



HR Highlights

August 2001

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Dear Colleagues:

Welcome to August *Highlights*!

I am pleased to announce the establishment of a National Veterans Employment Program, in the Office of Human Resources Management. Mr. Willie L. Hensley, former Director of the VA Center for Minority Veterans is the program's first National Director. Mr. Hensley will work with the Office of Personnel Management, the Department of Labor and other Federal and state agencies to ensure the referral of veterans to VA for employment consideration. He will also develop an aggressive recruitment and marketing campaign aimed at providing employment information to veterans. The development of a pool of highly qualified veteran candidates, to be considered for crucial positions in VA, is one of many ways we can respond to anticipated succession issues that will impact our workforce in the future. You will find additional information on this program on page 12. This month's *Highlights* report also features the "top ten" list of key issues facing Human Resources as articulated by Dr. Jacob Lozada, Assistant Secretary of Human Resources and Administration.

As each day of the new administration passes, it becomes increasingly apparent that Human Resources professionals are challenged to take a more strategic perspective regarding their role in the organization. As we respond to this challenge, measuring HR's performance and its contribution to VA's performance consistently emerges as a key theme. The result is managing VA's HR Architecture, that is, the sum of the HR function, the broader HR system and resulting employee performance and behavior. I challenge you to define the business strategy, build a business case for HR as a strategic asset, create a strategy map, identify HR deliverables within the strategy map, align the HR architecture with HR deliverables, design an HR strategic measurement system and implement management by measurement. It's a challenge we can take together.

Ventriss C. Gibson
Deputy Assistant Secretary
for Human Resources Management

The top 10 key issues facing Human Resources in VA, as identified by Dr. Jacob Lozada, Assistant Secretary for Human Resources and Administration, are:

Potential Nursing Shortage – Registered nurses comprise the largest segment of health care workers within VA. Currently, VA employs over 35,000 registered nurses and nurse anesthetists. VA has traditionally been able to successfully recruit to fill vacancies as they occur. However, VA medical centers are experiencing difficulty in recruiting nurses in certain specialties such as intensive care nurses, nurse practitioners, and nurse anesthetists. Certain VA medical centers also report difficulties recruiting licensed practical nurses (LPNs) and nursing assistants (NAs). If nationwide projections for the next several years bear out, VA is facing a potential shortage of skilled nurses, which could have a significant effect on VA's quality of care initiatives. As of June 2001, 12 percent of the VA nursing population is eligible to retire. Each year, an additional 3.7 to 5.3 percent of VA nurses become eligible to retire. By 2005, 35 percent of the current VA nursing workforce will be retirement eligible. Based on past experience, VA is predicting that two-thirds of these nurses will actually retire by that date. In summary, over one in five VA nurses today will be gone by 2005. The retirement eligibility projections for allied nursing occupations are similarly high with 29 percent of LPNs and 34 percent of NAs eligible for retirement by 2005.

Mitigating Action Plan: Considering attrition and retirement eligibility, it is important for VA to continue to develop recruitment and retention strategies necessary to ensure that we have qualified nurses to serve our veterans. For example:

- ? The Employee Incentive Scholarship Program (EISP) provides scholarships of up to \$10,000 per year for up to three years for employees to pursue degrees for education in health care occupations for which VA is experiencing staffing problems. As of June 2001, the Veterans Health Administration (VHA) has awarded 189 scholarships for over \$1.7 million for employees pursuing degrees in the fields of nursing and pharmacy.
- ? The National Nursing Education Incentive (NEI) is similar to the EISP, but awards scholarships only to nurses to obtain baccalaureate or post-graduate degrees and training. Since March 2000, 1,639 VHA nurses have been awarded more than \$18.5 million support for tuition and expenses.
- ? The VA Learning Opportunities Residency (VALOR) program provides opportunities for outstanding students (at least 3.0 GPA at end of junior year of college) to develop competencies in clinical nursing while at an approved VA medical center.
- ? Flexibilities in the Nurse Locality Pay Systems.
- ? Establishment of youth program (VA CADET) to attract young people (ages 14 or older) to experience the nursing care environment in VA medical centers.
- ? Education Debt Reduction Program to provide tax-free payments to newly hired employees

10 Key Issues Facing Human Resources (continued)

- ? Extra salary step(s) for exemplary job performance or exemplary job achievement.
- ? Employee recognition and incentive awards programs.
- ? Recruitment bonuses, relocation bonuses, and retention allowances.
- ? Travel expenses for interviews and new appointments.
- ? Family friendly policies, flexible work arrangements, and on-site day care centers.

Aging Workforce – The VA workforce is getting older and fewer young people are entering into the Federal service. As of September 30, 2000, only 6 percent of the VA workforce was under the age of 31, 19 percent were between the ages of 31-40, 36 percent were between the ages of 41-50, and 39 percent of the VA workforce was over age 50. A significant number of current employees are eligible to retire, including 16 percent of VA's health care staff, 24 percent of VBA staff, and 22 percent of cemetery directors. An even greater number of employees will be able to retire by 2005. As a result of the projected turnover and retirements in critical positions, VA is potentially facing a major crisis within the next few years in terms of having the skilled workforce to meet the Department's needs across a variety of programs. Further, rapid changes in technology, an increasingly diverse labor and beneficiary pool, higher turnover rates among new employees, and different expectations of younger workers are forces that strongly suggest the need for new recruitment and retention practices to meet program goals. VA needs to define more precisely the workforce it needs.

Mitigating Action Plan: VA has made great strides in establishing a workforce planning process. However, the following actions need to be implemented:

- ? Develop and implement a workforce forecasting system.
- ? Establish a Workforce Planning Council to oversee the planning and operations of VA's workforce planning process. This Council will be composed of top level, Department-wide VA executives and will be formally established in September 2001.
- ? Develop a Departmental Workforce and Succession Plan that will articulate VA's corporate vision for workforce planning and identify specific strategies to address the recruitment, retention, and development issues within the Department.
- ? Explore the use of emerging technologies to recruit and hire young staff.

Competition for Human Resources in a Prosperous Economy – Competition for human resources is a source of serious concern for the entire Department. Due to the economic boom of the past decade, the labor market has become extremely competitive, and knowledge and technical workers are in high demand. This comes at a time when the Government is less competitive. After decades of downsizing, criticism of the Federal Government, and diminishing Federal budgets, the Government is no longer seen as a secure, lifetime employer and often cannot offer the same type of competitive salaries and rapid job offers as the private sector.

10 Key Issues Facing Human Resources (continued)

Mitigating Action Plan: VA needs to be more competitive. Examples of strategies to achieve this goal include:

- ? Making greater use of the recruitment and retention tools already available.
- ? Offering no-cost or low-cost educational assistance programs to individuals in key occupations who commit to a number of years of VA service in return for this assistance.

VA needs to be seen as a desirable place to work where skills can be developed, advancement is possible, and employees have high degrees of job satisfaction. The following incentives must be leveraged to accomplish this difficult task:

- ? The VA Learning University;
- ? Leadership VA;
- ? Increased use of Alternate Dispute Resolution to resolve work place disputes;
- ? Flexible work schedules;
- ? Child care;
- ? Transit subsidies.

Succession Planning – In view of the VA workforce demographics, VA anticipates a Department-wide loss of seasoned leadership and institutional knowledge due to the large percentage of employees eligible for retirement within 5 to 10 years. Moreover, VA is presently experiencing difficulty in filling positions for senior leadership and for certain occupations, e.g., nurses, pharmacists, and information technology specialists.

Mitigating Action Plan: VA will develop a succession plan for predicting turnover in senior positions and tracking the pipeline of candidates in the preceding grades, so that steps can be taken to ensure an even flow of qualified candidates. VA will develop a systematic training plan for senior positions, focusing on human resources management, diversity, and change management. In addition, VA will:

- ? Identify individuals with potential leadership;
- ? Provide leadership opportunities as well as mentoring programs;
- ? Publicize the use of VA's Intranet to heighten the awareness of these opportunities.

Change Management – Since 1993, VA has undergone significant change. Changes in how we deliver health care and benefits coupled with reductions-in-force, loss of talent, buyouts, streamlining, reorganizations and changes politically make most hesitant to change and less responsive to priorities. Change can be turbulent, chaotic, and confusing to those on the receiving end. However, effective change management reduces the amount of fear, hesitation, and

10 Key Issues Facing Human Resources (continued)

anguish. Change should be an inclusive part of the governance process, which includes defining the outcomes of the change effort, identifying the changes necessary to produce outcomes, implementing those changes in the least intrusive way, and involving the employees in the process to ensure that they understand the necessity.

Mitigating Action Plan: VA will have a strategic change management plan approved by the Strategic Management Council and assigned to a specific individual responsible for change management such as a change management officer. A change management officer will work collaboratively with each leader to leverage change, customize the change process where necessary, conduct gap analysis between the "as is" and the "to be" models, and personalize the transition to the organization and its culture, ensuring full communication with the employees. Managing change will require a broad set of skills:

- ? Analytical Skills – A Change Management Officer will know how system analysis and financial analysis systems work within the organization and determine the impacts to ensure continuity of change management and its effectiveness during implementation.
- ? People Skills – People come characterized by all manner of intelligence, ability, gender, sexual preferences, national origins, race, religious preferences, disabilities, socio-economic backgrounds, education, beliefs, attitudes toward life and work, personalities, and priorities. A Change Management Officer will be skilled in organizational culture and communication or interpersonal skills.
- ? Business Skills – A Change Management Officer will know and understand how VA works. The skill set requires knowledge of the organization, its culture, previous change efforts, customers, hiring, rules of conduct, removals, equal employment, workforce development, and business acumen.

Workforce Development – Patterns for providing efficient and effective care to our veterans are changing. These changes may influence the types of employee competencies needed and, therefore, the quality and structure of the workforce we currently have. The challenge for VA today is to realign our capital assets and human capital based on changing demographics and veteran needs in order to ensure that we can perform our mission now and in the future.

Mitigating Action Plan: VA will continue training and development opportunities. Specifically, VA will:

- ? Review our current level of competency.
- ? Establish programs that offer a wide range of educational seminars and courses that

10 Key Issues Facing Human Resources (continued)

improve overall performance and enhance consultative skills.

- ? Identify required future competencies.
- ? Establish on-line human resources tool kits and libraries that will provide current information to supplement and support new skills and competencies.

Diversity – VA is not effectively managing its diverse workforce and may not be ready to manage an even more diverse group in the near future. The changing demographics of the U. S. population reflect a mobile population with a wide array of regional and national origin differences. A diverse workforce will enable VA to relate to and better serve veterans and their families. Aligning diversity with our mission and business will also increase employee satisfaction and retention, thus improving our competitiveness and productivity, increasing our responsiveness, and adding value to our services.

Mitigating Action Plan: VA executives will fully understand their roles and be ready to manage the change. To achieve this goal, VA supports the following initiatives:

- ? A training program to help executives understand how diversity issues impact organization cohesion, mission, performance, accomplishments, increased awareness, and sensitivity.
- ? Consolidation of recruitment efforts directed at institutions with diverse populations to attract interns and scholars to occupations in which VA has under-representation or projected hiring needs. VA will involve more institutions of higher education and create an internal system whereby disabled veterans are included in the internship programs.
- ? A strong affiliation with veterans service organizations, minority institutions of higher education, and high schools for internships at VA.
- ? Partnerships with the Hispanic Association of Colleges and Universities and the National Association of Equal Opportunity in Higher Education to support internships for students attending Hispanic-Serving Institutions or Historically Black Colleges and Universities.

Timeliness of Complaint Processing – Equal Employment Opportunity Commission (EEOC) regulation 29 CFR 1614.108(f) requires agencies to complete investigations within 180 days from the filing of a formal complaint. Although VA has made great strides in decreasing timeliness and reducing our investigative backlog, we are currently averaging 230 days to complete the investigations.

Mitigating Action Plan: All complaints pending over 180 days will be assigned to contract investigators. This should achieve the following results:

- ? Eliminate the backlog of cases pending over 180 days;
- ? Increase the timeliness of the investigative process.

10 Key Issues Facing Human Resources (continued)

Recruitment/Retention of Health Care Professionals and Compensation – Stiff competition remains in recruiting and retaining health care professionals in the Federal Government. This issue is more noticeable in efforts to recruit health care professionals, but includes employees who work in connection with health care professionals to deliver patient care services to veterans. Most private companies are paying considerable bonuses to new doctors, nurses, and pharmacists, in addition to starting salaries. Although Title 38 (which governs the hiring regulations for health care professionals at VA) contains more flexibility, its limitations do not fully meet the needs of the facilities. Additionally, Title 5 employees are often limited in the amount of compensation they can receive, e.g., overtime pay rates are capped, certain employees are excluded from on-call pay and Sunday premium pay.

Mitigating Action Plan: In order to attract and retain high quality professionals, greater compensation flexibility is essential:

- ? VA will publicize OPM's less stringent approach to allow Federal annuitants to become re-employed without a reduction in annuity.
- ? Policy development and implementation of Repayment of Student Loans for new employees will allow VA to be competitive with private companies to recruit new talent.

Incorporating ADR into the EEO Complaint Process – The Equal Employment Opportunity Commission (EEOC) requires Federal agencies to incorporate Alternative Dispute Resolution (ADR) into the EEO complaint process. ADR is a range of dispute resolution mechanisms that provide for the settlement of disputes outside traditional court procedures and structure. Various benefits of using non-traditional methods to resolve disputes include savings of time and money, party satisfaction with the ADR process and outcomes, high settlement rates, and improved relationships. In spite of VA Directive 5978, *Alternative Dispute Resolution*, which requires each Administration to establish an ADR program, some facilities involved in EEO complaints are not in compliance with the directive. Further, there is no consistent buy-in from VA management across the board.

Mitigating Action Plan: The following strategies will be employed:

- ? VA will continue to encourage the use of ADR throughout the various stage of the discrimination complaint process, up to and including the EEOC hearing stage.
- ? VA's Office of Resolution Management (ORM) will provide mediation training for senior executives in the Department.
- ? ORM field offices will provide extensive training to key facility individuals within their jurisdiction.
- ? VA will continue to promote the use of ADR, particularly mediation, and

Parental Leave Survey

The Office of Personnel Management (OPM) was directed by Congress to develop one or more alternative means for providing Federal employees with at least six weeks of paid parental leave in connection with the birth or adoption of a child (apart from any other paid leave). OPM through their Human Resources Management Council recently requested VA input as to whether paid parental leave could be expected to help the Federal government in its recruitment and retention efforts and whether a new leave entitlement would make it more difficult for Federal agencies to accomplish their missions. The Office of Human Resources Management surveyed the VA field Human Resources community to develop the VA response.

The survey results revealed that employees leaving employment with VA do so for a variety of reasons and the respondents did not view this proposed benefit as reducing the number of employees leaving to work in the private sector. At the same time respondents believed if parental leave were offered on the same basis as "authorized absence" for the time used in connection with birth or adoption of a child, it could be a factor in attracting new employees. The survey also indicated that employees and candidates for employment do not cite lack of a parental leave program or the Federal leave program in general as reasons for leaving or refusing Federal employment.

With respect to recruitment of qualified personnel, we had mixed responses. Although some felt that it would improve VAs capability to recruit qualified personnel because we would be offering a benefit not widely available elsewhere, the overall response was that we have not been experiencing recruiting problems based on a lack of this benefit. With the exception of the Family and Medical Leave entitlements, VA respondents indicated that the existing Federal leave programs provide sufficient paid time off for childbirth and adoption. Such time off is more or less dependent upon whether an employee has sufficient accrued annual and/or sick leave or is able to acquire sufficient leave through participation in the Leave Sharing Program. Although the available leave benefits are "stackable," the majority of VA respondents indicated that having an additional 6 weeks of paid leave would not necessarily prevent an employee from leaving employment with the Federal government.

The results of the survey with respect to whether providing 6 weeks of paid parental leave in addition to already existing forms of leave would cause staffing problems or create other hardships were just as informative. If the intent of this type of leave is to serve as an additional benefit that can be used in conjunction with the other available leave programs, then using this entitlement could extend the time an individual is away from the workplace. At VA health-care facilities, staffing levels are already critical, and any extra time taken would very likely cause a staffing shortage or exacerbate existing staffing problems. In addition, some

Parental Leave Survey (continued)

respondents expressed the belief that other employees who provided coverage in the absence of the employee receiving parental leave would exhibit itself in resentment towards the employees who use this benefit thus outweighing the benefits to the new parents. We were also asked if this new paid leave benefit would affect our competitiveness with private contractors. Based on the survey results, we reported that like other Federal agencies, based on salary alone, VA is not always able to compete with private contractors for some key occupations, e.g., Information Technology positions. This proposed paid leave benefit would add to the Federal government's already attractive benefits program and as a result, potentially enhance VA's ability to compete. We noted, however, that some respondents believe the addition of this benefit would actually weaken VA's position in an A-76 competition since it could result in our "price" being greater than that offered by a contractor who did not offer the benefit.

OPM also asked what alternatives could VA recommend for providing Federal employees with six weeks of paid leave for the birth or adoption of a child. If parental leave is instituted, we recommended it be in the form of advanced annual leave which would have to be repaid unless the employee returned to work for a specific period of time. OPM asked agencies to rank ten factors in order of importance to recruitment and retention efforts with #1 being most important, #10 being the least. Based on VA survey results, the ranking of the ten factors provided by OPM was:

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| (1) Pay | (6) Flexible work schedule/telecommuting arrangements |
| (2) Opportunities for advancement | (7) Paid time off for personal needs |
| (3) Health benefits and life insurance | (8) Retirement benefits |
| (4) Challenging work | (9) Paid time off to care for a sick/injured family member |
| (5) Opportunities for training | (10) Paid parental leave for birth/adoption |

Finally, responses to the OPM survey on parental leave indicated that although the parental leave proposal would be beneficial to some current and potential employees, pay is still viewed as the most important factor in VA's ability to recruit and retain staff. Paid parental leave was viewed as the least important factor. Rather than singling out parental leave as a new leave benefit, we recommended that the Federal benefits program be restructured to permit "cafeteria" style benefits in which employees could pick those options which are best suited to their personal situation, both from a financial and lifestyle perspective. A "cafeteria" style benefits program would be a useful tool in attracting new employees and competing with the private sector for scarce human resources. We do not know at this time what the overall response was to the OPM survey nor what OPM will recommend to Congress, however, we will closely monitor this issue and report the results to you as they become available.



**For additional service contact
Katie McCullough-Bradshaw, 202-273-9836**

OPM Legislative Proposals Awaiting OMB Clearance

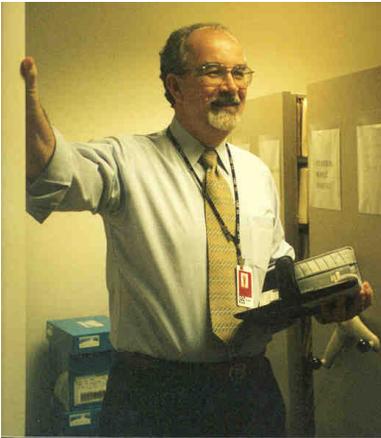
- ? *Federal Employment Restructuring Assistance Act of 2001* – would create a permanent Government-wide buyout authority that retains the \$25,000 ceiling from earlier authorities, but includes a waiver provision for the one-for-one reduction.
- ? *Federal Employee Voluntary Early retirement Amendments of 2001* – codifies and broadens the existing voluntary early retirement authority to allow voluntary early retirements regardless of whether the agency actually plans to separate a portion of its workforce. The additional flexibility will be helpful to agencies as they implement the President’s delayering initiative.
- ? *To Increase Certain Government Retirement Contribution Rates* – OMB has asked OPM to prepare a legislative proposal to make permanent certain Government retirement contribution rates that were temporarily increased by the Balanced Budget Act of 1997. Those temporary increases in Government contribution rates were preserved by public Law 106-364 even though that Act rescinded temporary increases in employee retirement rates. This proposal amends Public law 106-346 by striking the time limitations on the Government retirement contribution rate increase.
- ? *Civil Service Recruitment and Retention Incentives Act of 2001* – This proposal would amend Title 5 of the U.S. Code, to make it easier for Federal agencies to use recruitment, relocation and retention bonuses to recruit and retain high quality employees. It also allows Federal agencies to pay the cost of academic degrees and employees’ licenses, certificates, and professional credentials under certain specified conditions. Finally, the proposal includes changes designed to improve the effectiveness of the special salary rates program as a recruitment and retention tool and restore confidence in the fairness of individual pay administration determinations for employees receiving special salary rates.
- ? *To Strengthen the SES* — This proposal strengthens the Senior Executive Service in four ways: (1) it amends a pay limitation so that senior executives who receive awards may do so immediately; (2) it recognizes the major improvements made to the senior executive performance evaluation process by recent amendments to regulations by repealing recertification; (3) it places all senior executives in the 8-hour leave category; and (4) it allows an agency head to offer an exceptional candidate for a senior executive position a credit of up to 10 days of annual leave in order to complete the recruitment.
- ? *Federal Human Resources Management Innovation Act of 2001* – This proposal would make the demonstration project authority in chapter 47 of Title 5 simpler and easier for agencies to use and a more effective tool for helping them attract and retain the employees they will need in the 21st century. The proposal also would create a mechanism for making

OPM Legislative Proposals Awaiting OMB Clearance (continued)

innovations that have been tested successfully in one agency available for other agencies to use.

- ? *Budgeting for Results Act of 2001* – OMB requested OPM prepare this legislative proposal to implement the President's Budgeting for Results initiative. The legislative proposal would require accrual accounting in the Civil Service Retirement System as well as in other Federal retirement systems.

**For additional service, call
Gary King at 202-273-9807**



OHRM Monthly Conference Call

Join the OHRM Monthly Conference Call on Wednesday, September 12, 2001 at 3:00 PM (EST). OHRM subject-matter experts will discuss topics of relevance. Mark your calendar and join us for some lively discussion.

**For additional service, call
Ken Quantock, 202-273-9753**

Establishment of National Veterans Employment Initiative

Since the passing of the Veterans Preference Act of 1944, our nation has recognized the importance of assisting men and women who have served in military uniforms in their transition to the civilian workplace. Throughout the years, the Veterans Preference Act of 1944 has been complemented with other legislative initiatives and executive orders. The establishment of a veterans employment program underscores the VA commitment to transforming veterans employment laws and executive orders into actions that benefit men and women who have stood up for our great nation. Our Chapter 31 program provides an excellent means for leveraging resources to fill vacant positions. VA must be the federal government's leader in this arena.

**For additional service call
Willie Hensley at 202-273-6775**