

VA under fire for hefty employee bonuses

Despite \$1 billion shortfall, agency gives largest raises in government

The Associated Press

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WASHINGTON - Congressional leaders on Thursday demanded that the Veterans Affairs secretary explain hefty bonuses for senior department officials involved in crafting a budget that came up \$1 billion short and jeopardized veterans' health care.

Rep. Harry Mitchell, chairman of the House Veterans' Affairs subcommittee on oversight, said he would hold hearings to investigate after The Associated Press reported that budget officials at the Veterans Affairs Department received bonuses ranging up to \$33,000.

Sen. Daniel Akaka, who heads the Senate Veterans' Affairs Committee, said the payments pointed to an improper "entitlement for the most centrally placed or well-connected staff." He has sent a letter to VA chief Jim Nicholson asking what the department plans to do to eliminate any bonuses based on favoritism.

"These reports point to an apparent gross injustice at the VA that we have a responsibility to investigate," said Mitchell, D-Ariz. "No government official should ever be rewarded for misleading taxpayers, and the VA should not be handing out the most lucrative bonuses in government as veterans are waiting months and months to see a doctor."

One member of the House committee, Rep. Phil Hare, D-Ill., called for Nicholson to resign.

A list obtained by the AP of bonuses to senior career officials in 2006 documents a generous package of more than \$3.8 million in payments by a financially strapped agency straining to help care for thousands of injured veterans returning home from Iraq and Afghanistan.

Misleading numbers

Among those receiving payments were a deputy assistant secretary and several regional directors who crafted the VA's flawed budget for 2005 based on misleading accounting. They received performance payments up to \$33,000 each, a figure equal to about 20 percent of their annual salaries.

Also receiving a top bonus was the deputy undersecretary for benefits, who helps manage a disability claims system that has a backlog of cases and delays averaging 177 days in getting benefits to injured veterans.

The bonuses were awarded even after government investigators had determined the VA repeatedly miscalculated — if not deliberately misled taxpayers — with questionable methods used to justify Bush administration cuts to health care amid the burgeoning Iraq war.

Annual bonuses to senior VA officials now average more than \$16,000 — the most lucrative in government. All bonuses are proposed by division chiefs, then approved by Nicholson.

A VA spokesman said the payments are necessary to retain hardworking career officials. "Rewarding knowledgeable and professional career public servants is entirely appropriate," spokesman Matt Burns said.

Several veterans groups questioned the practice. They cited short-staffing and underfunding at VA clinics that have become particularly evident after recent disclosures of shoddy outpatient treatment of injured troops at Walter Reed Army Medical Center in Washington.

"Rewarding bureaucrats for failure while veterans wait for care is inexcusable," said Paul Rieckhoff, executive director of the Iraq and Afghanistan Veterans of America.

In a letter to Nicholson, Akaka also asked the department to outline steps to address disparities in which Washington-based senior officials got higher payments than their counterparts elsewhere.

"Awards should be determined according to performance," said Akaka, D-Hawaii. "I am concerned by this generous pat on the back for those who failed to ensure that their budget requests accurately reflected VA's needs."

Irreplaceable employees?

Burns, who said the department is reviewing Akaka's request, said many of the senior officials have the kind of experience that would be hard to replace.

"The importance of retaining committed career leaders in any government organization cannot be overstated,"

Burns said.

VA officials characterized the agency's Washington-based jobs as more difficult, often involving management of several layers of divisions that would justify the higher payments.

In 2006, the VA officials receiving top bonuses included Rita Reed, the deputy assistant secretary for budget, and William Feeley, a former VA network director who is now deputy undersecretary for health for operations and management.

Also receiving \$33,000 was Ronald Aument, the deputy undersecretary for benefits, who helps oversee the strained and backlogged claims system that Nicholson now says is unacceptable.

In July 2005, the VA stunned Congress by suddenly announcing it faced a \$1 billion shortfall after failing to take into account the additional cost of caring for veterans injured in Iraq and Afghanistan.

The admission, which came months after the department insisted it was operating within its means and did not need additional money, drew harsh criticism from both parties and some calls for Nicholson's resignation.

'Angry personal attacks'

In urging Nicholson to step down, Hare cited problems with accounting as well as data security that contributed to the loss of 26.5 million veterans' sensitive personal information last year.

"Time and time again, Secretary Nicholson, a former chair of the Republican National Committee, opted to offer political spin instead of preparing for the inevitable influx of new veterans entering the system," Hare said. "Veterans deserve a secretary that will fight for them."

Burns, the VA spokesman, defended Nicholson. "Nobody cares more about veterans than Secretary Nicholson," Burns said, adding that his boss's "efforts to serve his fellow veterans will not be deterred by partisan posturing and angry personal attacks."

The investigative arm of Congress, the Government Accountability Office, determined the VA had used misleading accounting methods and claimed false savings of more than \$1.3 billion, apparently because President Bush was not willing, at the time, to ask Congress for more money.

According to the White House Office of Personnel Management, roughly three of every four senior officials at the VA have received some kind of bonus each year. In recent years, the payment amount has steadily increased from being one of the lowest in government — \$8,120 in 2002 — to the most generous — \$16,713 in 2005.

In contrast, just over half the senior officials at the Energy Department in 2005 received an average bonus of \$9,064. Across all government agencies, about two-thirds of employees received bonuses, which averaged \$13,814 in 2005, the most recent data available.

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