



Out of Many/One Union
AFGE NVAC/AFL-CIO

NATIONAL VETERANS AFFAIRS COUNCIL

American Federation of Government Employees
AFFILIATED WITH THE AFL-CIO

ALMA L. LEE
President

October 18, 2011

General Allison Hickey, Under Secretary for Benefits
Office of the Under Secretary
810 Vermont Avenue, NW
Washington, DC 20420

Dear General Hickey:

This letter is to express concerns from the American Federation of Government Employees/National Veterans Affairs Council, AFL-CIO (AFGE/NVAC), which represents over 208,000 employees nationwide at the Department of Veterans Affairs (VHA), including many employees in VBA.

This letter focuses on recent proposals VBA has made to AFGE/NVAC about the collection of materials for claims processing. According to VBA officials, the agency plans to engage "external vendors" for this function, apparently to allow VA employees already doing this work to focus their efforts on decision-making.

It is our understanding that this measure – which essentially means outsourcing functions that are carried out by federal employees at VA – is designed to help VA deal with workload increases and growing backlogs resulting from VA's need to focus greater attention and resources on the readjudication of Agent Orange claims.

However, regardless of the reasoning, AFGE/NVAC regards the contracting-out of claims processing positions as direct conversions, which are not legal under recent federal law (FY2009 Omnibus Appropriations Act, P.L. 111-8, Division D, §735 prohibits work last performed by federal employees from being given to contractors without first conducting a formal cost comparison).

AFGE/NVAC is also concerned about VBA's proposal to outsource claims processing positions because a significant number of these jobs at the VA are held by veterans. Moreover, we know from experience that it takes significant time to train claims processors. Contracting out these positions, therefore, will mean fewer veterans in these jobs and force the agency – and the veterans it serves – to rely on less-trained contractors for processing claims. These steps would undermine the agency's ability to perform critical functions – a key concern of the White House Office of Management and Budget (OMB).

With these concerns in mind, we therefore ask the following questions:

1. Did VBA conduct a cost-benefit analysis of claims processing functions before deciding to outsource this work? If not, please explain why the agency did not follow the law in this instance. If yes, please provide us with the results of the analysis.
2. Please explain why substituting contractors for federal employees in VBA's claims processing department does not constitute a direct conversion, as defined in FY2009 Omnibus Appropriations Act, P.L. 111-8, Division D, §735.
3. Did VBA analyze whether the proposed outsourcing of claims processing functions will make the agency over-reliant on contractors to perform critical functions, as outlined recently by OMB? In this contact, we note that the OMB's Office of Federal Procurement Policy's latest policy letter on inherently governmental functions (<http://1.usa.gov/nKr4os>) direct agencies to take specific measures if their mission is at risk due to overreliance on contractors. When such a determination is made, the OMB letter clearly states that agencies should "work with the acquisition office to address the handling of ongoing contracts and the budget and finance offices to secure the necessary funding to support the needed in-house capacity."
4. Lastly, has VBA issued a solicitation for this proposed contract? If so, please provide a copy of this solicitation to us.

We would appreciate receiving a written response to this inquiry as soon as possible.

Sincerely,



Alma L. Lee, President
National Veterans Affairs Council #53
American Federation of Government Employees, AFL-CIO

ALL/lo

cc: Will A. Gunn, Office of General Counsel