focused on strategic planning issues. I believe Mr. Catlett and Ms. Egan participated in the conference. Can you provide us with a brief overview of the topics addressed at the conference, and tell us whether you found the conference to be useful?

Answer: I was pleased by the process and the outcomes of the agency-wide Human Resources Conference in Topeka, Kansas. The primary focus was a real-time strategic change event designed to bring the some 300 conference participants, both VA executives and human resource officials, to consensus on the principal VA human resource strategic opportunities. The participants heard from VA executives, representatives from other agencies, and from the private sector on current human resource issues and VA issues which have a human resource impact.

Using a consultant-designed process, the participants reached consensus on four strategic opportunities which will support objectives in the Department's strategic plan. These opportunities include: simplifying VA's human resource policies and procedures, developing succession plans VA-wide, teaching human resource professionals more about VA's business, and training employees in human resource core competencies.

4. How would you assess the VA's efforts to work with the Department of Defense, HUD and the Department of Labor in strategic planning on interagency issues effecting veterans?

Answer: VA and other departments and agencies continue to work at the operational level in areas of mutual interest to improve coordination and interaction with the ultimate aim of improving service to our customers. From a strategic planning standpoint, our efforts, and those of other departments and agencies, have focused on completion of our own strategic plans, thus only limited coordination has occurred between agencies. We would anticipate much greater coordination from a strategic planning standpoint in the coming months and years. Some of the operational efforts on interagency issues that have occurred and are ongoing include:

- VA and DoD have in place 751 agreements covering 6,195 shared services and services provided to CHAMPUS/TRICARE enrollees. We continue to develop additional agreements each year.
- VA has worked with DoD closely to improve the timeliness of receiving military medical records when compensation claims have been filed.
- VA and DoD have worked closely to improve awareness of benefits for soon-to-be-discharged veterans through the Transition Assistance Program (TAP) and Disabled Transition Assistance Program (DTAP).
- VA continues to work with HUD on housing and home loan issues as well as homelessness issues.
- VA and Labor have worked together for a number of years on veterans employment issues.

In your view, should there be more coordination with the other agencies than there has been to this point?

Answer: Yes. VA intends on establishing closer links at the high executive level and the working-level to better understand the coordination that takes place between VA and other agency programs. Although, much of the coordination with other agencies is routine, VA can improve this coordination by including other agencies in our program evaluations in an effort to identify program overlaps.

5. How receptive - if you can tell us at this point - have other agencies been toward joint planning with VA on interagency issues affecting veterans?

Answer: VA shared a draft strategic plan with a number of agencies asking for comments, but there was little interaction with other agencies concerning the development of the VA strategic plan, per se, before a draft plan was developed. VA will be more proactive in developing the next strategic plan by working with other agencies to jointly develop goals and objectives for those VA programs that overlap other agency programs. Other agencies have been receptive to other types of planning efforts such as medical sharing and military medical record timeliness issues with DoD, housing and home loan issues with HUD, employment issues with Labor, and homelessness issues with a number of other agencies. We received comments to our draft strategic plan from DoD, Labor, HHS, SSA, and GSA. All of these agencies expressed a willingness to work with VA on common issues.

6. Your testimony indicates that VA conducted an extensive survey of employee views on strategic planning. Can you outline how this survey was conducted and provide the Subcommittee with a copy of its results?

Answer: VA conducted an extensive employee survey earlier this year regarding their perceptions of all aspects of the workplace including strategic planning. An Office of Personnel Management survey instrument adapted to fit VA was used. The survey was made available to every VA employee in the field as well as Central Office.

We have disseminated to each VA facility their own employee survey results and will help facilities interpret their own data. Secondary analyses are being conducted at the Departmental level to determine if any particular subgroups' response patterns require special attention.

We are developing a Departmental policy that will establish Departmental priorities and procedures for setting accountability. In approximately two years (FY 2000), all employees will be resurveyed using the same instrument to determine if any progress has been made in addressing employee concerns.

On September 26, 1997, we sent a copy of the survey results to the members of the House and Senate Veterans' Affairs Committees. Attached is a brief summary of the results that has been distributed to all VA employees.

What other steps has VA taken to involve managers outside of central office in the strategic planning process?

Answer: VHA, VBA and NCS seek input from their area field managers in formulating their strategic plans. VHA, in fact, requires a strategic plan from each Veterans Integrated Service Network that is incorporated into their Administration strategic plan. The Administrations develop business plans which are rolled down to the field for review, comment and implementation.

7. The Paralyzed Veterans of America (PVA) have expressed concern in a September 18 letter to Chairman Everett that the strategic plan lists "raising the level of patient satisfaction" as the only measure of gauging the quality of care provided to veterans with spinal cord dysfunction (SCD).

Would you agree that other measures, such as quality assurance factors, should be included in the plan to fully assure the quality of providing these specialized services?

Answer: We agree that other measures, such as quality assurance factors should be used to measure the quality of care. While we appreciate PVA's concerns in this matter, we do not agree that routine quality assurance factors need to be specified in the strategic plan for every single program. Strategic plans are supposed to lay out long-term program goals and are not intended to include a laundry list of every action that will be taken on a daily basis. VHA does, in fact use a variety of quality measures on all of their medical programs.

PVA has recommended additional goals for the plan, including: doubling the number of veterans who receive acute rehabilitation in SCI Centers; maintaining capacity for acute care of secondary conditions in SCI Centers; expanding long-term care capacity, especially non-institutional alternative care (respite, personal care, assisted living); and organizing and integrating care for veterans with multiple sclerosis around interdisciplinary teams coordinated by centers of excellence settings. Does the Department consider these to be legitimate goals? Should they be specifically set out in the VA's strategic plan? Will improvements in SCD continue to be a mainstay of the VA health care mission?

Answer: Nancy Wilson, M.D., Director, Office of Performance Management, will be working with PVA to address these issues for Veterans Health Administration. We will inform you of the outcome of those discussions as soon as possible.

I want to thank the 126,000 of you who have taken the time to respond to the One-VA Employee Survey. This fact sheet provides you with some of the general results.

We did exceptionally well in two key areas - "customer orientation" and "diversity"; however, there are a number of areas where we need to improve. I have asked our senior management and the National Partnership Council to analyze the results of the survey, and provide me with recommendations. These should be made available in the near future. In the meantime, I encourage each of you to work with your management team and local partnership council in addressing those issues that are priorities to your facility. With your continued involvement in making VA a better place to work, we will be able to serve the best customers in the world - our nation's veterans.

Sincerely,

Hershel W. Gober
Secretary-Designate

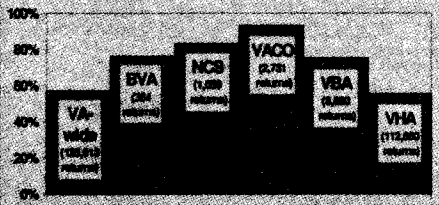
Department of Veterans Affairs

Results!

1997 One-VA Employee Survey

Survey Participation by Organization

Over 57% of all employees surveyed returned their questionnaires. The following chart shows the participation by major organization.

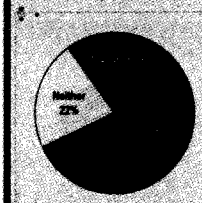


Job Satisfaction

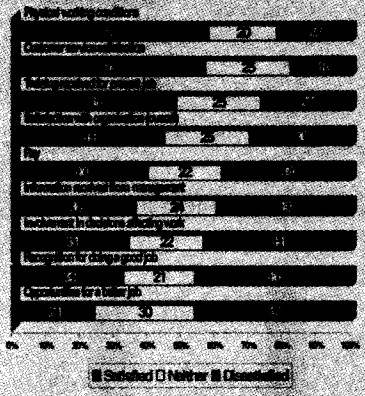
Employee Job Satisfaction is one key indicator of how well we are meeting our goal of being an employer of choice.

We asked, "Considering everything, how satisfied are you with your job?" (Q131)

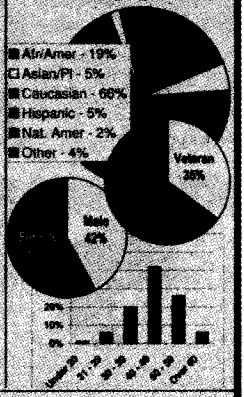
You said ...



How does the level of job satisfaction vary by function?



Survey Participation Demographics



On a Personal Note ... You said that you liked the type of work you do but are not satisfied with your pay when compared to others with similar jobs. You also said:

- ↑ Q117. I'm satisfied with my group's overall work quality.
- ↑ Q118. I'm satisfied with overall quality of service to veterans.
- ↑ Q101. The people I work with cooperate to get the job done.
- ↑ Q103. I have enough information to do my job well.
- ↓ Q109. Sufficient effort isn't made to get the opinions of workers.
- ↓ Q105. Job conditions don't allow me to be as productive as possible.
- ↓ Q102. I'm not given a real opportunity to improve my skills.
- ↓ Q104. I don't feel encouraged to develop better ways of doing things.

HIGH FIVES

One-VA Survey Most Favorable Five

Here are the top five survey items - highest percentage of VA-wide agreement.

Employees have a good understanding of who their customers are. (Customer Orientation -Q23)

79% agreed.

Reasonable accommodations are made for persons with disabilities; e.g., availability of sign language interpreters, ramps, braille. (Diversity -Q91)

75% agreed.

There are service goals aimed at meeting customer expectations. (Customer Orientation -Q22)

67% agreed.

Employees have an understanding of the organization's mission, vision, and values. (Leadership and Quality -Q35)

65% agreed.

Customers are informed of the process for seeking assistance, commenting, and/or complaining about products and services. (Customer Orientation -Q26)

63% agreed.

One-VA Survey Least Favorable Five

Here are the bottom five items - highest percentage of VA-wide disagreement.

Pay raises depend on how well employees perform their jobs. (Rewards/Recognition -Q6)

65% disagreed.

Risk-taking is encouraged without fear of punishment for mistakes. (Innovation -Q15)

60% disagreed.

"Red tape" and unnecessary rules and regulations do not interfere with the completion of my work in a timely manner. (Use of Resources -Q57)

57% disagreed.

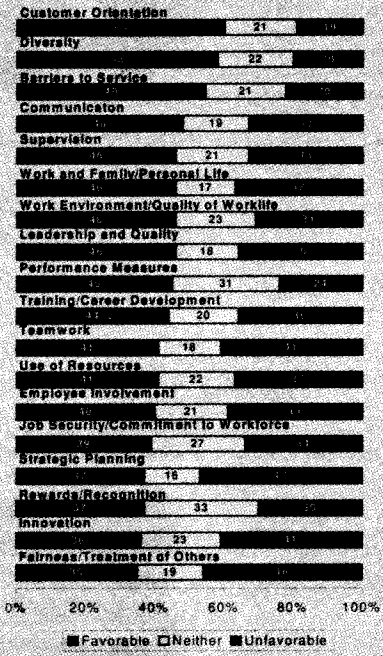
Employees are given the opportunity to work at home or on flexible work schedules, when the job permits (e.g., Flexitime, Part-time, Flexiplace). (Work & Personal Life -Q66)

55% disagreed.

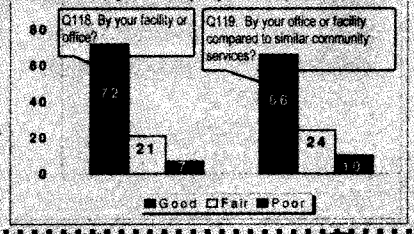
Supervisors/team leaders take steps to minimize work-related stress. (Work Environment -Q63)

55% disagreed.

THE 18 DIMENSIONS



Q111. This organization practices zero tolerance for discrimination (gender, race, national origin, religion, age, cultural background, sexual orientation, or disability.)



Q112. There is a positive relationship between management and union officials at my facility.

Want more information, including how VA compares to other federal agencies? Check the Intranet: http://www.va.gov/corpinfo (Access available through VA networks)

Department of Veterans Affairs
Office of Policy and Planning
September 1997

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

NOV 14 1997

The Honorable Lane Evans
Ranking Democratic Member
Subcommittee on Oversight and Investigations
House Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Evans:

This is in response to your letter, asking what steps the Department of Labor intends to take to ensure greater joint cooperation with the Department of Veterans' Affairs on strategic planning issues of mutual concern to the Departments.

The Veterans' Employment and Training Service's (VETS) Strategic Plan includes an annual goal of increasing by 10% the entry into suitable employment of those veterans who have completed the VA's Vocational Rehabilitation & Counseling (VR & C) program. The VA's Strategic Plan also has a goal of increasing the number of disabled veterans who acquire and maintain suitable employment and are considered rehabilitated.

Through three quarters of activity for Fiscal Year 1997, our cooperative efforts have increased placement rates over FY 96 by 10%. At the current rate of quarterly placement increase, I would expect that we will exceed FY 96 placements by at least 12-15 %.

To ensure a continuing increase in placements/successful rehabilitations, the VA and VETS recognize that improved coordination, cooperation and measurable interactions between the two agencies are necessary. In that context, personnel in the agencies are formulating, for joint agency approval and publication, an Operating Guide for Improved Customer Service for Chapter 31 Veterans. This will be followed by nationwide training at various sites for approximately 700 select VETS, VA and State Employment Security Agency staff directly involved in providing services to these disabled veterans. The publication and dissemination of the Operating Guide are scheduled for completion in January 1998, with follow-up training expected to be completed by July 31, 1998.

The other areas being jointly pursued with respect to VR & C include revising quarterly reporting to capture data more relevant to the common needs of both agencies and Congress, increasing joint efforts to market the Chapter 31 program to eligible veterans and successfully rehabilitated veterans to employers, and revising the basic training curriculum offered by the National Veterans Training Institute so that participants will: 1) increase their ability to provide veterans with more meaningful guidance to explore various occupations and make better career choices; 2) gain greater knowledge and skill to effectively work with employers; and 3) learn how to follow up with veterans so as to assist in job retention.

In addition, VA and VETS are working together to provide state of the art technology and training to field staff directly involved with serving VR & C clients, continuing the dialogue between the leadership of both agencies relating to future policy and oversight cooperation and coordination and initiating joint oversight field visits as a follow-up to the nationwide training.

A VA staff member knowledgeable about the Compensated Work Therapy (CWT) program of the VA just completed a very successful 2 month detail with VETS. It became clear during his time at VETS that many CWT managers are unaware of the DVOP/LVER program and that many DVOPs and LVERs are unaware of the existence of the CWT program. This is unfortunate, because there are many areas of the country where the DVOPs and LVERs have highly successful working relationships with their local CWT program, resulting in CWT graduates transitioning into unsubsidized employment. Better informed DVOPs, LVERs and CWT managers will result in more employment for CWT graduates, thus meeting the goals of both the VA and VETS. The VA and VETS have agreed that at meetings of DVOPs/LVERs, a representative of the VA will be invited to speak to the group about the CWT program, and at meetings of VA personnel, a representative of VETS will be invited to explain the DVOP/LVER programs. A memorandum of understanding is being drafted to formalize this agreement.

The VA and VETS share interests and goals in the area of homelessness, as well. VETS and the VA will continue to participate in groups such as the Interagency Council on the Homeless, work together at stand downs, and work with homeless service providers, to see that duplication of effort is minimized, if not eliminated, and that our limited resources are used to the benefit of the greatest number of veterans possible.

VETS and the VA continue their partnership in connection with the Transition Assistance Program (TAP). The TAP manual was just revised to make it a more effective tool for TAP facilitators. Both VETS and the VA want to expand TAP to more areas and increase the percentage of soon-to-be-separating servicemembers and their spouses who attend the workshops. Both parties also want to increase the availability of electronic services at the workshops, to make it easier to access information on VA benefits and jobs. VETS and the VA, working with the Department of Defense, will continue to improve the TAP program, which has been found to be a highly effective avenue to information for service families.

The interaction between VETS and VA has increased this year, and this communication will continue as both work to implement their respective Strategic Plans.

Sincerely,

Alexis M. Herman

FOLLOW-UP QUESTION
FROM THE HONORABLE LANE EVANS
FOR RICK SURRATT
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS

Question: Can you outline how the DAV was brought into the VA's strategic planning process and how receptive the VA was to your involvement?

Answer: The DAV's most extensive involvement was not in the formulation of the strategic plan as such, although we did participate in discussions with VA on the draft versions of the plan. We were involved more in influencing the policies incorporated in the plan. Because policymaking is often an evolutionary process, many varied meetings and discussions between VA and DAV and other veterans service organizations (VSOs) quite likely played a role in shaping the goals, objectives, and strategies included in the plan.

VA consults with the VSOs on both an ad hoc and regularly scheduled basis. The Veterans Benefits Administration (VBA) conducts quarterly meetings with the VSOs on issues of importance and on the status of claims processing, etc. VBA conducts other meetings on special issues as needed. These kinds of meetings are both to disseminate information and allow exchange of ideas between VBA and the VSOs.

The DAV has representatives on several advisory committees. We have a staff member or other employee on the following:

- Consumer Advisory Committee of the Committee on Care of Severely Chronically Mentally Ill
- Advisory Committee on Prosthetics and Special Disabilities Programs
- Advisory Committee on the Readjustment of Veterans
- Advisory Committee on Women Veterans
- Center for Minority Veterans
- Geriatrics and Gerontology Advisory Committee
- Persian Gulf Scientific Committee
- Veterans Advisory Committee on Rehabilitation
- Voluntary Service National Advisory Committee and its Executive Committee

Many of these committees are involved in the "Special Emphasis Programs" included in Part I, Section V, of VA's strategic plan.

One area in which we believe our input was taken most seriously and is most reflected in VA's strategy and goals is the Business Process Reenigineering (BPR) Plan, which forms the basis of the business plan for the Compensation and Pension Service (C&P). We met with members of the BPR Team during its study of claims processing problems and had a candid and extensive discussion of the sources of the problems and their solutions. The BPR Team's December 1996 report, *Reengineering Claims Processing: A Case for Change*, marked a shift in VA's stance regarding its claims processing. Previously, VA had essentially denied it had serious problems; then it blamed them on external factors such as judicial review. The BPR report acknowledged the real core problems underlying the claims backlog, among which are poor quality and a lack of accountability for quality as well as inadequate means to measure and enforce it. The DAV has also had representation on the BPR design teams established to develop the details for implementation of the various aspects of the BPR plan. When a few proposals by VA personnel

threatened to include things in the plans that were contrary to the goals of BPR and detrimental to the rights of veterans, DAV's strong objections were heeded, and the draft plans were changed.

The DAV is represented on each of the Management Assistance Councils (MACs) in the 22 Veterans Integrated Service Networks (VISNS) of the Veterans Health Administration (VHA). The MAC mission is to:

- facilitate open dialogue and communication among VA Network officials, individual stakeholders, and stakeholder groups regarding planning efforts and operational activities of the network

- provide opportunities for stakeholders and stakeholder groups to be involved in network planning efforts

A survey by the MAC Review Work Group generally received positive responses on questions related to opportunities for input and VA responsiveness.

The DAV participates in the rulemaking process. We pay particular attention to proposed rules relating to the compensation program. While we believe the VA has become more receptive to our comments on proposed rules, we still believe some of our suggestions are rejected without adequate justification or even explanation. Also, historically, VA has followed the notice and comment procedure for most of its rulemaking. More recently, we have seen a disturbing trend toward invoking exceptions to the notice and comment procedure on matters of importance to veterans and VSOs. VA now more frequently issues final rules without affording us an opportunity for comment. We would certainly like this recent trend reversed.

Beyond all the formal channels for stakeholder input, the DAV and various VA officials have many informal conversations regarding performance and the administration of VA's various programs. Overall, we would rate the dialogue as good and meaningful.

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