



THE DEPUTY SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

December 19, 2016

The Honorable Jeff Miller  
Chairman  
Committee on Veterans' Affairs  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

I am writing to request that the Committee begin work immediately to repeal the counter-productive, multi-year restrictions on employee awards and incentives that were enacted as part of the Comprehensive Addiction and Recovery Act of 2016 (CARA). For the current fiscal year, the CARA restriction requires a nearly 20-percent cut in total awards and incentives spending over last year; moreover, because CARA lumps the "Recruitment, Relocation, and Retention" (3Rs) incentives under the same cap as performance awards, it will require a nearly 30-percent cut in individual performance-based awards this year over last year. While such reductions might have been warranted had the Department of Veterans Affairs (VA) been profligate in its prior years' spending on employee awards, they are entirely unwarranted given that VA has voluntarily reduced its awards spending year over year, from 2011 through 2015, and has aligned its Senior Executive ratings and related awards with organizational performance better than any other Federal agency. The CARA caps irrationally impose a worst-in-Government employee awards system onto an organization in the midst of transitioning into the best-in-Government customer service provider to our Nation's Veterans.

As you know, VA is in the third year of an unprecedented transformation to improve our delivery of care and benefits to Veterans. In the midst of a massive transformation where VA employees are tackling tough challenges and adapting to change, where our frontline staff is delivering improved Veteran experiences and better Veteran outcomes, and where attracting and retaining the best people is a top priority, capping awards and bonuses for our best performers is precisely the wrong step for Congress to take. We are delivering care and service to millions of Veterans, including operating the largest healthcare organization America. You would never see performance awards being cut like this in the private sector.

Our vision is to be the number one customer-service agency in the Federal Government. It's simple. It's achievable and we're getting there. However, no organizational transformation effort will succeed without flexibility to incentivize innovation, reward effective change leadership, and recognize exemplary performance.

Page 2

The Honorable Jeff Miller

It therefore defies logic that Congress should so severely limit employee awards and incentives, for VA alone, at such a pivotal time in our transformation, when you consider that 20-percent of the total workforce, and 35-percent of Senior Executives are new to VA since the wait list crisis broke in early 2014. These are the very people who are leading the Department's transformation and yet they are being penalized for actions that happened well before their arrival.

Over the last year, Congress has proposed a number of statutory changes that would single out VA employees, alone among the Federal Government, for unequal treatment in terms of diminished due process, awards limitations, and forfeiture of retirement benefits, just to name a few. I firmly believe there must be consequences for behavior that is inconsistent with our values – that is a part of effective leadership and management. As you know, reforms that target a single agency severely compromise that agency's ability to retain and recruit top talent. Changes that target only VA employees within the Federal Government – that adversely affect VA talented leaders, health-care professionals, and other service providers – ultimately hurt the Veterans VA is privileged to serve.

In our testimony before this Committee as elsewhere, Secretary McDonald and I have repeatedly stressed that no organization can fire its way to excellence. Similarly, no organization can transform for the benefit of its customers without meaningfully incentivizing, recognizing, and rewarding its high-performing employees. To ensure that the new Administration is able to complete VA's transformation, the Secretary and I implore the Committee to work to repeal the CARA caps and to stop singling out VA employees for disparate treatment.

Sincerely,



Sloan D. Gibson