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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

AUG 24 1970

CIVIL DIVISION

Dear Mr. Rhodes:

We made a limited study of the feasibility of consolidating operations of Veterans Administration (VA) regional offices concerned with adjudicating claims for benefits under the compensation, pension, and education (CP&E) programs for veterans or their dependents. Our study was performed at the VA Central Office, Washington, D. C., and at the Veterans Administration Center, Philadelphia, Pennsylvania. We made an analysis of the operations of the Philadelphia Regional Office and we performed a pilot study involving four regional offices to determine whether savings in administrative costs could be realized by such consolidation.

The VA Central Office Department of Veterans Benefits (DVB) is responsible for administration of the CP&E programs. The programs are implemented by DVB's 57 regional office field stations located in the United States and overseas. At the end of fiscal year 1969, DVB field stations employed about 16,000 personnel.

The regional office Adjudication Division has primary responsibility for processing actions related to the CP&E programs. Other regional office divisions provide management, financial, administrative, and personnel services to support the Adjudication Division. Our analysis of Philadelphia Regional Office operations indicates that most field office functions concerned with processing claims for benefits under the CP&E programs, and servicing beneficiaries of the programs, could be consolidated without reducing service to veterans and their dependents.

Based on discussions with VA personnel and our observations and analyses, we determined that Adjudication Division personnel rarely have personal contact with claimants or beneficiaries when developing information needed to process claims, and when approving or disapproving claims. In carrying out these functions most interviews are made by Contact Division personnel and most communications are by mail. In our opinion consolidation of these adjudication operations would not reduce the service provided by Contact Division representatives.

Our analysis indicates that some adjudication functions should continue to be performed on the existing decentralized basis. These include the functions of the Vocational Counseling, Training, and

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Adjustment (VCTA) Section of the Adjudication Division. VCTA functions involve the providing of counseling services to veterans and dependents eligible for educational benefits, and the providing of vocational rehabilitation services to disabled veterans. We believe that these functions should not be consolidated because of the high degree of personal contact involved in providing VCTA services.

We also believe that regional office activities involved in maintaining liaison with State Approving Agencies and making compliance surveys of schools and training establishments should not be centralized. In our opinion these functions do not lend themselves to a highly centralized operation because of the necessity to maintain local liaison with the State Approving Agencies and because it would not be practical to perform compliance surveys from a centralized site outside the State due to the necessity to frequently travel to schools and training establishments within the State.

Our pilot study included the VA regional offices at Wilmington, Delaware; Pittsburgh and Philadelphia, Pennsylvania; and Baltimore, Maryland. In February 1970, we advised DVB officials of the pilot study and offices selected and agreed to channel our requests for information through VA Central Office.

VA Central Office officials provided us with workload statistics, organization and staffing charts, performance and leave rates, various estimates, and other information on the operations of the offices. Based on these data and estimates we analyzed those regional office adjudication operations which we had determined could be consolidated as well as other regional office functions which provide personnel, finance, administrative and management support for the adjudication operations. Our analysis included functions which are measured by VA work rate standards and those for which no standards have been established.

Our analysis of measured work indicates that a consolidated adjudication office would require 10 less personnel than are currently required at the four regional offices to perform the adjudication operations which we believe could be merged. The reduction would result because a combined office would provide for more efficient utilization of personnel resources.

Our analysis of those personnel positions involved in performing unmeasured work indicates that a consolidated adjudication office would require about 20 less personnel than are needed to perform the regional office adjudication operations which we believe could be merged. Many

of these are supervisory or clerical overhead positions which exist at more than one of the four regional offices. For instance, each of the four regional offices has an Adjudication Officer who is the head of the Adjudication Division. Only one such position would be required for a consolidated office with a resulting elimination of three positions.

Overall our pilot study showed that there would be a reduction of about 30 personnel as a result of consolidation. This reduction would result in annual savings in personnel costs of about \$400,000. The savings were based on current salary tables and also include fringe personnel benefits paid by the Government.

We estimate that an independent office to accommodate the consolidated adjudication operations of the four regional offices included in our study would require about 80,000 square feet of space. We discussed with General Services Administration (GSA) Central Office officials the availability of both Federally-owned and commercially leased office space. We were informed by these officials that at the present time there is a nationwide shortage of vacant suitable Federally-owned office space. We were told, however, that suitable commercially leased office space can be obtained in most major cities. Based on this information we concluded that at the present time it would, in most instances, be necessary to lease commercial space to accommodate consolidated adjudication offices. We believe, however, that costs of leasing such space would in most instances be totally or substantially offset by savings which would be realized by the Government by backfilling the space vacated at the regional offices.

VA officials indicated that at the present time they are experiencing difficulties in hiring personnel to staff the position of Veterans Claims Examiner. This is one of the key personnel positions required to perform adjudication functions. VA Central Office officials told us that it requires a great deal of training and experience to develop a qualified examiner. They indicated that it would create administrative difficulties if large numbers of examiners had to be hired and trained at this time, as would probably be the case if regional office adjudication operations were consolidated. Accordingly, we have decided to suspend further work on this study. At the time we suspended our work, we had not developed sufficient information to enable us to estimate one-time costs of consolidation such as training and moving costs.

We are submitting this information to advise you of the results of our study to date and to suggest that when Veterans Claims Examiners can be hired more readily in greater numbers, VA consider making a study with the view of consolidating regional office adjudication operations.

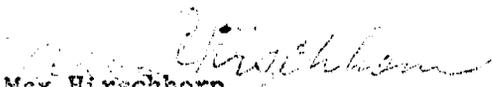
We believe that consolidation should provide better VA Central Office control over the administration of the CP&E programs because of the fewer number of offices implementing them. In addition, we believe that consolidating at a limited number of sites may result in more uniform adjudication actions and decisions.

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We wish to express our appreciation for the courtesies and cooperation extended to our representatives during the study.

If you so desire, we are prepared to discuss these matters with you or members of your staff. We would appreciate your comments on the matters discussed in this letter.

Sincerely yours,

  
Max Hirschhorn  
Associate Director

Mr. Fred B. Rhodes  
Deputy Administrator  
Veterans Administration