JOHNNY ISAKSON, GEORGIA,
CHAIRMAN
JERRY MORAN, KANSAS
JOHN BOOZMAN, ARKANSAS
DEAN HELLER, NEVADA
BILL CASSIDY, LOUISIANA
MIKE ROUNDS, SOUTH DAKOTA
THOM TILLIS, NORTH CAROLINA
DAN SULLIVAN, ALASKA

United States Senate

COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510

RICHARD BLUMENTHAL, CONNECTICUT,
RANKING MEMBER
PATTY MURRAY, WASHINGTON
BERNARD SANDERS, VERMONT
SHERROD BROWN, OHIO
JON TESTER, MONTANA
MAZIE K. HIRONO, HAWAII
JOE MANCHIN III, WEST VIRGINIA

October 9, 2015

The Honorable Robert A. McDonald
Secretary of Veterans Affairs
U.S. Department of Veterans Affairs
810 Vermont Ave., N.W.
Washington, D.C. 20420

Dear Secretary McDonald:

As Members of the Senate Committee on Veterans' Affairs, we ask that you take urgent and immediate actions regarding the shockingly unethical practices described in the September 28, 2015, report from the Department of Veterans Affairs (VA) Office of Inspector General, entitled "Administrative Investigation: Inappropriate Use of Position and Misuse of Relocation Program and Incentives" at the Veterans Benefits Administration (VBA). Our Committee confirmed your nomination to fundamentally overhaul and reform this struggling agency, after VA faced a moment of crisis that resulted from failed leadership and a culture that in some cases led VA leaders and employees to act contrary to their core mission to serve veterans. But, unfortunately, it is clear from this report that your well-intentioned and meaningful efforts to change the culture at VA have not yet taken hold.

As you are aware, the report outlines an orchestrated scheme – carried out by numerous senior executives at VBA - to skirt salary and bonus limitations for senior VBA leaders by unnecessarily relocating executives and using those moves to justify increases in their pay and relocation benefits. In fact, VBA spent nearly $2 million on transferring 22 VBA leaders across the country over the past three years and offering generous pay increases and relocation perks to the relocating officials. There is no indication that these transfers were in any way based on merit or intended to serve the best interests of veterans. In fact, one VBA official confirmed that this was simply an effort to "get around pay freezes and bans on performance bonuses" for senior VBA leaders and the Under Secretary for Benefits, Allison Hickey, admitted that this scheme was an effort to make the pay of these VBA officials "more even" or to achieve "level-setting pay."

In addition to that broader scheme, the Inspector General found that Ms. Diana Rubens used her position of authority within VBA to create a vacancy in Philadelphia that she later volunteered to fill. This new position brought much less responsibility than her prior position, yet she retained the same Senior Executive Service pay, and VA paid a total of $274,000 for relocation expenses. The Inspector General also found that Ms. Kimberly Graves created a vacancy in St. Paul – in part by forcing the transfer of the VA regional office Director to another city – so that

she could then fill that vacancy. This position change also resulted in fewer responsibilities, but she too maintained the same level of pay. The Inspector General concluded that these officials inappropriately used their positions of authority for personal and financial benefit. In addition, it is clear from the report that Ms. Hickey and her leadership team were aware of, assisted with, and authorized these actions.

Now more than ever, VA needs leaders committed to changing the culture and old way of doing business. During your confirmation hearing, you told this Committee that "those employees that have violated the trust of the Department and of veterans must, and will be, held accountable." More recently, at a field hearing in Gainesville, Georgia, you testified that you have the tools you need to do just that. So, we call on you now to live up to your commitment and to hold accountable those who orchestrated, participated in, or benefitted from the unethical practices outlined in this report, including but not limited to the Under Secretary for Benefits.

Moreover, we ask that you:

(1) review all pending relocation efforts for Senior Executive Service employees to ensure staffing and salary adjustments would be in the best interests of veterans rather than VA officials
(2) provide documentation of any actions you are taking to stop the practice of inappropriate relocations
(3) provide a plan for reforming the approval and reimbursement of relocation expenses, including reforms to the Appraised Value Option program
(4) identify any Office of Personnel Management requirements that might restrict your ability to lower compensation for Senior Executive Service employees who are transferred to match the requirements of their position and
(5) update this Committee on steps you are taking to fill vacant and "acting" Senior Executive positions.

Given the seriousness of the issues identified in the Inspector General's report, we would ask that you provide a response to this letter no later than October 23, 2015. We thank you for your dedicated service on behalf of veterans across the nation and look forward to continuing to work with you to restore the integrity of the institution created to meet their needs.

Sincerely,

Johnny Isakson
Chairman

Richard Blumenthal
Ranking Member

Dean Heller
United States Senator

Patty Murray
United States Senator

Jerry Moran
United States Senator

John Boozman
United States Senator

Bill Cassidy, M.D.
Bill Cassidy
United States Senator

M. Michael Rounds
United States Senator

Thom Tillis
United States Senator

Dan Sullivan
United States Senator

Sherrod Brown
United States Senator

Jon Tester
United States Senator

Mazie K. Hirono
Mazie K. Hirono
United States Senator