

For Immediate Release
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Grassley calls on FDA leaders to address mismanagement of FDA employee pay and benefits

WASHINGTON --- Senator Chuck Grassley has asked the Department of Health and Human Services and the Food and Drug Administration to respond to allegations about mismanagement of employee pay and benefits.

Grassley said that high level FDA officials and others have complained to him about paycheck errors that resulted in legal fees and sloppy record keeping and have shaken confidence in the personnel management system.

“Based on the reports that have come to me, it looks like there is more than isolated incidents of mismanagement, and it could have significant repercussions for the quality workforce that the public deserves to have at the Food and Drug Administration. The leadership of the department and the agency needs to address these issues promptly,” Grassley said.

The text of Grassley’s letter of inquiry is below.

October 28, 2008

The Honorable Michael O. Leavitt
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

The Honorable Andrew C. von Eschenbach, M.D.
Commissioner
U.S. Food and Drug Administration
5600 Fishers Lane
Rockville, MD 20857

Dear Secretary Leavitt and Commissioner von Eschenbach:

As a senior member of the United States Senate and Ranking Member of the Committee on Finance (Committee), it is my responsibility to conduct oversight into the actions of the executive branch, including activities at the Department of Health and Human Services (HHS) and the Food and Drug Administration (FDA or Agency). In that capacity, I am very concerned about allegations I received regarding mismanagement of FDA employee pay and benefits.

My Committee staff has spoken to a number of FDA employees, including high level officials, regarding this matter, and I am very concerned that payroll problems are adversely affecting employee morale and work performance at the FDA. The cases that have been reported to me suggest serious vulnerabilities in the wage and benefit management system. For example, I was told that an FDA employee went to the emergency room in the middle of the night with a sick child, only to discover that the Agency had incorrectly terminated him, thus cancelling his health insurance benefits. I also learned that on at least two occasions employees may have been mistakenly overpaid by several thousand dollars, resulting in the receipt of threatening debt collection letters, misstatement of income taxes, and costly

expenditures on attorneys and accountants. Such errors may also leave the Agency open to costly legal actions. In yet another case, I was informed that a brand new employee at the FDA was not paid for several pay periods because the employee “fell out of the system.”

My staff also spoke to a senior medical officer who expressed sincere concern over the FDA’s ability to adequately address employees’ complaints. Specifically, the medical officer stated that the wage and benefit errors absolutely “affect the quality of work,” and that even though his/her complaint has been technically resolved, s/he has little confidence that the problems will not re-emerge upon his/her retirement. In the same vein, another senior medical officer confessed that his/her pay errors have caused him/her “an enormous amount of stress,” and that the errors are the only reason that s/he would leave the FDA for the private sector.

Such misgivings likely contribute to turnover at the FDA, despite the massive hiring initiative the Agency undertook earlier this year. Though the FDA recently met its 1,300 new employee hiring goal, I understand that over 40% of those new hires are simply filling vacancies created by retirement and normal attrition.

Employees are the FDA’s lifeblood, and HHS and FDA have an absolute responsibility to properly manage their compensation. In an effort to understand the scope of the payroll problems, I request that HHS and the FDA provide my staff with data on all wage or benefit-related complaints filed by FDA employees since January 1, 2006. In your production, please include the following for each complaint:

- summary of the complaint;
- date of the complaint;
- actions taken to rectify the problem;
- current status of the complaint; and
- date the issue was resolved.

Please also provide my staff with an analysis of the hiring surge, including:

- net increase or decrease in staff by center, from January 1, 2008 to the present (please distinguish between part-time and full-time employees);
- number of new Center for Drug Evaluation and Research (CDER) employees for whom CDER is their first assignment within the FDA; and
- number of new CDER employees who transferred to CDER from another FDA center or office.

In addition, it is my understanding that until about six years ago, FDA had its own human resources office and managed its own employees’ wages and benefits. I was told that the Program Support Center (PSC) within HHS currently handles human resources matters for HHS and its agencies. Furthermore, I was informed by FDA employees that the Defense Finance and Accounting Services (DFAS) is responsible for processing pay transactions for the Agency. Please describe in detail the roles and responsibilities of PSC and DFAS with

respect to management of pay and benefits for FDA employees. Additionally, please provide the following:

- a detailed description of the performance goals and metrics related to payroll processing, error rates, and error correction used to measure the performance of the PSC and any related contractors;
- a copy of any pay or benefit error reports from January 2006 to the present prepared by FDA, HHS, PSC or any other contractors;
- a copy of any evaluation(s) or analysis(es) of the performance of the PSC and any related contractors from January 2002 to the present conducted by HHS and/or third parties; and
- a copy of any service level agreements or other contracts or arrangements with PSC and/or other contractors related to payroll processing and error correction.

Thank you for your attention to this important matter.

Sincerely,
Charles E. Grassley
Ranking Member