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JOBS FOR VETERANS ACT THREE YEARS LATER: ARE VETS' EMPLOYMENT PROGRAMS WORKING FOR VETERANS?

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS UNITED STATES SENATE

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C O N T E N T S

FEBRUARY 2, 2006

SENATORS

	Page
Craig, Hon. Larry E., Chairman, U.S. Senator from Idaho	1
Akaka, Hon. Daniel K., Ranking Member, U.S. Senator from Hawaii	3
Isakson, Hon. Johnny, U.S. Senator from Georgia	4
Murray, Hon. Patty, U.S. Senator from Washington	5
Burr, Hon. Richard M., U.S. Senator from North Carolina	7
Salazar, Hon. Ken, U.S. Senator from Colorado	8
Obama, Hon. Barack, U.S. Senator from Illinois	9
Thune, Hon. John, U.S. Senator from South Dakota	49

WITNESSES

Principi, Hon. Anthony J., Former Secretary of Veterans Affairs	11
Prepared statement	13
Response to written questions submitted by Hon. Larry E. Craig	14
Ciccolella, Hon. Charles S., Assistant Secretary for Veterans' Employment and Training, U.S. Department of Labor	15
Prepared statement	16
Response to written questions submitted by:	
Hon. Larry E. Craig	21
Hon. Daniel K. Akaka	27
Hon. Barack Obama	29
Nilsen, Dr. Sigurd R., Director, Education, Workforce, and Income Security Issues, U.S. Government Accountability Office	30
Prepared statement	31
Response to written questions submitted by:	
Hon. Larry E. Craig	46
Hon. Barack Obama	48
Poriotis, Wesley, Chairman, The Center for Military and Private Sector Initiative	65
Prepared statement	68
Proposal, Veterans Job Development Corps	71
White paper, Branding the Veteran	80
Written questions submitted by:	
Hon. Larry E. Craig	83
Hon. Barack Obama	83
Sharpe, Jr., Joseph C., Deputy Director, National Economic Commission, The American Legion	83
Prepared statement	85
Response to written questions submitted by:	
Hon. Larry E. Craig	89
Hon. Barack Obama	92
Weidman, Richard F., Director of Government Relations, Vietnam Veterans of America	92
Prepared statement	95
Written questions submitted by:	
Hon. Barack Obama	100
Hon. Larry E. Craig	100

Page

APPENDIX

Madsen, Roger B., Director of the Idaho Department of Commerce and Labor, prepared statement 107
Miller, Randy M., Chairman and CEO of ReadyMinds, prepared statement 108
GAO report 113
Table, Fiscal Year 2005 DVOP and LVER Actual FTE Utilization 173

JOBS FOR VETERANS ACT THREE YEARS LATER: ARE VETS' EMPLOYMENT PROGRAMS WORKING FOR VETERANS?

THURSDAY, FEBRUARY 2, 2006

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:33 a.m., in room SR–418, Russell Senate Office Building, Hon. Larry Craig (Chairman of the Committee) presiding.

Present: Senators Craig, Burr, Thune, Isakson, Akaka, Murray, Obama, and Salazar.

OPENING STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

Chairman CRAIG. Good morning, everyone. The U.S. Senate Committee on Veterans' Affairs will be in order. Let me welcome all of you to the Committee this morning. Thank you.

Today, we will be discussing a most important topic, jobs for our Nation's veterans. Each year, roughly 200,000 service members are separating from active duty, and for the most of them, obtaining a job is a critical step in successfully transitioning to civilian life. Last year alone, over 42,000 of those separating service members were 20 to 24 years old, who served in Operation Enduring Freedom and Operation Iraqi Freedom.

Ensuring a smooth transition for those young service members who bravely fought for freedom should be a national priority. Yet as the chart behind me shows, these unemployment rates among young veterans have risen dramatically since the war on terror began and now are approaching double the unemployment rate of nonveterans in the same age group. I must add, in a strong economy, as is true in most areas of our country, these figures just don't fit.

This trend suggests to me that we, as a Nation, must do more to help those young veterans succeed in civilian life and in the civilian job market. Much of that help must continue to come from leaders in the business community and in the public sector who recognize the distinct advantages in hiring former service members. Some of that help will come from employment programs that can provide veterans with resources, knowledge, and assistance that they need to find meaningful employment.

Today, we will examine the effectiveness of two such programs administered by the Department of Labor's Veterans' Employment

and Training Service, the Disabled Veterans' Outreach Program, and the Local Veterans' Employment Representative Program. For most of a decade, Congress, GAO, and others have expressed concern that these programs are not focusing on those most in need of services, including recently separated veterans and veterans with disabilities.

In fact, in 1999, the Commission on Service Members and Veterans Transition Assistance found that those groups of veterans often did not receive the services they needed because the program structure was outdated, inflexible, and unfocused, and because there was no real accountability for employment outcomes. That led to years of hearings, proposals, and reports, which eventually culminated in the passage of the Jobs for Veterans Act of 2002.

In December of last year, the GAO completed a comprehensive review of the changes that have been made in the VETS employment programs in the 3 years since the passage of the Jobs for Veterans Act. Today, we will hear about many of those changes, including new performance measures, efforts to reward high performance, and increased use of case management services. We also will hear that services providers believe that these changes have improved the quality of services to veterans and have improved veterans employment outcomes.

However, we will also learn that there are no data showing that these changes have led to better employment outcomes for veterans, and we will hear that accountability remains problematic. Perhaps most significant, we will examine the high unemployment rates of young, recently separated veterans and veterans with disabilities, which suggest that these programs still are not effectively targeting services to those most in need.

As we begin this discussion, I want to stress that I have no doubts about the dedication and the sincerity of those who provide employment services to veterans and those who administer these programs. However, after decades of commissions and GAO reports, congressional hearings and attempt at reform, it is time to embrace Benjamin Franklin's admonition that the definition of insanity, ladies and gentlemen, is doing the same thing over and over and expecting different results.

If these programs, as currently structured, are not helping those veterans most in need, I believe we must acknowledge that. It is time for fundamental changes in how we provide employment services to our veterans.

To begin this important discussion today, I must tell you that I am pleased to welcome back to this Committee the Honorable Anthony J. Principi, whose groundbreaking work both as Chairman of the Transition Commission and as Secretary of Veterans Affairs led to increased scrutiny of veterans employment services and the continuing search for ways to improve them.

Welcome to you, Mr. Secretary. It is great to have you, and we want to thank you for joining us today.

We also are pleased to be joined on our first panel by the Honorable Charles Ciccolella, the Assistant Secretary for Veterans' Employment and Training, and Dr. Sigurd Nilsen, Director of Education, Workforce, and Income Security Issues at the GAO.

Welcome to all of you.

On our second panel, we are pleased to be joined by Wes Poriotis—I always struggle at pronouncing names correctly because my very difficult name, I enjoy having it pronounced correctly—Chairman of the Center for Military and Private Sector Initiatives and Joseph Sharpe, the Deputy Director for the American Legion's National Economic Commission, and Rick Weidman, the Director of Government Relations for Vietnam Veterans of America.

Welcome to all of you. Before we start taking your testimony, let me turn to my colleagues on the Committee and, of course, to my Ranking Member, Senator Danny Akaka. Danny?

STATEMENT OF HON. DANIEL K. AKAKA, RANKING MEMBER, U.S. SENATOR FROM HAWAII

Senator AKAKA. Thank you very much, Chairman Craig, for calling this hearing today. And Chairman Craig, I just want to wish you well this year and wish us well this new year as we continue to work on this Committee for veterans across our country.

I want you to know I look forward to working with you again because I enjoyed so much working with you in the past and look forward to the future. Last year this Committee was very busy and I am sure this year will be no different.

Before I move into the substance of the hearing, I would like first to thank Chairman Craig for attending Committee hearings in my home State of Hawaii during January.

Chairman CRAIG. He drug me out of the deep snows of Idaho and pulled me across all of those islands, out in the Pacific, warm breezes blowing. Thank you, Danny.

[Laughter.]

Senator AKAKA. You are very welcome and now you know how hard I had to try to do that. Not only Chairman Craig, but his staff also, and I really appreciate that. And, my own staff, they did a great job in listening to our veterans out there in Hawaii. As Senator Craig and his staff can attest, these hearings were very well attended on four of the islands in Hawaii.

I hope that VA, the Department of Labor, and this Committee will continue to recognize the obstacles that Hawaii's veterans face as they assess the benefits and care they have earned through their selfless service to this country. Veterans in one State must be sure that they receive services as veterans in other States do, and the best kinds of services.

I also want to thank the witnesses for coming to this first Committee hearing today. I especially want to welcome back our good friend first, the Secretary of Veterans, Tony Principi, before this Committee. Mr. Secretary, we appreciate all the years you have served this Nation on behalf of our veterans, and I want to thank you. I know you are a busy man, and thank you for being here with us today.

Also I want to thank the others on this panel as well and the second panel.

Today, the Committee will look into the employment and training services available to veterans. Specifically, we will hear about the implementation of the Jobs for Veterans Act.

I am proud that the Committee has chosen to tackle the issue of veterans employment. Holding a hearing on the implementation

of JVA is a wonderful start this year. I am hopeful that we will expand upon this hearing to investigate other areas involving veterans employment, such as the Uniformed Services Employment and Re-Employment Rights Act. We must make certain that we are doing all we can to protect the rights of our service members who have set aside their lives to serve our country.

Several years ago, Secretary Principi, you chaired the Congressional Commission on Service Members and Veterans Transition Assistance. That Commission made several recommendations for improving employment and training. I hope that you will discuss these recommendations today.

GAO recently published that a third of our States reported that local accountability had either lessened or not improved as a result of the Jobs for Veterans Act. I agree that States need flexibility to serve their veterans population. However, States must provide accurate employment data so the Department of Labor can properly conduct oversight. I want to hear from the Department of Labor what can be done to rectify the situation.

I thank you again, Mr. Chairman, for holding this, and I look forward to the testimony of our witnesses. Thank you very much.

Chairman CRAIG. Thank you very much, Senator Akaka.

Let me turn to Senator Isakson for any opening comments he would like to make. Johnny?

STATEMENT OF HON. JOHNNY ISAKSON, U.S. SENATOR FROM GEORGIA

Senator ISAKSON. I want to thank you, Chairman Craig, and I want to take this opportunity to thank the panelists for being here. At this particular time in our Nation's history, this is probably as important a topic as we could be discussing, given the number of veterans who are deployed.

But I would like to take a little bit of a different tack, Mr. Chairman, if I can, and I know I will be accused of maybe being what we refer to in sports as a "homer", but I want to refer everybody to the cover of this month's American Legion magazine and the picture of Bob Nardelli, who is the president of the Home Depot. And I want to talk for one second about a gentleman by the name of Ted Daywalt in Georgia.

First of all, the Home Depot—this happens to be an interview about their program, where last year they donated 1 million man-hours and millions of dollars to repair homes of veterans who are deployed around the world, for their spouses and their children. But in addition, the Administration recently gave Home Depot its highest award for their employment program of veterans, which, among other things, includes obviously what we expect, which is re-employment, but it includes the extension of benefits, extension of training, compensation, equalization, and everything a person would hope an American veteran would receive from American industry.

As we look to Government programs to solve these programs, and certainly we should, I encourage us to use these programs to be catalysts in American industry to show vividly and demonstrate what corporations in America are doing. The Home Depot is not the only one. But I would submit to you there are a lot of corpora-

tions that could do better. And sometimes it is out of sight, out of mind. So as we have this hearing, I hope it will encourage us to do that.

Secondly, I don't have a picture or a magazine about a gentleman by the name of Ted Daywalt, but I just want to pay tribute. He is a veteran who started a business about 9 years ago to employ veterans and find jobs for veterans and match veterans with jobs. People like that who are out there and those businesses that, in fact, do it should equally be encouraged and served by the Veterans Administration to help them in those placements because there is no better way to find a job than to match it with an activist in the community and an employer in the same community.

In my testimony today I want the record to reflect my personal deep appreciation to the Home Depot for not its token commitment, but its complete commitment to the veterans of the United States of America, both those who are activated that work for them, as well as those they employ who return from active duty who didn't work for them before.

If I remember correctly, the number is in the tens of thousands of employees. We are not talking about a handful of people. We are talking about tens of thousands of employees who are service members—Guardsmen, Reservists, and active duty—who have been touched.

Then equally to those community activists, former veterans, who established their life's business to find veterans jobs and employment in their communities upon returning home. The two best programs we could have for veterans in our country is a corporate America that is equal to the task of providing employment when they return and extending benefits while they are away and activists with veterans experience who act as job finders in our local communities.

I appreciate the time, Mr. Chairman.

Chairman CRAIG. Very well spoke, Senator Isakson. Thank you for citing that example. It is really a stellar example.

Let me turn now to Senator Patty Murray. Senator?

STATEMENT OF HON. PATTY MURRAY, U.S. SENATOR FROM WASHINGTON

Senator MURRAY. Thank you very much, Mr. Chairman, Senator Akaka, for calling this really important hearing. I want to join in welcoming all of our panelists. Secretary Principi, it is great to see you again. Assistant Secretary Ciccolella, thank you so much for your work as well, and Dr. Nilsen.

When our veterans come home from fighting for us, they need to come home to a community that will support them and they need to come home to a job. That is really why this hearing is so important. When it comes to veterans employment, I get to see the challenge from three different perspectives.

First, as the Ranking Member on the Employment and Workplace Safety Subcommittee, working with Senator Isakson, overseeing the efforts of the Department of Labor to help our veterans. Also, of course, serving on this Committee, where we look at how the VA is meeting its veterans' needs. And finally, when I am home in Washington State, talking with veterans on the ground and

hearing from them firsthand what the real challenges are on the home front.

I have held 8 roundtables and 1 VA field hearing in Washington State, and no matter where I was or what we focused on, there was one clear message I was hearing from our veterans, and that is veterans are falling through the cracks. Whether it is getting health care or getting job training, veterans are falling through the cracks today, and I want to give you some examples.

Last August, in Longview, Washington, I met a veteran who had been discharged from the National Guard 2 months earlier without any financial benefits. He couldn't find a job. He was married, had three kids, and he told me he had to go sign up for food stamps. That is a man who served our country with honor, and he was falling through the cracks.

Guard members have told me that they are falling behind at work after they have been deployed for a year or more, and they don't know how to get the training so they can catch up again. Other Guard members have been telling me about employers who are nervous about hiring Guard members since they might have medical issues, or they may be deployed again in a short time.

One Guard member at our Senate Veterans' Affairs Committee hearing testified that he lost his business because the SBA programs that are intended to help small business owners and the self-employed didn't work with the realities of mobilization. I have also heard about the Transition Assistance Program, the TAP program, doesn't work within the 3- to 7-day timeframe that our Guard members are given to separate, and it is too focused on the needs of traditional forces, which is a finding that has been confirmed now by a GAO report as well.

The good news is there are steps that we can take. Three years ago, we looked at the problems that veterans were having finding jobs, and we saw a broken system. After a lot of work, we did pass the Jobs for Veterans Act. That goal was to streamline the programs and bring together the stakeholders to help veterans find employment.

I think that law made a lot of progress and it is a great thing. The system is working better than it did in 2002. But since we passed that law, a lot of things have changed, and the veterans job system hasn't kept pace. If we are going to help meet the current challenges, we need to recognize three facts.

First, on sheer numbers, we have got a growing veterans population, and those large numbers are outpacing the support that we have in place. Compared with past wars, we have more disabled veterans who are coming home and they are having a very hard time finding a job.

Secondly, many of the veterans who are now coming home are members of the Guard and Reserve, and they face some very unique challenges that we are not equipped to handle today. About 40 percent of those serving in Iraq today are in the Guard and Reserve. Many of those Guard and Reserve members, when they come home, live far away from a military base or any other kind of support center, and help is not just around the corner. So we have got to do a better job of outreach.

A challenge they often have is the very short transition period that they have. If we don't get them the help that they need in that very short window, they often fall through the cracks.

Third, many of our returning veterans don't know that help is available, and the people who can help them don't know that veterans need their assistance. I heard from Guard members who were struggling and didn't know that help was even out there.

Last October, a few months ago, I met with a group of veterans and employment leaders in Vancouver, Washington, and at the table, there were two Washington National Guard members, Nathan Rivera and Doug Dupee. Nathan had come back from the Middle East in March, a number of months earlier, 8 months earlier, and still had not found a job. Doug told me he had given up finding a job and finally had just gone back to school.

Sitting at the same table was a man named Jerry Bloss. He is a veterans representative, working at the Work Source Center there in Vancouver. Jerry sat there and listened to these two stories and he turned and said to them, "I could help you guys, but I didn't know how to find out."

Mr. Chairman, we need to do a better job of connecting those veterans who need help with the people who are on the ground ready to help them. Mr. Chairman, it is great that we have made some progress in updating a jobs program from the cold war era to the needs of 2002, but now I firmly believe that we need to bring this up to date to meet the challenges that we are now facing in 2006. Otherwise, we are going to continue to see our veterans fall through the cracks.

Thank you, Mr. Chairman.

Chairman CRAIG. Senator, thank you for that very thorough statement. It is appreciated.

Senator Burr, any opening comment?

STATEMENT OF HON. RICHARD M. BURR, U.S. SENATOR FROM NORTH CAROLINA

Senator BURR. Mr. Chairman, I will. I am not sure that I can add to what my two colleagues before have said. Let me welcome our panelists today. Secretary, it is good to see you.

I sit here in hopes that one day we won't need legislation for U.S. corporations that are successful to realize the reason they are successful is because so many brave people have made sure they could do what they do. This weekend, I was at a university event where Magic Johnson was honored and clearly a star.

As he stood up to be recognized for the over 30,000 jobs he has created in 80 cities for minorities, he said, "I shouldn't be here receiving recognition for something I am obligated to do, and that is to go back to the communities that I grew up in, the communities that supported me in my career, and to use my rewards to touch somebody else's life."

We need the Act that we have got in place, but we also need a spirit in this country where we all go out and remind American business companies why they have the ability to operate and to be successful. They should fall all over themselves to absorb these individuals as they come back.

I commend Home Depot and the other companies. Johnny is right to highlight them. They have been really a leader in it. I commend companies like Wachovia that have really handled the call-up of Reservists and Guard, and they have done it in a way that has not only made sure that they had a job when they came back, but that their families were taken care of while they were gone.

Sometimes we are given challenges to make us stronger. I hope that is what we are going through now. At the end of this process, we will see if American business responds to the challenge.

I thank you, Mr. Chairman.

Chairman CRAIG. Senator, thank you.

Senator Salazar, thank you for joining us. Any opening comment?

STATEMENT OF HON. KEN SALAZAR, U.S. SENATOR FROM COLORADO

Senator SALAZAR. Thank you, Chairman Craig, for holding this very important hearing. To our distinguished panel, welcome this morning. Particularly former Secretary Principi, it has always been an honor to watch your work and to know of your great service to our country in so many different capacities.

When our service members enter active duty, they are often uprooted from their lives, their families and their communities. They are also removed from their previous jobs and, in many cases, this change becomes a permanent case.

The transition from a life of relative normalcy to a life of military service is an extremely difficult one to make, but most of our brave men and women in uniform make it willingly, in full recognition of the sacrifice they are about to make for our country.

As we watch these same members of our military return from Iraq and Afghanistan, we sometimes overlook the drastic nature of the transition that they face. That is why it is so important that we have this hearing today. As difficult as it is for someone who is 18, 19, or 20 years old to leave their home and family to enter a dangerous theater of war, it can be equally difficult for them to return to the lives that they have left behind.

Among the more difficult aspects of this transition is the need to once again come home to find a way to make a living. Often, the jobs they left behind are no longer there. And now, several years later, the experience they had gained before has lost its value.

Our Government and our Nation owes it to these veterans to help provide them with the resources and guidance they need to find good jobs. That is why we have the Veterans' Employment and Training Service Program. That is why Congress passed the Jobs for Veterans Act 3 years ago. And that is why we are holding these hearings today to make sure that we fulfill our promise to the Nation's veterans.

I am troubled, frankly, when I look at the chart that is behind the Chairman today, and I compare the unemployment rates that apply to veterans and nonveterans. When I look at an unemployment rate of 14 to 15 percent for our veterans, it is troublesome to me. Because when I look at those kinds of unemployment rates, it reminds me of the rural parts of my State of Colorado, which

sometimes are the most difficult places to find any kind of economic revitalization.

Those kinds of unemployment rates, when you compare it to the unemployment rate of the Nation at 5 percent, seem to me to be totally unacceptable. How can we have an unemployment rate for America where we are at approximately 5 percent, and yet among the people who have served our Nation, who have sacrificed so much for our Nation, the unemployment rate among veterans is 15 percent?

I believe that we can do better and I believe that the Veterans' Administration, working with this Committee, has all the right intentions. If there is anything that we can do to make sure that we bring that red line down to a point where it is more close to the unemployment rate of the Nation as a whole, I believe that we would be doing a great service to our country.

Thank you again, Mr. Chairman, for holding this hearing on this very important subject.

Chairman CRAIG. Senator Salazar, thank you very much.

Senator Obama, any opening comment?

STATEMENT OF HON. BARACK OBAMA, U.S. SENATOR FROM ILLINOIS

Senator OBAMA. Thank you very much, Mr. Chairman, my colleagues, Mr. Secretary, and the other panelists. I want to very much thank you, Mr. Chairman and Ranking Member Akaka, for calling this hearing.

At the outset, let me say that the Labor Department's VETS program does terrific work across the country. You have got a network, as I understand it, of 2,400 veterans employment specialists. The reports I have heard back is that VETS provides comprehensive services to help veterans get and keep high-quality jobs.

But we are here today to perform a check-up of the program 3 years after Jobs for Veterans Act went into effect, and I have a particular interest in this check-up because it appears that there are some problems with Illinois's veterans employment system.

As I understand it, Illinois ranks dead last in the Nation for the job placement rate of its veterans. Dead last. According to Labor Department statistics, only 34 percent of veterans who seek assistance are finding jobs. That is almost half the national average of 62 percent and 9 points lower than the second-worst State.

Obviously, I was shocked to hear this news because I think, as you are all aware, Illinois is a State with a proud tradition of serving veterans. We have a lot of talented, dedicated, and hard-working people who work for the State of Illinois on this issue. They care about veterans, but for some reason, the system is not translating into measurably good performance.

I believe there are two major causes for this problem. One is funding. The second is accountability. To the funding issue, since the JVA changed the formula, Illinois's funding has dropped 18 percent, which has led to a reduction in staff and reshuffling of workers between offices. This is a problem that, from what I gather, is shared by a number of other States.

I was just reviewing some statistics here, and it appears that there are at least 31 States who saw problems with respect to fund-

ing as a consequence of the bill that was passed, which I wasn't here when the bill was passed. I am trying to figure out how that could have occurred. But an 18 percent drop is obviously going to have some impact on performance. My understanding also is that 8 of the 10 lowest performing States saw their funding decrease significantly since 2003.

We have got a major funding issue, but the problem is more than just reduced funding. States like North Dakota and Vermont, which each saw their funding drop by a third, still remain among the highest performing States in the Nation. While, obviously, Illinois is a big industrial State and has a different set of problems than small States like North Dakota and Vermont, and although I think money makes a difference, I am not somebody who is suggesting that we just throw money at the problem. So that leads to a second issue, the issue of accountability.

One of the JVA's most important goals was to improve accountability in the system. It was supposed to make it easier for States to keep track of local performance and, in turn, for the Feds to keep track of the States. The GAO reported in December that in this crucial area, the Labor Department is coming up short. A third of the States said monitoring has not improved since 2003, and 21 States couldn't even keep track of local-level data.

In the case of Illinois, the Labor Department argues that Illinois is actually doing much better than its raw numbers show and that the low job placement rates just reflect a difference in counting methods. But we would be wrong, I think, to minimize this problem as a minor accounting issue. If we can't quantify the problem, we are not going to be able to address any problems that may be there. And unfortunately, for too long, the Labor Department doesn't seem to have a handle on what is going on in Illinois.

I am encouraged by steps that the Labor Department has recently taken, but I think much more needs to be done. Step one, I guess, would be to get the numbers right. Part of the goal originally of the JVA was to standardize in some fashion how we are tracking this stuff. So I am going to be interested in figuring out why that is not happening.

It means figuring out, as Senator Murray eloquently stated, which veterans are falling through the cracks and developing a plan to improve services across the board, but particularly to target those who are in most need of help.

One last point, Mr. Chairman, I think we also have to draw attention to the problem of homelessness among veterans, which is so intimately tied to employment. Elaine Knox of the Illinois Department of Employment Security said you can't concentrate on employment if you don't have a home. This year, there are 54,000 veterans—54,000 veterans—who will sleep on the streets of Chicago. Fifty-four thousand in one city in America, and that is just a remarkable number.

I have introduced legislation to begin addressing this problem. I appreciate the Chairman's commitment to hold hearings on this issue later this year. But I think it is important for all of us to note, as we are talking about the issue of employment, that it is going to be intimately tied with stabilizing the lives of a lot of these veterans.

Thank you, Mr. Chairman.

Chairman CRAIG. Senator, thank you. I think, to this panel, you have heard the concerns, and there are many. That is why we are here. We believe the program is substantially underperforming, and we want to know why. So we thank you for being with us today.

Let me turn to the gentleman who started this ball rolling in looking at veterans employment. That started 10 years ago with the Transition Commission. Mr. Secretary, again, welcome before the Committee. The microphone is yours.

STATEMENT OF HON. ANTHONY J. PRINCIPI, FORMER SECRETARY OF VETERANS AFFAIRS

Secretary PRINCIPI. Thank you, Mr. Chairman. Good morning, Senator Akaka and Members of the Committee. It is a pleasure to be back before you, and I commend you, Mr. Chairman, Senator Akaka, and all the Members, for holding this hearing and for everything you do for our Nation's veterans.

Senator Isakson, I just want to comment on Home Depot as well. As Secretary, I learned firsthand about Home Depot's commitment to veterans, and I really do believe they are a corporate model that should be emulated across the country.

I know it comes from Bob Nardelli's heart because I remember he told me one day that his dad, who is a decorated World War II veteran in his late eighties, volunteers every day at the VA medical center, Wilkes-Barre, Pennsylvania. I think it is that commitment that has made him such a force in veterans employment issues and I think it is shared by others as well. But I did want to mention that because he is such a great man.

Our Nation depends upon the willingness of the men and women who embody our armed forces to assume the risks and endure the hardships necessary to secure our freedoms and independence, and those risks and hardships are difficult realities at all times and in all places. But they are magnified now for the service members—active and Reserve, Guard—who have responded and are now responding to the demands of the global war on terror, particularly in Iraq and Afghanistan.

Just over a year ago, while serving as Secretary of Veterans Affairs, I was privileged to share the holiday seasons with our men and women in uniform in Afghanistan and the Persian Gulf, and I know that I share the same belief of every Member of this Committee when I say that they are truly America's best.

Not diminishing my fellow Vietnam veterans and all veterans of previous wars and peacetime service, I think we have fielded the very best in courage and compassion on the battlefield of Iraq and Afghanistan, and they certainly make me proud to be an American.

Just as those men and women assumed an obligation to our country when they took their oaths of enlistment, so did our country assume a reciprocal obligation to them when they complete their service. When they set their uniforms aside, assume the honored title of veteran, we owe them the assistance they need to make a successful transition to civilian life. And suitable employment is the key to a successful civilian life.

A veteran with a good job is a veteran with a head start in overcoming the "slings and arrows of outrageous fortune" and in laying a firm foundation upon which he or she can build a life and a family. Conversely, a veteran searching for a job is a veteran burdened with an unnecessary handicap in dealing with the challenges of life and a veteran attempting to build a future on a foundation of sand.

That is why the Congressional Commission on Service Members and Veterans Transition Assistance placed such a heavy emphasis on reform of Federal programs assisting veterans in obtaining their first jobs and again why I commend this Committee for holding this hearing.

The Transition Commission's research led us to believe that the organizational structure for veterans employment programs was not conducive to success. And back then, if I recall the statistics correctly, the unemployment rate for recently separated active duty service members was 20 percent higher than their nonveteran counterparts in the same age group, 20 to 24.

We found back in 1997, 1998 that only 300,000 of the 2 million veterans who registered with the employment service obtained suitable employment, and only 12 percent obtained permanent employment. We felt that that was really unacceptable and that reforms were necessary in this program.

Most importantly, we found that there was little that the Federal Department of Labor Veterans' Employment and Training Service could do to effectively influence outcomes at the local level because of the statutory limitations with which they had to work.

I am pleased that the Congress enacted reform legislation in response to the Commission's findings, and I commend GAO and the Congress for following up on the effectiveness of that legislation. While I am not in a position to opine on the effect of reform legislation or the effectiveness of veterans employment assistance programs as they exist today because I really haven't been close to it anymore, I will take the liberty of suggesting some questions, the answers to which may illuminate paths the Committee may desire to follow.

Do employment program managers and workers, for both veteran-specific programs and for programs serving the general population, have clearly defined goals and performance standards for placing veterans in suitable jobs? This question is applicable to employment service processes and especially for their outcomes.

Have program leadership at both the State and the Federal level established management information systems that measure actual verified performance against those standards?

Perhaps most importantly, as Senator Obama pointed out, do the States hold their local offices accountable for their outcomes, and does the Federal Department of Labor hold the States accountable for their outcomes in finding veterans decent, good jobs upon which to build a successful life?

Are there sanctions for poor performance? Are there rewards for good performance? Are those sanctions and rewards effective? If there are States or offices that have not met standards, what corrective actions have been taken, and what is the effect of those actions?

While there are virtually limitless nuances to oversight of a program this diverse and this important, I believe that the answers to these questions will give the Committee a great deal of insight into whether the Congress satisfied its obligation to America's veterans when it enacted Public Law 107–288.

Thank you, Mr. Chairman. I would be pleased to respond to your questions.

[The prepared statement of Hon. Anthony J. Principi follows:]

PREPARED STATEMENT OF HON. ANTHONY J. PRINCIPI, FORMER SECRETARY OF VETERANS AFFAIRS

Good Morning Chairman Craig, Senator Akaka, members of the Committee.

Our nation depends upon the willingness of the men and women who embody our Armed Forces to assume the risks and endure the hardships necessary to secure our freedoms and independence. Those risks and hardships are difficult realities at all times and in all places, but they are magnified now for the servicemembers, active and reserve, who have responded, and are now responding, to the demands of the global war on terror, particularly in Iraq and Afghanistan.

Just over a year ago, while serving as Secretary of Veterans Affairs, I was privileged to share the holiday seasons with our uniformed defenders in Afghanistan and in the Persian Gulf and I can assure you that those men and women are America's best; and they make me proud to be an American.

Just as those men and women assumed an obligation to our country when they took their oaths of enlistment, so did our country assume a reciprocal obligation to them when they complete their service. When they set their uniforms aside and assume the honored title of "veteran" we owe them the assistance they need to make a successful transition to civilian life.

Suitable employment is the key to a successful civilian life. A veteran with a good job is a veteran with a head start in overcoming the "slings and arrows of outrageous fortune" and in laying a firm foundation upon which he or she can build a life and family. Conversely, a veteran searching for a job is a veteran burdened with an unnecessary handicap in dealing with the challenges of life and a veteran attempting to build for the future on a foundation of sand.

That is why the Congressional Commission on Servicemembers and Veterans Transition Assistance placed a heavy emphasis on reform of Federal programs assisting veterans in obtaining their first jobs and why I commend the Committee for holding this hearing.

The Transition Commission's research led us to believe that the organizational structure for veterans' employment programs was not conducive to success. While we found some states provided effective services to veterans, other states were ineffective. Most importantly, we found that there was little that the Federal Department of Labor Veterans Employment and Training Service could do to effectively influence outcomes at the local level.

I am pleased that the Congress enacted reform legislation in response to the Commission's findings and I commend the Government Accountability Office and the Congress for following up on the effectiveness of that legislation.

While I am not in a position to opine on the effect of reform legislation or the effectiveness of veterans' employment assistance programs as they exist today;

I will take the liberty of suggesting some questions the answers to which may illuminate paths the Committee may desire to follow.

Do employment program managers and workers, for both veteran specific programs and for programs serving the general population, have clearly defined goals and standards for placing veterans in suitable jobs? This question is applicable to employment service processes and especially for their outcomes.

Have program leadership, at both the state and the Federal level, established management information systems that measure actual verified performance against those standards?

And, perhaps most importantly, do the states hold their local offices accountable for their outcomes and does the Federal Department of Labor hold the states accountable for their outcomes?

Are there sanctions for poor performance? Are there rewards for good performance? Are those sanctions and rewards effective? If there are states or offices that have not met standards, what corrective actions have been taken and what is the effect of those actions?

While there are virtually limitless nuances to oversight of a program this diverse and this important, I believe that the answers to these questions will give the Committee a great deal of insight into whether the Congress satisfied its obligation to America's veterans when it enacted P.L. 107–288.

Thank you Mr. Chairman, I would be pleased to respond to your questions.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. LARRY E. CRAIG TO HON. ANTHONY J. PRINCIPI

Question 1a. In your written testimony, you suggest that this Committee attempt to ascertain the answers to several key questions in order to measure whether reform legislation—the Jobs for Veterans Act (JVA)—has been successful. The questions you posed include: Do the states hold their local offices accountable for their outcomes and does the Federal Department of Labor hold the states accountable for their outcomes? Are there sanctions for poor performance? Are there rewards for good performance? And are those sanctions and rewards effective? If the Committee discovers that the answers to those questions are negative, should we conclude that fundamental reform is still necessary?

Answer. If the Committee determines that states are not holding local offices accountable for veterans' employment outcomes, and that the Federal Department of Labor does not hold the states accountable for their outcomes, then fundamental reform remains necessary.

Question 1b. If so, what reforms would you recommend that the Committee consider?

Answer. One reform the Committee should consider would be competition for DOL funding to provide employment services to veterans. The prospect of competition would provide an incentive to state program leadership to improve service and, in the event that service did not improve, would provide a mechanism to transfer resources to other providers better able to provide veterans with the services they need.

Question 2. Attached is an organizational chart reflecting the Government Accountability Office's best attempt to capture the various Federal and State entities that administer the Department of Labor's grants for veterans' employment services. As the former head of the second largest bureaucracy in government, I am sure you are aware of the impact organizational structures can have on an agency's ability to establish clear lines of program authority and accountability. What is your reaction to an organizational chart like this one?

Answer. More important than an organizational chart are the ability to establish performance standards and to hold local leadership accountable for their performance.

The chart indicates that ETA and VETS would be "accountable for national performance goals" and that the ETA and VETS Regional Administrators would "initiate corrective action as needed". The chart also specifies that the ETA Regional Administrator and the DVET would have "program oversight but not supervisory authority over state and local staff". The State Workforce Agency would be "accountable for state performance goals." First-line employees in the One-Stop Career Center would be "accountable to the state agency."

The key questions unaddressed in the organizational chart are the mechanisms for that accountability.

Question 3. The report of the Congressional Commission on Service members and Veterans Transition Assistance recommended that veterans' employment grants to States be subject to competition from other, non-State providers. Given your role as Chairman of the Transition Commission, what did you believe to be the benefit of awarding the grants on a competitive basis?

Answer. As noted in my response to the first question, the prospect of competition would provide an incentive to state program leadership to improve service and, in the event that service did not improve, would provide a mechanism to transfer resources to other providers better able to provide veterans with the services they need.

Question 4a. During your tenure as Secretary of Veterans Affairs, the Administration proposed that the Disabled Veterans' Outreach Program and the Local Veterans' Employment Representative program be transferred to the Department of Veterans Affairs (VA) and that VA establish a new competitive grant program. What was your response to those who suggested that VA should not administer the grant program because veterans would "lose out" on the Department of Labor's vast infrastructure of One-Stop centers?

Answer. The validity of that concern is proportional to the extent to which veterans' current access to that "vast infrastructure" does, in fact, meet their needs to obtain suitable employment. The ability to establish performance standards and to hold local leaders accountable for their outcomes would likely have more impact on program effectiveness than the name of the Department administering the program. However, there is no reason why a statute transferring overall responsibility to VA could not also require DOL funded "One-Stop" centers to provide veterans with employment services.

Question 4b. Do you still believe this to be a good idea?

Answer. VA has no mission other than service to veterans. It has no non-veteran constituencies competing for attention or resources. I am confident that, if assigned the mission, and entrusted with the necessary resources and the ability to hold program managers and workers accountable for outcomes, VA could and would provide veterans with excellent service.

This opinion should not be construed as a criticism of DOL since I do not believe that DOL has, or has had, the ability to hold the organizations and personnel providing services to veterans accountable for their outcomes.

Chairman CRAIG. Tony, thank you very much.

And now let us turn to the Assistant Secretary for Veterans' Employment and Training, the Honorable Charles Ciccolella. Chick, welcome.

STATEMENT OF HON. CHARLES S. CICCOLELLA, ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR

Mr. CICCOLELLA. Thank you, Mr. Chairman, and thank you for holding the hearing.

I will keep my oral statement to 5 minutes, and I ask that my statement be entered into the record.

Chairman CRAIG. Without objection, your statement will become a part of the record.

Mr. CICCOLELLA. I will try to give a brief summary of our progress in implementing the Jobs for Veterans Act and the program accountability for the DVOP, the Disabled Veterans' Outreach Program, and the Local Veterans' Employment Representative Program.

The JVA significantly changed the way in which employment services are provided to veterans through the workforce system, and we are now in the third year of its implementation. We think the law is working well. It is certainly beginning to work well, and we think that there is a bright future on this law.

When the JVA first came out, we took a very business-like approach to its implementation. We knew that it had to be implemented right away. So we took the larger pieces first, and we put the issues in priority. We established the funding formula very quickly for the DVOP and LVER grants. That took regulations to do.

Some States were, in fact, negatively impacted by the funding formula. We made every effort to mitigate the impact of that negative impact.

Working with the Employment and Training Administration in the Department of Labor and the other Department of Labor agencies, we implemented the priority of service provisions as a department. We published general guidance to the State workforce agencies, and then we followed that guidance up with very specific program guidance for each of the programs for which veterans would receive priority of service.

We changed the way in which we monitored State performance to provide more flexibility to the States to operate the JVA program, and we publish guidance on the use of part-time staff, the veteran representative staff.

Some things have gone well, and some things are still yet to be done. We haven't fully fixed the Federal Contractor Program requiring these companies to lift their job openings and make them available. We have not implemented a national threshold for entered employment from which determinations of deficiency can be made in the States because we don't have the data yet to do that. We are still working on those items. And the States have struggled with the positive incentives issue because of particular State laws or prohibitions against the use of cash awards.

But I would like to assure the Committee that the changes in the JVA have paid huge dividends. If you look at entered employment rates from 1991 to 2001, you find that they range from 19 to 32 percent. With the implementation of the JVA and other significant changes that we made in the Department of Labor and in the Veterans' Employment Training Service, we are now looking at much higher veteran employment rates. The entered employment rate in the last year was 62 percent.

A lot of States are exceeding that average. In fact, only 13 States are not exceeding it, and 4 of those States are very close. I will not fail to mention that some of those increases are the result of a better reporting system because we get the data now from the unemployment insurance wage records that the employers in the States actually report. But we believe it is also due to better program administration, accountability, and leadership.

Every one of our State directors is focused on higher performance goals, and they have specific instructions to do that. We recognize that what gets measured gets done. We know that what counts are real results, and we think we are achieving that in most States. Not every State is where we want them to be, but every State has made significant progress.

We still have a great deal of work to do, but we believe we have a very positive agenda in improving employment outcomes through the DVOP and the LVER program, just as we continue to make progress in protecting service members' employment and re-employment rights and in improving the transition assistance employment workshop.

We want to work closely with the Committee to continue to improve veteran employment outcomes in every State, as well as improving employment protections under the USERRA law and our transition employment workshops.

I want to thank the General Accounting Office for their review of the JVA because it has been helpful to us. And with that, I thank the Committee, and I am prepared to respond to your questions.

[The prepared statement of Hon. Charles S. Ciccolella follows:]

PREPARED STATEMENT OF HON. CHARLES S. CICCOLELLA, ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR

Chairman Craig, Ranking Member Akaka, and distinguished members of the Committee:

It is my honor to appear before this Committee today. Thank you for conducting this hearing on the Veterans' Employment and Training Service (VETS) programs that provide employment services to our Nation's veterans and how VETS is implementing the Jobs for Veterans Act with particular emphasis on performance and accountability.

The enactment of the Jobs for Veterans' Act (JVA), P.L. 107–288, in November 2002 has resulted in significant improvements in the provision of employment services to veterans and is showing a positive impact on veteran employment outcomes. We are starting the third year of implementing the law and we have already seen major improvements. My testimony today will describe some of those accomplishments and some planned improvements for the future.

The JVA substantially changed how the Federal Government interacts with states to provide meaningful employment services to our veterans. For instance, the JVA entitled veterans and, in some circumstances, their spouses to priority of service under job training programs funded by the Department of Labor (DOL). Additionally, the JVA dramatically redefined the roles of the veterans' representatives (the Disabled Veterans' Outreach Program (DVOP) specialists and the Local Veterans' Employment Representative (LVER) staff) and redefined the Federal-state relationship as a partnership in providing assistance to veterans seeking employment. Under the JVA, states are required to submit grant applications to VETS for DVOP/LVER funding, which VETS allocates to states in proportion to the number of veterans seeking employment in a state. To encourage improved and modernized employment services to veterans and to recognize excellence in the provision of these services, the JVA also authorized VETS to institute a performance incentive awards program whereby 1 percent of the funds made available to states could be used to provide incentive awards directly to DVOP specialists and LVERs, as well as others in the state workforce agency. Moreover, the JVA required that VETS develop a comprehensive performance accountability system, including the establishment of performance standards and outcome measures. Overall, the JVA has provided opportunities to maximize the flexibility afforded to the states in providing veterans employment assistance while at the same time ensuring states' accountability.

First, allow me to briefly describe the impact of the JVA. In a qualitative sense, the Act has provided the states with greater flexibility to adapt their programs to the unique needs of local areas where veterans need jobs and employers are seeking capable applicants. Our outcome data also indicates progress in helping veterans secure employment. During Program Year (PY) 2003, which ended on June 30, 2004 and encompassed the first year of implementation, the Entered Employment Rate was 58 percent for veterans and 53 percent for disabled veterans. At the end of PY 2004, outcomes for veterans and disabled veterans showed an increase in each category to 60 percent for veterans and to 56 percent for disabled veterans. The Employment Retention Rate for PY 2003 was 79 percent for veterans and 77 percent for disabled veterans. Just 1 year later, at the end of PY 2004, the retention rate for veterans increased 2 percentage points. For disabled veterans—those veterans historically requiring additional assistance to seek and find jobs, and to remain employed—the retention rate also increased 2 percentage points. This comparison of outcome data demonstrates the positive impact that implementation of the JVA has had on this Nation's veterans.

As I mentioned earlier, we are just starting the third year of JVA implementation. In the first 2 years, we have laid the foundation for further improvements. Since the passage of the JVA we have:

- Issued guidance redefining the responsibilities of the DVOP specialists and LVER staff;
- Developed training programs that support the JVA by:
  - Addressing the new provisions of the law;
  - Incorporating the changes in DVOP and LVER responsibilities;
  - Emphasizing the integration of DVOP specialists and LVER staff in One-Stop Career Centers, as required by JVA; and
  - Disseminating a framework to apply veterans' priority of service to programs funded by DOL.
- Trained over 7,348 participants (including state, Federal and Veterans Service Organization staff) in 224 classes held since November 2002;
- Published regulations implementing the JVA-required state grant funding formula and applied this new methodology to calculate state grant allocations for fiscal year 2004, fiscal year 2005, and fiscal year 2006.
- Adopted new outcome-based performance measures.

I'd like to briefly review several of these changes and their impact. In addition, I will address our plan to implement some of the improvement proposals made by the General Accountability Office pursuant to the JVA.

DVOP AND LVER RESPONSIBILITIES

The JVA redefined the roles of the DVOP specialist and LVER staff allowing for a more general and flexible application. Both positions can now be appointed by the state on a half-time or full-time basis as the state determines appropriate, to meet the employment needs of veterans at the local level. The DVOP specialist is primarily responsible for providing intensive, one-on-one services to the individual veteran with an emphasis on the disabled veteran. The LVER's emphasis is on providing employment assistance to the veteran, as well as the bigger picture of facilitating employment, training, and placement services to veterans throughout the workforce system, thereby connecting employers with the veterans they require to keep their businesses growing. The LVER also assists in reporting on the character of services provided to veterans and state workforce agencies' compliance with laws, regulations and policies regarding services to veterans. The implementation of these changes to enhance services for veterans occurred through coordinated workgroups with representatives from many stakeholder groups, including VETS, National Association of State Workforce Agencies, state workforce agency management staff, state veterans program managers, DVOP specialists, and LVER staff.

TRAINING

In response to the new law, we instructed the National Veterans Training Institute (NVTI) to conduct initial orientation sessions for all states, to redesign the employment specialist training courses and to provide readily available information about the JVA on-line, 24 hours a day. These sessions were attended by DVOPs, LVERs, local office managers, and other state workforce agency officials as well as VETS' staff.

The Veterans Services Orientation course was redesigned to provide an overview of the law and reflect the new roles and responsibilities of the LVER staff and DVOP specialists and how they work with other state agency staff. The Case Management course was redesigned to focus on the provision of intensive services primarily by DVOP specialists, but some LVER staff attend based on requests from the states. A new course, Promoting Partnerships for Employment, was specifically built around the new roles and responsibilities of the LVER in the workforce system. This course focuses on applying labor market information, working closely with agency partners, learning to be the veterans' representative for office partnerships, informing other staff on the requirements under JVA, and developing a public relations plan.

With the changes and new curriculum development, since November 2002, NVTI has conducted 224 classes with a total of 7,348 participants. These participants included:

- 2,907 LVER staff and 3,158 DVOP specialists
- 388 other state staff (including management)
- 447 VETS staff
- 52 Department of Defense staff
- 396 members of Veterans Service Organizations

FUNDING CRITERIA

In accordance with the Jobs for Veterans Act, VETS provides funding to state workforce agencies for the appointment of LVER and DVOP staff to enhance the services provided to veterans. State grant allocations are determined using a formula that is based on each state's relative share of the national total number of veterans who are seeking employment. In the state plan submitted and/or updated on an annual basis, the state indicates how veterans will receive priority of service within that state. The state workforce agencies work in cooperation with all partners at the state's One-Stop Career Centers to assist veterans, transitioning service members, homeless veterans, incarcerated veterans, and the Department of Veterans Affairs (VA) Vocational Rehabilitation and Employment program participants.

To further implement the JVA and to be responsive to the President's Management Agenda, VETS made changes to the provisions of the fiscal year 2004 Jobs for Veterans state grant application. The JVA authorized VETS to phase in over a 3-year period the manner in which funds are made available to states. Accordingly, both the fiscal and the performance reporting requirements and the reporting systems for the Jobs for Veterans state grant program were changed in fiscal year 2004.

During fiscal year 2004, VETS shifted the oversight focus from the former process, based on inspection checklists, to a more cooperative approach focusing on assistance and staff training. This oversight shift reflects a stronger emphasis on the

partnership between the state and VETS in ensuring that the needs of employment seeking veterans are met. To further solidify VETS' vision of "veterans succeeding in the 21st Century Workforce," quantitative performance measures and outcome goals for veterans are negotiated with the state.

MONITORING

As part of the JVA implementation, the Department and VETS implemented a comprehensive performance accountability system. The states submitted their first 5 year plan for fiscal year 2005 and an annual plan for fiscal years 2005 and 2006. During the year, states submit quarterly manager's reports on services to veterans which describe how well the state is achieving its performance goals, and how veterans' priority of service is observed with regard to intake, job referral, and other One-Stop Career Center activities. Finally, our State Directors conduct assessments, which are focused on technical assistance and needed training, and reflect a stronger emphasis on the partnership between the state and VETS in ensuring the needs of employment seeking veterans are met.

PERFORMANCE MEASUREMENT

In order to measure the outcomes associated with veterans served by the One-Stop Career Center system, VETS identified three outcome measures:

- Entered Employment Rate;
- Entered Employment Rate following Staff-assisted Services; and
- Employment Retention Rate.

These three measures are applied to the outcomes achieved by all veterans and to the outcomes achieved by disabled veterans, producing a total of six measures for which performance targets are negotiated with each state workforce agency. The target levels negotiated for these six measures vary widely among the states. However, the establishment of target levels provides a useful starting point by which Federal and state partners can come together and develop strategies to improve employment outcomes for veterans.

In addition to the performance targets negotiated with the states, VETS also adopted the Entered Employment Rate for veterans and disabled veterans and the Employment Retention Rate for veterans and disabled veterans as Departmental performance targets in the Department of Labor (DOL) Strategic Plan.

To provide a further indicator of performance, VETS initiated a program of state Grant-Based Performance Measures for outcomes associated with the services provided specifically by DVOP specialists and LVER staff.

The measures negotiated with each state incorporate numerous data elements directly related to the provision of services. Grant-based performance measures were first implemented in PY 2004. Our initial assessment of these grant-based measures is that they have provided a good starting point for assessing the employment outcomes directly related to the services provided by DVOP specialists and LVER staff. Therefore, VETS intends to work with the state workforce agencies and other stakeholders in order to further develop and refine these measures for PY 2006.

The attachment to my testimony lists these performance measures. We have recommended to the states that they be used in developing DVOP and LVER performance plans.

DOL Initiatives:

Just as the Department and VETS have been implementing the JVA's new service delivery system concept, the Department has been making major improvements to the One-Stop Career Center system, through which the majority of DOL employment services are delivered. Because veterans' employment services operate within the One-Stop Career Center system, improvements to the system benefit veterans as well as other customers.

Data collection and reporting is an integral part of the nationwide One-Stop Career Center system. A major innovation, the Wage Record Interchange System (WRIS), implemented in PY 2003, has improved the validity of the outcome data reported by the states. WRIS, which is funded by DOL and administered by the National Association of State Workforce Agencies (NASWA), allows states to exchange quarterly wage data regarding individuals who have received workforce investment services and match that data across state lines. All states except Hawaii, Puerto Rico, and the Virgin Islands participate in WRIS. This new methodology is more reliable in tracking and determining outcomes on entered employment, employment retention, and average wages.

Another major innovation is the adoption of Common Measures. Common Measures is a Federal Government-wide initiative that uses the same definitions across

departments and programs to facilitate the comparison of different program measurements. Under common performance measures, VETS will track entered employment, employment retention, and average earnings after participation. Baseline state performance levels will be established in PY 2005 and goals will be negotiated with the states in PY 2006.

GAO REVIEW OF THE JVA

As previously mentioned, the JVA required a full review of employment reforms by the GAO, to include an assessment of the DVOP and LVER programs. We worked very closely with the GAO on this review. I would like to take this opportunity to comment on some areas in the GAO report.

GAO recommends we "provide states and local areas with clear guidance and assistance regarding the integration of veterans' staff into One-Stop Career Centers." DOL concurs with this recommendation. It is essential that DVOP specialists and LVER staff be fully integrated into the state's One-Stop Career Center system so that they can assist veterans in accessing the full range of workforce services available.

To improve DVOP and LVER integration in the One-Stop Career Centers, DOL has undertaken two collaborative initiatives and has planned a third. The first initiative, the "Key to Career Success Campaign," involves collaboration between the DOL and the Department of Defense. During pre-separation briefings provided at Department of Defense transitionsites and Transition Assistance Program (TAP) employment workshops administered by VETS, veterans will be given a brochure containing a plastic card similar to the cards customers can get from major grocery chains. The brochure and card contain information on the One-Stop Career Center system and the assistance available to veterans seeking employment. There is a toll-free help line and a service locator web address that will assist veterans in locating the closest One-Stop Career Center by entering their zip codes.

The campaign has been initiated to address priority of service among all training programs funded by DOL. It is intended to help all eligible veterans with specific targeting to those who have attended the TAP employment workshop and pre-separation briefing to leverage the power of the nation's network of over 3,400 One-Stop Career Centers. In addition, it highlights the acknowledgement of an individual as not just an individual, but a veteran seeking employment. Veterans who come into the One-Stop Career Centers can be easily identified and afforded the priority they so rightly deserve to pursue employment and training opportunities. This initiative is just getting into full swing, but we expect it to afford the states a greater opportunity to provide priority of service to veterans.

A second initiative launched by the Secretary in October 2004 mobilizes One-Stop resources to deliver personalized job assistance and career development services to veterans and transitioning service members who are severely injured in the Global War on Terrorism. REALifelines (Recovery and Employment Assistance Lifelines) is a person-to-person, face-to-face initiative involving Federal and state veteran employment staff in a partnership that provides job training, assistance, and placement services whenever and wherever these service members need it.

In support of this initiative, VETS' Federal staff collaborate with the Department of Defense and military service representatives in the Military Severely Injured Center and throughout the United States, including at major military medical centers and medical holding companies on military installations. VETS' State Directors and Regional Administrators monitor REALifelines in the field. States are responding well to REALifelines, and DVOP specialists in particular are becoming intimately involved in this important initiative. A Web-based REALifelines Advisor (at *www.dol.gov/elaws/realifelines.htm*) is also available to service members and provides job training information and services, as well as referral information.

Finally, VETS plans to sponsor a study during this fiscal year to examine JVA's impact on employment services to veterans, as well as the impact of other initiatives focused on improving employment services in the workforce system. A key objective of that study will be to identify specific areas in which clear guidance and assistance are required to improve the integration of DVOP specialists and LVER staff into One-Stop operations.

The GAO also recommended that the Department "provide states and local areas with clear guidance and assistance regarding the provision of priority of service." DOL generally concurs with this recommendation, but we believe we have worked hard to provide good guidance to the states in implementing this important provision. While we agree that many of the programs impacted by priority of service might benefit from additional clarification or from the provision of technical assistance, DOL also believes that the priority of service provision has been implemented

more completely than the report indicates. For example, the Department has disseminated policy guidance specifying distinct criteria for applying veterans' priority of service for 15 programs in the workforce system. This guidance is consistent with our interpretation that veterans are only eligible for priority of selection to participate in a specific program after they have met all the other statutory eligibility requirements for that program. Because of the interaction between priority of service and the specific requirements of the impacted programs, the application of priority of service will necessarily take different forms, particularly where another statutory priority must be applied in conjunction with veterans' priority of service.

GAO recommended we "disseminate best practices for incentive award programs." The Department concurs with this recommendation as well. Best practices for incentive award programs should be shared among the states. Some states are prohibited from providing incentives to individuals and, even with a "best practices" guidelines, it is still unlikely that all states will be able to make use of incentive funds for awards to individual employees. DOL believes that there are alternatives to the current program, such as a national awards program, or the recognition of a service "unit" in addition to an individual.

Another important recommendation from the GAO is that VETS "target monitoring results for program improvement." The Department agrees with this recommendation. In the past year, DOL has taken a significant step to improve coordination of monitoring activities. For instance, we have identified VETS field staff as regional accountability contacts. These staffs actively participate in bi-weekly conference calls hosted by DOL's Employment and Training Administration (ETA). In conjunction with ETA's Regional Accountability Specialists, these VETS staffs are responsible for working with state workforce agencies staff regarding performance measurement of employment services for veterans. Linking regional accountability specialists from both agencies provides the foundation for jointly planning and conducting monitoring visits and jointly enforcing corrective actions as needed. To support these joint efforts, we intend to revise the monitoring guide for Jobs for Veterans grants by focusing on quality of service and accountability of performance.

PART

During 2005, the DVOP/LVER program was evaluated using the Office of Management and Budget's Program Assessment Rating Tool (PART). The results of that review will be published in conjunction with the roll-out of the President's fiscal year 2007 Budget. I believe that the PART review has provided us with information that we can use to improve program performance, both at the national level and at the grass-roots level where veterans are served.

CONCLUSION

When I appeared before this Committee for my confirmation, I said that I believed we have a tremendous opportunity to move to a higher level in helping service members and veterans obtain better training for better jobs. Our economy is strong, our country needs workers, veterans are outstanding employees, and there are many new career opportunities, especially in high growth, high demand industries. We are working hard to fully implement all provisions of the Jobs for Veterans Act and to improve the delivery of services to veterans in America's workforce system.

Mr. Chairman, the Department of Labor takes very seriously the mandate of the Jobs for Veterans Act and believes we have made major accomplishments in its implementation. We are pleased that GAO so noted. I assure you we will work diligently to address, and where appropriate, take corrective action to fulfill this Congressional mandate. As always, we stand ready to work with you and your staff.

I am happy to respond to any questions.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. LARRY E. CRAIG TO HON. CHARLES S. CICCOLELLA

Question 1a. The attached charts, which are based on data provided by the Department of Labor's Veterans' Employment and Training Service (VETS), reflect that there is little difference between the entered employment rate for veterans served by Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representatives (LVERs)—61.1 percent—and the entered employment rate for veterans served by Wagner-Peyser staff—59 percent. Also, non-veterans served at the One Stop Career Centers have a better entered employment rate (64 percent) than veterans (60.3 percent). Can you explain why services provided by staff who are specially trained to deal with veterans' employment issues

do not lead to higher entered employment rates than services provided by staff without that specialized training?

Question 1b. Can you explain why—in a system that is supposed to provide priority of service to veterans and has staff designated solely to assist veterans—non-veterans are faring better than veterans?

Answer. The services provided to veterans by DVOP specialists and LVER staff are intended to complement and augment, not duplicate or substitute for the services available at One-Stop Career Centers.

Generally, veterans determined to be job-ready receive assistance from Wagner-Peyser staff in accessing core services, whereas veterans determined to have more barriers to employment are referred to a DVOP specialist for help in accessing intensive and training services. Although they have been identified as having more barriers to employment, veterans served by DVOP specialists have an entered employment rate higher than that of the more job-ready veterans served by Wagner-Peyser staff.

On average, veterans who access One-Stop Career Centers are older than non-veterans who access the Centers. After adjusting for this age difference, veterans accessing One-Stop Career Centers have a slightly higher entered employment rate than do non-veterans (61.6 percent vs. 61.2 percent, respectively). Source: DOL analysis for Program Assessment and Rating Tool (PART) Evaluation, June 2005.

Question 2. One longstanding concern about the DVOP and the LVER programs has been a lack of accountability. Now, 3 years after the Jobs for Veterans Act, the Government Accountability Office (GAO) has reported that greater accountability is still needed. Do you think the organization structure depicted in the attached organizational chart may explain, at least in part, why accountability remains a problem?

Answer. The organization structure chart, created by GAO, correctly shows the relationship between the state workforce system and the Department of Labor VETS. We do not believe that this organizational structure has an adverse impact on accountability.

VETS has implemented a comprehensive performance accountability system, as required by the JVA. We believe this is an effective, multifaceted system. It includes the following components:

(a) Five year state plan with annual modifications: This plan, devised by each state and reviewed and approved by the DOL, established targets for entered employment and retained employment for all veterans and disabled veterans.

(b) Quarterly reporting by the states: Managers Reports on the One-Stop Career Centers' service to veterans and a state level Technical Report are submitted. In addition, each state reports through the Labor Employment Reporting System their performance outcomes for entered employment and retained employment.

(c) State assessment tool: The states provide an assessment of 50 percent of their One-Stop Career Centers on an annual basis. The VETS State Director then conducts a validation of 20 percent of those submissions.

(d) DOL/VETS State of the State/Region: As part of the VETS performance management review process, state directors submit annual reports on the state of veterans' employment in their state. These reports include an assessment of how well DVOP and LVER services are integrated and delivered.

Question 3. You noted in your testimony that the entered employment rates have increased over the last few years. But, you also noted that a new data collection system was implemented during that time. In view of the new data collection method, is it possible to tell whether employment outcomes for veterans actually improved during that time?

Answer. The new reporting system has improved the accuracy of data for JVA goals, with a corresponding improvement in program management and accountability.

Outcome data collected through the new system is now available for two complete program years. During that time, the rate of entry to employment increased by 2 percentage points for all veterans (58 percent to 60 percent) and by 3 percentage points for disabled veterans (53 percent to 56 percent). Similarly, the employment retention rate increased by 2 percentage points for both groups (79 percent to 81 percent for all veterans and 77 percent to 79 percent for disabled veterans).

Question 4a. For many years, the GAO and others have recommended that VETS clearly identify populations of veterans that should be targeted for assistance and set performance goals that will encourage service to those target populations. Has this been done? If so, what are the target groups? Are 20 to 24 year olds targeted?

Question 4b. With the current structure of the DVOP and LVER programs, is it possible to ensure that state and local service providers embrace Federal priorities?

Answer. VETS has identified several target populations, and has established a monitoring system to track outcomes for them. That tracking system allows the agency to determine whether our programs are serving those populations effectively or whether increased focus is needed to better serve them. The targeted populations are:

(a) Recently separated veterans (a group that includes most 20-24 year old veterans);

(b) Returning seriously wounded and injured veterans. VETS, in close collaboration with the DOD and the VA, has implemented a new initiative, called Recovery and Employment Assistance Lifelines (REALifelines), to provide these veterans with personalized services on a one-to-one basis;

(c) Homeless veterans;

(d) Veterans with barriers to employment; and

(e) Disabled Veterans.

The annual negotiation of performance targets allows for the incorporation of Federal priorities into state plans.

Question 5a. In 2001, you testified before the U.S. House of Representatives Committee on Veterans' Affairs that "incentives and sanctions are both important to improve performance" and that you were "investigating other forms of incentives to recognize good performance or to impose sanctions when performance is consistently unsatisfactory." Does VETS have any meaningful tools for sanctioning states or localities that either do not perform well or do not provide the data needed to assess their performance?

Question 5b. Are those tools used?

Answer. VETS has the tools to address shortfalls in performance and reporting by grantees, including the authority to reduce or withdraw a grant. We employ the tools necessary to achieve the desired results.

The following tools have proven to be the most effective in addressing performance and reporting issues:

(a) Placing a temporary hold on quarterly allocations motivates non-reporting states to take steps to ensure timely reporting.

(b) When a state is identified as a high-risk grantee, VETS' field staff provides technical assistance in the form of coaching, collaboration and encouraging state-to-state networking to help the state remedy any deficiencies.

(c) We have also found that one of the best incentives is disclosure. Publicizing performance improvements by posting the results states have attained provides an incentive to sustained performance as well as a competitive challenge to other States to bring up their levels of performance.

(d) Corrective Action Plans are employed as necessary to address performance and other deficiencies within a state. By accompanying Corrective Action Plans with the delivery of technical assistance, VETS assures that state grantees are given every opportunity to succeed and that employment services for veterans are maintained at the highest possible level.

Question 6. The DVOP and LVER grant funds are non-competitively awarded to states. The Commission on Servicemembers and Veterans Transition Assistance, and later the Administration's 2002 legislative request, urged the Congress to embrace awarding DVOP/LVER grants on a competitive basis. What are your thoughts on introducing some competition into these programs?

Answer. By law, DVOP/LVER funds are made available to each state whose application has been approved by the Secretary in accordance with the allocation formula established in the JVA. VETS has not considered awarding the DVOP/LVER grant funds on a competitive basis within a state as this would interfere with state flexibility.

Question 7a. Last year, the "entered employment rate" attained by states ranged from a low of 34 percent to a high of 80 percent. What accounts for the huge variations in state performance? And what measures have been taken to address those variances?

Question 7b. What leverage—if any—does VETS have over state or local service providers that either are performing poorly or not providing reliable data for assessing their true performance?

Answer. We find that states are highly committed to serving their veterans. Variations in performance often reflect state and local economic conditions. VETS staff work directly with a state to resolve issues related to data reliability and low performance.

We do not believe the 34 percent rate reflects that State's actual performance.

(a) Rather, the low reported results can be significantly attributed to the State's data collection processes.

(b) We are working with both DOL's Employment and Training Administration and the State to resolve these reporting problems.

Question 8a. GAO has reported that 21 states are not reporting local-level performance data. Does this affect VETS' ability to conduct meaningful oversight?

Question 8b. It is my understanding that VETS has, in some circumstances, withheld funding from states that have not submitted required reports. If VETS has that authority, why is it not used to force those 21 states to submit the local data?

Answer. VETS negotiates performance targets at the state level, and holds the state accountable for its overall performance. In all states, local-level performance data is input into a state data system and contained in the state data that is reported to VETS.

The JVA does not specifically require states to separately report performance data at the local level.

Prior to JVA and states implementing new reporting systems, local performance data was provided and some states continue to make such data available. However, as mentioned in the GAO review, some states do not retain the ability to separately identify the local level data that went into the statewide data.

Question 9a. At the hearing, we heard that 17 states have not implemented an incentive award program and that other states distributed as little as $16 in award money. Based on those statistics, it appears to me that the current incentive program is not an effective tool for enhancing performance. Is that an accurate assessment? And do you believe that continuing an incentive program in a different form would provide states with an effective tool for enhancing performance?

Question 9b. Would linking incentives to employment outcomes for recently separated or disabled veterans help target services to those groups?

Answer. Incentive programs have been implemented in most states, and some have reported that it is an effective tool for enhancing performance. However, it is clear that some states are not able to implement incentive programs along the lines that Congress intended.

VETS hopes to extend both the range and the level of success of state incentive programs by sharing the best practices of those states that have implemented successful incentive programs.

In addition, VETS will work with those states unable to implement such programs to explore other options available under existing authority that are consistent with the goal of state flexibility.

We are looking at this issue very carefully and plan to make recommendations for change on the incentives awards program.

For those states that are able to implement the incentives, flexibility exists for states to link incentives to employment outcomes for target populations, and some states are doing so.

Question 10. You testified at the hearing that VETS has not yet established a national standard for employment outcomes. Given the varying demographics and economic conditions around the country, will it be feasible to establish a realistic, single goal for all states and localities? Or should some flexibility be built into the national standard to account for those factors?

Answer. A national standard applied to each individual state might set unreasonable expectations for those states that are improving on their relatively low levels of performance. At the same time, such a national standard might fail to sufficiently challenge high-performing states to continuously improve their veteran employment outcomes.

Instead of a uniform national standard, a performance band could be established to include deviations above and below the national average. States performing above the performance band would be considered high performers; those within the band would be adequate performers; and those below the band would be required to develop and implement a corrective action plan for producing more effective outcomes within a specified time period.

As soon as sufficient data has been gathered to establish a national threshold baseline, VETS will implement this provision of the JVA.

Question 11a. You have testified previously that VETS' mission is "to reduce unemployment and underemployment among veterans." So, in determining VETS' success, should we look at national trends in unemployment rates for veterans? And in determining the success of states, should we look at trends in the state veteran unemployment rates?

Question 11b. How do you gauge whether VETS is reducing underemployment?

Answer. At the national level, we believe the most appropriate criteria for success are the annual performance outcomes of veterans entering and retaining employment through the One-Stop Career System. For the year ending June 30, 2005, the outcomes met or exceeded established targets.

At the state level, the most appropriate criteria for success are whether their outcome results meet or exceed the target performance levels established in the State Plans.

Reducing underemployment is implicit in VETS' programs' objective of placing veterans in the best possible jobs, based on their individual aspirations, skills and abilities. DVOP specialists and LVER staff provide priority service to both veterans who are unemployed and to employed veterans that want to attain higher-level jobs.

Question 12. In its December 2005 report, GAO stressed that available performance data are not used to target additional guidance or technical assistance. What, if anything, is done when performance data indicate that a state or a particular locality is not performing adequately? Are states required to file corrective action plans?

Answer. States are bound by our grant agreement to provide reports and to analyze statewide performance against the negotiated State Plan.

VETS also analyzes state performance and has meaningful tools to address shortfalls in performance and reporting by grantees. Those tools, which include Corrective Action Plans, are listed in the response to question #5.

Question 13. In July 2005, you testified before this Committee that you would work with the Department of Labor's Employment and Training Administration to encourage states to implement the Wage Record Information System. It is my understanding that this system has some drawbacks, such as the inability to capture data about veterans who return to Federal service or who are self-employed. Is that the case? And what efforts have you made or will you make to compensate for those deficiencies?

Answer. Every state except Hawaii participates in the Wage Record Interchange System (WRIS).

We are making progress on capturing data on Federal employment. For example, 21 states are now participating in the Federal Employment Data Exchange System (FEDES) project, which provides access to employment records maintained by the Office of Personnel Management, the Department of Defense and the United States Postal Service. Another seven states are negotiating data sharing agreements in order to begin participation.

WRIS does not capture data on self-employment.

As discussed in the response to question #18, VETS is currently assessing research initiatives that would investigate the question of what becomes of those veterans served through the One-Stop Career System that are not reported as having entered employment. We hope the results of that research will help us better assess how to directly address the needs of veterans.

Question 14. As we discussed at the hearing, the Commission on Servicemembers and Veterans Transition Assistance recommended that Congress consider transferring certain functions of VETS to the Department of Veterans Affairs (VA). Then in 2002 the Administration submitted a proposal to transfer those functions to VA. Would you provide us with any additional thoughts you have about that proposal? Is it possible that employment services to veterans could be improved by consolidating veterans' employment services with other veterans' services, such as vocational rehabilitation?

Answer. There is no current Administration proposal to transfer VETS' functions to the VA.

The Workforce Investment System is highly specialized in providing employment services and providing skills training and linkages to the jobs and occupations that employers demand. High quality employment services for veterans benefit greatly from operation within that system.

The core function of the Department of Labor and its Workforce Investment System is employment. While it is important that the veterans' employment programs coordinate with VA programs focused on veterans' health and benefits, I believe veterans are best served by the specialized employment services administered by DOL.

Question 15a. Last year, over $500 million was spent on unemployment compensation for ex-servicemembers. Are there any specific outreach efforts to veterans who are in receipt of unemployment compensation? Is information about these veterans communicated to the DVOP specialists and LVERs?

Question 15b. Does VETS use the amount of unemployment compensation paid as a gauge of its success?

Answer. All states participate in Worker Profiling and Reemployment Services (WPRS), commonly called profiling. The intent of profiling is to identify those individuals who are most likely to exhaust their UI entitlement. In some states, veterans who are identified through profiling are referred to the DVOP or LVER for employment services.

States often provide a list of UCX (Unemployment Compensation for Ex-servicemembers) claimants to local DVOP specialists or LVER staff so that they can proactively contact the service member by telephone or email and offer direct employment assistance.

VETS does not use the amount of unemployment compensation paid as a gauge of its success.

Question 16. It is my understanding that the current funding formula is essentially based on the number of veterans seeking employment in a state compared to the number of veterans seeking employment nationwide. The Department of Commerce and Labor in my home state of Idaho has expressed concern that this funding formula does not take into account rural or geographical issues, labor market conditions, seasonal fluctuations, or underemployment in the state. In order to ensure that states have sufficient funds to meet the unique challenges in their individual states, should this funding formula be broadened to include more factors?

Answer. The implementing regulations for the DVOP/LVER funding formula provide that supplemental funding not to exceed 4 percent (4%) of the funds available for program allocation may be made available for exigencies, including, but not limited to, needs based on sharp or unanticipated fluctuations in state unemployment levels and services to transitioning servicemembers.

States may request additional funds above the amount allocated under the funding formula at any time. We recognize that economic and unemployment conditions projected at the time of the grant application may not reflect actual conditions. We believe that the ability of states to request additional funds provides the necessary flexibility to address exigencies.

The JVA also allows the use of half time DVOP specialists and LVER staff, and we believe this helps address the challenges of geographic dispersion.

Question 17. It is my understanding that a significant percentage of service members come from rural communities. Are One Stop Career Centers an effective means for reaching veterans that return to rural areas? Do these veterans have access to career counseling by phone or internet?

Answer. Many rural areas have a half- or full-time DVOP specialist or LVER staff person who provides services to their local veterans. In those instances where the state determines there are not enough veteran clients to justify a part time DVOP specialist or LVER staff person, priority services are provided to veterans by Wagner-Peyser or other One-Stop Career Center staff.

Many One-Stop services are available to veterans via the internet. The CareerOneStop portal (*www.CareerOneStop.org*) provides an array of services electronically, including:

- America's Service Locator (*www.servicelocator.org*) provides local office information on more than 22,000 local locations, including 3,500 One Stop Career Centers;
- America's Career InfoNet (*www.acinet.org*) provides information on occupations, training required for those occupations, and financial assistance available;
- America's Job Bank (*www.ajb.org*) lists over 1 million job openings with priority of service afforded to veterans who register their resumes on-line; and
- Career Voyages (*www.CareerVoyages.gov*), a career information tool providing in depth information on high growth occupations.

Many states have utilized Workforce Investment Act and Wagner-Peyser funds to supplement these nationally funded electronic tools.

Veterans and transitioning military personnel can call 1–877–US–2JOBS or TTY: 1–877–899–5627 toll-free to locate the nearest One-Stop Career Center.

Many One-Stop Career Centers provide services over the telephone.

Question 18. It is my understanding that no data are collected about veterans who do NOT enter employment after receiving services at the One-Stops. Do you believe that information could be helpful? Given the current organizational structure of these programs, do you have the authority to require DVOP specialists and LVER staff to collect additional data?

Answer. Approximately 60 percent of veterans who exit the One-Stop Career Centers enter employment. We believe data on what becomes of those veterans who exit the One-Stop Centers but are not reported to have entered employment might be helpful, and are currently assessing research initiatives that would investigate that question.

The results of that research will help us better assess whether we need to collect more information and how to do that.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. AKAKA TO HON. CHARLES S. CICCOLELLA

Question 1. In your opinion, should the Federal Government conduct site visits more than once every 5 years?

Answer. I believe that the existing multifaceted performance accountability system, described in detail below, is effective. It can also be adapted to provide enhanced oversight, and provides the flexibility to perform additional site visits as necessary. Examples of conditions that might lead to additional site visits include areas where available Disabled Veterans' Outreach Program (DVOP) and Local Veterans' Employment Representative (LVER) positions remain unfilled, or if process data included in the Manager's Report, described below, indicates a significant drop in the services provided to veterans at a specific One-Stop Career Center. Another example of a condition that might lead to additional site visits is the aftermath of a catastrophic event, such as Hurricane Katrina. In that specific instance, the VETS State Directors from Alabama, Louisiana, Mississippi and Texas conducted numerous site visits to assess operating conditions at impacted One-Stop Career Centers and related public workforce facilities.

The comprehensive performance accountability system, required by the Jobs for Veterans Act (JVA), includes the following components:

a. Five year state plan with annual modifications: This plan, devised by each state and reviewed and approved by the Department of Labor (DOL), establishes targets for entered employment and retained employment for all veterans and disabled veterans.

b. Quarterly reporting by the states: Local level Managers' Reports on the delivery of services to veterans at One-Stop Career Centers and a state level Technical Report are submitted. In addition, each state reports their performance outcomes for entered employment and retained employment through the Labor Exchange Reporting System. Beginning July 1, 2006, states will also be required to report on the average earnings of participants who enter employment.

c. State assessment tool: The states provide an assessment of 50 percent of their One-Stop Career Centers on an annual basis. The VETS State Director then conducts a validation of 20 percent of those submissions. VETS State Directors have the discretion and the authority to conduct additional site visits wherever problems are suspected. In addition, where problems exist, it is common for the VETS State Director to schedule regular site visits until satisfied that the problem has been resolved.

d. DOL/VETS State of the State/Region: As part of the VETS performance management review process, State Directors submit annual reports on the status of veterans' employment and training services in their state. These reports include an assessment of how well the DVOP and LVER services are integrated and delivered.

Question 2. What, besides priority of service, is VETS doing specifically to address the 15 percent unemployment rate of younger veterans? I would hate to see a young person who served this nation honorably contending with issues of unemployment when he or she separates from the military.

Answer. I share your conviction that no young person who has served in the military should struggle with unemployment upon returning to civilian life. VETS has a number of strategies to help young veterans get good jobs quickly:

a. Research indicates that service members who participate in the Transition Assistance Program (TAP) employment workshops find their first post-military job an average of 3 weeks sooner than those who did not attend TAP. Therefore, VETS is working to increase the number of troops that participate in TAP employment workshops. In addition, we are exploring with DOD the possibility of increasing the length of the TAP workshops from two and one-half days to 3 days in duration.

b. Our Hire Vets First campaign is a national outreach campaign connecting employers with job-seeking veterans.

c. The nation's One-Stop Career System provides priority of service to all veterans in accessing employment and training programs. DVOPs and LVERs deployed throughout the System assist veterans in identifying and accessing the services they need.

d. VETS will continue to target recently separated veterans through the Veterans' Workforce Investment Program.

e. VETS is collaborating with the Department of Veterans Affairs on research that will lead to a better understanding of the employment challenges faced by young veterans.

f. VETS' REALifelines program provides one-on-one employment assistance to wounded and injured transitioning service members and families to assist their reintegration into the civilian workforce. These services are supplemented by an on-

line employment law advisor (elaws Advisor) that provides access to valuable online resources and contact information for employment assistance in each state (*www.dol.gov/elaws/REALifelines.htm*).

Question 3. Much of our focus is on services for newly separated veterans. In my home state of Hawaii veterans of the first Gulf War and the Vietnam War are coming in for retraining. What specifically is VETS doing to reach out to some of these older veterans?

Answer. VETS and its State Workforce Agency partners conduct ongoing activities to reach out to veterans who served in prior conflicts. For example, during the past 3 months, VETS staff and DVOP/LVER staff from the Hawaii Department of Labor and Industrial Relations (DLIR) attended 30 meetings at Veterans' Service Organizations and at Veterans' Centers to reach out to veterans of all ages and from all conflict eras.

During January, VETS staff and DVOP/LVER staff participated in a job fair in Honolulu that was attended by 180 employers and over 3500 applicants. Similarly, the VETS State Director's recent appearance on local TV helped to "get the word out" to veterans of all ages. In addition, the Helmets to Hard Hats program will be reactivated this spring and summer on Oahu with strong support from the local construction trades unions, DLIR and VETS.

Question 4. Why is there no coordinated oversight among Labor agencies responsible for implementing the Jobs for Veterans Act's reforms?

Answer. VETS and DOL's Employment and Training Administration (ETA) are coordinating their oversight of the Jobs for Veterans Act's reforms. Initially, this coordination was focused at the national level, with the development of guidelines for implementation of priority of service. Currently, the focus of that coordination has shifted to the regional level. Since ETA's six administrative regions include designated regional performance specialists, VETS recently assigned regional office staff members to serve as VETS' counterparts to those specialists. The focus of this coordination will shift next to the state level, as ETA and VETS initiate coordinated monitoring of State Workforce Agency performance.

Question 5. I am very concerned with the unavailability of local performance data. This has weakened Federal oversight. Do you suggest can be done to rectify this situation?

Answer. In all states, local-level performance data is input into a state data system and contained in the state data that is reported to the Department of Labor. As mentioned in the GAO review (Veterans Employment and Training Service: Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services, GAO–06–176, December 30, 2005), some states do not have the ability to separately identify the local level performance results that went into the statewide performance data. We do not believe that this weakens Federal oversight. VETS' and State staff use internal state systems to evaluate process data, such as services provided and veterans served, to identify potential problems. Note this data is different from state performance outcome data, from which local performance results might not be separately identifiable. VETS negotiates performance targets at the state level, and holds the state accountable for its overall performance. However, sufficient local-level process data are available to support VETS' Federal oversight responsibilities.

Question 6. In some states, including Hawaii, the law prohibits the use of the Jobs for Veterans Act's monetary incentives. For these states are there better uses for the incentive money?

Answer. Incentive programs have been implemented in most states, and some have reported that it is an effective tool for enhancing performance. However, it is clear that some states simply are not able to implement incentive programs along the lines that Congress intended.

VETS hopes to extend both the range and the level of success of state incentive programs by sharing the best practices of those states that have implemented successful incentive programs. In addition, VETS will work with those states unable to implement such programs to explore possible options available under existing authority that are consistent with the goal of state flexibility.

Flexibility exists for states to link incentives to employment outcomes for target populations, and some states are doing so. We are looking at this issue very carefully and we plan to make recommendations for change on the incentives awards program.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BARACK OBAMA TO HON. CHARLES S. CICCOLELLA

Question 1. Illinois ranked dead last in the Nation with an Entered Employment Rate of 38 percent. I understand there were some accounting problems that make those dismal numbers inaccurate. Could you briefly explain those problems, and what steps labor has taken to fix them?

Answer. Two major reporting problems contributed to Illinois' low Entered Employment Rate (EER).

The first results from a legal opinion, issued by the State, stating that job seekers need not provide their Social Security Number (SSN) when registering for employment services. This resulted in missing SSNs for approximately 20 percent of the Illinois Department of Employment Security's (IDES) registrants. Since those who enter employment are identified by using their SSNs to match registrant records to employer wage records, those registrants who do not provide their SSNs cannot be matched. Therefore, in calculating the EER, they are not included among those entering employment, even though they may have found jobs. The IDES Director has asked for a review of this legal opinion.

In addition to not receiving credit for registrants that entered employment but did not provide their SSN at registration, Illinois has also not received credit for registrants that did provide their SSN but entered into employment in another state. A number of Illinois residents obtain jobs in adjacent states with IDES assistance. Wage records from other states can be obtained through the Interstate Wage Record Information System (WRIS). Illinois began using the Interstate WRIS in March, and will apply it retroactively.

Once the State corrects these two reporting issues, we will be able to more accurately assess the outcomes of VETS programs in Illinois.

Question 2. Your staff has said that in fixing these issues, Illinois placement goes up to around 55 percent. I want to parse that out a bit. Isn't it true that 55 percent performance rate still among the worst in the nation? Isn't it true the 55 percent figure does not account for as many as 20 percent of Illinois Veterans seeking care? What will Labor do to better account for those missing veterans?

Answer. The national entered employment rate for veterans is 60.3 percent. If Illinois were to have an EER of 55 percent, the state would be below the national average, but not among the worst in the nation.

The Interstate WRIS can be utilized to capture future outcomes and can also be used to retroactively capture outcomes for past IDES registrants that supplied their SSNs and found employment in adjacent states. However, the problem of missing SSNs is very difficult to correct retroactively. It is estimated that approximately 20 percent of IDES registrants did not provide their SSNs. Outcome data will likely never be captured for those registrants who leave the system without supplying their SSN. This is why it is very important for IDES to resolve this problem.

We have been working with the State of Illinois for several years to help it move to a common information system. We will continue to encourage and assist Illinois in finding ways the State can improve the outcomes for its veterans seeking employment.

Question 3. My understanding is that you have fixed one of the two accounting problems starting with the latest numbers from December 31. You expect to fix the second problem beginning with the first quarter of this year. So you will have a significantly better numbers May of this year at the latest. I would appreciate a commitment from you to come back to me at that time with an accurate accounting of what is going in Illinois, a plan for accounting for that missing 20 percent and a plan to improve service for the state's veterans. Can you make that commitment to me?

Answer. VETS will continue to encourage and work with the Illinois Department of Employment Security to modernize and improve its data collection and reporting systems, but it is ultimately up to the State to change its practices. I will be happy to update you on progress made by the State.

Question 4. Approximately how many homeless veterans would the Homeless Veterans Reintegration Program be able to serve if the program received appropriations at the full $50 million authorization level? How does this figure compare to the number of veterans served through HVRP during the last fiscal year in which such data is available? For the most recent fiscal year in which data is available, what is the entered employment rate for homeless veterans served through HVRP?

Answer. In fiscal year 2004, the Homeless Veterans Reintegration Program served almost 12,500 participants and achieved a 65 percent Entered Employment Rate with an appropriation of about $21 million. By doubling our appropriation to the

authorization level of $50 million, we would probably be able to double the number of veterans served.

Question 5. Last year, our colleagues on the Appropriations Committee instructed the Department to add a module on homelessness prevention to the TAP curriculum. What steps has the Department taken to implement this instruction?

Answer. A module on homelessness that responds to the Committee's instruction has been developed, added to the curriculum of the TAP employment workshop, and distributed to the TAP facilitators. The module explains issues surrounding homelessness among veterans and discusses why veterans are particularly vulnerable. It also provides resource and contact information for veterans who find themselves homeless or on a path that could lead to homelessness.

Chairman CRAIG. Thank you very much, Chick.

Now let us turn to Dr. Sig Nilsen, director of education and workforce and income security issues of the GAO. Dr. Nilsen, welcome.

STATEMENT OF DR. SIGURD R. NILSEN, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Dr. NILSEN. Thank you, Mr. Chairman.

Mr. Chairman, Members of the Committee, I am pleased to be here today to present the findings from our recent report on how the Department of Labor and States have implemented several key provisions of the Jobs for Veterans Act.

As you know, Congress passed JVA in 2002 to improve employment and training services for unemployed veterans and encourage employers to hire them. The ability of our Nation's veterans to quickly obtain quality workforce services and employment will become even more important, given the rising number of those leaving active duty and returning home to look for jobs.

JVA introduced an array of reforms to two of Labor's principal employment assistance programs for veterans—the Disabled Veterans' Outreach Program, or DVOP, and the Local Veterans' Employment Representative Program, known as LVER. In my testimony today, I will highlight, first, actions taken to improve performance and accountability and discuss any challenges we identified; second, whether such action has improved employment outcomes for veterans; and finally, factors affecting program oversight and accountability.

First, Labor and States have taken action to implement most JVA reforms, but there are still some challenges. For example, Labor has issued guidance and conducts ongoing training classes on new roles and responsibilities for the DVOP and LVER staff, but it is concerned the current training resources will not meet the demand.

The majority of State workforce administrators also reported that staff had transitioned to their new roles, but integrating them with other staff in the One-Stops has been a persistent challenge in some areas. Yet we heard from some staff that it is working very well in their local One-Stops, while others said little had changed since JVA was passed.

As for JVA's incentive awards program, we have heard—the program to recognize quality services to veterans—Labor allocated funding to States for incentives, but 17 States, as you have heard, including Idaho and Hawaii, don't have such programs because it conflicts with their laws or policies.

Mr. Chairman, you may know in Idaho, for example, the incentives were not implemented because of potential morale problems among One-Stop staff with limited opportunities to serve veterans. Moreover, States with award programs express mixed opinions on the effect of incentives on improving veterans services.

Labor has also established performance measures like those under the Workforce Investment Act, more recently adopted OMB's Common Measures as well. However, Labor said that it needs more time under the new system before all States can be held accountable to the same standard for veterans employment. The last estimate we heard was 2007.

Turning now to whether JVA reforms improved employment outcomes for veterans. Most State officials we surveyed, that is 33 out of the 50 States, believed that the reforms have improved the quality of veterans services and their employment outcomes.

Regarding services, the biggest improvement was in DVOP staff spending more time on case management, noted by 42 States as a major improvement. Services to disabled veterans had similarly improved. State officials also said that employment outcomes improved, once again, due to the increased availability of case management.

Finally, Labor's accountability for the DVOP and LVER programs is weakened by the lack of local performance data. In our survey, for example, VETS directors in 21 States reported that performance data from local offices were not available. Federal oversight is further limited by lack of coordination among labor agencies and monitoring programs and sharing the results.

For example, VETS monitors the DVOP and LVER programs, while ETA—the Employment and Training Administration, another part of Labor—oversees other programs like the Workforce Investment Act that also serve veterans. But all these programs provide services through the One-Stop system. But the two agencies don't generally work together. Furthermore, Labor doesn't proactively use monitoring results to determine why certain States and localities are falling behind and targeting them for greater assistance.

In conclusion, our work suggests that the reforms embedded in JVA are moving VETS services in the right direction, but additional action is needed to enhance employment outcomes for veterans. To this end, our December 2005 report recommended that the Secretary of Labor provide clear guidance to better integrate veterans services into the One-Stops. We also recommended that Labor's program offices coordinate their oversight of veterans services and that monitoring results be used to make program improvements.

Mr. Chairman, this completes my prepared statement. I would be happy to respond to questions for you or other Members of the Committee at this time.

[The prepared statement of Dr. Sigurd R. Nilsen follows as an attachment:]

PREPARED STATEMENT OF DR. SIGURD R. NILSEN, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

United States Government Accountability Office

GAO

Testimony Before the Committee on Veterans' Affairs, United States Senate

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VETERANS' EMPLOYMENT AND TRAINING SERVICE

Greater Accountability and Other Labor Actions Needed to Better Serve Veterans

Statement of Sigurd R. Nilsen, Director
Education, Workforce, and Income Security Issues

GAO-06-357T

Mr. Chairman:

I am pleased to be here today to present the findings of our recent report on how the Department of Labor (Labor) and states have implemented some key provisions of the Jobs for Veterans Act (JVA).[1] Congress passed JVA in 2002 not only to improve employment and training services for unemployed veterans, but also to encourage employers to hire them. The ability of veterans to quickly obtain quality service and employment has always been important, but will become even more so as the number of service members leaving active duty is likely to increase by 200,000 yearly, according to Labor.

The act introduced several reforms to two of Labor's primary veterans' employment assistance programs—the Disabled Veterans' Outreach Program (DVOP) and the Local Veterans' Employment Representative (LVER) program—administered by the Veterans' Employment and Training Service (VETS). Under the act, DVOP staff are to focus on finding and serving veterans who need services to become job ready, including case management services for developing job skills. LVER staff are to focus on developing relationships with employers to encourage them to hire veterans. In addition, the act called for DVOP and LVER staff to be integrated with other staff providing employment and training services within the one-stop delivery system established in 1998 under the Workforce Investment Act (WIA), and established an incentive program to reward staff for outstanding service to veterans. To determine how well these programs were working to assist veterans across states, the act also required Labor to establish a performance accountability system as well as a national minimum standard—or threshold—that states must meet for veterans' employment.

GAO previously testified on our preliminary observations on the status of implementation of these key provisions of JVA.[2] My testimony today will present the findings of our completed work related to the JVA reforms of the DVOP and LVER programs. Specifically, I will address (1) action taken

[1]GAO, *Veterans' Employment and Training Service: Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services*, GAO-06-176 (Washington, D.C.: Dec. 30, 2005).

[2]GAO, *Veterans' Employment and Training Service: Preliminary Observations on Changes to Veterans' Employment Programs*, GAO-05-662T (Washington, D.C.: May 12, 2005).

to improve performance and accountability since the enactment of JVA in 2002 and any associated challenges; (2) whether available data reflect that such action has resulted in improved employment outcomes for veterans; and (3) factors affecting program oversight and accountability.

In summary, our work shows that Labor and most states took action to implement JVA reforms for improving the DVOP and LVER programs within the first two years of the new legislation. However, our work also highlights several areas where Labor agencies should collaborate and take additional action to enhance outcomes of these reforms, particularly in the area of improving state oversight and accountability. To this end, our December 2005 report recommended that Labor agencies work together to provide states and local areas with strategies to address the long-standing challenge they have faced in integrating veterans' staff into their service delivery system. For those states with an incentive award system, the wide variation in methodology for awarding incentives as well as the mixed opinions on the program's success suggests that states could benefit from Labor presentation of methodologies that it considers successful and we recommended that Labor share these best practices. Finally, while states have appreciated the flexibility JVA provides them in serving veterans, such flexibility underscores the need for greater accountability to ensure that programs are on the right track in serving clients. However, accountability can be hindered and reforms implemented inconsistently when local level information is not always available, different Labor agencies do not coordinate their oversight efforts, and Labor does not use monitoring results to improve program performance. We therefore recommended that Labor strategically use monitoring results to target guidance and technical assistance to states and local areas most in need of improved performance. Labor generally agreed with our recommendations.

Our review was based on a survey of VETS directors as well as a survey of state workforce administrators in all 50 states and the District of Columbia. We also visited five states—California, Florida, Louisiana, Ohio, and Washington—where we interviewed VETS and state workforce officials, including local office managers and DVOP and LVER staff. In addition, we visited the National Veterans' Training Institute in Denver, Colorado, where we interviewed training officials and veterans' staff from 24 states who were attending training classes. Finally, we held discussions with Labor agency officials and contacted various veterans' service organizations and the National Association of State Workforce Agencies.

Background

JVA amended Title 38 of the U.S. Code, the legislation that governs the DVOP and LVER programs, and by doing so, introduced an array of reforms to the way employment, training, and placement services are provided to veterans under the DVOP and LVER programs. (See table 1.) The act also required increased veterans' access to electronic services as well as to different types of Labor employment and training programs by requiring them to give veterans priority in receiving their services. In addition, it required federal contractors to advertise job openings at the appropriate employment service delivery system and report on their veteran hiring practices.

Table 1: Comparison of Selected Provisions under Title 38 and JVA

Title 38 Before JVA Amendments	JVA
Staff roles and responsibilities	
• Prescribes 11 specific duties for DVOP staff and 13 for LVER staff.	• Clearly distinguishes DVOP and LVER staff roles and gives states flexibility in deciding their duties.
• Only LVER staff may be assigned on a part-time basis.	• Allows both types of staff to be assigned on a part-time basis.
Performance accountability	
• Performance measures emphasize processes over outcomes.	• Comprehensive performance accountability system consistent with WIA performance measures.
• National standard not required.	• National performance standard for the rate at which veterans enter employment, a rate that all states are expected to meet.
• Each local employment office evaluated annually.	• Annual performance reviews of veterans' services without specifying how many local offices will be evaluated.
Incentive awards	
• No incentive award program.	• Incentive award program to encourage the improvement and modernization of veterans' services and recognize exemplary staff.

Source: GAO analysis of Title 38 and JVA legislation.

Within Labor, VETS has primary responsibility for helping the nation's veterans find employment. Among the programs that VETS administers are the DVOP and LVER programs, which were funded at about $162 million in fiscal year 2005. VETS administers the agency's activities through representatives in each of Labor's six regional offices and within each state. The state directors are the link between VETS and each state's employment service system that is overseen by the ETA. The DVOP and LVER staff, whose positions are funded by VETS, are part of the state's public employment service system.

Employment services fall under the purview of ETA, which administers the Wagner-Peyser-funded Employment Services program within each state, providing a national system of public employment services to any individual seeking employment who is authorized to work in the United States. Like VETS, ETA carries out its employment service program through staff in Labor's six regions and workforce agencies in each state. In fiscal year 2005, ETA requested about $700 million for the Wagner-Peyser program.

The DVOP and LVER programs, along with the Employment Services program, are all mandatory partners in the one-stop center system created in 1998 by WIA and overseen by Labor, in which services provided by numerous employment and training programs are made available through a single network.

Labor and States Acted to Implement Program Reforms, but Accountability Challenges Remain

Labor and states have taken action to implement most JVA provisions to reform veterans' services since the law was enacted in November 2002, but challenges remain particularly in implementing reforms to improve accountability for the DVOP and LVER programs. Labor issued guidance clarifying the new roles and responsibilities for veterans' staff and allocated funding to states for an incentive program. Labor has also established performance measures aligned with state workforce systems under WIA as required by JVA. However, Labor reports that states will not be held accountable to a common national standard for veterans' employment until 2007. (See table 2.) States also report good progress in implementing provisions, but challenges remain in some local areas in terms of integrating veterans' staff with other employment services staff in local workforce centers. Many states also have not implemented an incentive program as provided in JVA for recognizing quality services to veterans.

Table 2: Summary of Labor's Completed and Planned Actions to Implement Selected JVA Provisions, as of December 2005

Provision	Labor's completed actions	Labor's planned actions
Prior to JVA		
Veterans' staff roles and responsibilities	• VETS issued first of several guidance letters in September 2002. National Veterans' Training Institute subsequently began conducting training on JVA provisions for veterans' staff in 2003.	• Updates will occur as necessary.
JVA enacted November 7, 2002		
First full program year following JVA[a]		
Performance accountability	• VETS issued a guidance letter establishing new performance measures in June 2003, followed by guidance in May 2004 on negotiating performance measures with states.	• Labor anticipates that it will be 2007 before it can establish a national standard that states must meet for veterans entering employment.
First full fiscal year following JVA[b]		
Incentive awards	• VETS allocated incentive award funds to states beginning in fiscal year 2004.	• None.

Source: GAO analysis of JVA provisions and Labor information.

[a]Program year 2003 was the first full program year under JVA and ran from July 1, 2003, to June 30, 2004.

[b]Fiscal year 2004 was the first full fiscal year under JVA and ran from October 1, 2003, to September 30, 2004.

Staff Roles and Responsibilities

VETS took several steps to prepare veterans' staff for their new roles and responsibilities under the law, and while the majority of state workforce administrators reported that these staff had transitioned to a greater focus on intensive services for veterans and employer outreach as required by JVA, challenges remained in the areas of training and integrating staff in some one-stop offices. VETS began issuing guidance to transition staff to their new roles in 2002, and a training program soon followed in 2003. Both Labor's formal written guidance and technical assistance was well-received, with almost three-quarters of the 50 state workforce officials reporting on our survey that the quality was good or excellent in facilitating implementation of new staff duties.

VETS officials cited challenges, however, in meeting all training needs for veterans' staff informing them of their new roles and responsibilities under the act. While Labor's training institute continues to conduct and fund training, it estimated that the current funding would cover training for only about 16 percent of all veterans' staff each year, while annual staff turnover was averaging about 18 percent. In terms of staff integration, Labor officials said that integrating staff into the one-stop offices has been

a persistent challenge and the DVOP and LVER staff we interviewed cited a wide variation of integration in local areas. Reasons these staff cited for poor integration included a lack of support by the local office manager, the lack of education and training for other one-stop staff members on serving veterans, and only fair to poor quality of Labor's guidance and technical assistance to states in how to integrate veterans' staff into the local one-stop offices.

Incentive Awards Program

VETS issued guidance in time to establish an incentive program in the first fiscal year after JVA, and 32 of the 50 state workforce administrators we surveyed reported implementing the program. State workforce officials in 17 states that did not implement the program cited various reasons. California, for example, cited that state law prohibited monetary or other gifts to employees for performing their duties. Idaho cited potential morale problems among one-stop staff that have limited opportunities to serve veterans. Four other states cited that the awards were incompatible with the states' collective bargaining agreements. VETS officials said that some states had been more successful than others in designing their awards system and state opinions were mixed on the extent that the incentive programs resulted in improved services. Administrators in 16 states with award programs in place reported that their program had a positive effect on improving or modernizing veterans' services. On the other hand, administrators in 15 other states either said that their incentive program had no effect (7 states) or that it was too early to say (8 states).

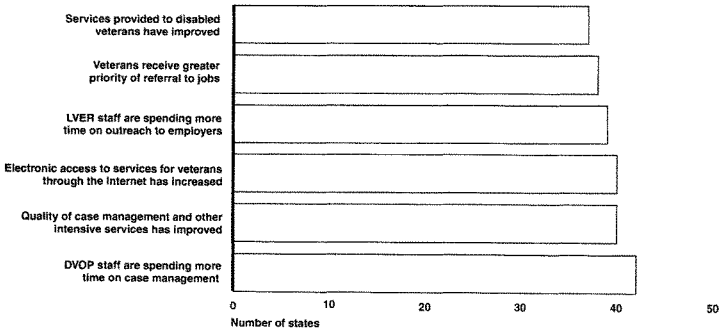
Performance Accountability

Labor has taken action to establish a new accountability system as required by JVA, but reports that more time is needed under the new system before it can hold all states accountable to the same standard for veterans' employment. As required by the act, Labor established some new performance measures for the DVOP and LVER grant programs in 2003 consistent with state performance measures under WIA. VETS officials told us they made additional modifications to the performance accountability system when they adopted the Office of Management and Budget's new common performance measures in July 2005. As these new systems were put in place, VETS officials said they also changed the method they use to calculate the entered employment measure and collect source data. However, VETS anticipates it will need at least 3 years under these measures—until 2007—to collect comparable trend data needed to establish the national performance standard holding all states accountable to the same minimum goal for the rate veterans enter employment.

State Officials Reported that JVA Reforms Improved Veterans' Services and Employment Outcomes

While data are not available to link the JVA reforms to changes in veterans' services and employment outcomes, most state workforce administrators we surveyed believed that the reforms have improved the quality of services to veterans, and have improved their employment outcomes. Overall, 33 of the 50 state workforce administrators reported that veterans' employment services have improved in their respective states since the law's enactment. Among six different services we asked about, administrators most often reported that DVOP staff were spending more time on case management since JVA, although somewhat fewer states reported that services to disabled veterans had similarly improved. (See fig. 1.)

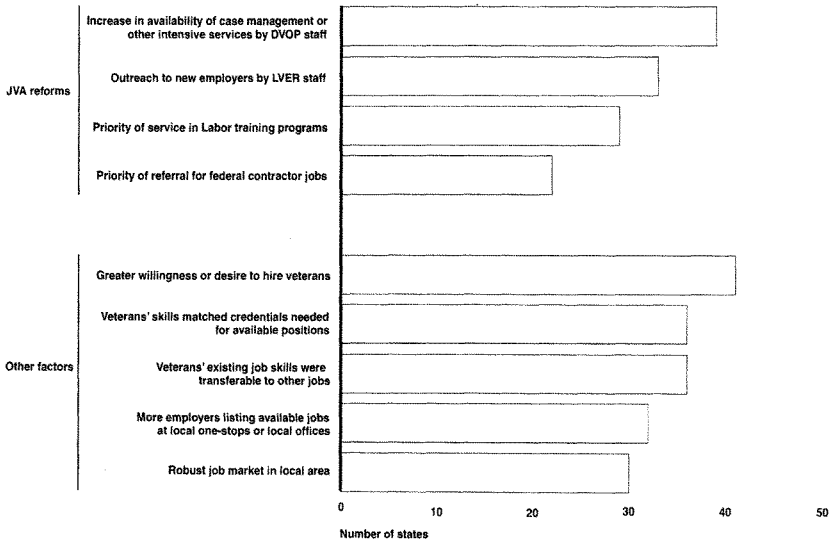
Figure 1: Improvements in Services to Veterans since JVA Was Enacted



Source: Responses to GAO survey by 50 state workforce administrators.

Workforce administrators in 33 states also reported improvement in veterans' employment results. These respondents attributed the improvement both to the law's reforms and to other factors. The reform cited most often as helping veterans obtain employment was the increased availability of case management or other intensive services through the DVOP program. Other than the reforms themselves, administrators said veterans' employment was influenced by employer willingness or desire to hire veterans and by the strength of the local job market. (See fig. 2.)

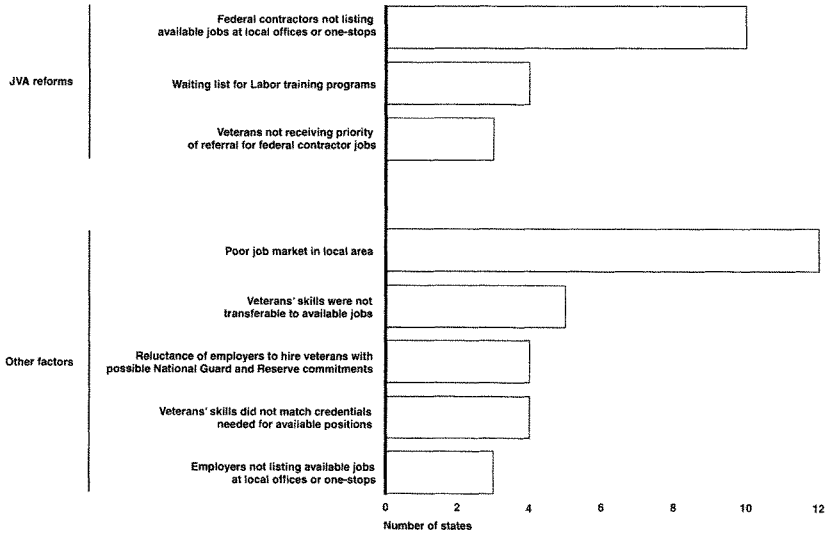
Figure 2: Factors That Assisted Veterans in Obtaining Employment



Source: Responses to GAO survey by 50 state workforce administrators.

In terms of barriers to employment, state administrators reported that federal contractor failure to list job openings at the local one-stop centers was a factor under most likely to delay or prevent some employment. Other factors also presented obstacles to employment, the most frequent one being a poor local job market. This factor was cited nearly twice more often as other factors, such as non-transferability of skills or employer reluctance to hire veterans with National Guard or Reserve commitments. (See fig. 3.)

Figure 3: Factors That Delayed or Prevented Veterans from Obtaining Employment



Source: Responses to GAO survey from 50 state workforce administrators.

Program Accountability Weakened by Absence of Local Data and Lack of Coordinated Oversight

Labor oversight and accountability for the DVOP and LVER programs has been affected by the lack of data available from local workforce offices in some states, as well as the lack of coordination among Labor agencies in monitoring and sharing information gathered on program performance. While state VETS directors responding to our survey most often reported that their monitoring role under JVA has had a positive effect on local accountability, 19 directors reported their monitoring role either had no effect or a negative effect. Our survey showed two main reasons for the lack of a stronger effect.

Lack of Local Level Data. In our survey, state VETS directors reported that performance data from local offices are not available in many states, limiting federal oversight and weakening local level accountability. State VETS directors reported in our survey that among four different tools used to monitor local office performance, the most beneficial were analysis and use of data captured in states' performance reports, along with on-site reviews of local offices. Under JVA, states took on greater responsibility for assessing their own performance, and VETS modified its monitoring practices in response by extending the time between site visits to local offices from 1 year to 5 years. VETS directors in 21 states, however, noted that data were not available to monitor performance of local offices, and in these states, federal oversight may be limited to the on-site monitoring visits by VETS directors required once every 5 years.

Lack of Coordinated Oversight. While Labor agencies are jointly responsible for monitoring employment and training services, little or no effort has been made to coordinate oversight or use the monitoring results to target assistance to states and localities that are most in need. For example, while VETS is responsible for monitoring performance of the DVOP and LVER programs, ETA oversees other workforce programs that serve veterans as well as nonveterans, such as WIA and Wagner-Peyser Employment Services. However, the two agencies do not generally coordinate their monitoring activities or share the results. Only five state VETS directors reported that they met with ETA officials to share monitoring results and take joint action to address problems.

Labor also lacks a strategy for using the monitoring information it gathers to improve performance across states and local areas. While Labor has authority under JVA to provide technical assistance to states that are deficient in performance or need help, VETS has yet to begin addressing the significant variation in performance levels among states, as reflected by their widely divergent performance goals. For example, in program years 2004 and 2005, states' negotiated goals for the rate at which veterans entered employment ranged from 38 to 65 percent, while Labor's national employment goal for veterans was 58 percent.[3] Although more than half of the state goals fell short of Labor's national target, VETS has not been proactive in determining why certain states are falling behind and in targeting them for assistance.

[3]Labor's national goal applies to all programs that serve veterans and is distinct from the JVA requirement to set a national minimum standard for the DVOP and LVER programs.

Recommendations

Our report recommended that the Secretary of Labor provide clear guidance to integrate veterans' staff into the one-stops and foster state use of incentives. We also recommended that Labor's program offices coordinate their oversight of JVA provisions, and that Labor use monitoring results to develop program improvements. Labor agreed with our recommendations.

Mr. Chairman, this completes my prepared statement. I would be happy to respond to any questions you or other Members of the Committee may have at this time.

Contact and Acknowledgments

For further information regarding this testimony, please contact me at (202) 512-7215. Lacinda Ayers, Meeta Engle, and Stan Stenersen were key contributors to this testimony.

Related GAO Products

Veterans' Employment and Training Service: Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services. GAO-06-176. Washington, D.C.: December 30, 2005.

Unemployment Insurance: Better Data Needed to Assess Reemployment Services to Claimants. GAO-05-413. Washington, D.C.: June 24, 2005.

Veterans' Employment and Training Service: Preliminary Observations on Changes to Veterans' Employment Programs. GAO-05-662T. Washington, D.C.: May 12, 2005.

Workforce Investment Act: States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help. GAO-04-657. Washington, D.C.: June 1, 2004.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. LARRY E. CRAIG TO DR. SIGURD R. NILSEN

This letter responds to your questions following the Committee hearing on the Jobs for Veterans Act held on February 2, 2006. Congress passed the Jobs for Veterans Act (JVA) in 2002 to improve employment and training services for veterans as well as encourage employers to hire them. The ability of veterans to quickly obtain needed services leading to employment has taken on a greater level of importance given the large numbers of service members annually leaving active duty and returning to civilian life. JVA reformed two of Labor's programs that focus exclusively on veterans and that are administered by the Veterans' Employment and Training Service (VETS). These programs are the Disabled Veterans' Outreach Program (DVOP) and the Local Veterans Employment Representative (LVER) program. Through these two programs, DVOP staff provide intensive services to eligible veterans while LVER staff conduct outreach to employers, among other duties.

The information below presents each of your questions followed by our responses which were based on information from VETS, the National Veterans Training Institute, and our previous work.

Question 1. In his prepared statement, Mr. Richard Weidman stated—in response to the December 2005 Government Accountability Office (GAO) report—that the "conclusion that the [Jobs for Veterans Act] has generally improved services to veterans is based on nothing that could be considered rational, substantiated data." Is that an accurate assessment? Do we have any objective means of determining whether veterans have benefited from the Jobs for Veterans Act reforms?

Answer. Our findings are based first, on the responses to our survey of state workforce administrators who reported that more time spent on and better quality of case management were among the improved services provided to veterans. Second, veterans' staff in the one-stop centers we visited also told us that the increased emphasis on intensive services generally improved overall services to veterans. Mr. Weidman is correct in his assessment that VETS does not have good outcome data. In fact, we have serious reservations about VETS performance data—both what is being measured and the quality of data being reported. In short, VETS does not have good data to assess program performance.

Question 2. Last year, you testified before the U.S. House of Representatives Committee on Veterans' Affairs that "[a]ssessing how well [the Disabled Veterans' Outreach Program (DVOP)] and [Local Veterans' Employment Representative (LVER)] programs are serving veterans may continue to be difficult due to ongoing concerns about data reliability." How reliable are the data that we have now? Can we accurately assess performance?

Answer. There are reliability issues with current performance data, and while VETS has taken steps to improve reliability, additional action is needed to accurately assess program performance. VETS officials told us that some states have known data reliability issues with their management information systems. In addition, while Labor has established data validation procedures, validation does not extend to the case file level to ensure that DVOP and LVER staff accurately record data at the point of service delivery. VETS officials cited concerns that DVOP and LVER staff were inputting erroneous data for reasons such as staff not understanding the new definitions of the performance measures, lack of training on entering data into an automated system, and inconsistent registration policies. Therefore, based on our assessment of states' performance data reported to Labor, we determined that the data were not sufficiently reliable to use for the purposes of our report.

Question 3. At the hearing, we heard about new performance measures that have been implemented since the Jobs for Veterans Act. Do these measures allow us to determine whether services provided by a DVOP specialist or an LVER had a material effect on helping a veteran find a job? In other words, is the "entered employment rate" a solid performance measure or does it simply measure coincidence—rather than a cause and effect relationship between services provided and an outcome attained?

Answer. The DVOP and LVER programs track 3 different types of "entered employment rates" that vary in how closely they are tied to services received by veterans, but we believe that VETS' performance measures need to be examined and likely changed given the new roles that DVOP and LVER staff are performing. For example, there is a general veteran "entered employment rate" that is not specifically tied to services received by veterans. Another measure—entered employment following receipt of staff-assisted services—provides a link between outcomes and services provided by DVOP and LVER staff. In light of their new role, DVOP staff have an additional measure that tracks employment following receipt of intensive

services such as case management. However, there are no measures established for LVER staff to evaluate their performance in conducting employer outreach, a key role under JVA. Moreover, such performance measures are not capable of assessing the effectiveness of the one-stop system in serving veterans. Cause-and-effect relationships can be determined only through a carefully designed impact evaluation. Examining the relationship between services and outcomes is risky using simple outcome data because other factors—such as inherent job readiness differences between those who need intensive services and those who do not—could affect any difference observed in the outcomes these jobseekers achieved.

Question 4. In its December 2005 report, GAO stressed that in 21 states "key veterans employment data are not collected at the local level or available through other means." Can you explain what data are not being collected and reported? Does the unavailability of that data impact the reliability of statewide performance data? Does it impact accountability?

Answer. DVOP and LVER performance data unavailable at the local level in 21 states include those reported quarterly to Labor in the VETS 200 report—the number of veterans applying for and receiving services and those employed after receiving different levels of services by specific categories of veterans (including all veterans, transitioning service members, campaign, disabled, special disabled, recently separated, and female veterans). While a state may track local level data for DVOPs and LVERs in its state data systems, these data are not necessarily the same type of data tracked in the VETS 200 report and are not reported to Labor. We did not assess how the absence of local level data impacted the reliability of statewide performance data, but identified and reported other data reliability issues at the state level that precluded using them to assess program performance. We did find, however, that the absence of local level data in 21 states hindered oversight and accountability of local workforce offices and individual DVOP and LVER staff in those states. In addition, the absence of individual performance data may compromise the ability of these states to design a performance incentive awards program based on a methodology that is objective rather than subjective.

Question 5. In the December 2005 report, you noted that, under the Jobs for Veterans Act, new performance measures are supposed to be weighted to provide special consideration for placement of veterans requiring intensive services. Are the new performance measures weighted to do that? Do current performance measures encourage service to those veterans most in need of assistance?

Answer. VETS has not yet implemented a system for weighting the performance measures as required by JVA to provide special consideration for such groups as disabled veterans. While VETS issued initial policy guidance in June 2003, officials told us that the guidance was abandoned because the weighting system was too complex and confusing to implement. VETS has not yet specified when it will implement a weighted performance measurement system.

Question 6a. It is my understanding that some veterans who access a One-Stop Career Center are assisted by staff funded through the Department of Labor's Veterans' Employment and Training Service grant program and the remainder are served by other One-Stop staff. As reflected in the attached chart, data provided by the Department of Labor show that the entered employment rates for those groups are virtually the same. Do the similar entered employment rates for these groups suggest that there is little "value-added" in having a separate grant program for veterans?

Answer. The entered employment rates attributable to services provided by DVOP staff cannot be compared to other one-stop staff without controlling for differences in the job readiness of the veteran populations served. Some one-stop staff we met with told us that DVOP staff are more likely to serve veterans in need of intensive services, such as case management, while Wagner-Peyser employment services staff are more likely to serve job-ready veterans who require fewer services before employment. However, there are no data available to corroborate this.

Question 6b. Do Wagner-Peyser staff have similar training as DVOP and LVER staff? Do they provide similar services to veterans?

Answer. Wagner-Peyser staff do not generally receive the same training as DVOP and LVER staff primarily because they perform different duties. However, Labor's National Veterans Training Institute conducted onsite training in Ohio that included Wagner-Peyser as well as DVOP and LVER staff. In addition, about 20 percent of participants in some of the classes at the Training Institute are staff other than DVOPs and LVERs and could include Wagner-Peyser staff, according to training officials. There is also an orientation class to veterans' programs designed specifically for other one-stop partners. In addition, LVERs are responsible for training other one-stop staff to enhance their knowledge of veterans' employment and training issues and develop their capacity to provide the full range of services to meet

veterans' needs. Officials from VETS and the Training Institute recognized the need for broader training of one-stop staff in serving veterans, but cited difficulties related to the current level of training resources.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BARACK OBAMA TO DR. SIGURD R. NILSEN

Question 1. As Secretary Principi asked in his testimony, do employment program managers have clearly define goals and standards for placing veterans in suitable jobs? I, too, am concerned about the process and outcomes.

Question 2. While collecting information for your report, did you find that there were clearly defined lines of oversight authority from the Department of Labor's Veteran Employment and Training Service to the states?

Answer.

Subject: GAO Responses to Questions Following Senate Committee on Veterans' Affairs Hearing on the Jobs for Veterans Act

This letter responds to your questions following the Committee hearing on the Jobs for Veterans Act held on February 2, 2006. Congress passed the Jobs for Veterans Act (JVA) in 2002 to improve employment and training services for veterans as well as encourage employers to hire them. The ability of veterans to quickly obtain needed services leading to employment has taken on a greater level of importance given the large numbers of service members annually leaving active duty and returning to civilian life. JVA reformed two of Labor's programs that focus exclusively on veterans and that are administered by the Veterans' Employment and Training Service (VETS). These programs are the Disabled Veterans' Outreach Program (DVOP) and the Local Veterans' Employment Representative (LVER) program. Through these two programs, DVOP staff provide intensive services to eligible veterans while LVER staff conduct outreach to employers, among other duties.

With respect to performance and accountability for these two programs, you specifically asked whether (1) employment program managers have clearly defined goals and standards for placing veterans in suitable jobs, and (2) lines of oversight authority from VETS to the states were clearly defined.

Our responses to your questions are based on information from VETS, results of our survey of state workforce administrators and directors of Veterans' Employment and Training, and our December 2005 report, Veterans' Employment and Training Service: Labor Actions Needed to Improve Accountability and Help State Implement Reforms to Veterans' Employment Services (GAO–06–176).

Performance goals are not consistently established for local offices or individual veterans' staff even though employment outcome goals are established at the state level. State workforce administrators in 31 states reported establishing local office or one-stop performance goals for DVOP, LVER, or other employment service staff while administrators in 18 states reported not establishing such goals. With respect to individual staff, administrators in just over half the states reported establishing performance goals for DVOP, LVER, or other employment service staff. In the majority of cases, local offices either negotiate their own performance goals with the state or use the same goals as the state, according to Directors of Veterans' Employment and Training surveyed.

There are clearly defined lines of program oversight authority from VETS to the states; however, supervisory authority over state employees—including DVOP and LVER staff—lies with the state workforce agency. Despite clear lines of authority, however, lack of local performance data and coordination hinder oversight and accountability at the local level. For example, VETS directors in 21 states noted that performance data tracked by the VETS 200 report were not available at the local level. In addition, Labor's Employment and Training Administration oversees other workforce programs serving veterans—such as the Workforce Investment Act and Wagner-Peyser Employment Services—but does not generally coordinate its monitoring activities with VETS.

If you have any questions about this letter, please contact me at (202) 512–7215. You may also reach me by e-mail at *nilsens@gao.gov*. Cindy Ayers served as assistant director on this engagement, and Meeta Engle was the analyst-in-charge.

Chairman CRAIG. Dr. Nilsen, thank you very much. I recommend the report to the Committee for their overview and reading.

Before we start the round of questions of this panel, we have been joined by our colleague John Thune. Senator, do you have any opening comments?

STATEMENT OF HON. JOHN THUNE, U.S. SENATOR FROM SOUTH DAKOTA

Senator THUNE. Thank you, Mr. Chairman. I appreciate the testimony of the panel, and thank you for holding this hearing to examine the effectiveness of programs that are designed to provide meaningful and rewarding employment for America's veterans.

I would simply add that that is particular true now in light of a lot of our wounded, disabled veterans coming back that we really focus on this issue to see that they have, as they transition into civilian life, which is going to be difficult as it is, that they have meaningful and rewarding employment opportunities available to them.

I appreciate your holding this hearing and look forward to entering into questions with our panelists. Thank you.

Chairman CRAIG. Thank you very much, John.

Mr. Secretary, from the commission's overview report and the ultimate legislation, in part, some of what was recommended didn't come to pass. Behind you is an organizational chart that was prepared by GAO. It attempts to capture the various Federal, State, and local entities' involvements in providing veterans employment services and administering the DVOP and LVER grant programs.

As the former head of the second largest bureaucracy in our Government, I am sure you are aware of the impact organizational structure can have on an agency's ability to establish clear lines of program authority and accountability and that there was one underlying theme in most of the testimony this morning and a concern by this Committee. Is it where are we? What are the measurements? How accountable are we? Why is there underperformance, and why can't we get to it?

What is your reaction to this organizational chart? And the rest of the panel, you are going to be asked the same question. Tony?

Secretary PRINCIPI. Thank you. You know, Mr. Chairman, I think more important than an organizational chart—and I think this is a step in the right direction—are the ability to establish performance standards in any bureaucracy and to hold local leadership accountable for meeting those performance standards. I think that is what is most important.

I do believe that this chart—and I haven't had a long time to review it—I think it is a step in the right direction to establish clear lines of authority and responsibility and holding people accountable. But in the final analysis, you can have the best organizational charts in the world, but you have got to say suitable employment outcomes for veterans is the goal and hold people accountable for achieving those goals, whatever they might be, and moving on.

Although I agree with Secretary Ciccolella and Dr. Nilsen that progress is being made, it is obvious from the charts that you showed that there is still a lot of work to be done. And hopefully, this chart, this organizational chart, if it is implemented, will help achieve that goal.

Chairman CRAIG. Secretary Ciccolella, can you follow that chart without bread crumbs?

[Laughter.]

Mr. CICCOLELLA. Mr. Chairman, the chart appears to be accurate. Let me say this about the system and how it works. One of the intents of the Jobs for Veterans Act was to provide additional flexibility to the States to run the programs. That was necessary because in prior years, the role of the Federal VETS staff was considered to be rather intrusive with sort of a checklist mentality with regard to local offices, One-Stops, and because the workforce system is moving more in the direction of additional flexibility and, in fact, devolvement.

The reason for that is that local officials, the local workforce investment boards, the One-Stop career centers, which are designed to be business driven, they know best where the employment opportunities are, what the training opportunities are, and how to make or better make the employer-employee connection.

The responsibility that JVA puts on the Veterans' Employment Training Service is to hold the State accountable for its performance. In that regard, we require each State to have a 5-year strategic plan and an annual plan. That plan has to address how services to veterans are to be provided. It has to address how the DVOP and LVER are to be integrated into that system. It has to address the veteran population, the use of incentives, the economic conditions in the State.

We either approve that plan, or we work with the State until we get that plan to where it is responsive to veterans' needs. That plan then is followed up with quarterly reviews and with self-assessments that the State does, which we then validate.

We don't require the local One-Stops to provide local data because of the reporting systems, and the law simply doesn't require that we get that information in the field, that our Federal staff get that information in the field. The reporting system forwards that information, and we look at it from a State point of view.

I believe the chart is accurate. I believe it shows where the supervisory and the programmatic responsibilities are, where they lie. It probably looks convoluted, and I do agree with that. But we are dealing with a workforce system that is certainly a highly devolved system. It operates a little bit differently in each State by design, and consequently, it would operate a little bit differently in each locale and area.

Chairman CRAIG. Thank you.

Dr. Nilsen.

Dr. NILSEN. Yes. Putting this together was no easy task, tracking the lines of responsibility. But one of the things I would like to point out about this, or a couple of things, one is if you look at the left-hand side, that is the Employment and Training Administration. They oversee and manage the Workforce Investment Act and a host of other job training programs. Much of the authority, as Assistant Secretary Ciccolella said, in those programs goes down to the State and is further devolved down to the local level.

In contrast, on the right-hand side, you have the VETS programs, where there is a lot more authority held at the Federal level and even down all the way to the local level. In each State, there

is a Federal VETS coordinator, who is a Federal employee, who works to oversee in some ways, has a role in overseeing the VETS program at the local level.

We found in some of our prior work that this creates some conflicts at times between the local office managers at the One-Stops, who are overseeing services to all unemployed people and figuring out how to help them, when someone else comes in from the outside working with the DVOP and LVER staff and providing some direction, which may be not necessarily in concert with what the local office is trying to do. So there is conflict there.

But that is very different from the other side. There is the local autonomy on the ETA side. Local areas decide what are the main problems, what are the issues, and how are we going to address those issues?

The second thing is if you look up at the second set of boxes, at the regional level, there are not really linkages across between the ETA staff and the VETS staff at the regional level. It is a responsibility, for example, at the ETA regional level to oversee the States and their regions and make sure that they are performing adequately, successfully, and to identify areas for further improvement, if needed.

We have criticized ETA for not doing enough to help that as well. But at the same time, they are also working on better data systems. The other thing that VETS, I think, lacks right now and is behind ETA on is good quality data on what they are achieving, the number of veterans coming through the door, the number of veterans they are helping, who is helping the veterans? Because right now, the idea is that the DVOP and LVER staff are supposed to focus on, well, the LVER staff on employers and the DVOP staff on the hardest to serve veterans coming in the door and focusing their assistance.

The other members of the One-Stops, be they the employment service staff or the Workforce Investment Act staff, are to provide services to veterans who don't have special needs necessarily and help them get work. But I think their data systems are not adequate to really capture the full breadth of people coming through the door and what is happening to them.

Chairman CRAIG. Dr. Nilsen, thank you very much.

Let me now turn to Senator Akaka for any questions he might have.

Senator AKAKA. Thank you very much, Mr. Chairman.

Mr. Ciccolella, the entered employment rate for disabled veterans in Hawaii as of June 2005 was 49 percent. This figure represents the number of disabled veterans in Hawaii who came in for services and subsequently entered employment.

Just 79 percent of those who entered employment stayed employed. What can be done with your program to help veterans retain their employment?

Mr. CICCOLELLA. Thank you, Senator.

I think the first thing that has to be done, Senator, is to catch the service members while they are still in the military, in the transition process, as they go through pre-separation counseling. We don't get all of the service members, for operational reasons, that the Department of Defense has. But getting more service

members through the TAP, or Transition Assistance Program, workshop. That is a 2½-day standard workshop, and the VA also participates in it for the third day.

That helps a service member make the transition, and it provides a service member, I think, very good skills. The troops are very, very pleased in general with that workshop. Beyond that, Senator, we have taken a very, very close look at our disabled veterans, particularly those who are the most seriously wounded and injured. So has the VA. And so has the Defense Department.

In fact, the Defense Department has a center over in Clarendon, the Military Seriously Injured Center, and they track those who are wounded and injured and disabled from the war on terror in Afghanistan and Iraq or wherever.

We have a network of Federal staff, and we use the DVOP, the Disabled Veterans' Outreach Program staff to actually put them at Bethesda and Walter Reed and Brooke down in Texas and at Madigan and Tripler. Now you have got Sergeant Jorge up there, DVOP Jorge over at Tripler. He is spending now 4 days a week over there.

With the information that DOD has and what they share with the VA and with what we have, we can actually track these disabled veterans. We can tell you how many are at Tripler Army Medical Center, and a lot more information, and we have their Social Security numbers. So putting that Disabled Veterans' Outreach Program specialist up there several days a week to make contact with them.

Many of these disabled veterans are not ready to go to work right away. Some of them are still in the service. But under our program, our Real Life-Lines Program, we have a commitment to be there through the workforce system when they are ready. We proactively contact them, whether they contact us or not.

I think that emphasis that I am talking about is a real role model. It is a real model practice that improves the quality of our DVOPs, our disabled veteran employment representatives across the board, and I think it goes a very long way toward pointing out that this is what they are supposed to do, this is what these service members deserve, and this is what has to be done.

I truly believe that we are seeing some significant improvement in this area, and that will continue.

Senator AKAKA. Thank you.

Secretary Principi, we are now seeing many of our service members electing to leave the service, to leave the service after completing their commitments abroad. Do you have any additional recommendations to ease the transition from the military to the civilian workforce that are not outlined in your last report?

Secretary PRINCIPI. No. I think our last report, the transition commission report outlined excellent recommendations to assist separating service members. I am dismayed that the unemployment rate for recently separated service members is still too high compared to their nonveteran counterparts of the same age group. That is very disconcerting.

I think, again, it is up to the Committee. If the Committee finds that Department of Labor and the States are not holding their re-

spective organizations accountable for suitable employment outcomes, then further reform is necessary.

I think one option that you should look at is providing some competition for the funding, the DOL funding that goes to the States to provide this service, to put some teeth into the accountability. Hopefully, that would be an incentive to State leaders and program managers to do the job that they are getting this funding.

I think back in 1997, when we did our report, there was like $200 million was going out to the States from DOL, and we had these incredible statistics whereby only 300,000 of 2 million veterans who were registered are getting jobs. So there is no accountability, and there is no teeth.

But if you say, "Listen, if you are not meeting certain performance standards, you are going to be held accountable, and we are going to compete those dollars to someone who wants to come in and provide that service," then that might tell the States, "Boy, we better do the job." And it might provide a mechanism to provide it to companies that really specialize in finding good jobs for people. So that is one option you have.

Of course, our report also mentioned transferring this program to the VA. That is another, more major reform. But hopefully, DOL VETS can get the job done.

Senator AKAKA. Thank you very much for that response. My time has expired, Mr. Chairman.

Chairman CRAIG. Danny, thank you.

Senator Isakson?

Senator ISAKSON. Thank you, Mr. Chairman.

Mr. Ciccolella, in the recommendations of the GAO report, it says, "To achieve results from JVA provisions regarding veteran hiring practices of Federal contractors, Labor should issue regulations as soon as possible to explore effective methods of enforcement."

Is there any requirement in reporting right now by Federal contractors as to their veterans hiring practices? Is there?

Mr. CICCOLELLA. Yes, sir. Senator, there is. The Federal Contractor Program has been in effect for a significant amount of time. This is a complex issue. The responsibility for the Federal Contractor Program is in three agencies in the Department of Labor, and it is also with the Federal contractors because they have the responsibility to list their job openings with the State employment service.

There are problems with this program. The law changed the definitions for how Federal contractors report, and we have not published the regulations with those new changes. One of the reasons for that is that Federal contractors are required to report under the old rules and the new rules. So they will be reporting on the same workforce, that they will be dual reporting.

We have tried to look at that program and work it out. Something needs to be done about the Federal Contractor Program because there simply aren't any teeth in it, to just put it mildly. There are about 200,000 contractors in our database at the Department of Labor. About 100,000 are Federal contractors. They self-identify on that equal opportunity form that they send over to the Labor Department. Many of them don't do that.

So we don't know whether we are getting all of the Federal contractors to actually identify themselves as Federal contractors. Moreover, in the reporting, which my agency is responsible for, while the report is required, there are no requirements to hire veterans. They have to list their work population. They have to list their veteran population, but there is no requirement.

Senator ISAKSON. Well, let me interrupt you there in the interest of time.

Mr. CICCOLELLA. Sure.

Senator ISAKSON. Because that is the point I was getting to. It has been 8 years since I ran my company, so things may have changed. We competed to provide some Government services, housing services, particularly Government agencies with regard to relocation of Government employees and things like that.

I always remember having to answer specifically the percentage of minority participation, minority employment, women participation, and it was broken down into subgroups. I specifically remember that being a consideration in whether or not the Government did business with me.

Mr. CICCOLELLA. That is correct.

Senator ISAKSON. I think those are all important considerations. I am going to make two quick points. One, it would seem to me like that would be an equal consideration for the employment of veterans, and I don't remember that question ever being asked of me as an employer. Now, again, things could have changed in the 8 years since I ran the business.

Second thing, and this came up in a hearing we had in the HELP Committee, I just want to make this point. Most of the jobs in America are provided by small business. The hardest thing for a small business to do is to stay in business while one of its employees has been activated for 12 or 18 months and have that job waiting for them when they get back.

It is one thing for our great friend Bob Nardelli to provide thousands of jobs out of the tens of thousands that he has. It is quite another for a local air conditioning contractor with 12 employees—and this is an actual example, by the way—to have 2 of their employees called up in the National Guard, which is virtually 20 percent of his employment base, gone for a year, and provide those jobs back.

Do we do anything that is an incentive or a preference to small business contractors with the Government who hire veterans? I mean it seems like to me we ought to be doing everything we can. This is a long question, if it is even a question. But it seems like we ought to do everything we can to make it a positive, when small businesses compete for our business, that those small businesses have a proactive veterans employment program. Is there such a thing?

Mr. CICCOLELLA. Again, your company, even 10 years ago, was required to report under the Federal Contractor Program, and the problem with that is that there simply is not—there are no teeth in that program. There is no requirement to hire veterans.

With regard to incentives or with regard to small businesses or any business hiring veterans, we have looked at this very carefully. We have a Presidential Committee, which has recently expired. But

we have gone out to a number of the trade associations with businesses. We have held job fairs. We have reached a whole lot of employers.

Today, employers are looking for good employees. We have a very active campaign to educate the employer community on the advantages of hiring veterans. Not just their hard skills, but their soft skills, because that is truly what employers are looking for.

You mentioned Home Depot. Home Depot, when we started 2 years ago, was hiring 5,000 veterans a year. This year, they will hire 15,000. We are now looking at Starbucks. It is 100,000 employees. McDonald's. These companies are looking for small unit leaders. They are looking for young E4s and E5s because that is what they are. We are not talking about jobs where you are getting somebody's morning coffee or flipping hamburgers. These are jobs with career fields.

We are making some progress in terms of educating the employers with regard to the advantage that they accrue for hiring veterans. Veterans are good for their business, and I think many employers are beginning to realize that.

We need to reach more employers so that we can tell those employers how they make that employer-employee connection. Once you get into the companies and you get into their communication systems, then their hiring process will follow suit if they understand how and what the advantages are of hiring veterans.

Starbucks is going to hire 400,000 people. Now, through the outreach that we are doing through our Committee, they are going to start hiring veterans. And they are opening one store every day worldwide.

So it is just a small example, but I am just trying to illustrate your point, sir.

Senator ISAKSON. Thank you very much.

Chairman CRAIG. Thank you, Senator Isakson.

Senator Murray?

Senator MURRAY. Thank you, Mr. Chairman.

Senator OBAMA. I apologize. I, unfortunately, have got to leave. I just would like to make sure that I can submit written questions and would ask responses from all of the panelists.

Chairman CRAIG. Of course, you can. And all of us will be able to. Time is going to be a little limited today for direct questions, but several issues have come up. My notes are producing questions as I listen. So, of course, and we will all do that. Thank you.

Senator Murray?

Senator MURRAY. Thank you, Mr. Chairman.

Mr. Secretary, do you know how many veterans are unemployed nationwide?

Mr. CICCOLELLA. We know how many veterans. Senator Murray, we know how many veterans enter the labor chain each year and how many are served, and then how many enter employment. So, excuse me, we know how many enter the workforce system and how many enter employment.

We know that information, but the information lags. Nationwide, we don't know how many veterans are unemployed.

Senator MURRAY. Can you tell me why there appears to be a drastic difference between the unemployment rates between vet-

erans who are ages 20 to 24 and nonveterans who are 20 to 24? Is this a problem of the Jobs for Veterans Act, or does it mean that it doesn't work for them? Do you know why that is such a huge difference?

Mr. CICCOLELLA. It is a huge problem. It is a problem that has been with us for many, many years. We have looked at it very, very carefully. We are looking at it now with the Department of Veterans Affairs in a joint study. We know some of the reasons why this is, but we also know it is a longstanding problem. We know what the demographic is of the 20- to 24-year-olds who come out of the service.

Senator MURRAY. Do we need something more specifically to focus on 20- to 24-year-olds that is not in the Jobs for Veterans Act today?

Mr. CICCOLELLA. Senator Murray, I think what we need to do. As I said, we know some of the reasons why they are not employed. Some choose not to be employed. Some are waiting for school. Some will take the unemployment insurance.

There are first-time entrants into the workforce. So any group of people who are first-time entrants into the workforce, for example, the 18- to 19-year-olds, their unemployment rates are extremely high. But we don't know all of the reasons. I believe we need to get to——

Senator MURRAY. But there is a huge difference between veterans and nonveterans numbers.

Mr. CICCOLELLA. Yes.

Senator MURRAY. So average 18- to 24-year-olds that aren't veterans have a much lower unemployment rate than veterans do. So I am asking why is that? It is not like they are all waiting to go to school. They are all thinking about different things, too. It is a huge difference.

Mr. CICCOLELLA. Well, clearly, the issue of transition and moving from the military, the adjustment, is a huge issue.

Senator MURRAY. Well, if you wouldn't mind, I would really like you to think about that and get an answer back to me because if there is something we should be doing to change that, I think we ought to be focused on that.

Secretary PRINCIPI. Can I just quickly comment? I recall, back when the commission was in existence, a four-star Air Force general overseas told me, he said how difficult it is for him. He was getting ready to retire, and how difficult it was for him, a four-star general, to transition into the private sector. You can imagine how difficult it is for an E3 or an E4 who is stationed overseas to transition and get a job in the private sector.

And it is also true in CONUS. If you are separated from Norfolk, Virginia, and you live in Des Moines, Iowa, it is pretty difficult to find a job. So there are a lot of those, you know, the——

Senator MURRAY. Well, I would like to hear from you some recommendations to focus on that, and I just have a minute left. And I raise the issue of Guard and Reserve, the high number of Guard and Reserve. And it just feels like these programs are not working because of the short timeframe that they have, the 2 to 3 days.

They are not hearing about it, and it doesn't feel like the resources are really being allocated to do that. Our One-Stop shops

are telling us that "can we get the lists of these veterans so we can help them get employed?" Can you tell me what we can do to help these separating service members, to be more targeted on them?

Mr. CICCOLELLA. Well, I can tell you what we are doing. Of course, you know better than anyone in Washington because you have had a lot of Guard and Reservists come back. You know that the requirements for them have changed with the longer mobilizations. They have not only had the adjustment problems, but they have the employment and the underemployment problems. I think the things that you are doing in Washington are a good model.

The issue with returning Guard and Reservists is that when they come back, they demobilize, and there is a very rapid demobilization. In my opinion, it is too rapid. That is a time or within a very short period of time, certainly within 30 days, when many of the Guard and Reservists need to have some—if they have been on a deployment for 14 months—they need to have some transition assistance, and they need to know better how to contact the workforce system in the State, in addition to the other services that are available in the State.

As it happens, in most cases after they demobilize, they are off for 90 days before they have a first drill. In that case, when they have their first drill, their training to go back over, we have contacted every one of the State AGs in writing. We follow up with them. We offer transition assistance programs through the workforce system, and our Federal staff are also qualified to give this assistance. So we are trying to press this.

Senator MURRAY. I think that this is an area that we really need to focus on, and the TAP program is not working for Guard and Reserve in particular. And I want to know if you can—I am out of time, but if you can let this Committee know where we are in terms of making that transition program work for Guard and Reserve because of the high number.

Second, just a really fast question. What can we do to get these One-Stops the lists of veterans who are returning home that are there, so that they can start working with them? It is disconcerting to me to sit at a meeting and have a Guard member tell me he has been out of work for 8 months, and then the guy who is supposed to be helping him say, "I didn't know who you were."

Mr. CICCOLELLA. The discharge certificates that come out of the Department of Defense are, as I understand it, now made available to the Department of Veterans Affairs, and they are made available to the Department of Veterans Affairs in the States. And I am told that that is the case in Washington.

If that is the case, then there would be no reason why that information could not be transmitted to the State workforce agency.

Senator MURRAY. There are no privacy concerns or anything else that are keeping these lists from being distributed?

Mr. CICCOLELLA. I don't know about the privacy concerns on something like that, but I do believe that, for example, in your State, that is exactly what is happening.

Senator MURRAY. Well, thank you, Mr. Chairman. I appreciate it.

Chairman CRAIG. Senator, thank you for very good questions.

Senator Burr?

Senator BURR. Thank you, Mr. Chairman.

Mr. Ciccolella, let me first say we are asking a lot of process questions. I do not want you to lose perspective that this is all about outcome. At the end of the day, it is about how successful we are in this mission.

I have noticed that we have a director of VETS, one for every State. Is that correct?

MR. CICCOLELLA. That is correct.

Senator BURR. Can you tell me how many of those directors are veterans?

Mr. CICCOLELLA. Virtually all of them are veterans.

Senator BURR. Virtually all of them?

Mr. CICCOLELLA. Virtually all of them. And virtually all of the veteran employment staff that we fund at the State, 99 percent of those are also veterans.

Senator BURR. I appreciate that answer, and I appreciate the fact that that is a focus because I think it is essential to a successful program that you have individuals involved that understand the other side that many in this country don't.

Let me get to some of Secretary Principi's questions. Incentives, specifically. I noticed in the GAO report you reported that a third of the States have no incentive program for the reasons of State law, policies, or collective bargaining.

I went through your chart as well of the number of States that had a balance, I think that is 1 percent of their grant, to be used for incentives. Twenty-seven States gave no incentives. Clearly, there is an additional number of States that have an incentive program, could have an incentive program, gave no incentive. Can anybody give me an answer as to why?

Mr. CICCOLELLA. I think 17 States didn't use the incentive program at all, and it is because of the stipulations that you just mentioned. Some of them are regulatory. Some of them are by law. Some are decisions that the State made where an individual who assists a veteran into employment, they didn't want for that individual to get an award, but someone else in the workforce system, you know, would not get one. So there was an equity issue.

On the other hand, there are States like Illinois that have used the incentive systems very well, and the idea behind the incentive systems is sort of "pay for performance." It is designed to give cash.

Senator BURR. How about the 10 States that apparently have incentives—they can use them, the State law doesn't prohibit them, collective bargaining doesn't prohibit them—but they gave no incentive. Did they not hit the goals that were targeted?

Mr. CICCOLELLA. If the States had no prohibition and didn't use the incentives, then that is a waste.

Senator BURR. Well, let me just flag those 10 for Department of Labor to look at and work on.

Mr. CICCOLELLA. Yes. Sure. And if I could just say, Senator, and I know your time is limited, we are looking at this very carefully because we are looking at it in conjunction with what the GAO found and in consultation with them because we don't know whether we have the incentives thing right. And we don't know whether that really works best at the State level or whether it works best at the national level.

Senator BURR. Well, given that the State folks are the ones on the firing line, I would be willing to bet that that is the correct place to put the incentive. It probably is not on the State directors that are Federal employees, and I think we have got to find a way to make that connection.

Are there sanctions for people who underperform?

Mr. CICCOLELLA. States that underperform. In the grant provisions, we require the States to provide their plans on how they are going to serve veterans. If they don't come forward with a total plan or if they consistently underperform, we do have the authority, as does the Employment and Training Administration, to withhold the grant. As a general rule, we don't do that. We have never done that.

Senator BURR. Do we threaten? Have we threatened?

Mr. CICCOLELLA. What we do is not threaten, we work with that State as closely as we can to find out what the reasons are. We are solution focused. We do take their money. We will not allocate money. In other words, we will recapture some of the money.

Senator BURR. Only four States used all of their incentive money. Let me ask you a simple way. Are sanctions and rewards successful?

Mr. CICCOLELLA. The incentives, in my view, are successful. The sanctions, I believe, you know, this is about getting veterans jobs. If you take the money from the State and they can't fund the DVOP and LVER program, their situation is going to be a lot worse.

Senator BURR. I agree with you totally.

Mr. CICCOLELLA. We would much rather work with that State and bring them into compliance.

Senator BURR. I will end my questions the same way that Secretary Principi ended his testimony. If a State doesn't perform, don't we have an obligation to find another way to do it?

Mr. CICCOLELLA. I have no argument with that at all, Senator.

Senator BURR. Thank you.

Chairman CRAIG. Senator Burr, thank you very much.

Senator Salazar?

Senator SALAZAR. Thank you very much, Mr. Chairman.

I am continuing to be more and more troubled by this statistic that shows that 15 percent of our veterans, at the end of 2005, age 20 to 24 are unemployed. Those statistics are near depression kinds of statistics that ought to be making us all extremely concerned.

I want to just come back to the concept that Secretary Principi spoke about, and that is the notion of standards and accountability. We use them in other kinds of programs. I guess my question that I would ask Secretary Principi and perhaps Secretary Ciccolella to respond to is how would you define those standards and goals to create the accountability that we all want?

I think these results are unacceptable. We are going to create standards and accountability to get better results so we can measure them. How would you define what they would be?

Second of all, I am new to this U.S. Senate, relatively new with, I guess, a couple of my colleagues across the table here. But why is it that you threw out a notion kind of at the very end, Secretary

Principi, that perhaps the veterans training employment program may be about to be moved out of the Department of Labor and put over in the VA.

If you look at the health care program that we have in VA, it seems that it is one that is touted as a model for health care around the country. Why not take this program out of Labor and put it out in VA when we have these kinds of very unacceptable statistics?

Secretary PRINCIPI. Sure. I agree, Senator. What those performance standards should be, certainly that recently separated service members do not have a higher unemployment rate than nonveterans in the same age group, and I think the Department of Labor can come up with those performance standards. They are certainly better suited to do that than I am.

But I come back to the notion that—and maybe I am wrong. Maybe the JVA did provide some accountability. But there just doesn't seem to be any accountability. I mean, the fact that the Secretary indicated that there has never been any sanctions, that there is no competition, I just think that provides a certain incentive to do a job well. And unless that is there, I think we are going to be back 2 or 3 years from now showing the same unemployment statistics.

This Committee has held a lot of hearings on this subject since I was chairman of the transition commission and throughout the time that I was Secretary of Veterans Affairs. We are going back now 7 or 8 years. We come here in January, February of 2006, and we find that some of the same problems still persist. So I think more reform is necessary.

One option to look at is to transfer the function to the VA, entrusted with the resources and the ability to hold program managers accountable. But just transferring it, VETS, from Department of Labor to the VA without the resources, without the ability to hold program managers accountable, I don't think it will work.

But VA only has one mission, and that is to serve veterans. There are no nonveteran constituencies competing for the resources of the VA. But I think that should be a last resort, and I think that improvements are being made. Hopefully, with some further reform, veterans will be well served.

Senator SALAZAR. Assistant Secretary Ciccolella, if you would answer both questions as well on the performance standards and accountability as well as the notion of transferring the program from Labor to VA?

Mr. CICCOLELLA. Sure. On the standards, the standards should be the same as they are for the negotiated performance rates with the State that our State director and the State come up with because that is a uniform standard. And the area of 20- to 24-year-olds, we need to look at that very carefully. It needs to be a special area of interest, and that needs to be conveyed to all of our State directors, which it is, and to the State workforce agencies because they have a great deal of sway with regard to paying special attention to young veterans.

With regard to the move to the VA, we looked at this. It was a proposal the first year I was in the organization. We looked at it,

and I worked with Secretary Principi's folks to do the plan and whatnot for that.

Secretary Principi is right. If you look at transferring something like this, you have to transfer it with the resources. But the other thing that I think is really important, you know, we have a $15 billion investment in the workforce system in this country every year. So if we transfer the VETS program to the VA, what I didn't see in that transfer plan was that the veteran employment representatives and veterans who were going to be helped would have the advantage of all of the programs that are available through the workforce system.

I think that is absolutely critical because I think if they don't have that, then they would be at a great disadvantage. There is no point in having a $15 billion investment in our workforce system if we are not going to avail those resources to veterans.

I guess I ought to look to see whether the OMB surveillance people are here. There is one argument that I guess I could make to support Secretary Principi's contention, and that is, if I am not mistaken, I think the VA is exempted from this 1 percent rescission. I don't think Labor or the VETS program is.

So that would be one argument that I guess I could throw out there. One percent of a $224 million budget is pretty huge for us.

Senator SALAZAR. If I may, Senator Craig, just one? I think it would be helpful for us as a committee to perhaps independently from both of you or perhaps from GAO, Dr. Nilsen, just to get a sense of what kinds of standards and accountability could be put into place that would measure results and that would have the kind of sanctions that would lead us to better results than we have here.

I very much think that would be useful to us as a committee. Thank you, Mr. Chairman.

Chairman CRAIG. Senator Salazar, we are not through with this issue. Go ahead, Dr. Nilsen.

Dr. NILSEN. Yes. I would like to just make a comment about your question about accountability, and it goes back to something that Senator Akaka had asked earlier.

The performance measures that the Veterans' Employment and Training Service uses does not really target populations that are highest in need. They focus on a total entered employment rate. Well, that is not targeting on the 20- to 24-year-olds or recently separated veterans.

Without measures that target the populations you are concerned with, that does not send a message down to the local level that these are the people we really want you to focus on and to provide services to. As we said, I think it was Secretary Principi said before, you get what you measure. If you are not measuring the outcomes for people 20 to 24 years old, you are not going to get the focus on that population.

And so far, I know in past reports, when we looked at earlier strategic plans for VETS, they had discussions about who they cared about most, and they cared about all the various populations of veterans, which ended up saying we care about all veterans, which is fine. But then you don't have any targeting within that.

If you care about everybody at the same time, you are saying you care equally, and you are not necessarily focusing your resources on those who are most in need. Their performance measures also did not represent those most in need. It represented just all.

So if you are not counting, if you don't have the data, you are not going to have a focus on those that you really want to focus on.

Chairman CRAIG. Senator, thank you.

Senator Thune? John?

Senator THUNE. Thank you, Mr. Chairman. And thank you very much, panel.

Secretary Principi, it is nice to see you again. I don't know whether to call you "Chairman" or "Secretary." I spent much of 2005 shadowing you around, and I hope you don't have bad dreams about me.

[Laughter.]

Senator THUNE. But it is good to see you again, and thank you for all your service to our country.

I guess I am interested in knowing in this particular graph if, in fact, is this broken down, do you have State by State on this somewhere? This is the one that shows I guess the disparity between veterans and nonveterans in that 20 to 24?

Mr. CICCOLELLA. It is not broken down. It is not broken down by State. The figures for the veteran unemployment rate, age 20 to 24, is a category that the Bureau of Labor Statistics surveys every month. They survey the 60,000 folks. They ask certain questions.

Senator THUNE. So it is that universe, and it is not broken down?

Mr. CICCOLELLA. It is that universe. Yes, it is a national universe. Yes, sir.

Senator THUNE. Is it broken down at all demographically? I mean, if there is no geographic——

Mr. CICCOLELLA. Yes. They do collect some demographic information. They know that it is largely a Caucasian population, what the college education rate is, those things, yes.

Senator THUNE. Just that data would seem to be important to me if we were talking about focusing on this particular universe of people, which is very troubling. I mean, this is a statistic that I think causes great concern. And I am glad, Mr. Chairman, that you have decided to focus on it.

I have just got a couple of observations and maybe questions or just that you could give a reaction to on that because it seems to me, at least, that is this a function of you have got young people coming back in that age category, and maybe who bypass college or tech ed, and are now moving back, transitioning into the workforce. Is it a function of training? Do they have the skill sets that are necessary for the workplace, and is that something that is skewing these statistics in a way that creates this disparity?

Mr. CICCOLELLA. In general, when a service member exits the service, whether it is like with me at 28 years or a service member that has served 2 or 3 years, they are making quite a transition in their first time coming into the workforce. So there are issues with regard to that transition. There are obviously stress and issues and things like that.

With regard to skills, today's military members—Guard, Reserve, active component—this is not like the 1960s, where people came in with very few skills. They fought in combat. They came back. They didn't have much in the way of skills. These kids are really skilled today, and they learn more skills when they are in the military, even in the combat arms. That is a very high technology business.

So they have very good skills that are translatable. More importantly, they have what employers are looking for. They have the ability to come to work on time and to take instructions and to be dependable and to help businesses grow their business. And that is what employers are looking for. At least that is what they tell us they are looking for, and we talk to them all the time.

So we have a transition issue that we try to bridge with the transition employment workshop that we provide to all the service members and that we are trying to provide to the National Guard and Reserve. And I think the folks in South Dakota actually go to another State. I think they have them go to another State for that.

To me, that is absolutely a critical component of their transition because it is, as Secretary Principi mentioned, it is a big step. There is no question that when you exit the service, in a sense, you are behind those who didn't serve for a short period of time. Once our veterans get into the workforce, they are generally very, very successful.

Senator THUNE. Right. That is why it would seem to me that they would have the character, qualities, the work ethic, all the things that people in the workforce would just welcome. That is why I was wondering if there was some in the skill set area that was lacking, and I am sure there are transitional issues as folks come back.

But I really would think, Mr. Chairman, that to the degree that we can get as much detail and data on this problem and define it as much as we can so that we can figure out a solution for it. And I would just make one final comment and question, and that is maybe directed at the GAO.

Was there anything in your study that suggested that we are doing things that are unique to rural areas? Are there things that we are doing well there? Are there unique challenges that we face in rural areas? Some of these unemployment numbers even, that is why I asked the question about if you had any geographic breakdowns, if there are things that are unique to the part of the country that I represent, States like South Dakota?

Dr. NILSEN. There is nothing unique that we found in the course of doing our work to rural areas. But in general, a lot of my work focuses on labor issues in general, and rural areas do present different sets of issues and problems, as you know. Transportation is a biggie. Getting access to these services is huge. You don't have a One-Stop down the street that you can go to.

But techniques that people increasingly use are, you know, Internet access, particularly through libraries and things like that in local communities are increasingly helping people gain access to the information in the One-Stops. But beyond that, veterans face the same problems that other folks who are unemployed and looking for a job in rural areas face and those challenges that are dif-

ferent from if you are in a large metropolitan area with numerous employers and lots of options.

Senator THUNE. All right. Thank you all. Thank you, Mr. Chairman.

Chairman CRAIG. Richard, you said you had a small question?

Senator BURR. Just a quick question, a follow-up to John's first question.

Charles, does Labor know how many unemployed vets are in North Carolina? Or, for that fact, any State?

Mr. CICCOLELLA. In total, no. I don't believe we do.

Senator BURR. So, in total, we do, but per State we don't. Is that an accurate statement? And I would just make the comment that——

Mr. CICCOLELLA. Yes.

Senator BURR. —I think that is absolutely a vital piece of information to know. Because we have a State-based program that has no idea what the number is, which makes it almost impossible for them to know if they are making progress other than what we share with them.

Mr. CICCOLELLA. I really need to check that because the State workforce agency may have that information. But I will check that.

Senator BURR. I would also say for the purposes of Secretary Principi, because he has a hotline to DOD that most of us don't have, I think it is also a vital statistic that we know, as individuals are retiring from the military, leaving the armed forces, how many are employed on the way out the door? Because there is a function of this, as we know, that starts much earlier than the day that they are walking out.

Just like our higher education today takes great pride in being able to say not just to its alumni, but to the Federal Government what their graduation rate is, now the hottest thing on the university campus is what the employment rate is of this year's graduating class. I think that is an important thing for DOD to look at.

Chairman CRAIG. Gentlemen, thank you all very much. You have all made some valuable statements. There have been some tough questions asked, and I must tell you some of the answers are sketchy at best.

This Committee will be back to you and to you and to you again until we determine if you have got it right or if we are going to have to fix it so you can get it right. My next question was going to be "do we need reform?" I think Secretary Principi has asked that.

But these numbers are startling to all of us, at the least, and we are very frustrated by it. We thank you for it, and Mr. Secretary, we are going to have you back again. You can't measure without statistics. It is critical that we have them, that we are able to understand what the scope of the problem is beyond these broad measurements.

This Committee and this Congress is intent upon this problem. We will stay with you until we either figure out how to get it right or change it in a way that it can be made right.

Thank you all very much.

Now I will ask our second panelists to come forward, please. If I could have the second panelists come forward now, we will get started with you. And I am going to ask my colleague, after introducing the panel, Senator Richard Burr to complete the chairing of this hearing, and I thank you, Richard, for your flexibility and time.

Have we lost the panelists? Is Wes here?

All right. We will get started. I think Mr. Poriotis will be with us soon. And of course, Wes Poriotis is the chairman of the Center for Military and Private Sector Initiatives. Joseph Sharpe, Jr., deputy director for the American Legion National Economic Commission. And Rick Weidman, director of government relations for Vietnam Veterans of America.

Gentlemen, I apologize for having to step away. Our first panel went a little longer than we had anticipated, but your testimony for the record is critical. As I have said in my opening comments and in my response to the first panel as they exited, this is a rapidly growing concern amongst those of us here.

As we know over the years, we have spent a lot of time with it, but it doesn't quite seem like we are getting it right. A lot of reform and yet less response. That is simply unacceptable.

It is the human factor. I could look at resources and a failure for those resources to yield what we would hope they would. But I think Senator Burr put it well. We are interested in outcomes. We are interested in these numbers changing here or knowing why they can't change.

So I will turn it over. Wes, I have already introduced you, and we thank you for being with us, and I will turn the hearing over to Senator Burr. Richard, thank you.

Senator BURR [presiding]. At this time, Wes, if you are ready, we will recognize you for your opening statement.

STATEMENT OF WESLEY PORIOTIS, CHAIRMAN, THE CENTER FOR MILITARY AND PRIVATE SECTOR INITIATIVES

Mr. PORIOTIS. Thank you. On a note of levity, Mr. Chairman, when you introduced me as "Wes," and you paused, I chuckled because being this is the fourth time I have testified, I was introduced as "Mr. Psoriasis"——

[Laughter.]

Chairman CRAIG. I didn't do that badly.

Mr. PORIOTIS.—in front of the House Veterans' Affairs Committee.

Chairman CRAIG. I see.

Mr. PORIOTIS. But is an honor to be here——

Chairman CRAIG. Thank you.

Mr. PORIOTIS.—to share ways to improve and enhance employment for veterans. In 1994, at the request of the Joint Chiefs, I undertook a scientific study of the transition and post transition experiences of military veterans seeking to enter the private sector job market.

My research found that there was a deselective bias, very analogous to that which it historically affected, women and people of color, entering into the job market. That deselective bias was about military service, not about veterans, because military service had

lost its value, and its brand had been lowered in the minds of many American employers, especially those in the nondefense sector.

I have examined this problem over the past decade, and I find that, despite all of the work that has been done by the Veterans' Employment and Training Service, they do come up short. They are not equipped. They don't have the corporate relationships. They don't have the network. They are not tasked to place.

They don't have the hardened, tough, job acquisition experience that would transcend the hurdles and the challenges that all folks face when they try to access the quality jobs in the private sector. "The quality jobs" being the hidden job market jobs. Those that are not publicized. Those that are not advertised. Those that don't come across the screen on the Web sites, the career.coms, the other monster boards.

Let me explain the problem this way. In the telecommunications industry, they divide the work of building network infrastructure into four general categories—the backbone, the middle mile, the last mile, and the last 100 feet. You can lay thousands of miles of fiber optic cable, but without that final connection to the home or the business, the last 100 feet, you don't have a customer.

That is what has been missing in Federal veterans employment programs, the placement services that connect veterans that last 100 feet. Forgive my being out of breath. I think the DayQuil is getting to me from the cold. But I sometimes feel like Mark Twain, when looking at the VETS program these last 4 or 5 years and trying to bring them to performance standards to enhance their capability. His quip was, "Everybody talks about the weather, and very few people do anything about it." And I think we do have to do something about it, including some ideas I have.

There already exists a backbone analogous to the telecommunications industry in the VETS program. One-Stop centers and thousands of dedicated and often caring LVERs and DVOPs working that middle and last mile to help prepare veterans for employment. But these Federal employees, again, have neither the training, the time, the resources to make that final connection between the veteran job-seeker and the private sector employer.

To make that final connection, the last 100 feet—and I have included that as attached to my testimony and would hope that it would be inserted in the record—the Center for Military and Private Sector Initiatives, which we established to bridge the gap between corporate America and the veteran community, we propose the creation of a Veterans Job Development Corps, which would be a public-private partnership dedicated to placing veterans in quality jobs.

This outsourcing of the placement function would transform VETS. It would be the "hamburger helper" to the hamburger to sell the hamburger. Right now, the hamburger is not being sold. I call it a transformational outsourcing.

In some cases, outsourcing has a negative connotation. But in this case, why try to change city hall? Why try to change an institution that is so embedded politically it is not going to change, and it is doing a good job in the context of what its training is? I say we transform it. We take the placement side. We outsource it.

The corps would be composed of what we call—and I have to tell you that a group of volunteers spent hundreds and hundreds of hours over the summer and the early fall looking at this. The corps would be composed of what we call career navigators, employment market openers, and job developers. All trained and experienced in the private sector. All with demonstrated track records of placing hundreds and hundreds and hundreds of people.

There are people who make a market and make a living doing this. We are not reaching out to them to imbue their talents into this whole placement debacle. The Veterans Job Development Corps would tap into a network of hundreds of thousands of job search, placement, and human resources professionals through organizations like the Society for Human Resources Management, which I find has 200,000 human resources, talent acquisition, and staffing persons who have never been influenced to influence the influencers, their own corporate executives and hiring managers, to embrace this asset called military service, this wonderful asset.

The Veterans Job Development Corps would locate, nurture, mine, and exploit the hidden job market. We haven't today talked about the hidden job market where the quality jobs are. It would market veterans to employers. It would connect veterans and champion them directly to persons with hiring authority, and it would, most importantly, secure interviews for them. Without an interview, you don't get a job offer.

Most importantly, work that final few parts of the process to close and negotiate compensation and implicitly sustain their career mobility through retention programs.

The corps would have—and I think this is very important—the corps would have a mobile "delta force." We thought about this at length. This delta force would be teams of individuals for the marketing, for the placement, to the championing, to the counseling, who would actually go into the homes, especially for the disabled and wounded service persons.

We held a conference and brought 138 of the most wounded and severely disabled veterans free of charge in a "road to recovery" program, and most of them told us if there was such a thing as a delta force that could come into the home, give them counsel and help, and work the local employers and, most especially, help the spouse.

In many cases, the spouse is much more appropriate in a disabled veteran's home for immediate employment, and this delta force could do that. But I do think we need a delta force to go into these troubled employment areas and work that as one would a firefight in troubled times.

The Veterans Job Development Corps would have strict metrics for determining success, and those metrics would be how many veterans get jobs? Funding for the corps could be tied directly to results in the form of successful job placements, and part of the cost could be recovered from the companies who hire veterans.

We have analyzed this, and we think that for less than 5 percent of the budgets and the funding that are being spent for the LVER and DVOP and workforce programs, you could actualize a corps, including the delta force, throughout the Nation to enhance opportunities and bring veterans that last 100 feet.

Finally, let me again urge this Committee to strongly consider authorizing a new marketing campaign to change the image and perception of military veterans in the private sector, utilizing classic consumer packaged goods techniques to rebrand military service as having value to the private sector.

What has not been talked about amongst those within the Beltway who talk to one another is the need to create the pull. Most of the Federal programs are pushing veterans into the workforce as opposed to creating demand and a pull through using the classic marketing and branding techniques.

Two weeks ago, we convened Coca-Cola, IBM, Motorola, MasterCard, Colgate Palmolive and a series of senior marketing executives, and we gave them the product called "veteran" and military service. We said if you were relaunching this product to your own companies and to the consuming public, how would you do it?

I can share those results with you at a later date. There is a branding paper I have included with my testimony. But Mr. Chairman, we need to increase the demand for veterans among private sector employers, focusing on that final connection, the last 100 feet.

I would say to you that we need to work together to traverse that last 100 feet, and I would like to close and conclude my testimony by quoting that famous American philosopher Yogi Berra, who said, "If you don't know where you are going, chances are you will end up somewhere else."

That is where we have ended up today, and I think we should change it.

[The prepared statement of Mr. Poriotis follows with attachments:]

PREPARED STATEMENT OF WESLEY PORIOTIS, CHAIRMAN, THE CENTER FOR MILITARY AND PRIVATE SECTOR INITIATIVES

Mr. Chairman and distinguished Members of the Committee, I want to thank you for the honor of appearing before you today to discuss how we might work together to improve the transition of servicemen and women from the military into private sector jobs. Having spent almost my entire career helping connect people with jobs, I am grateful for the opportunity to share some perspectives of the private sector as you consider what to do with Federal veterans' employment programs.

Over the past 4 years, I have been called upon to testify three times on this very subject by the House Veterans' Affairs Committee, offering them advice on how to fix, strengthen, or perhaps even replace the Veterans Employment and Training Service. As I am sure you are aware, despite continuing improvements, the VETS program does not have a strong record of successfully placing veterans into jobs. Looking at DOL's annual performance report, they set the bar of success at just 60 percent—so if 60 percent of the veterans who contact them find employment within 6 months, the VETS performance goal has been met. But what about the other 40 percent—hundreds of thousands veterans—most of whom have come into the One-Stop Career Centers because they lost their jobs or couldn't find one in the first place?

Mr. Chairman, I have been working on how to connect corporate America with this untapped and underutilized quality resource called military service since the early 1990s while performing executive and management searches for Fortune 500 companies. As we were able to achieve pre-eminent status in corporate America in terms of diversity, I became acutely aware that the difficulties military veterans encountered were the same that had been earlier experienced by women and people of color.

In 1994, at the request of the Joint Chiefs of Staff, I undertook a scientific study of the transition and post-transition experiences of military veterans seeking to enter the private sector job market. My research found that there was indeed a "deselective" bias against people with military experience that often kept them from

even being considered for private sector jobs even when they were well qualified for that position.

In my report I recommended that military transition assistance and veterans employment programs be restructured to meet the challenges of placement in the modern private sector market. Four years later, the Congressional Commission on Servicemembers and Veterans Transition Assistance, headed by the Honorable Anthony Principi who testified earlier, came to a very similar conclusion. The Commission recommended replacing the existing LVER and DVOP programs with new and different programs: one of which would be focused in part on job development and the other on marketing veterans to local employers. These recommendations were not implemented. So despite some modest refinements made by the Jobs for Veterans Act in 2003, the VETS program today is substantially the same program, with the same methodology and personnel that existed a decade ago.

Let me explain the problem this way: in the telecommunications industry, they divide the work of building our network infrastructure into four general categories: the backbone, the middle mile, the last mile and the last 100 feet. You can lay thousands of miles of fiber optic cable, but without that final connection to the home or business—the last 100 feet—you don't have a customer. And that's what has been missing in Federal programs to help veterans find quality employment—the last 100 feet.

There already exists a backbone of One-Stop Centers and thousands of often dedicated and caring LVERs and DVOPs working that middle and last mile, counseling and helping prepare veterans for employment. But these Federal employees have neither the training, resources, nor time to make that final connection between the veteran job-seeker and the private sector person with hiring authority. They simply don't have the necessary private sector experience or contacts.

This is exactly what our Vice President for Employment Programs found as he visited with numerous LVERs and DVOPs over the past year. They told him that their biggest problem is a lack of quality job opportunities, and that they did not have enough time to market veterans directly to local employers. So despite their hard work, the best they can do is to get veterans prepared for job searches, and then direct them to data bases or websites where employers are being encouraged to post job openings.

However, in the private sector, most good jobs are either not publicly advertised, or by the time they are advertised, they have already been filled or wired for a specific candidate. Mr. Chairman, if you want to find jobs in the private sector, you need to engage persons with private sector experience to find those jobs, and then connect veterans to those jobs. To be truly successful, you need to bring in private sector expertise to connect that last 100 feet between veterans and jobs.

That's why The Center proposed the Veterans Job Development Corps, a public-private partnership to place veterans in quality jobs. This Corps would be composed of what we call career navigators, employment market openers and job developers, all trained and experienced in the private sector. The Veterans Job Development Corps also taps into the network of hundreds of thousands of job search, placement, and human resource professionals through organizations like the Society for Human Resource Managers, or SHRM.

The Veterans Job Development Corps can locate the hidden jobs, market veterans to employers, connect them directly to persons with hiring authority, get them interviews and job offers, and support them as they begin their new jobs. The Corps would also have mobile "Delta Force" teams that would be sent to help veterans with significant barriers to employment by going directly into their homes and their local job markets. They would be responsible for ensuring that the veteran makes it that last 100 feet.

The Veterans Job Development Corps would have strict metrics for determining success: how many veterans get jobs. Funding for the Veterans Job Development Corps could be tied directly to results in the form of successful job placements. Part of the cost could even be recovered from the companies who hire veterans through placement fees. In addition, getting veterans off unemployment rolls and into quality jobs will increase revenue increases from income taxes paid by newly and more fully employed veterans.

Mr. Chairman, for about 5 percent of amount of funding currently spent on the LVER and DVOP programs, you could implement this plan and increase the number of positive outcomes for veteran job-seekers very significantly. Or you could reallocate 5 percent of existing program funding to enable the Job Development Corps, giving you much greater bang for your buck.

Let me take this opportunity to also strongly recommend that the Committee consider authorizing a new marketing campaign to change the image and perception of military veterans in the private sector using classic "re-branding" techniques. In

addition to improving how we connect veterans to employers, we need to increase the demand for veterans by private sector employers. This was one of the dozen recommendations I made to the Joint Chiefs and the President back in 1995, and it was also echoed by Secretary Principi and the Transition Commission in 1999 when they called for a national campaign to raise awareness of the many advantages of hiring veterans.

Although this idea was incorporated into the Jobs For Veterans Act in the form of the President's National Hire Veterans Committee, in the course of passing and enacting legislation, promulgating regulations, and implementing programs, the original goals and purposes were lost in translation. This 'Hire Veterans' Committee directed their time and resources in the wrong direction. Rather than marketing veterans to employers to increase the demand or what I call the "pull" from the private sector, they focused upon trying to "push" the private sector into using the public sector workforce system. This resulted in a flawed implementation of a sound idea.

In fact, The Center is currently engaged in a feasibility study on marketing veterans to the private sector that was authorized by the Veterans Benefits Improvements Act of 2004 (Public Law 108–454) and is being directed by the Deputy Assistant Secretary for Policy in the Department of Veterans Affairs. Just a couple of weeks ago, we convened a summit of corporate branding and marketing experts in New York City to apply proven consumer marketing techniques to re-brand veterans as a valuable business asset. Whether such a campaign should or would be funded by DOL, VA or DOD remains to be seen, but there is no question about the need to change corporate perceptions about the value of military veterans to private sector employers.

Mr. Chairman, we can think of veteran job-seekers as a product that we are trying to sell to private sector employers, who are the customers. Like any consumer product, we need to create strong demand and build a distribution system to get the product to the customers when and where they are ready to make a purchase. To create demand, we need to re-brand military veterans as a competitive business asset and market them directly to the persons involved in the hiring process. To strengthen our distribution system, we need to develop a new program of completing that last 100 feet, by locating the hidden jobs and connecting veterans directly to the persons with hiring authority. The end result will not only be higher employment rates for veterans, but as important, a big improvement in the quality of career opportunities for veterans.

Mr. Chairman, that concludes my testimony. I have attached a copy of the Veterans Job Development Corps proposal and a "white paper" on Branding the Veteran, and I would ask that they both be made a part of the record. I thank you for your attention and would be happy to answer any questions you or other members of the Committee may have.

VETERANS JOB DEVELOPMENT CORPS

Public-Private Partnership to Place Veterans in Quality Jobs

EXECUTIVE SUMMARY

The Center for Military and Private Sector Initiatives proposes the "Veterans Job Development Corps," a revolutionary new concept in assisting veterans to find and secure quality jobs. The Veterans Job Development Corps will do what the federal government is neither equipped, nor trained to do: actually go out and find the hidden job markets where quality jobs reside, work intensively with employers and veterans to secure job interviews, and aggressively follow-up with potential employers to help close the deal for the veteran.

The Veterans Job Development Corps will combine the best elements from public and private sector programs and approaches. It will provide comprehensive career and employment services to veterans, many of whom are wounded and/or disabled veterans from the War on Terror. The Corps will consist of Job Developers, Employment Market Openers, and Career Navigators, all with private-sector corporate expertise and training.

Job Developers will work to uncover hidden quality jobs, position veterans for suitable opportunities, and then intensively assist them each step of the way through interviews, negotiations, and into employment, as well as work to ensure their retention. Employment Market Openers will locate and educate prospective employers about the value that veterans bring to the workforce, especially in non-traditional jobs, and seek to increase the demand for persons with military backgrounds. Career Navigators will provide individualized assessments of veterans' career aspirations and employment potential, as well as job search and interview training – including when desired, for their spouses.

> ***"To create jobs, we have to unleash the talent and creativity of the private sector… similarly, to find quality jobs for veterans, we also need to unleash the private sector…"***
> -- Wes Poriotis, Chairman of the Center for Military and Private Sector Initiatives
> Testifying before Congress, May 12, 2005

In its first year of operation, the Corps will be assembled by the Center for Military and Private Sector Initiatives in New York, and establish three strategically-located bases of operations in California, Florida and Virginia. [Initially, the Corps will serve wounded and/or disabled veterans. Half of these veterans will be served within driving distances from the national and regional bases of operations; the other half will be served in their homes across the country by a mobile "Delta Force" team of Job Developers, Employment Market Openers, and Career Navigators.

In its second year, the Corps will establish two additional bases of operations in Texas and Ohio or Illinois, and will assemble additional "Delta Force" teams. As the marketing and job development work progresses in building relationships and networks, and uncovering quality jobs nationwide, the Corps will be able to extend its services to less severely disabled veterans, as well as non-disabled veterans from other periods of service.

The Center will be supported by a combination of federal, state, corporate, and foundation grants, as well as through innovative public-private partnerships.

VETERANS JOB DEVELOPMENT CORPS

Public-Private Partnership to Place Veterans in Quality Jobs

A man who is good enough to shed his blood for his country is good enough to be given a square deal afterwards. More than that no man is entitled to, and less than that no man shall have.
-- President Theodore Roosevelt

CONCEPT: THE VETERANS JOB DEVELOPMENT CORPS

The Veterans Job Development Corps is revolutionary in approach, yet elementary in design. It simply seeks to provide veterans with the same services and techniques used by the private sector job search, recruitment, and placement industry. The Veterans Job Development Corps is based upon a simple understanding: that most quality jobs are not advertised. Most quality jobs are either not publicly advertised or by the time they are, the job has already been filled or wired for a specific candidate. The quality jobs, those that provide careers paths, reside in a hidden job market accessible only to professionals who know where and how to find them. Simply put, registering at job banks, searching internet employment sites, and responding to 'help wanted' ads with professionally-designed resumes very rarely leads to quality job offers.

Yet that is all federal and state programs provide for veterans: resume writing assistance, registration at "One-Stop Career Centers", and instructions on how to navigate job search websites. The governmental employees assigned to helping veterans find employment do not have the time, training, expertise, or experience to actually go out into the job market, locate the hidden jobs, and arrange interviews for veterans. Because they're not equipped to do it, the Veterans Job Development Corps will do it for them.

However, rather than seek to totally replace existing federal programs and bureaucracies with "new and improved" versions, the Veterans Job Development Corps will work in partnership with, and as a supplement to, federal programs to achieve better outcomes: quality job and career opportunities for veterans.

The Corps will do the hard work by going out into the trenches of the private sector and marketing veterans directly to senior executives and department heads responsible for hiring.

The Corps will devote the time and resources necessary to open up the hidden job markets and develop employer interest in veteran candidates.

The Corps will measure its success not by how many veterans are provided services, but by how many veterans actually get quality jobs in the private sector.

The Corps will continue working directly with veterans and employers after job interviews to boost their chances of receiving job offers, being successful in job negotiations, and retaining their new positions.

The Veterans Job Development Corps will be a true partnership between the public and private sectors. The Corps will rely on a mix of funding from multiple sources, including federal programs (VA, DOL, and DOD), corporate contributions and sponsorships, and foundation gifts.

The Veterans Job Development will work with and on top of existing federal and state programs to fill in the gaps so that no veteran who has served our nation is ever left behind again.

VETERANS JOB DEVELOPMENT CORPS

Public-Private Partnership to Place Veterans in Quality Jobs

"The unemployment rate for young veterans is more than twice the national average of young non-veterans...that's a disgrace"
--VA Secretary Jim Nicholson, April 27, 2005

BACKGROUND: THE MOUNTING VETERANS' EMPLOYMENT CRISIS

There are 26 million military veterans, 1.4 million active duty military personnel, and an additional 1.2 million serving in reserve components; almost 200,000 of these servicemembers transition to veteran status every year. There are more than 2.6 million disabled veterans receiving disability compensation from the Department of Veterans Affairs (VA), and approximately 100,000 disabled veterans currently seeking help from VA's Vocational Rehabilitation and Employment program. In addition, over 7,500 servicemembers have been severely injured and/or disabled in the War on Terror.

The federal government spends $17 billion training military servicemembers, $2 billion to provide them with college education or job training assistance, $600 million to rehabilitate them and another $250 million to help prepare them for employment. However when it comes to closing the deal, actually going out into the private sector, marketing veterans to prospective employers, and finding the real – and usually hidden – quality jobs, the federal government spends virtually nothing.

The main federal programs related to veterans' employment are the Transition Assistance Program (TAP), the Veterans Employment and Training Service (VETS), and the Vocational Rehabilitation and Employment (VR&E) program. These programs combined spend more than $1 billion every year to prepare veterans for employment, yet by almost any measure the results are very poor. The Department of Labor's VETS program has reported that of the approximately 1 million veterans who sought employment assistance from them in 2004, less than 60% found employment. For disabled veterans the results are even worse: for example, in FY 2002, of 150,000 Vietnam War era disabled veterans registered with the federal Disabled Veteran Outreach Program (DVOP), less than 33% found employment.

The problem is that government is simply not staffed, trained, nor equipped to find quality jobs in the private sector for the estimated 200,000 soldiers, sailors, airmen, or marines who leave the military every year; much less for the millions of veterans who are underemployed and seeking better opportunities. Federal and state veterans' employment programs often do no more than refer job-seeking veterans to public job banks or internet job search engines. The result: today there are millions of military veterans, many of them severely disabled from their service to our nation, who are unemployed or remain severely underemployed, with almost nowhere to turn for professional assistance.

A 1995 Report to the Joint Chiefs of Staff titled, "Post Transition Experiences of Military Seeking Jobs in the Private Sector" found that 36% of survey respondents believe their current employment had little or no career potential, and 22% considered themselves in low status situations. This report was produced by Wes Poriotis, Chairman of the national management consulting and executive search firm Wesley, Brown and Bartle, who also founded the Center for Military and Private Sector Initiatives. Over the past decade the Center has provided direct employment and career assistance to thousands of veterans, worked with Congress and the Administration to strengthen veterans' employment laws and programs, and developed innovative new services and approaches to help veterans find, secure, and retain quality employment. The Veterans Job Development Corps is the next step.

VETERANS JOB DEVELOPMENT CORPS

Public-Private Partnership to Place Veterans in Quality Jobs

ORGANIZATION OF THE VETERANS JOB DEVELOPMENT CORPS

The **Veterans Job Development Corps** will consist of Veteran Job Developers, Veteran Employment Market Openers, and Veteran Career Navigators, all with private-sector corporate expertise and training. **Veteran Job Developers** will work to find the hidden quality jobs, position veterans for them, and work to assist them each step of the way through interviews, negotiations, and into jobs; and then work to retain their positions. **Employment Market Openers** will locate and educate prospective employers about the value veterans bring to the workforce, especially in non-traditional jobs, and seek to increase the demand for persons with military backgrounds. **Veterans Career Navigators** will provide individualized assessments of veterans' career aspirations and employment potential, as well as job search and interview training – including when necessary, for their spouses.

National Operations – The Center's Headquarters in New York City

The Corps will have its national base of operations at the headquarters of the Center for Military and Private Sector Initiatives in New York City. Five major activities will occur out of the New York City Headquarters:

- Planning, implementing, and evaluating services provided by the Corps;
- Recruiting, hiring, retaining, and training members of the Corps;
- Providing direct career and employment services to veterans in the NYC geographic region;
- Deploying "Delta Force" teams from the Corps to veterans outside the geographic regions covered by regional bases;
- Deploying "Delta Force" teams from the Corps on missions to targeted headquarters of major national corporations and businesses to open job opportunities for veterans.

The Center is co-located with Wesley, Brown and Bartle, the national management consulting and executive search firm. The Corps will continue to partner with the Center to help veterans find quality jobs and career opportunities in the private sector employment.

Regional Operations for the Veterans Job Development Corps

In addition to the HQ in New York, three regional bases of operations will be established for the Corps during its first year, with two additional bases to follow in the second year. The planned locations are California, Florida, Virginia, Texas, and Ohio or Illinois. A unit of the Job Development Corps – consisting of two Veterans Job Developers, one Employment Market Opener, and one Veteran Career Navigator – will be permanently stationed in each of these regional bases and the HQ in New York.

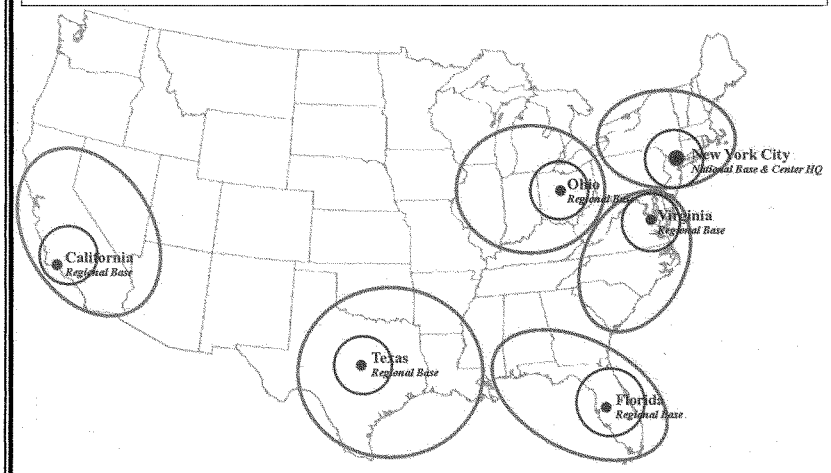
Services will be provided to veterans and/or their spouses in regional offices for those able to travel to the location; for those unable to travel, the local Corps unit will travel to the home of the veteran to meet directly with them. Career Navigators will serve as case managers for the veteran clients, with an annual caseload of 50 veterans. Job Developers will have an annual caseload of just 25 veterans.

By establishing permanent bases, the Corps will be able to develop lasting local relationships with employers. By concentrating on these regional locations, the marketing efforts of the Employment Market Opener will have a cumulative effect that should yield economies of scale. In short, in the second, third, and succeeding years, the Corps should be increasingly effective at finding job opportunities.

VETERANS JOB DEVELOPMENT CORPS

Public-Private Partnership to Place Veterans in Quality Jobs

Veterans Job Development Corps
Geographic Location of Bases of Operations



Special Operations – "Delta Force" Teams of the Corps

In addition to the six permanently stationed units of the Corps, there will be additional members who will form mobile "Delta Forces" to provide the services of the Corps beyond the geographic limits of the regional bases. The "Delta Forces" will be primarily stationed in the New York Headquarters, however as the program develops some of these teams will work out of one or more of the other regional bases. The "Delta Force" teams will have two major missions: bringing career and employment services to veterans across the country wherever they may live; and undertaking a series of specially-planned missions targeting major national employers.

The Special Operations of the "Delta Force" teams will consist of missions lasting between two and four days. The teams will include the National Employment Market Opener, an Employment Market Opener, a Job Developer, and a Career Navigator. The "Delta Force" team will have pre-planned meetings with senior executives, division heads, human resource and personnel directors, including those identified as having military service backgrounds. The purpose of each mission is to transform the perception of veterans throughout the company, leading to potentially dozens of job opportunities for veterans at multiple career levels in multiple locations wherever the companies have operations across the country.

VETERANS JOB DEVELOPMENT CORPS

Public-Private Partnership to Place Veterans in Quality Jobs

"Do the hard jobs first. The easy jobs take care of themselves."
--Dale Carnegie

WORK OF THE CORPS: DEVELOPING QUALITY JOBS

There is no more important work done by the Veterans Job Development Corps than developing job opportunities for veterans. It requires expert knowledge of how employers staff their businesses, corporations, and organizations. It takes significant time and effort to build the relationships and the employer networks that provide access to the hidden job markets and then to position veterans for such job opportunities. The Veterans Job Developer is the dynamic link between veterans and employers.

Uncovering the Hidden Jobs

The Veterans Job Developer works directly with employers identified by the Employment Market Opener to locate potential job opportunities. Building on the existing relationships of other Corps members, especially the Employment Market Openers, the Job Developer cultivates the staffing directors at businesses and corporations so that they are on the "inside" when openings occur. The Job Developer must understand the needs of those in their employment network to be able to respond with qualified candidates.

Positioning Veterans for Job Opportunities

The Job Developer must also work to market individual veterans to potential employers. They must help translate the experience and training that the veteran received while serving into skills that will add value to the employer. The Job Developer must, in essence, "sell" the veteran to the employer.

Securing Job Interviews and Jobs

Without job interviews, there are no job offers. The hardest work for Job Developer, as it is for any job seeker, is to actually secure interviews. Identifying a possible position and matching the veteran's resume to that position is simply not enough; it is essential that the Job Developer get the interview for the veteran. The veteran job seeker is the customer of the Job Developer, whose work is to get them jobs.

Following Up With Employers

After job interviews, the Job Developer must check back with the employer to learn what they thought of the veteran candidate. This is an opportunity to address employer concerns, provide additional information on the candidate, and highlight the strengths of the veteran. By following-up after interviews, the Job Developer can also determine if the employer is satisfied with the quality of the veteran candidates, which is crucial to the long term relationship between the employer and the Job Developer.

Assisting in Job Negotiations

Should a job offer be forthcoming, the Job Developer then acts as an advocate and advisor for the veteran during job negotiations. The Job Developer will not only counsel the veteran during this period, they will also work with the employer to cement the deal and smooth out any final bumps in the hiring process.

Strengthen Job Retention

After a veteran begins their new job, the work of the Job Developer continues. Six months, one year, and two years later, the Job Developer will meet with the veteran and the employer to assess how well the job has worked out for both, and to provide support to the veteran to retain and excel in their new job.

VETERANS JOB DEVELOPMENT CORPS

Public-Private Partnership to Place Veterans in Quality Jobs

"I think the best possible social program is a job."
-- President Ronald Reagan

SERVICES PROVIDED BY THE CORPS: OPENING EMPLOYMENT MARKETS

The second innovation of the Job Development Corps is the application of marketing techniques to the task of finding job opportunities for veterans. Unlike the World War II generation, today's veterans face a private sector that fails to properly value their military service at best, and often penalizes them for it. The Veterans Employment Market Openers of the Corps will have the task of locating, accessing, and educating the decision-makers and hiring managers on how veterans can become a competitive business asset for them.

Marketing Veterans to Employers

The Corps will seek to market veterans to employers as a competitive business asset. From their regional bases of operations, Employment Market Openers will target local employers, Chambers of Commerce, and job placement firms to market veterans and military service experience. This will include direct meetings, roundtables, and seminars that target senior corporate management, small businesses owners, and human resource professionals. The Corps will use also use traditional marketing techniques, such as earned media and paid media, to transform the perception of veterans and increase the "brand" value.

The Corps will also send "Delta Force" teams on missions to locations across the country, either to work directly on behalf of one or more veterans, or on special operations to targeted national employers. On these missions, the Employment Market Opener Corps must identify and reach the employers who are most likely to lead to job opportunities for veterans.

Reaching Executive Decision Makers

One of the most important tasks of the Employment Market Opener is to find ways to reach the senior management of major employers; the people that set the policy. If the CEO or EVP makes a decision to work with the Corps, they will be able to open the doors that lead to the hidden job markets. Employment Market Openers will work to cultivate these relationships; it will require a substantial investment of time and attention, but the rewards in terms of access to the hidden job markets are enormous.

Building Relationships with Hiring Managers

The second step in accessing these hidden jobs is through department heads and hiring managers. While this could be done by directly targeting those persons, it will be greatly enhanced when the senior executives have made a policy decision to work with the Corps and hire more veterans. The Employment Market Opener will share these relationships with the Job Developers and work in partnership with them to help position veterans for specific jobs, secure interviews, and follow up until job offers are made.

Creating Networks of Veteran-Friendly Employers

The Employment Market Opener must also turn these personal relationships into a lasting network of veteran-friendly employers. This network will be maintained both at the regional base, as well at the national HQ. Over time, the Corps will be able to use these networks not only for those veterans who are clients of the Corps, but also to share the job opportunities with federal veterans' employment programs.

VETERANS JOB DEVELOPMENT CORPS

Public-Private Partnership to Place Veterans in Quality Jobs

"Before everything else, getting ready is the secret of success."
-- Henry Ford

SERVICES PROVIDED BY THE CORPS: CAREER NAVIGATION & PREPARATION

In some respects, the Veterans Career Navigator position is more evolutionary than revolutionary. Part of their job is to provide case management services to help the veteran throughout the process, something traditionally done by governmental programs. However, it is the attitude and approach that the Veteran Career Navigator brings to the veteran that makes all the difference. The Career Navigator not only looks beyond the traditional career paths, they will also make available training and other assistance required by the veteran to be successful in whatever career they choose to pursue.

Home Visits

As a regular part of the client services provided, the Veteran Career Navigator will routinely make a home visit to every veteran served. For severely disabled veterans who are unable to travel to a regional center, the Career Navigator will provide all of the services offered at regional bases directly in the veteran's home. For those veterans able to travel, the Career Navigator will still make at least one home visit to assess the support system of the veteran, so essential to success in employment.

Career Navigation – Considering Non-Traditional Opportunities

The Career Navigator does more than ask the veteran about their job interests; the Career Navigator performs a series of exercises and inventories to assess the interests, skill sets, technical prowess, personal strengths and characteristics of each of their clients. The focus of this process is to look beyond the traditional jobs offered to military veterans, such as in defense industries, security, and technical fields. The Career Navigator looks at opportunities that neither the veteran nor the employer might have considered.

Developing Tools To Market The Veteran

As a part of their preparation for job searches, the veterans will be provided with professional assistance in developing a coordinated set of marketing tools, including resumes, introduction letters, reference lists, and personal presentation statements.

Training to Succeed in Job Interviews and Job Negotiations

Preparing, practicing, and following-up on job interviews is the foundation for success in finding employment. Through a series of both group and individual training sessions, veterans will learn about the different types of interviews, how to present themselves, and how to respond to questions. There will be similar training on second interviews, follow-up phone interviews, and job negotiations. The veteran will have the opportunity to participate in practice interviews, watch other veterans in practice interviews, and also be videotaped so that they can self-assess their own performance.

Providing Comprehensive Support Services

An important part of the comprehensive services provided by the Career Navigator to their veteran clients will be helping the veterans to understand and access other forms of complimentary assistance available to them. These would include VA health care, compensation, education, rehabilitation, and transitional benefits, as well as veterans job preference laws and state employment services.

VETERANS JOB DEVELOPMENT CORPS
Public-Private Partnership to Place Veterans in Quality Jobs

THE CENTER FOR MILITARY AND PRIVATE SECTOR INITIATIVES

The Center for Military and Private Sector Initiatives is a nonprofit 501(c)(3) organization that has been working for over a decade to improve employment opportunities for transitioning military personnel, veterans, and their families. The Center was founded in 1995 by Mr. Wesley Poriotis and others for the primary purpose of applying modern job search and placement techniques to the task of helping veterans find quality employment in the private sector.

Mr. Poriotis is also the Founder and Chairman of the Board of Wesley, Brown, and Bartle (WB&B), one of the America's leading management consulting and executive search firms, and the nation's premier diversity search firm. WB&B has placed executive personnel in over 300 of the "Fortune 500" largest corporations over the past three decades, many of whom have risen to the very highest echelons of executive leadership.

In 1995, at the request of the Joint Chiefs of Staff, Mr. Poriotis produced a report analyzing how veterans were faring in their transition from the military to civilian employment. He found that veterans' employment and career transition services were inadequate and outdated, and made a dozen recommendations to improve federal programs. Subsequently The Center was founded and over the past ten years Mr. Poriotis and The Center have aggressively pursued implementation of those recommendations, as well as other innovative methods of improving veterans' employment.

Mr. Poriotis has testified three times before Congress on this subject, most recently last year before the House Committee on Veterans' Affairs on May 12, 2005. Mr. Poriotis and The Center were also consulted frequently by the House Committee on Veterans' Affairs during drafting of the legislative language requiring the study and report that was included in P.L. 108-454.

For more than a decade, The Center has advocated for improvements in federal policies concerning veterans' employment, placement, retention and advancement. Through its programs and activities, The Center has already helped thousands of veterans find quality jobs. The Center not only conducted the landmark 1994-95 survey and study on veterans' employment for the Joint Chiefs of Staff, but it also is also currently conducting an Internet-based survey researching veterans' employment histories.

Furthermore, the Center has developed, proposed, and already begun implementing specific plans to market veterans as employment assets. A recent example is the media event organized by The Center in conjunction with the House Veterans' Affairs Committee in Washington, DC on March 24, 2004. At this Capitol Hill press conference, The Center brought together senior executive leaders of several major national corporations to publicize the benefit to employers of hiring veterans.

The Center is able to draw upon its Chairman's three decades of experience, recruiting and placing qualified individuals with thousands of small, medium, and large businesses and corporations, including more than 300 of the "Fortune 500" companies. Mr. Poriotis' contacts in corporate America are an incalculable resource that has, and will continue, opening doors of opportunity for thousands of military veterans.

THE CENTER FOR MILITARY AND PRIVATE SECTOR INITIATIVES
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White Paper on Branding the Veteran:

Creating Demand for the Veteran in the Workforce

The Challenge:

There is little demand, or "pull," for military in the workforce; in fact there may be a "deselective bias" precluding employers from capitalizing on this immensely valuable and competitive "product", the American veteran. Equally disturbing is the fact that veterans are not entering the workforce at levels commensurate with their training, skills and competitive capabilities. (According to recent Government statistics, up to 25% of some groups of veterans are unemployed, and perhaps as high as 50% are under-employed, denying the American economy and the American people a return on a significant investment.)

The Opportunity: Brand The Veteran

Just as the armed services use marketing and advertising ($600 million annually) as a powerful engine to recruit young men and women into the military, we must build an equally powerful engine to propel them into the workforce in a way that assures that they will be able to work at a level commensurate with their training, skills and competitive abilities. Branding the veteran will serve to achieve three major goals:

- A strong return on the $17 billion annual investment made in training and educating the military.
- A stronger, more vital economy, because of the appropriate placement and maximum utilization of these competitive assets in the American workforce.
- The highest possible quality of life for veterans, in that their full potential has been realized and rewarded.

"Branding" the veteran, literally relaunching the veteran as a valuable product using classic mass marketing media and methodologies, will accomplish two powerful, complementary objectives:

- A branding campaign will empower transitioning veterans to approach the career marketplace with a high degree of confidence, because of the training, skills and competitive ability with which their military experience has equipped them.
- And simultaneously, branding will create pull in the marketplace for the veteran and transitioning military member because they (this newly branded product) will be perceived as the valuable and competitive asset that they truly have become.

A highly visible marketing and branding campaign like the one envisioned here will also help attract people into the military well into the future, because they will see how military people are welcomed, treated and compensated when they join the civilian workforce. So, while the primary goal is to create a clearly perceived high value for the veteran in the workplace, it will also serve as a powerful recruitment and retention vehicle.

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Why now?

We are at a watershed moment in time, when there is a powerful and positive connection between the American people and the military. Now is the time for us to take advantage of that connection and move this renewed American patriotism across the employment threshold.

We will do so knowing full well that this emotional connection is supported by the concrete, rational goal of transferring the military's $17 billion annual training investment into the American economy.

Accomplishments to Date:

In the summer of 2003, the nucleus of The Veterans Branding Coalition (VBC) articulated the need to Brand The Veteran, to literally invest in changing the private sector's perception of the value of veterans as employees.

During the ensuing 90 days, the following was accomplished:

- Established a vigorous dialogue with major corporate executives from industries as diverse as financial services, information technology, manufacturing, retailing, pharmaceutical (and companies such as GE, PepsiCo, Coors Brewing Co., UBS Paine Webber, Oracle, General Motors, Harley Davidson). These one-on-one meetings reaffirmed "The Challenge" facing veterans and paved the way for future dialogue. An equally important result was the receipt of commitments for resources and support for a branding effort
- Convened a major, branding summit in New York City with members of the Coalition. Participants included :
- Chairman of the Marsteller advertising agency, the CEO of Campbell Mithun, the founder and CEO of Young & Rubicam's Brand Buzz, and the Leo Burnett executive who supervised the classic Army recruiting campaign, "Army of One." This summit was facilitated by Mr. Keith Green, the former Vice Chairman of Scali McCabe Sloves, one of Madison Avenue's most lauded creative agencies.
- This brain trust of advertising executives includes those who have developed the creative campaigns for such major clients as Proctor & Gamble, Coca Cola, Johnson & Johnson, McDonald's, Marriott, and General Mills.
- The objective of the meeting was to discuss the prospects of applying classic consumer branding techniques to this difficult challenge.
- The outcome of the summit was validation of the branding concept and an affirmation that, given the proper resources and resolve, that business and employer perceptions could be dramatically changed over time. The consensus was that the Coalition should use the branding campaign as an engine to help "propel" transitioning veterans into the workforce.
- The companies participating in the summit agreed to join the coalition and each aggressively committed resources to branding the veteran—and his or her military experience-- as a valuable and competitive asset for American employers.

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Scope of Work:

Develop the plan to brand the veteran

This plan will have two objectives:

1. To develop a long-term, strategic initiative to resolve the problem
2. To bring new vitality to and provide a leading edge for the other Government initiatives focused on veterans employment and transitioning

Components of the "branding" plan:

Expand and quantify the monetary value of the Coalition's support for the veterans branding program (estimated at this time to exceed $3 million in time-of-staff commitments)

Broaden the Coalition:

- Additional corporate CEOs and business executives across the spectrum of American employers
- Additional CEOs and creative directors of national advertising and branding agencies
- More champions from the Departments of Labor, Veterans Affairs, Commerce, Defense
- More champions from Congress
- One-on-one meetings with leaders of American business and industry to uncover strategic veteran employment opportunities
- Focus groups with Human Resources and corporate and industry staffing managers to benchmark their perceptions of the veteran workforce
- Comprehensive analysis of all possible sources of support from both the public and private sector
- Soliciting of proposals from premier advertising/marketing/branding agencies to help determine recommended:
- Creative strategies to apply classic advertising and branding techniques to this mission
- Spending levels necessary to insure success
- Media strategies

Tactical programs

- Survey/poll cross sections of business and the employer community to benchmark attitudes and perceptions, so that all efforts can be evaluated over time
- Final report and plan to be presented to the full Coalition, including participants from both the public and private sector

WRITTEN QUESTIONS SUBMITTED BY HON. LARRY E. CRAIG TO WESLEY PORIOTIS

Question 1a. It appears to me that some of the functions that would be performed by the Veterans Job Development Corps would overlap with functions that already should be performed by Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representatives (LVERs), such as job search and interview training. So, could it be redundant to fund those programs as well as the Corps you proposed?

Answer. No response.

Question 1b. If so, would the Veterans Job Development Corps be prepared to compete for a portion of the funding now allocated to the DVOP and LVER programs?

Answer. No response.

Question 2. In your testimony, you expressed concern about the roughly 40 percent of veteran participants who do NOT enter employment after receiving services from the One Stop Career Centers. I share your concern. Do you think: more should be done to track these veterans—to find out who they are and why the One-Stop services did not help them to find employment? Could that information be useful in figuring out what more could be done to help these veterans find jobs?

Answer. No response.

Question 3. One on-going concern about the structure of the DVOP and LVER programs is that it does not encourage service to those most in need—those veterans who may require the most time-consuming assistance. How would you ensure that the Veterans Job Development Corps would provide all necessary services to those veterans? Would performance measures be weighted in some fashion?

Answer. No response.

WRITTEN QUESTIONS SUBMITTED BY HON. BARACK OBAMA TO WESLEY PORIOTIS

I want to thank the panel. Mr. Poriotis, your Veterans Job Development Corps is a promising idea. Mr. Sharpe and Mr. Weidman provided detailed and valuable critiques of the VETS program and the GAO report.

Question 1. Monitoring and accountability seem to be the Achilles heel of the VETS program. What steps would you recommend to improve the Labor Department's performance in this area?

Answer. No response.

Question 2. One of major barriers to employment is homelessness. Do you think the Department of Labor is doing enough to reach out and provide services to our homeless veterans? What steps could VETS take to improve its outreach?

Answer. No response.

Senator BURR. Thank you. Thank you for that testimony. I assure you I will cover some questions related to your testimony and would make all aware that all of the information that you have to supply us will be made a part of the record.

Mr. Sharpe?

STATEMENT OF JOSEPH C. SHARPE, JR., DEPUTY DIRECTOR, NATIONAL ECONOMIC COMMISSION, THE AMERICAN LEGION

Mr. SHARPE. Mr. Chairman and Members of the Committee, we appreciate this opportunity to share the views of the American Legion on the performance of Department of Labor's Veterans' Employment Training Service, its resource needs, and the State grant program, which funds Disabled Veterans' Outreach Program specialists and Local Veterans' Employment Representatives.

Every year, 250,000 service members are discharged from the armed services. These former service personnel are actively seeking their employment or the continuation of formal or vocational education. The VETS program offers transitioning veterans the assistance they need to obtain employment.

President Bush's fiscal year 2006 budget request for VETS was $224 million. This marks a modest $3 million increase from the

final funding allocated in the fiscal year 2005 Omnibus Appropriations bill. The American Legion remains steadfast supportive of the VETS within Department of Labor, as administered by the Assistant Secretary of Labor for Veterans' Employment and Training and the critical role each program continues to have in the lives of America's veterans and their families.

The American Legion recommended $339 million for the Veterans' Employment and Training Service in fiscal year 2006 and is recommending $345.8 million for fiscal year 2007. This would provide funding for the State grants for the LVERs and DVOPs, the National Veterans Training Institute, the Homeless Veterans Reintegration Program, and the Veterans Workforce Investment Program.

Additionally, the American Legion supports stronger oversight over funding for DVOP and LVER to ensure that the State grants are, indeed, earmarked for veteran-specific employment services. It is important that States be held accountable for the funds they received under the DVOP and LVER grant program.

The American Legion is also concerned that the rate of job placement of veterans, training programs, and other vital services has decreased. Under the previous performance data reporting system, veterans seeking employment and those entering employment can only be counted after a mediated service was provided.

Under the current system, individuals only have to register and enter the employment system to be counted as assisted veterans, thereby giving the false impression that the One-Stop career centers are actually doing a better job of finding employment and training opportunities for veterans.

The American Legion is concerned with not only how employment services are delivered by the One-Stop, but also with veterans seeking priority of service, as outlined by the 2002 Jobs for Veterans Act. The American Legion is pleased to hear from the Department of Labor officials that veterans are actually receiving priority of service. However, VETS has not published any data for determining how effective its priority of veterans services are, nor have they reported to Congress on progress made in implementation of some key aspects of the 2002 Jobs for Veterans Act.

The American Legion strongly recommends a revision of existing VETS reporting requirements for measuring performance standards and for determining compliance with requirements for providing employment services to veterans. The rolling quarter reporting system should be administered in a timely manner to better project the employment services being sought by veterans and to more accurately reflect the efforts of the DVOPs and LVERs.

The LVERs and DVOPs are the heart and soul of VETS. However, underfunding and understaffing has limited the success of these programs. The American Legion strongly believes the funding levels for DVOPs and LVERs should match Federal staffing level formulas established before enactment of the Jobs for Veterans Act to ensure services are available to achieve the goals and aspirations of VETS. A veteran in California should expect the same quality services available to a veteran in Maine.

With the dramatic increase in the number of veterans from the wars in Iraq and Afghanistan being discharged and the increasing

importance of One-Stop centers assisting all transitioning veterans, the American Legion strongly recommends that VETS continue frequent monitoring, visits to the centers, and provide strict oversight of these programs.

The Department of Labor must ensure that veterans receive priority in all department-level programs and services created especially for their unique needs.

Mr. Chairman, this concludes my testimony. I appreciate the opportunity to present the views of the American Legion, and I would be happy to answer any questions that you may have.

Thank you.

[The prepared statement of Mr. Sharpe follows:]

PREPARED STATEMENT OF JOSEPH C. SHARPE, JR., DEPUTY DIRECTOR, NATIONAL ECONOMIC COMMISSION, THE AMERICAN LEGION

Mr. Chairman and Members of the Committee:

The American Legion appreciates this opportunity to share its views on the performance of Department of Labor's (DOL) Veterans' Employment and Training Service (VETS) and its resource needs, and to review the state grant program which funds Disabled Veterans' Outreach Program Specialists (DVOP) and Local Veterans' Employment Representatives (LVER).

The mission of VETS is to promote the physical, emotional and economic security of America's veterans. Its vision is to create a seamless transition back to civilian life for veterans. The American Legion views VETS as one of the Federal Government's best-kept secrets. It is composed of many dedicated professional veterans who struggle to maintain a quality, veteran-oriented program. However, VETS is presently lacking in:

- Staffing;
- Funding;
- Proper oversight by VETS;
- Reliable performance data; and
- A comprehensive mandatory transitional assistance program for returning reservists.

With regards to staffing, currently, VETS is one of the smallest divisions of the Department of Labor. This severely limits the number of staff available to assist veterans with employment issues. In addition, the current system of management within VETS includes Regional Offices, which continue to increase their number of staff that do not provide direct services to veterans, conduct investigations or provide any identifiable services or products that directly benefit veterans. Thus the continued growth of staff in the Regional Offices has had a negative and adverse impact on the delivery of services to veterans seeking and needing employment assistances. The President's Management Agenda calls for elimination of the middle level management of the Federal Government. The American Legion seeks and supports legislation that will eliminate the Regional Offices and use that funding to increase the numbers of DVOPs and LVERs.

President Bush's fiscal year 2006 budget request for VETS was $224 million. This marks a modest $3 million increase from the final funding allocated in the fiscal year 2005 Omnibus Appropriations bill, especially since every year 250,000 service members are discharged from the Armed Services. These former service personnel are actively seeking either employment or the continuation of formal or vocational education. This is available through VETS, which offers:

- Creative outreach designed to improve employment and training opportunities for veterans;
- Information in identifying military occupations requiring licenses, certificates or other credentials at the local, state, or national levels; and seeks to
- Eliminate barriers faced by former service personnel transitioning from military service to the civilian labor market.

The American Legion remains steadfastly supportive of VETS within DOL as administered by the Assistant Secretary of Labor for Veterans' Employment and Training (ASVET). The American Legion recognizes the positive impact each program continues to have in the lives of America's veterans and their families. The American Legion recommended $339 million for VETS in Fiscal Year 2006 and is recommending $345.8 million for fiscal year 2007. This would provide funding for State Grants for LVERs and DVOPs, the National Veterans Training Institute

(NVTI), the Homeless Veterans Reintegration Program (HVRP), and the Veterans Workforce Investment Program (VWIP).

With the enactment of Public Law 107–288, the Jobs for Veterans Act, The American Legion remains skeptical as to whether VETS can truly improve employment and training services to meet the needs of today's local veterans' community. Especially since VETS has not reported its progress to Congress as mandated by the implementation of Public Law 107–288. The American Legion has some serious concerns with the implementation of the new approach to local staffing levels and job performance standards.

The American Legion is concerned that the rate of job placement of veterans, training programs and other vital services has decreased. Under the previous performance data reporting system, veterans seeking employment and those entering employment could only be counted after a mediated service was provided. Under the current system, individuals only have to register and enter the employment system to be counted as an "assisted veteran," thereby giving the false impression that the One Stop Career Centers are doing a better job of finding employment and training opportunities for veterans.

A General Accounting Office (GAO) report of October 30, 2001, noted, "VETS needs the legislative authority to grant each state more flexibility to design how staff will fit into the one-stop center system." However, The American Legion has found some DVOPs and LVERs are unofficially reporting that they spend 90 percent of their time assisting non-veterans, while only spending 10 percent of their time assisting veterans seeking employment. In some states, several part-time LVERs and/or DVOPs are assigned to the same office in a metro area. In some cases, converting current full time LVERs and DVOPs to part-time employees has drastically limited the effectiveness of the program. In other cases, specialists or representatives are so over-tasked with clerical duties and office administration that they have little time to provide much-needed outreach to job-seeking veterans. Stronger oversight needs to be provided to ensure that DVOPs and LVERs are given the resources needed to provide the services for which they are responsible.

The American Legion is concerned not only about how employment services are delivered by the One Stops, but also with the priority of service as outlined by the 2002 Jobs for Veterans Act (JVA). The American Legion is pleased to hear from DOL officials that veterans are receiving priority of service. However, according to the recent GAO report of December 2005, "Labor has only partially implemented the JVA requirement to give priority service to veterans in its many employment training programs."

VETS has not published any data for determining the effectiveness of its veterans priority services. VETS is only now, in 2006, reporting to Congress on their progress in the implementation of JVA's key aspects. The current reporting timeframe reflects a 6-month delay. The American Legion strongly recommends a revision of existing VETS reporting requirements for measuring performance standards and for determining compliance with requirements for providing employment services to veterans. The rolling quarter reporting system should be administered in a timely manner to better project the employment services being sought by veterans and to more accurately reflect the efforts of DVOPs and LVERs. According to VETS representatives surveyed by The American Legion, it currently takes 18 months to receive data on how well a program is functioning. Most report to The American Legion that they cannot make changes or improvements after 18 months; in many cases, the contractor or person responsible is no longer available.

THE FRONT LINE WARRIORS

The LVERs and DVOPs are the heart and soul of VETS. The unique roles of these two programs are outlined in Title 38, Chapter 41, United States Code. However, annual underfunding and understaffing have limited the success of these programs.

The role of VETS is to augment local employment service offices and handle the hard-to-place veterans, not just any veteran that walks in the door, whether the veteran is job ready or not. Clearly, an LVER is required to effectively perform many different roles. The American Legion believes that all LVERs should be expected, at a minimum to:

- Ensure veterans are receiving quality services from local employment services employees;
- Maintain regular contact with community leaders, employers, labor unions, training programs, and veterans' service organizations;
- Provide directly or facilitate labor exchange services to eligible veterans;
- Job development with employers and labor unions—to include on-the-job training and apprenticeship programs;

• Promote and monitor the participation of veterans in federally funded employment and training programs;
• Monitor the listing of jobs and subsequent referrals to Federal contractors;
• Work closely with VA's Vocational Rehabilitation Program;
• Refer veterans to training, supportive services, and educational opportunities;
• Assist in securing and maintaining current information on employment and training opportunities;
• Assist in identifying and acquiring prosthetic and sensory aids and devices needed to enhance employability of disabled veterans; and
• Facilitate guidance and counseling service to certain veterans.

The LVER has no counterpart in a local employment service office. The only supervisory control the LVER has is over any assigned DVOP. As taxed as the LVER may be, the DVOPs job is just as demanding. The American Legion believes all DVOPs should, at a minimum:
• Develop job leads and job training opportunities through contacts with employers;
• Promote and develop apprenticeship and on-the-job training opportunities with employers;
• Carry out outreach activities to locate veterans in need of job assistance;
• Provide assistance to employers in securing job training opportunities for eligible veterans;
• Assist local employment services office employees with their responsibilities for serving veterans;
• Promote and assist in the development of entry-level and career job opportunities;
• Develop outreach programs with VA Vocational Rehabilitation (VOC Rehab) Program participants; and
• Provide case management.

Like the LVER, DVOPs have no counterpart in the local employment service office.

The American Legion believes these two Federal programs were designed to support local employment service office personnel, not supplant nor integrate. VETS must retain complete autonomy in order to be successful. Through the creation of these positions, Congress sought to assure:
• All veterans received priority of service;
• Certain veterans received extensive case management;
• Employers hire veterans;
• Outreach activities recruited and assisted chronically unemployed or underemployed veterans;
• Close contact was established and sustained with the veterans' community;
• Effective marketing of Federal and state vocational training opportunities;
• Monitoring of veterans' hiring practices by Federal contractors; and
• The presence of veterans' employment advocates throughout the local community. The American Legion strongly believes the funding levels for DVOPs and LVERs should match Federal staffing level formula established before enactment of JVA to assure services are available to achieve the goals and aspirations of VETS. A veteran in California should expect the same quality services available as a veteran in Maine.

VETS was created to work with the local employment service office, not to be incorporated into those offices. Prior to the creation of VETS, the local employment service offices were failing to meet the employment and training needs of veterans, especially disabled and minority veterans. Many veterans were faced with significant barriers to employment and needed more focused case management and personal assistance because there was no appropriated funding for veterans. In the beginning, VETS had the necessary funding and staff to deal effectively with the employment problems throughout the veteran population.

With the dramatic increase in the number of veterans from the wars in Iraq and Afghanistan being discharged and the increasing importance of the One Stop Centers in assisting all transitioning veterans, the American Legion strongly recommends that VETS continue frequent monitoring visits to the centers and provide strict oversight of these programs. DOL must ensure that veterans receive priority in all DQL programs and services created specifically for their unique needs.

Title 38 USC, 4103A required that all DVOP specialists shall be qualified veterans and that preference be given to qualified disabled veterans in selecting and filling DVOP specialist positions. This provision was changed by P.L. 107–288, which allows the appointment of non-veterans to these positions for up to 6 months without any justification. For over 20 years, these positions have been filled with veterans and this has proved to be a winning combination. The American Legion

opposed non-veteran appointments and urges Congress to rescind this change. The American Legion believes that military experience is essential to understanding the unique needs of the veteran and that all LVERs, as well as all DVOPs, should be veterans. In addition, The American Legion is in strong opposition to part time DVOP and LVERs because that may lead to limited services to veterans. Properly monitoring and ensuring that the half time DVOP or LVER serves veterans adequately is overly dependent on management within the career centers, and nearly impossible. In our opinion, the use of part time positions has led to examples of less than adequate services creating managerial challenges and should only be allowed with the concurrence of the DVET in the state.

The American Legion is also concerned with the reported numbers of National Guard and Reserve troops that have returned from the war in Iraq and Afghanistan only to encounter difficulties with finding suitable employment. The Department of Labor transitional assistance program (TAP) was designed to help prepare separating service members and their families in making a successful transition back into the civilian workforce. DOL estimates that 70 percent of all separating active duty service members attend the employment TAP seminars and only 30 percent of all separating National Guard and Reservists attend a portion of TAP. The American Legion believes this low attendance number is a disservice to all transitioning service members. Many service members and most National Guard and Reservists are unaware of the assistance and resources offered by TAP. Without this program service members who have served their country bravely return to the civilian workforce less equipped than their counterparts who took advantage of the information provided by TAP. The American Legion reaffirms its strong support of TAP/DTAP program and also encourages the Departments of Labor and Defense to work together in mandating that all separating, active-duty service members, which includes the Reserves and the National Guard, be given an opportunity to participate in TAP/DTAP.

The American Legion recommends adequate funding for the National Veterans Training Institute (NVTI) budget. The NVTI provides standardized training for all veterans employment advocates in an array of employment and training functions. This excellent program helps to prepare employment service personnel to professionally address the vocational needs of veterans, especially those with barriers to employment.

Over the past 6 years, VETS has endeavored to reinvent itself within the confines of continued funding constraints, while faced with major changes made under the Workforce Investment Act. VETS makes up about 15 percent of the system operated in the states by the Employment and Training Administration.

Approximately 56.2 percent of all unemployed veterans are over the age of 45; therefore, many of these veterans are victims of corporate restructuring, technology changes, or age discrimination. These veterans need training to remain in their previous professions or to begin new careers. Section 168 of the Workforce Investment Act (formerly JTPA N–C) is that portion of the statute, which provides for this type of training for veterans.

For the past 3 years, the $7.5 million annual funding for the Veteran Workforce Improvement Program has allowed the program to continue to operate in only 11 states. This is absolutely unacceptable. There are thousands of veterans available for work in this new economy, but they may lack marketable technological skills. The problem is clearly a lack of funding. The only participants in this specific program are military veterans. The baseline funding for it needs to be at least increased to allow VETS to begin training in all fifty states. Therefore, The American Legion would recommend $17.34 million for Veteran Workforce Improvement Program in fiscal year 2007.

Although P.L. 107–288 requires that veterans receive priority in all DOL programs, the American Legion urges the reinstatement of the Service Members Occupational Conversion and Training Act (SMOCTA). SMOCTA was developed as a transitional tool designed to provide job training and employment to eligible veterans discharged after August 1, 1990 and provides an incentive for employers to hire veterans. Veterans eligible for assistance under SMOCTA were those with a primary or secondary military occupational specialty that DOD has determined is not readily transferable to the civilian workforce; or those veterans with a service connected disability rating of 30 percent or greater.

Eligible veterans received valuable job training and employment services through civilian employers that built upon the knowledge and job skills the veterans acquired while serving in the military. This program not only improved employment opportunities for transitioning service members, but also enabled the Federal dollars invested in education and training for active duty service members to be rein-

vested in the national job market by facilitating the transfer of skills from military service to the civilian workforce.

The American Legion continues to encourage Congress to reauthorize and adequately fund SMOCTA. Many LVERs and DVOP publicly praised the effectiveness of SMOCTA in successfully returning veterans into the civilian workforce. The American Legion recommends $45.9 million for SMOCTA funding in fiscal year 2007. Should SMOCTA not be reauthorized, these training dollars should be added to Veteran Workforce Improvement Program (VWIP) job training opportunities.

SUMMARY

Messrs. Chairmen and members of the Committee, in this statement, I have laid out the priorities for The American Legion regarding the many programs and services made available to the veterans of this nation and to their dependents and survivors.

The American Legion has outlined many central issues in this testimony today regarding VETS. If there is an attempt to take the DVOP/LVER grants and fully integrate them into WIA/ETA, there will no longer be any veteran identity to these services. To allow the individual state Governor to decide where the national program for Veterans Employment and Training will reside within the respective state means it is no longer a national program, but rather a state program. The American Legion official position is that this should be a national program with Federal oversight and accountability. And finally, The American Legion strongly opposes any attempt to move VETS to the Department of Veterans Affairs (VA).

The Department of Labor (DOL) is the nation's leading agency in the area of job placement, vocational training, job development, and vocational counseling. Due to the significant barriers to employment experienced by many veterans, VETS was established to provide eligible veterans with the services already being provided to job ready Americans. Working with the local employment services offices, VETS gave eligible veteran the personalized assistance needed to assist in the transition into the civilian workforce. VA has very limited experience in the critical areas of job placement, vocational training, job development, and vocational counseling through its Vocational Rehabilitation Program.

We realize in a time of war there are many other important issues before the Congress of the United States. However, The American Legion believes that Congress must focus on finding effective solutions to veterans' concerns. The veterans of this nation have always answered when their country called. Medals, awards, and citations recognize the remarkable achievements of citizen soldiers, sailors, airmen and Marines, but the true gratitude paid to American's veterans comes in the form of meeting their post-military needs, especially those with any service-connected disabilities. The American Legion believes it is time to make a meaningful commitment to the programs and services that are an earned recognition for our veterans from a truly grateful nation.

Thank you for granting me the opportunity to appear before you today.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. LARRY E. CRAIG TO JOSEPH C. SHARPE, JR.

Question 1. You stressed in your testimony the need to provide additional resources for the Disabled Veterans' Outreach Program (DVOP) and Local Veterans' Employment Representative (LVER) program. However, you also acknowledged that you are "skeptical as to whether [the Department of Labor's Veterans' Employment and Training Service (VETS)] can truly improve employment and training services to meet the needs of today's local veterans' community." Should we infuse more funds into a system that may not be able to succeed? Or should we first determine how to structure the system so that it will be able to succeed?

Answer. The VETS program is composed of many dedicated professionals.

It is crucial to re-structure the system so it can be successful and maximizes the benefits of every dollar spent. The objective of any veteran program must be to ensure that the veteran is clearly served, with built in performance data that can measure results. The workforce structure needs to be understood by all interested parties whereby the DVOP and LVER programs are merely a part of the structure. Another important point to take into consideration is that DVOPs and LVERs were originally instituted by Congress to serve veterans. They were mandated to serve only veterans and not to replace existing workforce staff directed to focus on veterans and their needs. This requirement is still valid and needed more today than ever before due to the nation's greater reliance on Reserve and Guard units to help fight the war on terror.

Any successful job placement program requires two components: meaningful jobs and qualified workers.

Either placing qualified workers in meaningless jobs or placing unqualified workers in meaningful jobs is a formula for vocational disaster—unhappy employees and employers. Repeated good job matches are the true measures of success. VETS should be the job placement office of first-choice rather than last resort with meaningful job openings and providing highly qualified employees to fill those job openings. Satisfied customers mean both employers and employees.

DVOPs and LVERs need to spend as much time in job development efforts (finding those employers with meaningful job openings) as matching up quality candidates to fill those positions. That means repeated marketing the benefits of hiring former military service members to potential employers.

Currently, there are no incentives in place to motivate employers to seek out former military personnel for employment—such as tax credits, government contracts, or vocational training subsidies to help cover training costs earmarked specific for employment of veterans.

Equally important is identifying those hard-to-place candidates and helping them to become job ready—through vocational training (on-the-job training, apprenticeship, or technical training) or vocational counseling (job-finding workshops). Both require funding to achieve.

The former Service Members Occupational Conversion and Training Act (SMOCTA) was a highly successful vocational training and job placement tool effectively used by DVOPs and LVERs, with measurable results, that is no longer authorized by Congress. By all accounts from by DVOPs, LVERs, participating employers, and participating employees, it was money well spent.

Question 2. In support of the President's "WIA Plus" proposal, the Department of Labor's Employment and Training Administration has stressed that "the current system of Federal job training programs is too complex" and that "states and local communities have been hindered by archaic rules that make it difficult to train workers and respond quickly to economic downturns, natural disasters and shifts in industry skill needs." Despite those criticisms, you have strongly opposed removing veterans employment programs from the Labor system. If this "archaic" system is not capable of quickly responding to veterans' needs, don't we owe it to veterans to explore whether other means of providing employment services would be more effective?

Answer. The American Legion is well aware of the statements by the DOL Employment and Training Administration regarding the needs to reinvent the workforce system. The American Legion has come to the conclusion that ETA prefers to shift the veterans' program into the mainstream where they are no longer seen as veterans' programs rather than make them accountable, effective or efficient. A case in point is the Jobs for Veterans Act of 2002, which tasked DOL to ensure priority of services to veterans in all DOL funded programs. However, 3 years later, there is absolutely no evidence that this has been implemented or if implemented how it has improved opportunities for veterans. Legionnaires at the local level report that the State Workforce Agencies and Local Boards have not instituted any priority for veterans and there is no indication that DOL, has taken any actions to enforce the law.

The Jobs for Veterans Act of 2002 (JVA) gave the states much more flexibility with the DVOP/LVER programs and made sweeping changes in the prescriptive nature of the previous law. In exchange for such changes it was mandated that veterans would be afforded, by law, priority for services in all DOL funded programs. The DOL, State Agencies and Local Boards have readily accepted those specific items of the JVA that they supported but have failed to implement all of the requirements.

Presently, DOL, including ETA and VETS have not fully instituted the JVA, basically ignoring Congress, and they are not enforcing veterans priority for service as prescribed by existing law. The states claim the system is too complex. To us this is a credibility issue. At a time when veterans' issues should be important DOL seems to be paying lip service to veterans.

The American Legion believes that the Federal job-training program is complex. We concur in some instances with ETA's premise that the Federal job-training program is complex. However, we do not believe the non-training services such as Employment Services (ES), Public Labor Exchange, and the DVOP/LVER programs are overly complex. It appears that the current belief system is, that training and employment service type programs are basically the same. That is not a true statement. The differences between WIA training programs and the services offered by the Public Labor Exchange ES and DVOP/LVER are miles apart.

For example the training programs serve less than 10 percent of the total population in the workforce, while ES and DVOP/LVER serve over 80 percent. The cost per individual in a training program is at least ten times the cost for those being served by ES and DVOP/LVER. The success of a training program is dramatically higher than that of ES and DVOP/LVER; of course we should remember that we just spent thousands of dollars in training an individual in a skill needed in his community so the success rate will be higher.

Moreover, with the loosening of restrictions on the DVOP/LVER programs there has been a steady increase in DVOP/LVER staff providing service to non-veterans. When DVOPs and LVERs should be contacting employers about potential job openings, they are busy meeting the needs of non-veterans. in some situations the DVOP/LVER staff is being used in place of other paid staff in the centers. This is a contradiction of the basic premise of the DVOP/LVER program. The Local Board and center managers are calling upon these dedicated veterans' employment specialists to serve non-veterans; therefore the resultant lower service level to veterans should not be a surprise.

The DVOP/LVER program is not performing up to desired expectations, but then neither is the ES, WIA or entire workforce system. The State Workforce Agencies, DOL, and Local Boards have had 3 years under JVA to operate with fewer restrictions, less accountability and no enforcement and yet there is no marked improvement in services to veterans.

The American Legion believes that DOL has had its chance to show that more flexibility and less restriction would be good for the overall system but the results are the exact opposite. The American Legion strongly believes that DOL should increase accountability, ensure accurate reporting and enforce the laws enacted to serve veterans.

Until DOL, the State Workforce Agencies and Local Boards fully enact JVA and respect the requirements inherent in the DVOP/LVER programs, moving the DVOP/LVER programs to any other entity is a moot point.

Question 3a. As you know, the Commission on Service members and Veterans Transition Assistance concluded that employment services to veterans could be improved by awarding grant funds competitively on a state-by-state basis. If a non-State provider can demonstrate that it has the ability to more effectively and efficiently provide employment services to veterans, would you support allowing that provider to compete for some or all of the grant funding that is now awarded on a non-competitive basis?

Answer. The American Legion strongly feels that the DVOP/LVER program should be a state program, period. The current WIA system relies on private providers to deliver services. What we have heard from Legionnaires at the local and state level is that these providers change quite often. This constant change of service delivery contractor results in a lower level of performance, more time to train staff and slower response times to serve the communities. It is difficult to hold people responsible or accountable when the structure and or management scheme constantly changes. We have seen first hand that privatizing service delivery looks good on paper but does little to enhance or improve the actual service to the client. We need only to look at WIA to see these results. For DVOP/LVER programs we believe management and staff stability is a key component toward success in meeting the needs of the entire veterans' population, to include those facing significant employment barriers. This can only be garnered via a state program.

Question 3b. On the flip side, if a state or locality has demonstrated an inability to effectively provide employment services to veterans, would you support allowing other entities to compete for the funds that have been provided to that state or locality?

Answer. The above response is incorporated by reference. The American Legion feels that the Federal agencies which are responsible for funding MUST also hold those entities to which funding is given accountable for performance and that is not being done now. If DOL does not hold the States accountable, or the States do not hold the Local Boards accountable, who can say that DOL would hold any other entity accountable.

On the other side, if DOL indicates that other service providers could do better or will be held to a higher standard, then one only has to ask why those same measures or steps are not being applied to the States and Local Boards now. To us the problem lies squarely in the lack of accountability by DOL over the States and Local Boards.

Question 4a. In your testimony you were critical of the Jobs for Veterans Act. That Act implemented many of the recommendations of the Transition Commission report which was replete with criticisms of the law that sustained the DVOP and LVER programs as being outmoded, inflexible, process-oriented, and overly prescrip-

tive. Did The American Legion not agree with the Transition Commission's conclusions?

Question 4b. When, in your opinion, were the DVOP and LVER programs most effective and what evidence was there of that effectiveness?

Answer. The American Legion feels the DVOP/LVER programs were most effective when DOL-VETS had an active hand in monitoring the States and local centers and when corrective sanctions were applied for non-performance or fiscal abuse. When the State Workforce Agencies operated and administered the DVOP/LVER programs as a state operation they did not abrogate their responsibility by giving the programs to the Local Boards. There were performance standards that:

(1) Measure the services to veterans as compared to non-veterans;

(2) Are timely, at least monthly;

(3) Do not have a time lag of nine to 12 months; and

(4) Measure what is being done not just who went to work.

To get a better understanding of this, we recommend that you examine current performance measurements used by DOL for WIA, ES and veterans. The measurements are Entered Employment, Entered Employment with Staff assisted services, job retention and in some cases wage gain.

The way DOL measures success now is that any individual who registers with the system in one quarter and goes to work within two quarters thereafter is considered a success. The data processing system and tax records track this automatically. Note that nowhere in the formula does it require that the individual be provided any assistance in securing employment! So in essence we are merely measuring the ability of individuals to find their own jobs. Since the formula works by quarters the number of individuals considered as the base registrants is smaller and allows a higher success percentage than previous methods of measurement.

For job retention, the measurement is done on those individuals who entered employment in a quarter where they are still receiving wages two quarters after entering the job. The data processing system and tax records track this automatically as well. It is significant to note that the individual does not have to be in the same job with the same employer as when hired but merely that they have earned wages in both quarters. We are concerned that this is not a proper way to measure employment. One would expect that spending time in training and providing employment services to an individual would help match the individual's needs to the needs of an employer. The match would allow an employer to select and hire that individual. If the individual does not stay with that one employer for 6 months does that not call into question the system's ability to train, serve and screen people for employment?

The American Legion believes that in the rush to prove the success of training and employment programs, lax measures were employed to give the false impression of success.

In private business it is called performance inflation and those corporations who did just that, have failed.

WRITTEN QUESTIONS SUBMITTED BY HON. BARACK OBAMA TO JOSEPH C. SHARPE, JR.

Question 1. Monitoring and accountably seem to be the Achilles heel of the VETS program. What steps would you recommend to improve the Labor Department's performance in this area?

Answer. No response.

Question 2. One of the major barriers to employment is homelessness. Do you think the Department of Labor is doing enough to reach out and provide services to our homeless veterans? What steps could VETS take to improve its outreach?

Answer. No response.

Senator BURR. Mr. Sharpe, thank you very much.

Mr. Weidman?

STATEMENT OF RICHARD F. WEIDMAN, DIRECTOR OF GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA

Mr. WEIDMAN. Thank you, Mr. Chairman.

On behalf of John Patrick Rowan, the national president of Vietnam Veterans of America, and all of us, thank you—Chairman Craig, Senator Akaka, and you, sir, and your distinguished colleagues—for the opportunity to present here today.

We have, since the inception of Vietnam Veterans of America in 1978, held that employment is finally, in the end, the key. That is the best veterans benefit. It doesn't matter whether you are in a wheelchair, whether you have PTSD, whatever.

Helping people get to the point where they can obtain and sustain meaningful employment should be the goal of all veterans programs. It is the nexus. If, in fact, we are successful with the other programs, then people will be at the point where they can obtain and sustain a decent job that leads somewhere.

The history of the job service goes back to 1933, and priority of service to veterans was written into that, largely because in 1931, as you know, we had the spectacle of American troops firing on American veterans on the Mall. And people were still sensitive to that.

It was not working well by the time we got to 1944, in the middle of World War II, and therefore, as part of the laws that were created that became known as the G.I. Bill, the LVERs, or Local Veterans' Employment Representatives, were created. Later on in the 1950s, we created the Veterans Employment Service and put a DVET in each State to help monitor what was going on.

In 1976–1977, in this room, Senator Cranston held a set of hearings where the workforce development agencies came in and said they weren't placing any Vietnam or disabled vets because they couldn't find them. And therefore, the DVOP program was created by Executive Order by President Carter for a variety of reasons, not the least of which is he had a political pressing need at that time.

But Mr. Ron Drach, who is currently in the room, was one of the two authors of that program, along with Dennis Rhoades. They came up with it within 24 hours. Later on, it was locked in the Title 38, Chapter 41.

From 1977 on—and I am as guilty of this and VVA is, as every other veterans organization—we have tinkered with Chapter 41 of Title 38, adding more and more proscriptive and prescriptive measures to try and get the local office manager to let the DVOP and LVERs do their job. That is basically what it comes down to. And it didn't work.

Beginning in the late 1990s, we moved toward a more outcome-driven system. Now at the same time, since the 1980s, GAO has pushed the idea of the One-Stops, and let us take all the fetters off of all the systems, and therefore all boats will rise. That was never true of veterans. Otherwise, there wouldn't have been a DVOP and LVER program, and there wouldn't have been the strong system of monitoring.

At the same time, they switched over from counting placements to entered employment rates. The entered employment rates, as my colleague Mr. Sharpe just pointed out, is absolutely meaningless. It is a classic example of the "post hoc, ergo prompter hoc" fallacy, where you walk in and you are technically registered at the job service or at the One-Stop, and you get a job later on, and you have never been back there. In fact, they made you so mad you wouldn't go back. They are taking a positive termination because you went out and got your own dog-gone job.

In that system, the bad news is that we have no measure. The good news for Senator Obama is the stats that he is looking at are absolutely meaningless in terms of how well they are doing in their State versus other States.

The question then is what do we need to do now? The first thing, as you point out rightly, we need decent stats. I don't know if you are familiar with this, sir, but this is a special survey of veterans. It is done every 2 years. This latest one was released in July 2004, but it was actually done in 2003.

There is another one that is already due, and it needs to be broken out by combat versus noncombat, theater of operation. Then you get an idea of who is coming back from OIF, OEF, who has a problem, number one. And number two, they used to break this out with a table that was percentage of disability.

Those who were 60 percent or more service-connected disabled, virtually all of them were out of the labor force, and those that were in, their unemployment rate was also in the 20 percent range. They stopped doing that and masked it with those who were doing better, who were the 10 and 30 percent service-connected disabled. We need to go back to getting stats to getting back at the crux of the issue.

The keys that drive this are two things. You have no sanctions now. You only have what we call the "nuclear option," which is take all the money away. It has only ever happened once, in the State of Maine, and it happened in the 1970s. And they contracted with the State American Legion for 1 year. They cleaned up their act with the State workforce development agency, and they gave them the grant right back.

Most Governors will go crazy. They don't have the political clout to take all of the money away. So you have no sanctions. You have no flexible option. In terms of what you have is either incentive grants or non-incentive grants. By not getting incentive grants, then it essentially becomes a sanction. And we believe that that is what we need for DVOPs, LVERs. That is believed what we need on other grants from Labor. It works.

Seven percent of the money, of the WIA money that goes into every State is kept by the Governor as an incentive grant. And they give that out to the local service, to the local WIB, based on whether or not they meet the State's priorities, and those priorities never include veterans. They are usually people on welfare, dislocated homemakers, and youth. It never says veterans.

When they first come in, 51 percent of that WIB by law must be business people. They look at the proposal. They open it to the back. They look at the budget, and they say, "What is this 7 percent?" And they say, "Well, that is the incentive grant." "Well, you mean that is like a bonus?" "Yes." "What do we have to do to get the bonus?" And they direct 93 percent of their activities and their funding toward getting that 7 percent.

We have repeatedly suggested to the Secretary of Labor, three succeeding Secretaries now, that out of the Secretary's incentive grant that they set aside some for veterans and disabled veterans. We would urge that that now be locked in the statute, that it has to be there. People will study to the test if there is cash, American, involved. That is that.

HVRP, Homeless Veterans Re-Integration Program, I didn't talk about. But it is important to talk about here because, in fact, it is the only part of Labor where there is true accountability, where they track for 180 days what happens to that person after they get a job, and it has the best cost per placement of any of the programs administered by Department of Labor. Not veterans programs, of any program.

It is administered through the community-based organizations. Many of them are the same ones who were created in the 1970s because the job service was not responding to returning veterans then to deliver employment services and deal with supportive services and barriers to employment.

There is a great deal that needs to be addressed here. Most importantly, we need a national strategy. We believe that the only way you can get there is essentially a convocation. There is no national strategy now, despite some people saying that there is or it is the Hire Vet Committee.

We would encourage this Committee to get together with your colleagues on the other side of the aisle—you, sir, and Senator Craig and Senator Akaka—as well as with the folks on the other side of the Hill and invite in industry, invite in the administration, invite in all the players, including the veterans service organizations, and say we are going to take 2 days and come up with something that makes sense.

This kind of colloquia was done on the House side a number of years ago, and we thought we had a deal. And the workforce development agencies kicked holes in it. It said that most JVA provisions have been carried out, but not without some challenges.

In fact, that is not true. The only parts of JVA that were implemented were the parts that the workforce development agencies wanted, that the States wanted, that gave them "more flexibility." All the ones having to do with accountability, they haven't even begun to make a plan to make a plan to implement.

We believe that that begins with regulations, begins with FCJL regulations—Federal contract job listings regulations—and last, but not least on that, if you have a question on FCJL, I have more to say.

I thank your indulgence, Mr. Chairman, for giving me a little bit of time into the red light.

[The prepared statement of Mr. Weidman follows:]

PREPARED STATEMENT OF RICHARD F. WEIDMAN, DIRECTOR OF GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA

Good morning, Mr. Chairman. On behalf of our National President, John P. Rowan, Vietnam Veterans of America (VVA) thanks you for the opportunity to appear here today to express our views on this vital veterans' issue of how well the Local Veteran Employment Representative (LVER) program and the Disabled Veteran Outreach Program (DVOP) is working, particularly for disabled veterans, recently separated service members, and those veterans most at risk of becoming homeless. My name is Rick Weidman, and I serve as Director of Government Relations for VVA.

HISTORY AND BACKGROUND

The Employment Service was created as a non-statutory entity in 1915, under President Wilson. The United States Employment Service was created as a statutorily mandated entity in 1933 as part of the Social Security Act, along with the legislation that established unemployment insurance. The Wagner-Peyser Act, as it

is commonly known, established "priority of service" for veterans who sought assistance in finding employment. Employers made the argument to Congress that if business was going to pay taxes to pay for unemployment checks to former workers, there needed to be a strong effort to get them back to work, thereby reducing the UI tax rate for the employer.

From the outset of the reconstituted Employment Service, veterans were legally accorded "priority of service." Veteran's organizations made the argument that veterans should be first in line for any such assistance. As this was a mere 2 years following the World War I veterans' march on Washington, and the spectacle of American troops firing on American veterans on the national Mall, Congress and the President agreed and saw fit to ensure that veterans, who had sacrificed the most, received priority in referral to job openings and for other services.

CREATION OF THE LVER PROGRAM

Unfortunately, a mere decade later (and in the middle of World War II), "veterans priority of service" was not working very well at the local level in many instances. Essentially Congress found that there was no meaningful quality assurance system to ensure that veterans received their rights to priority. Therefore, in 1944, as part of the set of laws known as the GI Bill, "priority of service was reiterated, and the Local Veterans Employment Representative (LVER) program grants to the states created, in order to help ensure that priority of service actually happened in each and every office. The theory was that all local employment service office managers were intent on obeying the law, and that where veterans did not receive "priority of service" the LVER would monitor all activity, make the office manager aware of any problems caused by a few "bad apples," and the problem would be corrected. That is why the LVER, by law, was supposed to report directly to the local office manager. While this "fix" helped in many instances, it was still problematic and uneven in how well it functioned.

Also beginning in 1944 and 1945, many cities began to emulate the model first promulgated in Bridgeport, Connecticut, to establish veterans multi-service centers, with VA benefits counselors and other VA services providers, employment service representatives, unemployment claims examiners, and any other available public and private resources all existing under a single roof, in order to coordinate the response of the entire community to welcome home the returning veterans. Most of these had governing boards that were like a model Rotary club, with representatives of the various aspects of the business community, the clergy, political leaders, veterans' organizations, civic organizations such as the Elks, labor unions, and other key elements of that particular community. In this way it really was a total response of each community to the returning veterans, and therefore an evolving strategy in each community.

Similarly, the GI Bill provided for farm training, vocational training, and other skills training as well as attending college (which for many was training that led to better jobs than they could have ever dreamed of before their service in the war). In fact, more than 51 percent of the GI Bill usage was for training other than accredited 4-year colleges. Many veterans were able to attend college because of the educational benefits and the "52–50" club, which allowed them to have $50 unemployment payments (what we today call UCX) for a full year to get themselves settled and to find a college to attend or a program to pursue.

SELF EMPLOYMENT AND SMALL BUSINESS AS A MEANS TO EMPLOYMENT

For many, the VA also administered a program to help veterans establish small business concerns that included direct loans to start their business. This resulted in countless very small businesses, as well as many firms that grew into medium and large companies, all because it was part of a true nation strategy to assist returning veterans to develop a way to earn a living, either by working for someone else, or by starting their own small businesses. Among many other symbols of this highly successful program was the ubiquitous "Veteran's Taxi" found in cities and towns all across America.

In response to continuing problems, a system of "Director, Veterans Employment Services" was created with a Director in each state who was a Federal employee. One of the problems from the outset was that there was inexact control at the state and local level as to the actual performance of staff because all of the employees were state workers who were funded by Federal dollars, and therefore not subject to direct Federal control or means of accountability. Some of these Directors were very good, but others were not as responsible or energetic. While they were all ostensibly civil servants, the selection process was (and still largely is) highly political.

In many states the employment service was not responsive to the needs of Vietnam veterans.

VETERAN COMMUNITY-BASED PROGRAMS

The League of Cities/Conference of Mayors created a network of community-based organizations (CBO) to attempt to deal with this problem in medium sized ties. Some of those, such as the Veterans Outreach Center in Rochester, New York, and the Rhode Island Veterans Assistance Center in Providence, Rhode Island still exist. Other CBOs came into being because the need was great and Vietnam veterans stepped forward to organize and find funding sources to meet the need. Many of the CBOs who are providers of multiple services to homeless veterans and other very low-income veterans came into existence this way. These include Swords to Plowshares in San Francisco, Vietnam Veterans of California (formerly Flower of the Dragon), and others. In fact, the community-based model works to deal with the multiple barriers that many veterans face and must surmount in their quest to obtain and sustain meaningful employment at a living wage.

There were several other efforts to help returning Vietnam veterans, including the National Alliance of Business (NAB) initiative for veterans using a good deal of Federal money, which had mixed results at best in terms of actually placing veterans, particularly disabled veterans and veterans with barriers to employment, into permanent jobs.

CREATION OF THE DASVE POSITION AT LABOR

In 1976, legislation was enacted that created the position of Deputy Assistant Secretary of Labor for Veterans Employment, in an effort to try and bring some cohesion and accountability to an employment service system that was clearly not working for veterans. Similarly, the Comprehensive Employment & Training Act (CETA) was problematic in regard to any of the funds going to programs to assist veterans. CETA had succeeded the Manpower Development Training Act (MDTA), which in turn had succeeded the Office of Employment Opportunity (OEO).

These entities were created to make available cognitive and skill training funds, as well as funds for paying participants while they were being trained in public service jobs. An additional goal of these programs was to circumvent what was perceived as sexist and racist bias in some of the state employment service agencies.

However, these entities in many states were often not any more open to meeting the needs of Vietnam veterans than the employment service agencies were. In response, the Congress created what was known as Title II–D of CETA that could only be used for Vietnam veterans. Sadly, many states and sub-state entities returned these funds unused rather than let them be utilized for the intended use of assisting younger veterans with problems to surmount their difficulties and secure decent jobs with a future.

The Job Training Partnership Act (JTPA) replaced the CETA system itself in 1982. Despite efforts by the veterans' service organizations the Act included no special provision for veterans.

CREATION OF THE DVOP PROGRAM

As the problems remained with the employment service agencies themselves, the Disabled Veteran Outreach Program (DVOP) was created in 1977, and enacted into law in 1979 in response to the state unemployment services testifying to Senator Cranston's Committee that they were not placing many Vietnam or disabled veterans because they "could not find them."

As the Employment & Training Administration (ETA) at the Department of Labor was still ignoring the problems of veterans in securing proper services in many states, despite there now being a Deputy Assistant Secretary of Labor who was supposed to be able to focus attention of ETA and the U.S. Employment Service on the needs of veterans. Therefore, Senator Strom Thurmond, with the close cooperation of the Honorable G.V. "Sonny" Montgomery, took steps to secure an additional modification in the law that created the post of Assistant Secretary of Labor for Veterans Employment & Training. It also established the Veterans Employment & Training Service (VETS) as an entity separate from the Employment & Training Administration (ETA). Theoretically, the Assistant Secretary for VETS and the Assistant Secretary for ETA are equals. The reality, particularly in the wake of WIA which wiped out the legal requirement on the states for "priority of service" to veterans, the fact that ETA has many billions in comparison to the millions that VETS is allocated, and the dismantling of many of the accountability mechanisms that had existed prior to WIA and the advent of the One Stops, the positions can no longer be realistically considered equal by anyone.

Enhancements and additional provisions were added to Chapter 41 of Title 38, United States Code almost every year during the 1980s and 1990s to try and get the state employment services to consistently, in each state, accord proper treatment and services to veterans, particularly disabled veterans.

NVTI

The most important of these enhancements was the creation and funding of the National Veterans Employment & Training Institute (NVTI), currently operated by the University of Colorado at Denver. The VSOs had been pushing hard for this move, as there was little or no substantive training for DVOPs, LVERs, and others within the system, and no place to get such quality training that would improve performance. Creation of NVTI and its utilization had more positive impact than any other step taken during this period. NVTI training remains first rate, and for those who use it, the NVTI Resource Center is just extraordinary.

PASSAGE OF WIA

In 1998 Congress passed the Workforce Investment Act (WIA) that replaced the JTPA as well as most of the Wagner-Peyser Act. WIA was designed to promote, if indeed not force, the creation of the "One Stop Centers" at the service delivery level where all of the workforce development funds and programs, both public and some private, could be found at one central location. Much of the thought and philosophy that drove the various provisions of WIA came directly form GAO reports that were principally the work of Sigurd R. Nilsen, who was also the leader of the team that performed the work in the recently completed report, GAO–06–176, "Veterans' Employment and Training Service: Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services." (December 30, 2005)

The primary idea behind the One Stop centers that Mr. Nilsen has been promoting for almost 20 years is that if we just eliminate all of the fetters on "special programs" we will eliminate duplicative services, and be able to have more than enough resources to provide better services to all sub-sets of the population.

VVA doubts that this is the case in general, and it certainly is not true for veterans, particularly disabled veterans and other veterans with who require significant assistance. VVA notes that despite the best efforts of the late Senator Strom Thurmond, the amendment he attempted to insert into the WIA bill that would have preserved "priority of service" for veterans, and which contained at least some provisions that would promote accountability, was brushed aside in the rush to eliminate all fetters. With Senator Thurmond's help, we were able to fend off efforts to lift all restrictions in how LVERs and DVOPs could be used by the states.

By 1998 it was clear that "prescriptive" and "proscriptive" solutions would simply not work, for all of the reasons noted above. An extraordinary series of roundtables and semi-formal sessions were held on the other side of the Hill, but with at least some staff participation from this Committee, with all stake holders to try and achieve a results based model that would focus on outcomes, and not on activities that may or may net help a veteran get or keep a job. That legislation, which would have rewarded real performance with additional funds, was ultimately stymied in September 2000 by the (in the view of VVA) inappropriate lobbying activities of the then Assistant Secretary of Labor for Veterans Employment and Training.

JOBS FOR VETERANS ACT

The Jobs for Veterans Act was passed in response to problems with properly serving returning service members, and in response to the call of VSOs to take steps to restore "priority of service," but to do so to ALL programs funded by or through the Department of Labor, reflecting a much changed reality from the situation in 1933. To some degree, the model was the "Veterans Bill of Rights for Employment Services," which was propagated as an Executive Order in 1988 in New York, and subsequently codified as Chapter 554 of New York State law. The problem with both the JVA and the New York law is that there are no sanctions for ignoring the law. Frankly, money needs to go to those doing a good job, and less to those who do not do a good job.

Please let me note that I cannot emphasize too much that nothing in this statement should be taken as a criticism of DVOPs and LVERs. Some of the finest and most dedicated veterans' advocates (and finest people, period) I have ever had the pleasure and honor of knowing are DVOPs or LVERs. These folks are eclectic, as any large group would be, and some are more skilled and effective than others. However, as a group, these fine Americans who often do great work, no matter what they have to do to accomplish the mission, always impress me and no matter how

much they may be punished for trying to do their job correctly, and despite how poorly they are paid in some states.

Just as there are many individual veteran staff doing a great job, there are some states, like South Carolina, North Carolina, South Dakota, North Dakota, and others that have always done a great job for veterans because it is ingrained in their corporate culture by consistently having fine leadership that is committed to veterans over a long period of time. There are also individual office managers who fully support services to veterans, and who go out of their way to support the DVOPs and LVERs in their area, as well as using other resources to help get the job done.

GAO Report 06–176 has some severe methodological faults, and therefore draws conclusions based on suspect information. VVA points out that GAO sent out questionnaires to the DVETS and to the Administrators of each of the Workforce Development Agencies, after verifying the instrument. However, the report stated that they made little or no effort to attempt to verify any of the information provided. Therefore, their conclusion that the JVA has generally improved services to veterans is based on nothing that could be considered rational, substantiated data. This is just silliness.

Similarly, the report notes that veterans can receive services from a non-DVOP or non-LVER if they are considered job ready. VVA agrees that this should be the case, given that "priority of service" has been re-established as the law. However, there are so few what is called "Wagner-Peyser" staff left out there; in many instances all veterans are sent to the veteran's staff.

The system is every bit as "broke" today as it was before the passage of the Jobs for Veterans Act, with even more financial and operational problems. It is still not performance and results oriented in any meaningful way. The current measure of "placements" is intellectually dishonest, and a preposterous example of the "post hoc, ergo proper hoc" logical fallacy.

The Secretary of Labor put the Assistant Secretary of Labor for ETA in charge of implementing the Jobs for Veterans Act. Given the history of ETA, it should come as no surprise that they are refusing to promulgate regulations implementing the various aspects of the law. Because the local entities under the WIA set up are primarily controlled by former JTPA entities, who never had any "priority of service" in their programs before, it is the view of VVA that without regulations there is not even a chance of proper and accountable implementation.

CHALLENGES? ACCOUNTABILITY PROVISIONS ARE NOT IMPLEMENTED

Similarly, the report notes in very large type, "Most JVA Provisions Have Been Carried Out, but not without some Challenges." In fact, ETA and USDoL only implemented the aspects of JVA that reduce oversight and provide greater "flexibility" (e.g., only one onsite inspection every 5 years, new and more general job duties for veterans staff), while NONE of the provisions that accord veterans "priority of service," improve states accountability for increasing veterans' employment in their state, or even having a plan to make a plan as to how to gather data to monitor what is happening to veterans in a given state. The report does note that 21 states did not have ANY data available more than 3 years after enactment of JVA, but considers that fact one of the "some challenges" remaining.

The Department of labor has moved to implement all of the provisions that the Workforce Development Agencies wanted, and none of those that those entities did not want in the JVA (but that the VSOs argued hard to include). This should perhaps not be surprising, as there was extensive contact between the Assistant Secretary for ETA and the representatives of those agencies and virtually no contact with the veterans' service organizations.

WHAT IS NEEDED NOW

First and foremost, we need a true national strategy to deal properly with the returning service members. The Employer's Committee, which was touted as the President's plan, was simply inadequate in concept. It is time for a National Veterans Employment Conference to assemble the key players and produce a plan that is funded and backed by the Administration as well as this body.

Further, what is needed today is a system that focuses on placement of the highest priority veterans, who are special disabled veterans (especially catastrophically disabled veterans), recently separated veterans and recently d-mobilized members of the National Guard and Reserve, and on veterans who are homeless or "at risk." We must move to a system that has additional monetary rewards for placements and strong measurable results for veterans, particularly disabled veterans, as opposed to just putting out the same amount of funds whether a state does a good

job or a poor job. The entire system must be placed on a system of monetary rewards that follow good or outstanding performance.

We must also get away from the notion that this is a "cheap" process, and focus on quality placements for those most in need. The veterans' staff members need to be unleashed from the yoke of the local office managers who in some cases hold them back. As with their agency, they too must be held accountable for measurable performance. The state work force development agencies at the state and local levels should have first bid on the funds available, but if the performance is not there, then state directors for USDoL, VETS should be free to contract with other public or private entities who will get the job done.

Further, there must be all-out resistance and rejection of the ill-conceived and cynical "WIA-Plus" effort to use veteran program dollars for other purposes that was proposed last year. If the states were going to pay attention to the special needs of veterans without monitoring and veteran specific grants, they would have already done it. Additionally, we need additional employer incentives similar to the veterans job training act of the early 1980s that worked so well, as well as further latitude in the Montgomery GI Bill that will allow more focus on vocational and apprentice training.

A NATIONAL STRATEGY AND PLAN IS IMPERATIVE

There simply must be a national strategy to deal with the returning service members from the Global War on Terrorism. More than one million service members have already rotated through Iraq alone. If the administration will not move to fashion such a results-oriented plan, then we call on you, Mr. Chairman, and Chairman Buyer, as well as your colleagues on the other side of the aisle to reach out and call a convocation of public and private entities to put together a real action plan to make a difference, as was done after World War II.

I have here two books that describe what was done at the local level in the majority of American cities that fashioned such results focused efforts after that war, and made a positive difference in the lives of the majority of veterans returning home. Perhaps it is time to look to the successes after World War II to learn what is the best course of action today.

We must think anew, in order not to fail the brave young men and women defending us in military service today.

Mr. Chairman, on behalf of all of us at VVA, I thank you for the opportunity to present our views here today. We would be pleased to answer any questions.

WRITTEN QUESTIONS SUBMITTED BY HON. BARACK OBAMA TO RICHARD F. WEIDMAN

Question 1. Monitoring and accountably seem to be the Achilles heel of the VETS program. What steps would you recommend to improve the Labor Department's performance in this area?

Answer. No response.

Question 2. One of the major barriers to employment is homelessness. Do you think the Department of Labor is doing enough to reach out and provide services to our homeless veterans? What steps could VETS take to improve its outreach?

Answer. No response.

WRITTEN QUESTIONS SUBMITTED BY HON. LARRY E. CRAIG TO RICHARD F. WEIDMAN

Question 1a. It appears to me that some of the functions that would be performed by the Veterans Job Development Corps would overlap with functions that already should be performed by Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representatives (LVERs), such as job search and interview training. So, could it be redundant to fund those programs as well as the Corps you proposed?

Answer. No response.

Question 1b. If so, would the Veterans Job Development Corps be prepared to compete for a portion of the funding now allocated to the DVOP and LVER programs?

Answer. No response.

Question 2. In your testimony, you expressed concern about the roughly 40 percent of veteran participants who do NOT enter employment after receiving services from the One Stop Career Centers. I share your concern. Do you think: more should be done to track these veterans—to find out who they are and why the One-Stop

services did not help them to find employment? Could that information be useful in figuring out what more could be done to help these veterans find jobs?

Answer. No response.

Question 3. One on-going concern about the structure of the DVOP and LVER programs is that it does not encourage service to those most in need—those veterans who may require the most time-consuming assistance. How would you ensure that the Veterans Job Development Corps would provide all necessary services to those veterans? Would performance measures be weighted in some fashion?

Answer. No response.

Senator BURR. We certainly thank you for your testimony, as I do all of you.

I know that the Committee and the Chairman may have some questions. Rather than try to wade through his, I am going to suggest that you may get them writing, where it is appropriate if, in fact, his questions haven't already been answered.

Which allows me to go to some areas that really come directly from your testimony, and I will be very candid on some of the questions that I ask. Some of them will be leading to try to figure out areas that you might have stimulated some thought where we can achieve the outcome, maybe not exactly like we are doing it today.

Clearly, Richard, I heard you say incentives, incentives, incentives. I am pleased at the fact that the Department of Labor stayed in the room for your testimony. That doesn't always happen, and I commend them for doing that.

I think it would be very interesting for them to look at the States that say that they can't offer incentives because of regulations, policies, collective bargaining to see if, in fact, they do incentives on other programs in their States, and they just use this as a convenience to say "we can't do it in this case." I think I have probably said enough to get them to look at that.

Clearly, I think it is difficult to believe that you can truly assess the success of a program if, in fact, there is no downside, meaning there is no threat that without performance, you don't lose something. And I understand that to take it away and do nothing is no value. I agree.

But you went into an interesting area because in this country, we have an industry that flourishes with job placement. You were on a specific area, but we have a much broader area. And you know, I would ask you to comment. If we took all the money that we are trying to put into veterans employment today and we took it over into the private placement world and say, "For everyone you place, here is what you get," what would happen?

Mr. PORIOTIS. Rick used the term "incent by cash." There are 38,000 retained executive search firms with siloed functional and professional areas. They make a living doing this. They make a living accessing and championing and finding those hidden jobs and putting people in it. Often, their candidates are turned down two, three, four times, and they will go back a variety of ways to push the edge of the envelope to get them across the threshold.

Senator BURR. And most of these are in a profession where they get zero unless they have a successful job.

Mr. PORIOTIS. You asked the question before. How many LVERs and DVOPs were veterans? But you didn't ask the corresponding question. How many of them have ever placed anyone? How many

of them have ever worked in the corporate human resources or talent acquisition or staffing area?

Because if you coupled that criteria together with the DVOP and LVER, you have circled the loop. But I don't think that is going to happen. I think what they do is very, very fine in terms of the nurturing and the care for the veteran. What they can't do is and what they haven't been doing is corralling and influencing the influencers who do the hiring at all of the small and mid and large size businesses by corralling this industry.

This industry of careerists who make a living in doing what we want the VETS to do have never been approached to find the hot buttons, be it cash or kudos. In all these hearings I have been at, no one has ever brought in these senior search and recruitment entities to ask them to work with VETS. So it is an interesting proposition you make.

Senator BURR. I don't want anybody in the room to believe that I am suggesting that we chart a new course today. But I believe that highlighting some of the options that exist might be a stimulus for us to look a little deeper at the programs that we currently have and figure out how to make them work because now there are some alternatives that come into play.

I am particularly touched by the chart that was up earlier with the 20- to 24- year old veteran and the disparity, as John Thune alluded to it. You know, from my background in business, it would tend to make me look at that and ask one obvious question.

Is this age group of vets actually a group that never went through the interview process for a job because they entered the military at 18 or 19 years old, they are now kicking out of the military, and for the first time, they are going into an interview process with many people who are seasoned at it?

Mr. PORIOTIS. We brought on Evan Gattis, a general, to run our center, who had run all of Army recruitment, and he often quipped that most of these programs at the Federal level, including TAP and VETS, teach you how to write a resume, dress for success, and develop charm school. He said, "We don't need that. We need a network."

I believe that the higher unemployment for that group is because they don't have a navigational guide to connect with the local employer. I have talked to hundreds of persons in that category who are surrounded by local employers for whom the people trying to help them have never met.

So we can't entrust the VETS folks to meet those local employers and sustain relationships with them because they don't have the time or the resources or the training. But I do think that lack of a navigational connection, and I think none of this will work and will take many more years unless you can create what I call the "rebranding" of military service among America's employers.

While a Bob Nardelli is doing this within the framework of Home Depot, what I would do from a marketing perspective is bring Nardelli to the conventions of retailers and home builders and building supply folks and have him articulate this to develop corporate envy.

Senator BURR. Let me stop you, if I can, because I want to get the comments of our other two panelists relative to the branding

concern that was raised. That military service is no longer perceived by an employer as a benefit to that individual, but it could be perceived as a negative. Is that accurate?

Mr. PORIOTIS. I am just saying that when you look at these brilliant marketing and branding people, and they look at the equity in the brand, military service has a brand, but the equity has been diluted over the last 30 years of all-volunteer service because of the distancing of the American employer and the staffing people and the gatekeepers from this asset.

Senator BURR. Agreement, disagreement? Comment?

Mr. WEIDMAN. "Vetism," as we call it, is very much for real. Unfortunately, sexism and racism in this country are very much alive, but so is vetism. And what makes it even more insidious, sir, is that people won't admit to it.

There was a study done in 1985 by a gentleman by the name of James Bordieri. He headed up a team at Depauw University that looked into Fortune 500 companies. And they used dummy resumes that where the only major difference was you were a veteran, clearly a veteran, but not in Vietnam; clearly a veteran that served in theater, a combat vet in Vietnam; or you were clearly a nonvet.

And they found, as you went up the chain, significant prejudice by these employers against veterans in general, but particularly against those who served in a combat theater of operation. And these were human resources types. And when asked why that was true, they said, "We don't want any problems."

So it was all the negative stuff. It was all the things the Assistant Secretary here said a minute ago that when we went in 1960s, that we didn't have a lot of skill sets. That is just not true. The Vietnam army was the best army ever fielded in terms of education, and these young people far outstrip us. Personally, I was a college graduate and one of 13 George Cobb fellows at Colgate University. So I resent to say that I didn't have any skill sets whatsoever.

So vetism is for real. How do you change that perception? It takes a number of things, and frankly, we should bring back Veterans Job Training Act to do the incentives with the small business because it worked.

Senator BURR. I want to apologize because I have got a place I have got to be at 1 p.m., and I think we are going to go into votes. And I want to get a couple of other questions in, if I could.

Should we have incentives for companies that hire vets?

Mr. PORIOTIS. No.

Senator BURR. No?

Mr. PORIOTIS. No. It is sort of radical. It is counterintuitive. I think the Veterans' Employment and Training Service, by the very fact that it is positioning these people free of charge, no good deed goes unpunished. No good deed goes unpunished. The value to the employer is when they pay for something in terms of the placement side.

The other side is we went around and visited 200 senior executive corps from 1997 to 2001, and we began to call it "operation forehead slap." Because when we would articulate the value of this asset, many of the senior people developing the strategy for staffing

in their major corporations would actually literally slap their forehead.

But I don't think incentives are going to—it will work with some companies, but I think the overall creation of a demand that this asset brings dollars and P&L to a company. Because we have asked the brilliant person who developed the Volvo campaign, and he said, as he did a study for us, well, answer this question. "I would buy a Volvo because?" "It is safe."

We have asked American employers, "I want to hire a military person because?" You can't get the answer.

Senator BURR. Mr. Sharpe?

Mr. SHARPE. I just think many of the service members aren't ready for the job market, and I can use my own unit as an example. We deployed to Iraq in 2003, returned 2004. I was really shocked at the number of lower enlisted who became unemployed. Many of them left the military because they just weren't ready for the job market.

Many of them that were in school, it was turning out was taking them 5 to 7 years to graduate because of these constant deployments. And as you know, if you don't have your degree, it is going to be difficult to find a decent job.

And there were many others who were under employed. Out of those individuals, many of them just gave up. Others who worked for the Federal Government returned to a hostile work environment and also started looking for other jobs. I thought this was just a symptom of my own unit, since I spent 14 years on active duty and then went to the Reserves.

But a few months later, I was involved in the training program where we were training 1,100 soldiers to take our place in Iraq. Those of us that were doing the training were ones that had already been to Iraq, and I was really shocked to find out a lot of those individuals were unemployed, or they were either fired from their jobs, or they returned homeless.

And again, many of those, the younger ones that were in school, had put off their education and were trying to find part-time jobs just to make ends meet. It would seem more appropriate if these individuals had some sort of TAP program to go to.

We can talk about Department of Labor and the One-Stops, but it is really interesting that a lot of these individuals don't even know the One-Stops exist. Those on active duty, it seems like in some cases we have visited various TAP programs around the country. We visited Aberdeen Proving Grounds a few months ago. They actually have DVOPs and LVERs as part of the TAP program. And those individuals made an effort to have job fairs on that particular post, and they seemed to have quite a bit of success getting people employed prior to their departure.

They even had a program for the Reserves and National Guard, and it didn't depend on if they were coming from another State or not. They were still assisted. They were still able to find individuals who were interested in what they did have. I think that is an important factor too.

The other thing was the licensing and certification. The military really does a good job as far as training individuals, but it always doesn't transfer over to the private sector. I think there should be

a closer relationship between those private entities that would be interested in the training that these individuals receive, and that would also help transfer them into decent employment once they leave.

Senator BURR. You raise some very important points, and I think the one thing that I walk away from this hearing truly believing is there is no silver bullet. There is not one thing that, all of a sudden, over night makes the employment of vets an automatic thing. That it does take a level of cooperation that we have yet to fine-tune to the degree that we have.

Let me make two statements, if I can. For me personally, the thing that concerns me the most right now is that we have this incredible blueprint, which is the current activation, to tell us in some numbers of years exactly what the pressure on this program is going to be. I think for any of us to ignore the fact that we are going to have an influx of people, in addition to what we have seen in the past, that have this need is to hide our head in the sand. So I hope we realize that it is going to begin to ramp up the need.

The second thing is that as we talk about employers, I am not sure that I yet know whether it is a reluctance by employers to hire vets or whether it is a problem in our placement process to get vets placed? And it may be a combination of the both of them.

Mr. PORIOTIS. Senator, the President's National Hire Veterans Committee was engaged to educate America's employers, but never did a baseline to do a corporate perception analysis to actually answer your question. What do the employers perceive, and how do they perceive, and how do you quantify that perception? How can you market and place if you don't have a base from which to come?

Senator BURR. That is why it makes it difficult for me to look at Labor and downstream from Labor and be overly critical. It makes it impossible for me to meet with anybody other than the CEO of Home Depot or a participating company and scold them because it all has to come together.

And I think on behalf of the Chairman and the Ranking Member and the Committee, I want to thank you for your willingness to come in to share your insight with us, your commitment to continue to work with this program to see that the outcome changes. I assure you that this is an issue of high interest to all the members. So expect some questions, and please give us your honest and candid views as to how we move forward with this in a true partnership.

At some point in the future, if we have got all the answers to the questions and we still haven't succeeded with the outcome, then maybe the discussion will be exactly what we do next to make sure that that outcome changes.

Again, I thank you for your testimony today. This hearing is adjourned.

[Whereupon, at 1:05 p.m., the Committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF ROGER B. MADSEN, DIRECTOR OF THE IDAHO DEPARTMENT OF COMMERCE AND LABOR

Thank you for this opportunity to comment on the "Jobs for Veterans Act". As the Director of the Idaho Department of Commerce and Labor and former Chair of the Veterans' Affairs Committee of the National Association of State Workforce Agencies (NASWA), I appreciate the Committee's dedication to enhancing employment and training opportunities for our job-seeking veterans and your commitment to helping us bring skilled veterans together with our businesses.

The "Jobs for Veterans Act" that modified Title 38, Chapter 41 in 2002 was a significant improvement over previous legislation in that it now allows for flexibility in how we serve both veterans and employers. Overall it has been a resounding success and a giant leap forward in several areas. We believe the following are areas of significant improvement:

• Integration of Local Veterans Employment Representatives (LVERs) and Disabled Veterans Outreach Program (DVOP) personnel into One-Stop operations at the local office level in a carefully crafted state plan—much like a business plan. We believe the law helps ensure that veterans who need help getting back to work have ready access to information, trained personnel, specially trained veterans representatives and other resources that will help them integrate into the local workforce.

• The change in the roles and responsibilities outlined in the Jobs for Veterans Act gives us specific guidance about the roles and responsibilities, but allows us the flexibility to decide on duties and assignments within the prescribed roles. While we would like even more flexibility (to allow veteran representative to help with Unemployment Claims for veterans, for example), the Jobs for Veterans Act is a significant step in the right direction that allows us to put our efforts toward current and emerging challenges with Idaho's veteran population.

• The option to have part-time DVOPs in some of our offices has increased our flexibility. Because of cutbacks in recent years, we have funded veterans' representatives in only eleven of our 24 offices, a decrease of 50 percent from 10 years ago when we had VETS-funded representatives in 22 of our offices. Now that we have the option of using both LVERs and DVOPs in a part-time role, we can focus our limited resources on where they are most needed. Although we still don't have the option of having an LVER or DVOP funded partially from both programs, the Jobs for Veterans Act did give us significantly increased flexibility.

The Jobs for Veterans Act has had a very positive impact on services to veterans and we laud the congressional efforts to give us the tools necessary to serve our veteran population the best way possible. However, there have been a couple of provisions in the law that impacted us negatively.

The revised state funding formula has an unfavorable impact on Idaho's Veterans Representative staffing. The current formula ties our funding to Idaho's veteran population and Idaho's unemployment rate—averaged over a 3-year period. These two factors (population and unemployment) are the only two factors considered in allocating resources to Idaho, and unfortunately, they don't take into account Idaho's rural & geographical issues, labor market conditions, seasonal fluctuations, underemployment and historical use of funds.

In rural states like Idaho, we try to be all things to all people, at least in our smaller, more rural areas. In these rural areas, our employment service is sometimes the principal resource for information to meet a variety of needs such as homelessness, health care, education and employment. While employment eventually resolves many of these issues, some of the best work, the life-changing work that attracts people to the social services we provide, does not result in immediate employment.

We have about 89,928 working aged veterans in Idaho. A 2005 GAO report mentions that nationally, 9.4 percent of veterans participate in a One-stop System. In Idaho, about 16.5 percent—nearly double the national average—of employment aged veterans (18–65 years of age) received service from our Idaho One-Stops each year and over a 3-year period, we have worked with 42 percent of the state's veterans.

For all of these reasons we would recommend that a revised funding formula be devised to put more emphasis on rewarding the processes that lead to positive changes in the lives of our customers as much as the eventual act of helping them obtain employment—and not just unemployment rates.

Additionally, we are one of 26 states that did not participate in the Incentive Award Program established by the Jobs for Veterans Act in fiscal year 2004. While there is no state law that forbids participation, perspectives from three different working groups in the past 2 years have come to the same conclusions . . . that the potential negative effects of any awards outweigh the benefits. We believe the Governor should be given the option of using the money as he or she sees fit in support of the state's veteran population.

Finally, please consider asking enforcement agencies to put some "teeth" in the Federal Contractor requirements that mandate those companies that contract with the government to list job openings with their local employment service office. This very good requirement has been on the books for a long time, but because of limited enforcement, both Federal Contractors and Federal Contracting offices have failed to follow the rules all of the time. We think that the veteran citizens of Idaho should have easy access to these higher paying jobs and we recommend that these regulations be more strictly enforced and responsibility for the program be unified in a single agency in the U.S. Department of Labor.

I commend the establishment of the "President's business customer ultimately determines who is to provide quality service to that customer. It is National Hire Veterans Committee." We know that the hired and we welcome support in our on-going efforts the mission of our agency to assist business in solving employment and training related challenges. The added influence of our Federal partner in marketing the skills and experience of our veterans is most welcome.

We applaud and support the key aspects of the Jobs for Veterans Act and believe it has helped to enhance the employment and training services provided to veterans in Idaho. However, I believe with some minor modifications in fiscal policy and allocation and enforcement procedures, we will have a law that will provide exceptional, priority service to the veterans that is worthy of the sacrifice they made to defend our country and our way of life.

Thank you for the opportunity to provide comments on this Act. As I stated previously, we at Idaho Commerce and Labor respect the dedication and skills of our veterans and desire only to help build an employment and training service that meets their needs with a minimum of bureaucracy and a maximum of responsiveness and efficiency. Anything less would not be worthy of their service.

PREPARED STATEMENT OF RANDY M. MILLER, CHAIRMAN AND CEO OF READYMINDS

Mr. Chairman, thank you for the opportunity to submit a statement for the record regarding "The Jobs for Veterans Act Three Years Later: Are VETS Employment Programs Working for Veterans?" Considering the unacceptably high and steadily increasing rate of unemployment that veterans of Operations Enduring Freedom (OEF) and Iraqi Freedom (OIF) are experiencing this hearing is both timely and important.

I am President and CEO of ReadyMinds—the nation's leading distance career counseling organization. The services provided by ReadyMinds Counselors enhance the way individuals select, prepare for and manage their careers. The ReadyMinds solution incorporates comprehensive on-line content and customized development tools with personalized guidance and counseling provided by degreed certified professional counselors who have met the rigorous standards established by the National Board for Certified Counselors. Additionally, ReadyMinds has been chosen to be the exclusive national training provider for those counselors who wish to become knowledgeable in and receive national credentials related to the best practices in distance counseling.

ReadyMinds has provided distance career counseling services to students and alumni representing colleges and universities across the country and to thousands of displaced workers transitioning from one career to another. A portion of this displaced worker population that ReadyMinds has provided services to include those individuals who were adversely affected by the events of 9/11/01. ReadyMinds is also

engaged with the Department of Defense (DOD) providing distance career counseling to military spouses.

DEFINING THE PROBLEM

The Department of Labor (DOL), Bureau of Labor Statistics (BLS) reported that the 2005 average monthly unemployment rate for 20–24 year old veterans was 15.6 percent compared to 8.7 percent for 20–24 year old non-veterans, and 4.0 percent for all veterans. This disparity in the rate of unemployment for young, recently separated veterans is not new. The Congressional Commission on Servicemembers and Veterans Transition Assistance (Commission) reported in 1999 that 20-24 year old veterans' unemployment was 10.6 percent compared to 3.4 percent for all veterans.

Why is the unemployment rate for recently separated veterans so much higher than their non-veteran peers and veterans in general? Some will suggest that these young veterans are unemployed by choice. Others will suggest that we don't know why and that the issue needs to be studied. Mr. Chairman, I believe that the high unemployment of recently separated veterans is so unacceptable as to compel immediate action and that solutions can be found if we focus on what we do know and apply proven remedies.

Regarding the suggestion that young veterans choose to be unemployed doesn't hold up if one understands BLS's definition of unemployed persons. "All persons who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week." (emphasis added) To suggest that the BLS data does not represent the true employment status of young veterans is to suggest that veterans, or members of their household, deliberately misled Census Bureau surveyors.

Unfortunately, the realities of unemployment are only too real for the 34,000 monthly average unemployed 20-24 year old veterans in 2005.

Regarding the suggestion that we don't know enough about recently separated veterans and that the issue should be studied, I believe we can draw on the earlier work done by the Commission. It reported that of the veterans who used the DOL funded state labor exchange system (One-Stops):

• "Fewer than 25 percent were separated from the military for less than 5 years" suggesting that older veterans are their primary client users.

• "That 68 percent reported that they did not receive career counseling. Of this group, 60 percent said they would like to have received such counseling."

• "Seventy percent of the veterans did not receive information on career preparation, and of those veterans, 70 percent would like to have received such information."

The conclusion that I draw from the Commission's earlier work is that young recently separated veterans generally do not avail themselves to the DOL funded One-Stop labor exchange services and, if they did, one of the most important services essential for making informed career choices—personalized career assessment and career counseling by professionally trained counselors—is generally not available.

I respectfully emphasize the above as it is this young veteran group that is a population most in need of career assessment and counseling.

CHARACTERISTICS OF 21ST CENTURY RECENTLY SEPARATED VETERANS

What are the characteristics that reflect today's separating service members?

• According to the Defense Manpower and Data Center (DMDC) of the 212,000 service men and women who separated from active duty in fiscal year 2005:

  • 96,000 (45 percent) were 20-24 years old.
  • 94,000 (44 percent) were OIF/OEF veterans.
  • 102,000 (48 percent) were married.

• The Washington Post reported on November 4, 2005, that 44 percent of military recruits come from rural areas.

• The majority of the veterans entered the military right out of school and have no prior experience in searching for jobs in the private sector labor market.

• Today's veterans are more computer literate than any prior generation. Many carried their laptops, their handhelds and GPS locators into battle.

• Almost all of the separating service members make both a career transition as well as a geographic transition, relocating to someplace other than their last duty station.

• More than 1.2 million service members have been deployed to the ongoing conflicts OW and OEF. An increasing number of separating service members are combat veterans—the first in a generation to be engaged in sustained hostilities.

• For many, their combat experiences may make their transition to civilian careers more difficult.

• Of the veterans who do not return to school, the majority eventually may find suitable jobs/careers but it is through time-consuming trial and error.

What services can be helpful to a veteran's career search?

Our extensive experience at ReadyMinds shows that people in career transition have several basic "needs". The earlier these needs can be addressed the greater the likelihood of a successful career transition. Informing individuals that such services exist should always be the initial step.

Basic career search needs include:

• An assessment of individual interests, skills and strengths—a solid picture of where the service member stands and what types of careers would be a good fit.

• Career related information—education/training/experience prerequisites; job availability; career path opportunities.

• Translation of the service member's military skills, training and experience into a civilian resume and into college credit recommendations.

• Assistance with self-marketing—the networking and interviewing process.

• Regular professional feedback during career/job search—a reality check.

• Ongoing relationship, via online interaction, with a dedicated, professional career counselor throughout the career planning and employment process.

• Easy and convenient access to employers who want to hire veterans—a virtual marketplace for veterans.

Does distance career counseling make a difference? Let me share with you three ReadyMinds participants' answers in their own words.

"What was most helpful and effective about my session with my counselor was the clarity and surety I felt afterwards about my career path. She was able to take all the diverse strands of my search—which often feel quite tangled to me and showed me where they're leading me. It was good to have another voice from outside my usual support network comment on the direction I'm going in my career change."

"The counselor was able to offer specific/personalized suggestions and provide advice and suggestions that I had not even considered before, thus potentially opening many more doors."

"My counselor was on the same 'page' as I. There was a definite synchronicity in the session. She was courteous, was not intimidating and offered direct information. My counselor provided possibilities and timely concrete suggestions that would have passed me. I feel as if my world has opened up again."

CHALLENGES

Veterans' employment and career transitional services are complex issues and will not be solved with a silver bullet. I believe there are two broad subject areas that must be addressed to ensure that veterans, and particularly recently separated veterans, make a timely and satisfying career transition from serving their country to a civilian career.

One is mission systemic—how, where, by whom and under what authority are labor market services offered to veterans. This is not my area of expertise so I will leave it to others to offer suggestions for improvement. We should note, however, looking back at one of the Commission findings, if few recently separated veterans avail themselves to the One-Stop menu of services that by design are passive in nature and delivered at a fixed location during set hours, then improving the delivery of these services may have little impact on the unemployment plight of the young recently separated veteran. Active outreach may be required either prior to separation at DOD transition centers or after separation through DOL's unemployment insurance system.

The second core issue is what services do the recently separated veterans need/want and how can these services best be delivered. Bearing in mind that this cohort of veterans is highly trained, disciplined, motivated and often well educated I believe one of the most important services that can be provided is timely, accurate and personalized career information so that the individual veteran can make a more informed career choice and conduct an efficient job search. Simply engaging a young veteran, who is entering the civilian job market for the first time as a professional, in job-placement activity such as providing access to massive and often generic job posting boards that identify jobs that happen to open today, prior to the veteran making an informed career choice, will frequently be premature, time consuming and counter-productive for the individual veterans.

The earlier professional career services become available, preferably well in advance of separation, the more likely the veterans will have greater opportunity to make informed decisions. This is particularly true if the veteran is willing to "re-

turn" to someplace other than his/her home of record if it leads to the most fulfilling career. There is a distinct advantage to the recipient if there is continuity in the service provider e.g. he/she works with the same provider regardless of where they are separating from or where they are returning to. Services should be convenient to the veteran.

The solution ReadyMinds has successfully pioneered is distance counseling. Distance counseling is cost efficient—doesn't need unnecessarily large infrastructure; convenient—24/7; scalable and portable—same counselor can serve the veteran from beginning to end regardless of where they live, the region in which they are searching for a job or the location they are relocating to. One of the key components of the ReadyMinds Program is the proper matching of the needs of each participant with the expertise and experience of their specifically assigned counselor, regardless of geographic location. Additionally, technology has been developed and is in place allowing for monitoring, reporting and integration between career services provided and organizations or departments associated with the overall service provided to each veteran. This results in a sophisticated reporting platform identifying those individuals that do (and do not) participate in the services provided and track eventual employment related outcomes. This can ultimately aid in preventing individuals from "falling through the cracks."

There are scores, if not thousands, of electronic job boards and resume services available. A number of them even focus exclusively on veterans. Sometimes too much of a good thing isn't necessarily good. An individual veteran could easily be overwhelmed with so many places to look for a job. One can assume that some career/job opportunities will be missed or overlooked simply because of the sheer number of different sites to explore. While job boards and resume services are not the business of ReadyMinds, it does seem reasonable to conclude that if there was one portal, one site that gathered the jobs into a single place, noting those that come from self-described veteran-friendly firms and allowed a single registration to have the veteran's resume posted on multiple sites, the probability of successful outcomes would be greatly enhanced.

While I stated earlier that I would refrain from discussing systemic related issues, I can't help but note that DOL is charged with the mission of employment and training services for veterans. The Department of Veterans' Affairs (VA) on the other hand is mandated under 38 U.S.C. 3697A to provide educational and vocational counseling—a service that ReadyMinds believes would go a long way to assisting separating veterans make more informed career decisions. How is this career counseling service provided? How do service members/veterans find out about the service? How accessible is the service to the majority of separating veterans? It would be helpful to know the answers to these questions in order to ensure that veterans aren't inadvertently denied every opportunity for a successful transition to civilian careers.

SOLUTION OPTIONS/RECOMMENDATIONS

As I stated above, I don't believe there is a silver bullet that can solve all the issues relating to improving delivery of employment related services to veterans. Following are some specific options and suggested constructive solutions that I urge the Committee to consider.

(1) Fund a pilot to evaluate the value added of offering personalized distance career assessment, counseling and self-marketing strategies. Because of the unique nature of transitioning service members/veterans being geographically dispersed prior to separation and even further dispersed post separation this pilot could focus on service members separating from particular sites and/or returning to specific regions e.g. north-western states.

In this pilot the effectiveness of offering distance counseling to veterans who return to rural communities (approximately 44 percent) and are not easily accessible to traditional employment related services provided in One-Stop centers should also be evaluated. The outcomes of this new pilot could then result in the establishment of new, overall performance standards regarding the servicing of the entire veteran population.

(2) Train VA counselors who currently provide educational and vocational counseling in best practices of "distance counseling" techniques so that their services are consistent, convenient and user-friendly for the veterans and so that an individual counselor can provide continuity of service to veterans as they relocate at and after separation.

(3) Establish an "identify and refer" protocol at VA medical centers, VET Centers and regional offices to identify recently separated veterans who come to these facili-

ties for other services and inform them of the career transition and distance/online career counseling services that are available.

DOL could identify and fund an entity to create a dedicated portal through which veterans could easily access a substantial portion of job listings from both public e.g. America's Job Bank (AJB), and large private job boards. Such a site could also be used by national trade associations to inform veterans about careers in their industry sector. In the same way, create a single resume site for separating veterans making it easier for employers to find the veterans.

CONCLUSION

Mr. Chairman thank you for the opportunity to share my thoughts on an issue that is so critical to both our country and the individual veterans who have served us so well. Having paid close attention to the transitional needs of separating veterans and their spouses and having interacted with DOL, VA and DOD over the last four and one-half years, I know you agree with me that America owes her young veterans a successful transition into civilian careers. It's good for the veterans, good for business and good for America's future.

ReadyMinds stands ready to work with committee staff and representatives from DOL, VA and DOD to design and implement specific strategies that address the unique needs of the young separating veterans of the 21st Century.

GAO
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Highlights

Highlights of GAO-06-176, a report to congressional committees

Why GAO Did This Study

Roughly 700,000 veterans have been unemployed in recent months, a figure that could swell considerably with the anticipated increase in the number of people leaving active duty. Congress passed the Jobs for Veterans Act in 2002 to improve employment and training services for veterans and to encourage employers to hire them. As mandated by law, GAO reviewed progress to date in its implementation, including the development of new staff roles and responsibilities, performance accountability system, incentive awards, and priority of service to veterans. GAO examined (1) implementation status of the key provisions and any associated challenges, (2) what is known about services and outcomes since the law's enactment, and (3) changes in program accountability.

What GAO Recommends

GAO is recommending that the Department of Labor provide clear guidance that would integrate veterans' staff into the one-stops, ensure priority of service for veterans among all programs, and foster state use of incentives. GAO is also recommending that Labor's program offices coordinate their oversight regarding JVA provisions, and that Labor use monitoring results to develop program improvements. Finally, GAO recommends that Labor establish effective methods for enforcing federal contractor requirements. Labor agreed with these recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-176.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd R. Nilsen at (202) 512-7215 or nilsens@gao.gov.

December 2005

VETERANS' EMPLOYMENT AND TRAINING SERVICE

Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services

What GAO Found

Labor implemented most provisions of the Jobs for Veterans Act (JVA) within the first 2 years of its enactment. However, some are not fully implemented, such as measures to increase service priority for veterans in the full spectrum of Labor's training programs, and others designed to improve accountability from states and federal contractors. States also report substantial progress implementing the law, but challenges remain in some areas. About one-third of the states, for example, did not establish incentive award programs for their workforce personnel because their laws, policies, or agreements conflict with this JVA provision.

Most state workforce administrators surveyed reported that the new legislation has improved both the quality of services to veterans and their employment outcomes. They credited the greater availability of case management services under JVA for much of the improvement in employment. They cited lack of federal contractor compliance with the law's provisions as most likely to have limited veterans' employment opportunities. Aside from the law's influence, they cited the willingness of employers to hire veterans and the strength of the local job market as significant factors affecting veterans' employment.

About half of state directors of Veterans' Employment and Training reported their new monitoring role had strengthened local program accountability. However, just over a third reported that accountability had either lessened or not improved. Some partly attributed this to absence of local performance data and fewer annual visits to one-stop centers. GAO found, as well, that a lack of coordination among Labor's agencies responsible for certain JVA provisions has weakened accountability. Also, while Labor has developed a system to monitor program performance, it lacks a strategy for using the information it gathers to make improvements and to help states.

Advertisement on City Bus for the Hire Vets First Promotional Campaign

Source: President's National Hire Veterans Committee.

Contents

Letter		1
	Results in Brief	3
	Background	5
	Most JVA Provisions Have Been Carried Out, but Not without Some Challenges	8
	State Administrators Reported Improvement in Veterans' Services and Employment Outcomes	27
	Absence of Local Level Data and Lack of Coordinated Oversight Weaken Program Accountability	30
	Conclusions	36
	Recommendations for Executive Action	37
	Agency Comments and Our Evaluation	37
Appendix I	**Objectives, Scope, and Methodology**	39
Appendix II	**Comparison of DVOP and LVER Grant Funding, Fiscal Years 2003 and 2005**	42
Appendix III	**State Incentive Award Allocation and Expenditures, Fiscal Year 2004**	44
Appendix IV	**State-Negotiated Goals for Veterans Entering Employment through the DVOP and LVER Programs, Program Years 2004 and 2005**	46
Appendix V	**States' Use of Full-Time and Part-Time Veterans' Staff**	48
Appendix VI	**Comments from the Department of Labor**	52

Appendix VII **GAO Contact and Staff Acknowledgments** 55

Related GAO Products 56

Tables

Table 1: Comparison of Selected Provisions under Title 38 and JVA 6
Table 2: Summary of Labor's Completed and Planned Actions to Implement Selected JVA Provisions, as of December 2005 9
Table 3: Veterans' Participation in ETA Programs for Adult Job Seekers, Program Year 2003 15
Table 4: Development of DVOP and LVER Performance Measures and Reporting Requirements 17
Table 5: Utilization of DVOP Staff 48
Table 6: Utilization of LVER Staff 50

Figures

Figure 1: State Workforce Administrators with Positive Comments on the Quality of Labor's Guidance and Assistance on New Roles for Veterans' Staff 11
Figure 2: Allocation of Projected Total Expenditures of the President's National Hire Veterans Committee through Fiscal Year 2005 19
Figure 3: Extent to Which the Committee's Promotional Activities Have Benefited Veterans in Obtaining Employment 20
Figure 4: State Actions to Implement JVA in more than 75 Percent of Local Offices or One-Stop Centers, as of October 2005 22
Figure 5: Use of Part-Time Veterans' Staff in Local Offices 23
Figure 6: Effect of Incentive Award Program on Staff Integration, Morale, and Performance 25
Figure 7: Improvements in Services to Veterans since JVA Was Enacted 28
Figure 8: Factors That Assisted Veterans in Obtaining Employment 29
Figure 9: Factors That Delayed or Prevented Veterans from Obtaining Employment 30
Figure 10: Extent That VETS' New Monitoring Role Strengthened Performance Accountability at the Local Level 32

Figure 11: Extent to Which VETS' Monitoring Tools Strengthened Performance Accountability 33
Figure 12: Methods Used to Coordinate Monitoring Activities between VETS and ETA 35

Abbreviations

BLS	Bureau of Labor Statistics
CPS	Current Population Survey
DVOP	Disabled Veterans' Outreach Program
ETA	Employment and Training Administration
JVA	Jobs for Veterans Act
LAUS	Local Area Unemployment Statistics
LVER	Local Veterans' Employment Representative
NVTI	National Veterans' Training Institute
OFCCP	Office of Contract Compliance Programs
VETS	Veterans' Employment and Training Service
WIA	Workforce Investment Act

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United States Government Accountability Office
Washington, DC 20548

December 30, 2005

The Honorable Larry E. Craig
Chairman
The Honorable Daniel Akaka
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate

The Honorable Steve Buyer
Chairman
The Honorable Lane Evans
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives

In recent years, roughly 700,000 veterans have been unemployed in any given month, and that figure could swell considerably with the anticipated increase in the number of service members currently leaving active duty and returning to civilian life—approximately 200,000 a year, according to the Department of Labor (Labor). Since we last reported on veterans' employment and training services,[1] Congress passed the Jobs for Veterans Act (JVA) to improve employment and training services for veterans and to encourage employers to hire them. The act made several changes to the two Labor programs that focus exclusively on veterans and that are administered by the Veterans' Employment and Training Service (VETS): the Disabled Veterans' Outreach Program (DVOP) and the Local Veterans' Employment Representative program (LVER). It clarified the respective roles of DVOP and LVER staff and required the establishment of a performance accountability system, and an incentive award program. JVA provided states administering the programs more flexibility by funding both programs through one allocation, allowing states to choose the mix of staff and whether they would be hired on a full-time or part-time basis. Additionally, it called for the integration of DVOP and LVER staff into the one-stop delivery system established in 1998 under the Workforce Investment Act (WIA) to streamline services provided by federal

[1] GAO, *Veterans' Employment and Training Service: Flexibility and Accountability Needed to Improve Service to Veterans*, GAO-01-928 (Washington, D.C.: Sept. 12, 2001).

employment and training programs. JVA expanded Labor's focus on veterans by requiring that all of the agency's training programs give veterans priority in receiving their services, within their target population. It also required Labor to establish a national minimum standard--or threshold–for veterans' employment. Finally, to encourage businesses to hire veterans, the act established a committee to develop a national campaign promoting veterans and updated existing requirements that employers who receive federal contracts advertise job openings at the appropriate employment service delivery system and report on their veteran hiring practices.

In light of the many changes introduced by the Jobs for Veterans Act, and as mandated by the act, we conducted a study on the implementation of its provisions. In reviewing federal and state progress in carrying out the act's provisions, we examined (1) the implementation status of the key provisions and any associated challenges, (2) what is known about services and outcomes since the law's enactment, and (3) how accountability has changed for the Disabled Veterans' Outreach and Local Veterans' Employment Representative programs.

To obtain information to address our objectives, we administered two surveys, one to the state directors of veterans' employment and training and the other to state workforce administrators in all 50 states and the District of Columbia. We received responses from all 51 state directors of veterans' employment and training and 50 state workforce administrators[2]. We validated the survey instruments through pretest but did not verify the information respondents provided. To further understand local area approaches to JVA implementation, we visited 10 local one-stop centers in five states: California, Florida, Louisiana, Ohio, and Washington. We selected these states on the basis of several criteria, including geographic dispersion, range of sizes as determined by funding allocation, whether the state had implemented JVA's incentive award program, and recommendations by Labor, veterans' service organizations, and the National Association of State Workforce Agencies. On the basis of these organizations' recommendations, we then chose two local one-stop centers that were either further along in implementation or were facing some challenges. Our site visits at the state level included interviews with officials from the Veterans' Employment and Training Service and state workforce agency; at the local level, we interviewed one-stop management

[2]The state workforce administrator from the District of Columbia did not respond.

and staff, including veterans' staff. In addition, we also visited the National Veterans' Training Institute in Denver, Colorado, where we interviewed training officials, state-level Veterans' Employment and Training officials, and veterans' staff from 24 states who were attending training classes. We also met with representatives of various veterans' service organizations and the National Association of State Workforce Agencies. Finally, we spoke with federal officials at other Labor agencies responsible for implementing JVA, including the Employment and Training Administration (ETA), Office of Federal Contract Compliance Programs, Women's Bureau, Office of Disability Employment Policy, and Bureau of International Labor Affairs. For a greater discussion of our scope and methodology, see appendix I. Our work was conducted between January and November 2005 in accordance with generally accepted government auditing standards.

Results in Brief

Labor took action to implement most JVA provisions within the first 2 years of the new legislation. For example, Labor issued guidance on new roles and responsibilities for DVOP and LVER staff as well as implemented a new funding formula for allocating grant funds to states. However, federal actions are still outstanding for certain provisions designed to give priority to veterans in Labor training programs, update federal contractor regulations, and improve state accountability for veteran employment. For example, Labor agencies have not provided complete guidance to grantees required to provide priority of service to veterans in the various Labor training programs, or on reporting requirements. In addition, the department anticipates it will be 2007 before sufficient trend data will be available to replace individual state goals for veterans' employment with a national standard common to all states. Also, Labor has not updated regulations on federal contractors' hiring and reporting practices because of a lack of consensus and coordination on how to implement and enforce this provision. States reported good progress in implementing provisions through October 2005, but challenges remain in certain states and local areas. For example, most states reported that veterans' staff have transitioned to their new roles and responsibilities in over 75 percent of local workforce offices, but that integration with other staff in some local offices remains a challenge. Similarly, about one-third of states reported that they did not establish incentive programs recognizing high-quality veterans' services because this JVA requirement conflicts with state laws, policies, or collective bargaining agreements. While most state workforce administrators reported on our survey that good progress has been made in implementing priority of service for veterans in Labor training

programs, officials in some areas we visited were unaware of or confused by Labor's guidance on this JVA requirement.

Most state workforce administrators reported that the new legislation has improved the quality of services to veterans, including disabled veterans, and has also improved employment outcomes. They credited the greater availability of case management services through DVOP staff, citing this factor most often in helping veterans obtain employment. In contrast, state administrators reported that the lack of federal contractor compliance with the requirement to list job openings at the local one-stop centers has limited veteran employment opportunities. Non-JVA factors also played a significant role in employment outcomes. In particular, administrators cited the willingness of employers to hire veterans and the strength of the local job market as significant factors.

While about half of state VETS directors reported that their monitoring role under JVA had strengthened local accountability for the DVOP and LVER programs, just over a third reported that it had either lessened or not improved. Monitoring tools most often reported to strengthen accountability were analysis of local level performance data and site visits to local offices. However, VETS directors in 21 states reported that local-level data were unavailable, potentially limiting federal oversight of local office performance in these states to site visits conducted every 5 years. Although not specifically required by JVA, the lack of coordinated oversight by agencies within Labor that share responsibility for implementing certain JVA provisions weakens performance accountability. For example, only five state VETS directors reported taking a coordinated approach with ETA to monitor local office performance, share results, and take corrective action. Also, in terms of federal oversight, VETS lacks a strategy to use monitoring results to improve program performance. For example, state performance goals for the rate at which veterans enter employment range from 38 percent to 65 percent, but VETS has not proactively identified why goals are lower in some states than in other states and targeted these states for assistance.

To improve the way JVA is implemented, we are making a number of recommendations to Labor regarding integration of veterans' staff into the one-stops, priority of service across all programs, best practices on awarding performance incentives, coordinated monitoring efforts, and also implementation and enforcement of federal contractor requirements.

In its written comments, Labor generally concurred with our findings and recommendations.

Background

JVA[3] amended Title 38 of the U.S. Code, the legislation that governs the DVOP and LVER programs, and by doing so, introduced an array of reforms to the way employment, training, and placement services are provided to veterans. (See table 1.) JVA addressed concerns raised by some that Title 38 was overly prescriptive and did not provide states the flexibility to determine the best way to serve veteran job seekers. For example, JVA amended Title 38 by removing provisions detailing the specific duties of DVOP and LVER staff and how they were to be assigned.[4] Under JVA, the states have the authority to employ, subject to Labor's approval, a sufficient number of full or part-time DVOP staff to provide intensive services to eligible veterans, giving priority to disabled veterans and others as Labor determines. Similarly, JVA gives the states authority to employ a sufficient number of LVERs to carry out employment, training, and placement services, including conducting outreach to employers and facilitating services furnished to veterans under the applicable state employment service delivery systems. Beginning July 2003, states and localities were required to implement JVA provisions.

[3] Pub. L. No. 107-288 (2002).

[4] Prior to JVA, Title 38 provided that there was to be one DVOP for each 7,400 veterans in a state and prescribed 11 functions the DVOP staff to carry out in providing services to eligible veterans. Similarly, prior to JVA, Title 38 provided that in any fiscal year funding should be available for 1,600 full-time LVER staff and prescribed how those LVER staff were to be allocated to the states and assigned to local employment service offices. In addition, Title 38 prescribed 13 functions to be performed by the LVER staff.

Table 1: Comparison of Selected Provisions under Title 38 and JVA

Title 38 before JVA amendments	JVA
State funding	
• Funding is available by grant or contract through two separate allocations, each with its own funding formula that prescribes total number and location of DVOP and LVER staff for each state. • States submit grant applications to request funding.	• Funding is available by grant or contract through one allocation under a new funding formula that allows states to determine number of DVOP and LVER staff. • Requires state plan as a condition of funding, which must include a description of how veterans' staff will be integrated into the service delivery system, their duties, and the veterans' population to be served.
Staff roles and responsibilities	
• Prescribes 11 specific duties for DVOP staff and 13 for LVER staff. • Only LVER staff may be assigned on a part-time basis.	• Clearly distinguishes DVOP and LVER staff roles and gives states flexibility in deciding their duties. • Allows both types of staff to be assigned on a part-time basis.
Priority of service	
• Eligible veterans and spouses of certain veterans receive priority of service in those federally funded employment and training programs that specifically require it.	• Eligible veterans and spouses of certain veterans receive priority of service in all Labor-funded employment and training programs.
Performance accountability	
• Performance measures emphasize processes over outcomes. • National standard not required. • Each local employment office evaluated annually.	• Comprehensive performance accountability system consistent with WIA performance measures. • National performance standard for the rate at which veterans enter employment, a rate that all states are expected to meet. • Annual performance reviews of veterans' services without specifying how many local offices will be evaluated.
Incentive awards	
• No incentive award program.	• Incentive award program to encourage the improvement and modernization of veterans' services and recognize exemplary staff.
Committees	
• No such committee.	• President's National Hire Veterans Committee to market veterans as a viable workforce resource.
Federal contractors	
• Requires regulations for employers with federal contracts of $25,000 or more to list all their job openings as appropriate, give veterans priority in referral to those jobs, and report on their hiring practices.	• Raises federal contract threshold amount to $100,000 or more, requires contractors to list their job openings and give veterans priority in referral to those jobs, and modifies categories of veterans to be reported.

Source: GAO analysis of Title 38 and JVA legislation.

Within Labor, two agencies—VETS and ETA—share responsibility for helping the nation's veterans find employment. Among the programs that VETS administers are the DVOP and LVER programs, which were funded at about $162 million in fiscal year 2005.[5] Prior to JVA, funding for these two programs was allocated as two separate grants to states. Under JVA, however, the DVOP and LVER grants are allocated as one funding stream to states, and states use this funding to support nearly 2,400 veterans' specialist and representative positions nationwide. To promote the professional competence of these veterans' service providers, VETS received about $2 million in fiscal year 2005 for the National Veterans' Training Institute to develop and deliver training. In addition, JVA authorized funding for the newly created President's National Hire Veterans Committee at a level of $3 million annually, from fiscal year 2003 through 2005, to carry out its marketing and promotional activities, and stipulated that the committee would terminate in February 2006, 2 months after issuing a final annual report on its activities.

VETS carries out its responsibilities through a nationwide network that includes representation in each of Labor's six regions and staff in each state. The Office of the Assistant Secretary for VETS administers the agency's activities through regional administrators and state directors. The state directors are the link between VETS and the states' employment service system that is overseen by ETA. The DVOP and LVER staff, whose positions are funded by VETS, are part of states' public employment services.

Employment services fall under the purview of ETA, which administers the Wagner-Peyser-funded Employment Services program, providing a national system of public employment services to any individual seeking employment—including a veteran—who is authorized to work in the United States. Thus, those veterans considered job ready and not in need of intensive services from a DVOP could instead be served by employment service staff and receive such services as assessment, counseling, job readiness evaluation, and placement. Veterans would also be eligible to receive WIA-funded services. Like VETS, ETA carries out its employment service program through staff in Labor's six regions and workforce agencies in each state. In fiscal year 2005, ETA requested about $700 million for the Wagner-Peyser program.

[5] The other grant programs and services administered by VETS are the Homeless Veterans Reintegration Program, Veterans Workforce Investment Program, Transition Assistance Program, and National Veterans' Training Institute.

The DVOP and LVER programs, along with the Employment Services program, are all mandatory partners in the one-stop center system created in 1998 by WIA and overseen by Labor, in which services provided by numerous employment and training programs are made available through a single network. JVA requires that veterans be given priority of service in any job training program administered by Labor. This requirement affects 23 Labor-funded workforce programs, including WIA and Wagner-Peyser Employment Services. Labor's guidance requires states to modify their strategic plans for workforce investment for the next 2 years, addressing how veterans will be given priority and how veterans' services will be provided through the state's one-stop service delivery system.

Most JVA Provisions Have Been Carried Out, but Not without Some Challenges

Labor's implementation of JVA has been on track, with most provisions in place within the first 2 years of the new legislation. For example, Labor timely implemented new roles and responsibilities for veterans' staff as well as the new funding formula for allocating grant funds to states. However, Labor's implementation is still pending for provisions designed to give veterans priority for participating in all Labor's training programs, govern federal contractor hiring practices, and improve states' accountability for increasing veterans' employment. States also report good progress in implementing provisions, but challenges remain in some local areas in terms of integrating veterans' staff with other staff in local workforce centers and establishing incentive programs as provided in JVA for recognizing quality services to veterans.

Labor Is Generally on Track in Implementing Most JVA Provisions

Labor has taken actions to implement most JVA provisions to reform veterans' services since the law was enacted in November 2002. For example, Labor has issued guidance clarifying the new roles and responsibilities for veterans' staff, and has established criteria in regulation, to implement the new funding formula for allocating grant funds to states. (See table 2.) Additional Labor actions may be needed to ensure progress in implementing other JVA provisions. These include issuance of regulations requiring recent federal contractors to list job openings and report on their veterans hiring practices, and development of a national standard for veteran employment, needed to complete its new performance accountability system for states.

Table 2: Summary of Labor's Completed and Planned Actions to Implement Selected JVA Provisions, as of December 2005

Provision	Labor's completed actions	Labor's planned actions
Prior to JVA		
Veterans' staff roles and responsibilities	• VETS issued first of several guidance letters in September 2002. National Veterans' Training Institute subsequently began conducting training on JVA provisions for veterans' staff in 2003.	• Updates will occur as necessary.
JVA Enacted November 7, 2002		
First full program year following JVA[a]		
Performance accountability	• VETS issued a guidance letter on new performance measures in July 2003.	• Labor anticipates that it will be 2007 before it can establish a national standard that states must meet for veterans entering employment.
Priority of service	• ETA issued its first guidance letter for 15 programs in September 2003.	• Two of three other Labor agencies plan to issue guidance for their programs.
National Hire Veterans Committee	• Secretary of Labor began appointing members in 2003.	• None
First full fiscal year following JVA[b]		
State grant funding	• VETS allocated grants to states phased in over a 2-year period beginning fiscal year 2004.	• None
Incentive awards	• VETS allocated incentive award funds to states beginning in fiscal year 2004.	• None
Second full fiscal year following JVA		
Federal contractors	• VETS and Office of Federal Contract Compliance Program (OFCCP) drafted regulations on contractor affirmative action, job listings, and reporting requirements.	• VETS and OFCCP anticipate issuing regulations in early 2006.

Source: GAO analysis of JVA provisions and Labor information.

[a]Program year 2003 was the first full program year under JVA and ran from July 1, 2003, to June 30, 2004.

[b]Fiscal year 2004 was the first full fiscal year under JVA and ran from October 1, 2003, to September 30, 2004.

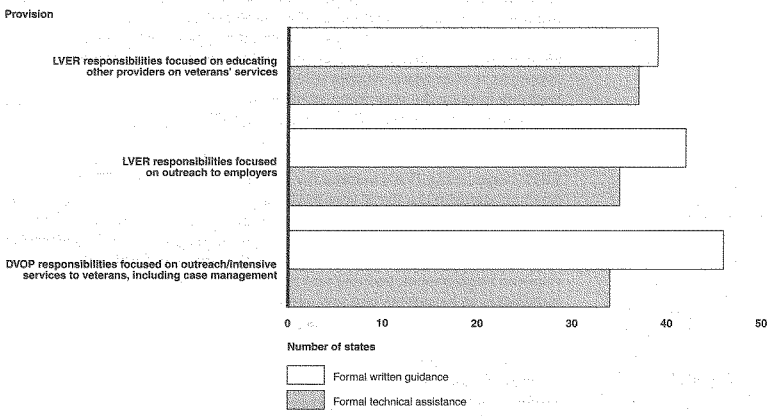
Staff Roles and Responsibilities

VETS took several steps to prepare veterans' staff for their new roles and responsibilities under the law. VETS issued guidance and held training classes, but officials cite challenges in providing all staff with training on their new roles and responsibilities because of resource limitations on the number of classes. VETS took action in September 2002, before JVA was enacted, to issue guidance for DVOP and LVER staff, and directed the National Veterans' Training Institute (NVTI) to design training seminars to

facilitate state and local implementation in the next program year.[6] The initial VETS guidance, updated in later years, explained how the DVOP staff roles and responsibilities were to transition to exclusively focus on intensive services and outreach to veterans, while LVER staff were to exclusively focus on outreach to employers and community organizations, training other staff on veterans' issues, and quarterly reporting on compliance with the law. Subsequent guidance issued in July 2005 discussed, among other topics, the flexibility states have under JVA to decide number of DVOP and LVER staff hired on a full-time or part-time basis. The later guidance also instructed each workforce area to report quarterly on veterans' services. Almost three-quarters of the 50 state workforce officials reported on our survey that the quality of Labor's formal written guidance and technical assistance was good or excellent in terms of facilitating implementation of new staff duties. (See fig. 1.) Conversely, no more than a dozen states characterized the guidance and assistance as fair or poor.

[6] VETS issued guidance based in part on House bill H.R. 4015, which contained provisions that VETS believed would be enacted in the new legislation.

Figure 1: State Workforce Administrators with Positive Comments on the Quality of Labor's Guidance and Assistance on New Roles for Veterans' Staff



Source: Responses to GAO survey by 50 state workforce administrators.

Shortly after JVA was enacted, Labor's training institute held a series of implementation seminars that were attended by representatives from all states. The institute continues to conduct and fund training for DVOP and LVER staff. At the end of its first training year in October 2004, the institute reported having trained 282 DVOP staff in case management. Similarly, at the end of its second training year in 2005, the institute reported that 240 LVER staff were trained in employer outreach. NVTI estimated that an additional 144 DVOP and 240 LVER staff would be trained in these two courses each year in the future, but had concerns that these numbers would cover only about 16 percent of all veterans' staff each year, while annual staff turnover was averaging about 18 percent. Training institute officials estimated that 48 additional sessions would be required to meet the needs of all staff in these two course offerings in addition to the 80 training sessions planned for veterans' staff over the institute's 5-year contract period.

VETS officials confirmed a need for expanded training opportunities but said that their authority to reallocate resources to NVTI is limited.[7] Overall, state and local workforce officials were pleased with the quality of NVTI training. For example, a DVOP in a one-stop center in California found that NVTI classes provided a valuable opportunity to network and exchange ideas with other participants from around the country. In a survey comment, a state administrator also said that the NVTI Web site has been useful in helping the state keep up with all aspects of JVA implementation and that the state makes extensive use of NVTI's electronic discussion board to communicate with other states.

Funding Formula

VETS began using JVA's method for allocating DVOP and LVER grant funds to states in the fiscal year beginning in October 2003. Under JVA, the previously separate DVOP and LVER grants were merged into one grant for veterans' staff, and states are now required to submit an application for funding containing a plan describing how the state will furnish the required employment, training and placement services, the veteran population to be served, and any additional information Labor may require. Labor was to award funds proportionately to the states with approved applications, based on a ratio of the total number of veterans residing in the state that are seeking employment to the total number of veterans seeking employment in all states using criteria that Labor may establish in regulation. JVA required Labor to phase in this new method of providing funding to the states and provided that it may establish minimum funding levels and hold harmless criteria for the states.

VETS issued a final rule establishing criteria for making funds available for veterans' employment services. It reserved up to 4 percent of the grant money available for unexpected needs and transition assistance programs[8]

[7]National Veterans' Training Institute is funded as a separate line item in the VETS budget, limiting VETS' authority to reprogram funds among its accounts to $500,000, according to a VETS official.

[8]The Transition Assistance Program was established to ease the transition of separating service members and their spouses from military service to the civilian workforce. During 3-day workshops conducted at selected military installations nationwide, participants learn about job searches, career decision making, current occupational and labor market conditions, résumé writing, and interviewing techniques. In fiscal year 2005, VETS allocated $2.5 million to 40 states for the provision of 3,048 workshops.

and allocated grants to states using the new formula prescribed by law.[9] During the first 2 years of the required 3-year phase-in period, states were provided with (1) a hold harmless rate of no less than 80 percent of its previous year's allocation during fiscal year 2005 and 90 percent thereafter, and (2) a minimum funding level of 0.28 percent of the prior year's total funding level for all states. For example, the minimum funding level for fiscal year 2004 was $439,000 ($156,811,000 x .0028). Under the new formula, 4 states received about the same amount of funding, while 31 states received a decrease of 5 percent or more and 16 states received at least a 5 percent increase between fiscal years 2003 and 2005. (See app. II for state funding allocations.)

Incentive Awards Program

VETS issued guidance in May 2003 for an incentive award program to be implemented by states in the first fiscal year after JVA. This guidance laid out eligibility and selection criteria and examples of nonmonetary awards, giving states flexibility to tailor their awards programs. JVA required that states establish an incentive program to recognize eligible employees for excellence or demonstrable improvement in the provision of employment, training, and placement services. Under JVA, Labor is to establish criteria, in consultation with the states, to be used by the states in setting up the required incentive program. The law provides further that the form of incentive award may be either a cash or a nonfinancial award, as Labor may specify. The act provided that beginning in program years during or after fiscal year 2004, 1 percent of the annual grant funds is to be used for making cash awards under the state's incentive award program.

In accordance with JVA, VETS mandated that 1 percent of each state's grant amount be used for incentive payments to staff. In total, VETS allocated about $1.5 million for the incentive program in fiscal years 2004 and 2005. Of this amount, states used about $600,000 (40 percent) during the first year of implementation, and VETS officials stated that the remaining unexpended funds were returned to the Treasury. In addition,

[9]The ratio of the total number of job-seeking veterans residing in the state to the total number of job-seeking veterans in all states is best determined using data collected through the Local Area Unemployment Statistics (LAUS) and the Current Population Survey (CPS), both of which are administered by the Bureau of Labor Statistics (BLS). The LAUS data are considered to be the most reliable source of the number of unemployed persons in the civilian labor force, while the CPS data are considered to be the most reliable source of the number of veterans in the civilian labor force. BLS officials said that these two data sources provide the most meaningful and reliable data on veterans seeking employment at the state level, and that using a 3-year average to calculate the funding formula will stabilize the effect of annual fluctuations in the data and, consequently, in the amounts allocated annually to states.

VETS does not anticipate returning any incentive funds to the Treasury in 2005. Instead, VETS informed Congress that any unspent funds will be reallocated to the DVOP and LVER programs, according to officials. (See app. III for state incentive program allocation and expenditures in fiscal year 2004.)

Priority of Service

Labor has only partially implemented the JVA requirement to give priority service to veterans in its many employment training programs. JVA added a new section to Title 38 on priority to veterans and spouses of certain veterans in receiving employment and training services through Labor-funded programs. In that section, Labor is given authority to establish priorities among covered persons to take into account the needs of disabled veterans and special disabled veterans. This provision applies to 23 employment and training programs operated by five Labor agencies—VETS, ETA, Women's Bureau, Office of Disability Employment Policy, and the Bureau of International Labor Affairs. Veterans automatically receive priority of service in the five programs operated by VETS because these programs serve veterans exclusively. However, for programs that serve additional populations and are operated by other Labor agencies, priority of service for veterans is applied differently once veterans meet the programs' eligibility requirements. For example, under ETA's Wagner-Peyser-funded Employment Services program, priority is to be given first to veterans and then to all others. By contrast, under ETA's Senior Community Service Employment program, priority is given to low-income individuals who are first veterans and their qualified spouses aged 60 years or older; second, other individuals who are at least 60 years old; third, veterans and their qualified spouses who are 55 to 59 years old; and fourth, other individuals who are 55 to 59 years old.

These Labor agencies are in different stages of providing guidance and reporting requirements for veterans' service priority to the grantees of their respective programs. ETA, for example, was somewhat delayed in issuing an initial guidance letter for its 15 programs, notifying grantees of the law's general requirements in September 2003, several months after the first program year following JVA began. Both the Women's Bureau and the Office of Disability Employment Policy have included language on priority of service in their 2003 grant solicitations, but officials told us that they have not issued further guidance or established reporting requirements. In addition, officials at the Bureau of International Labor Affairs said that their agency funds overseas projects for which veterans are not eligible, such as a project in Indonesia that focuses on the prevention of child labor.

Labor did not issue its required annual report to Congress for the first program year of JVA, and its report to Congress for program year 2004 contained incomplete information regarding veterans' priority among its training programs. JVA required Labor's annual report to include three issues (1) whether veterans are receiving priority of service; (2) whether they are being fully served; and (3) whether the representation of veterans in programs is in proportion to their representation in the labor market. Labor did not collect and report data on the first two requirements for any of its programs, and information on the third requirement was incomplete. Of its 23 programs subject to the law's requirement, Labor reported veterans' participation rates for only 11 ETA programs. (See table 3.) ETA officials said that they were unable to collect data from participants in all their programs because grantee data collection systems were not in place.

The data that Labor reported for 11 of its programs showed that veterans are essentially represented in proportion to their labor force participation rate of 9.5 percent in five ETA programs that were aimed at adult job seekers, while six programs fell short of the 9.5 percent target participation rate. The report indicated that programs with lower veteran participation rates tended to be those least applicable to veterans, such as programs for migrant farm workers or youth.

Table 3: Veterans' Participation in ETA Programs for Adult Job Seekers, Program Year 2003

ETA adult programs	Number of veterans served	Veterans' participation rate (percent)
Wagner-Peyser Employment Services	1,421,977	9.4
Trade Act	4,970	13.6
WIA Adults	31,588	7.1
WIA Dislocated Workers	34,943	9.6
Senior Community Services Employment, age 55 and up	10,853	10.1
America's Job Bank	150,327	15.8
National Emergency Grants	3,013	10.5
H-1B Skills Grants[a]	1,454	6.2
Native American	398	2.2
Migrant and Seasonal Farmworker, adults	308	1.0
Job Corps	114	0.2
Total	**1,659,945**	**9.7**

Source: VETS 2004 annual report to Congress.

[a]Data collected and reported by 84.3 percent of H-1B grantees who were operational in 2004.

Performance Accountability	VETS established some new performance measures for the DVOP and LVER grant programs, issuing guidance for state implementation beginning July 2003, but officials state that it will be at least 2007 before VETS can establish a national standard for employment outcomes that it will require all states to meet. Under JVA, Labor was required, by May 2003, to establish and implement a comprehensive performance accountability system to measure the performance of employment service delivery systems, including disabled veterans' outreach program specialists and local veterans' employment representatives. The standards and measures in that system are supposed to be consistent with state performance measures under WIA and be appropriately weighted to provide special consideration for placement of veterans requiring intensive services and veterans who enroll in readjustment counseling. Additionally, Labor is required by JVA to issue regulations establishing a uniform national threshold entered-employment rate for veterans. As required by JVA, VETS based the new performance measures on those for WIA. In doing so, it dropped two process measures–number of veterans receiving counseling or some reportable service. It also added several others focused primarily on outcomes—employment rates following either staff-assisted or intensive services, and employment retention rate. (See table 4.) VETS officials told us they made additional modifications to the performance accountability system when, in July 2005, they adopted the Office of Management and Budget's (OMB) new common performance measures. Under this change, VETS established a new performance measure for individuals who got a job by comparing their earnings 6 months before they enroll in a program with earnings 6 months after they exit the program.

Table 4: Development of DVOP and LVER Performance Measures and Reporting Requirements

Performance measure or reporting requirement	Before program year 2002	Program years 2002 to 2004	Program year 2005
Entered employment rate	X	X	X
Number of veterans placed in training	X		
Number of veterans receiving counseling	X		
Number of veterans receiving some reportable service	X		
Federal contractor jobs filled by Vietnam and special disabled veterans	X		
Employment rate following receipt of staff-assisted services		X	X
Employment rate following receipt of intensive services[a]		X	X
Employment retention rate at 6 months		X	X
Number of veterans placed in federal training		X	X
Number of veterans placed in federal jobs		X	
Number of veterans that entered into federal contractor jobs		X	X
Earnings increase at 6 months			X

Source: Veterans' Employment and Training Service, Department of Labor.

[a]Intensive services were formerly referred to as case management.

VETS officials said that they have changed the method they use to calculate the entered employment measure and collect source data. Initially, VETS measured job placements that tracked whether a veteran was referred to, hired, and retained in a specific job. With WIA's enactment in 1998, VETS began tracking the entered-employment rate or percentage of all registered veterans who were placed in or obtained employment. However, states had different policies regarding how and when veterans were registered, resulting in inconsistent performance data.[10] During this time, VETS also moved from a manual follow-up system to identify how many veterans obtained jobs to an automated system using unemployment insurance wage records.[11] The resulting changes in state reporting systems have delayed the setting of a national standard for veterans' employment. VETS anticipates that it will need at least 3 years under the OMB measures to collect the comparable trend data needed to

[10]Under the common measures, Labor plans to require one-stops to track all participants who walk through the door of a one-stop center and receive any one-stop service, regardless of which program provides the service.

[11]GAO, *Unemployment Insurance: Better Data Needed to Assess Reemployment Services to Claimants*, GAO-05-413 (Washington, D.C.: June 24, 2005).

establish the national performance standard holding all states accountable to the same minimum goal for veterans entering employment. In the interim, VETS issued guidance in May 2004 on how it would negotiate individual performance goals with states. These goals ranged from 38 to 65 percent in program years 2004 and 2005. (See app. IV.)

National Hire Veterans Committee

Approximately 15 months passed as the Secretary of Labor appointed members to the President's National Hire Veterans Committee, and these members worked with a contractor to begin the national campaign to make employers and businesses more aware of veterans through the public workforce system.

JVA provided for the establishment of the National Hire Veterans Committee, whose purpose is to furnish information to employers with respect to the training and skills of veterans and disabled veterans, and the advantages to employers of hiring veterans with such training and skills and to facilitate employment of veterans and disabled veterans through participation in America's Career Kit national labor exchange and other means. The Secretary of Labor is required to appoint the 15 members of the committee and the chairman. Labor is required to submit a report to Congress on the activities of the committee annually for 2003, 2004, and 2005. The report is to contain data concerning the placement and retention of veterans in jobs attributable to the activities of the committee.

Labor initiated action during the third and fourth quarters of calendar year 2003 by appointing the 15 committee members from the various public and private organizations required by law. Starting in February 2004, the committee held the first of its required quarterly meetings in Washington, D.C., and held nearly all of its six subsequent meetings in various parts of the country in order to increase media coverage. The meetings allow committee members to monitor activities, develop strategies, and hold public forums on veterans' employment issues.

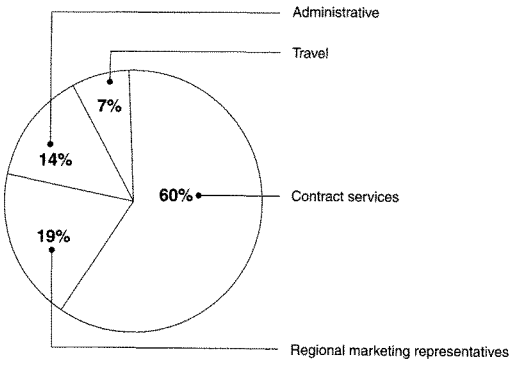
The committee also hired a contractor in 2004 to carry out a national campaign to promote the hiring of veterans and to inform veteran job seekers of the public workforce resources available to them. The campaign included a Web site,[12] activated in October 2004, which offered an electronic clearinghouse to facilitate a match between employers and veteran job-seekers and help veterans conduct their job searches. The

[12]The Web site can be found at http://www.hirevetsfirst.gov

campaign has run magazine advertisements in Business Week and HR Magazine (the magazine for the Society of Human Resource Management) and posted banner ads on electronic job boards that targeted private sector employers, advising them to recruit veterans through one-stop centers. Finally, the committee persuaded 44 state governors to proclaim a "Hire Vets First" month to demonstrate state support.

Although JVA authorized $3 million a year for the committee's activities, according to a committee official, these funds were not appropriated and funds were drawn from VETS' administrative budget instead. The committee has projected that its cumulative total expenditures will be about $2.2 million through fiscal year 2005. Contract services, which account for approximately 60 percent of expenditures, are predominately for implementing the national campaign and associated marketing and media activities. (See fig. 2.)

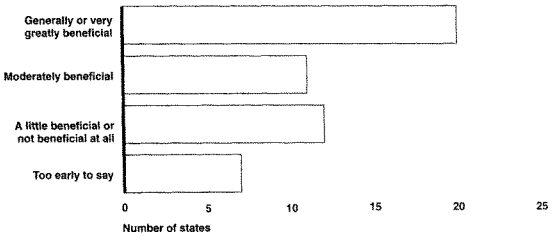
Figure 2: Allocation of Projected Total Expenditures of the President's National Hire Veterans Committee through Fiscal Year 2005



Source: President's National Hire Veterans Committee.

A majority of the state workforce administrators reported on our survey that the committee's promotional activities have been beneficial to some degree in helping veterans get jobs. (See fig. 3.)

Figure 3: Extent to Which the Committee's Promotional Activities Have Benefited Veterans in Obtaining Employment



Source: Responses to GAO survey by 50 state workforce administrators.

Federal Contractors

Labor has not yet issued updated regulations for federal contractors with regard to affirmative action in hiring veterans, although Labor officials said they plan to issue regulations in 2006. As with the prior Title 38 provision, under JVA, federal contractors are to (1) implement affirmative action in employing qualified veterans, (2) list their employment openings with the appropriate employment service delivery system, and (3) submit an annual report on their hiring and employment of qualified veterans. However, JVA amended the Title 38 provision by raising the dollar amount of covered contracts from $25,000 to $100,000 and by modifying the categories of veterans to which this provision applies by creating a new definition of "covered veteran." In addition, the law added another reporting requirement to the annual report, providing that contractors must report the total number of all current employees in each job category and at each hiring location. JVA provides that these amendments apply to contractors with federal contracts of $100,000 or more entered into on or after December 1, 2003.

As under the prior Title 38 provision, JVA requires Labor to issue regulations implementing these requirements. Labor has not yet issued updated regulations, but VETS officials said that Labor plans to issue regulations that would, among other things, clarify the new categories of covered veterans. In the meantime, Labor has issued guidance stating that

contractors receiving contracts before December 1, 2003, are subject to existing regulations and reporting categories of veterans. For contracts awarded on or after December 1, 2003, of $100,000 or more, the guidance states that contractors are not required to file the annual report until VETS has completed its regulatory clearance process and new regulations are published implementing the changes made by JVA.

Two Labor agencies are responsible for issuing regulations covering these requirements—VETS and the Office of Federal Contract Compliance Programs (OFCCP)—but action has been delayed because of a lack of consensus and coordination within Labor on how to implement and enforce them, according to officials. On the basis of their experience, VETS officials were concerned about the feasibility and usefulness of the contractor requirements. They said that there is no central repository of contractors to identify which ones are subject to the requirements, that the reporting requirements are burdensome for employers, and they are not relevant in evaluating the program's effectiveness. Further, VETS officials said that they lack enforcement authority over contractors that do not comply. Instead, OFCCP has this authority.

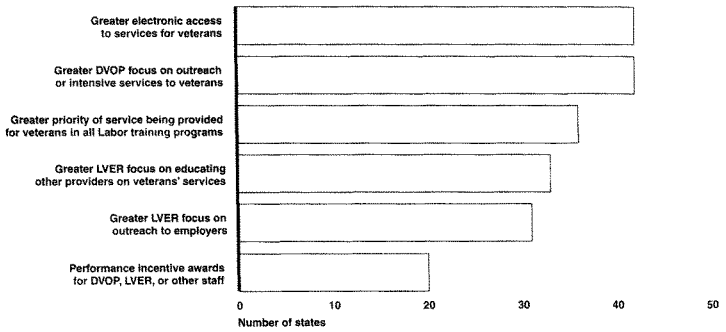
VETS has nevertheless drafted regulations requiring contractors to report on their veteran hiring practices, and OFCCP has drafted regulations concerning affirmative action and job listings. Pending OMB approval, they will be issued in early 2006, according to Labor officials. Advocates from veterans service organizations believe that regulations are necessary to ensure federal contractor compliance, and state workforce administrators from 18 states agree—reporting that half or fewer local workforce offices had been able to increase the number of federal contractor jobs they could list and fill since JVA was enacted.

States Report Good Progress Implementing JVA, but Challenges Remain in Certain States and Local Areas

State workforce agency administrators report good progress in implementing JVA provisions, but challenges remain in certain states and local areas. During the first year of JVA implementation, state workforce agencies were required to transition veterans' staff to their new roles and responsibilities, establish the incentive program to enhance staff performance, and implement priority of service to veterans in Labor training programs. The majority of state workforce administrators reported that three-fourths or more of local offices had transitioned veterans' staff to their new roles through greater focus on intensive services and employer outreach. (See fig. 4.) State administrators also reported the most progress in providing electronic services to veterans

and least progress in establishing incentive programs for improving service to veterans.

Figure 4: State Actions to Implement JVA in more than 75 Percent of Local Offices or One-Stop Centers, as of October 2005



Source: Responses to GAO survey by 50 state workforce administrators.

Staff Roles and Responsibilities

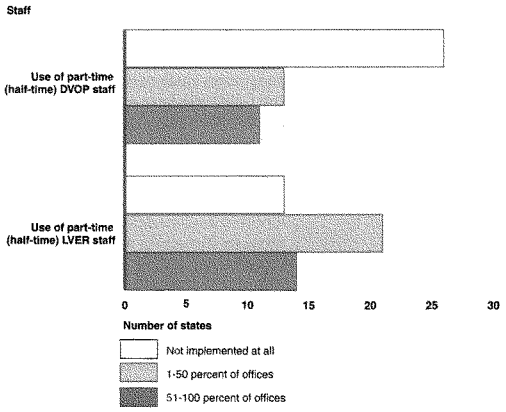
The majority of state workforce administrators reported that veterans' staff had transitioned to a greater focus on intensive services and employer outreach in most local offices. However, a minority reported using JVA's flexibility to establish part-time[13] veterans' staff positions. Also, integration of veterans' staff into the one-stop centers was still problematic in some offices. Our survey data showed that 22 states had part-time DVOP staff, 33 used part-time LVER staff, and 17 had part-time positions for both types of staff. (See app. V for information on states' use of full- and part-time veterans' staff.) VETS officials from several states we visited told us that having the flexibility to use part-time DVOP and LVER staff allowed the state to provide veterans' services in more locations and reach more veterans in the community, including those in remote rural areas. However, some other state and local workforce officials told us that part-time staffing could, in some cases, hamper service to veterans,

[13] Labor's guidance defines part-time DVOP and LVER positions as half-time positions.

particularly if more than 50 percent of such time were devoted to performing office duties such as staffing the reception desk and answering the phone.

The use of part-time veterans' staff was limited. For example, just over half of the states reported not using any part-time DVOP staff in their local offices, and over a quarter did not use any part-time LVERs. (See fig. 5.) One reason may be lack of guidance in this area. About one-quarter (12 states) of state workforce administrators responding to our survey characterized Labor's guidance and technical assistance for making effective use of part-time veterans' staff as fair or poor.

Figure 5: Use of Part-Time Veterans' Staff in Local Offices



Source: Responses to GAO survey by 50 state workforce administrators.

Finally, Labor officials said that integrating veterans' staff into the one-stop offices has been a persistent challenge and can hinder services to veterans. According to the DVOP and LVER staff we interviewed, the degree of their integration has varied widely in local areas and has depended on the level of support from the one-stop managers of veterans' programs. For example, one DVOP staff member we interviewed told us that the veterans' program is highly integrated with the WIA program in

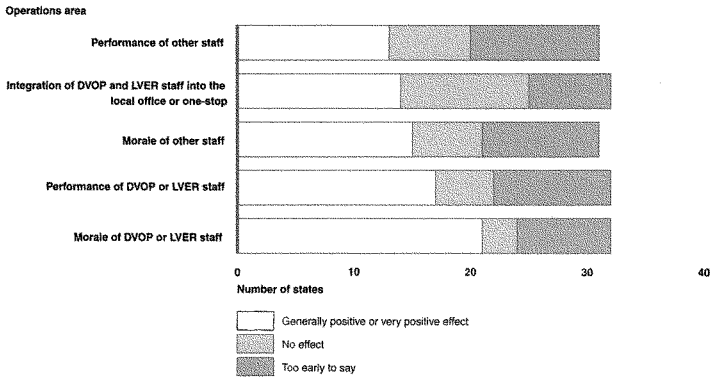
her local one-stop, with both DVOP and WIA staff sharing case management responsibilities for veterans. In addition, she participates in regular meetings with the other one-stop partners. She attributed this cohesion to her manager's commitment to work cooperatively with all the partners. In contrast, a DVOP staff member from another state told us that his manager sometimes resented veterans' staff because they do not serve nonveteran clients or help with other one-stop activities.

Another reason cited by veterans' staff for poor levels of integration was that other one-stop staff members were not educated or trained to serve veterans. In addition, Labor's guidance and technical assistance to integrate veterans' staff within the one-stop was ranked only fair or poor by more than one-quarter of state workforce administrators responding to our survey. Some states have taken action to mitigate the challenges. Ohio workforce officials, for example, requested the National Veterans' Training Institute to come to their state and conduct orientation training for all one-stop partners, identifying the training as a best practice, in part to address integration challenges. Individual one-stop centers in such states as Ohio and California have also taken steps to enhance integration. They have cross-trained other partner staff on serving veterans and veterans' staff may potentially conduct orientation and job search workshops for mixed groups of job-seekers that included veterans.

Incentive Awards Program

Nationwide, 32 of the 50 state workforce administrators we surveyed reported implementing an incentive awards program for veterans' services. Incentives were perceived by some as effective in improving veterans' services in the state. For example, administrators in 16 states with award programs in place reported that their program had a positive effect on improving or modernizing veterans' services. The remaining 7 administrators either said that their incentive programs had no effect and 8 believed it was still too early to say. Although most states had included other one-stop partners in their incentive award programs, at least 10 respondents reported that the incentive program either had no effect on improving staffs' performance, morale, or integration with veteran's staff or that it was too early to tell. (See fig. 6.)

Figure 6: Effect of Incentive Award Program on Staff Integration, Morale, and Performance



Source: GAO survey responses from 50 state workforce administrators.

In the five states we visited, VETS and workforce officials told us the incentive program was a good concept. However, not all had implemented the program. In fact, 17 states have reported not implementing the incentive program.[14] For example, California has cited state laws prohibiting monetary or other gifts to employees for performing their duties. In Alaska, Iowa, New Hampshire, and Massachusetts, the 2005 state plans indicated that performance incentive awards were incompatible with the states' collective bargaining agreements. Idaho, on the other hand, cited potential morale problems among nonveteran staff with limited opportunities to serve veterans and was exploring other options for creating incentives. VETS officials said that they withhold the incentive program money from states that do not implement the program.

[14] These states were Alaska, California, Connecticut, Georgia, Hawaii, Idaho, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, New Hampshire, North Carolina, Oklahoma, Pennsylvania, and Rhode Island. While the survey respondent from Montana did not report information for this question, the state's fiscal year 2005 plan notes that Montana will not implement an incentive program. Collectively, these states accounted for about $526,000 (34 percent) of incentive award funding in fiscal year 2005.

States that implemented the incentive program have made awards in different ways. In one state, a one time cash award of $1,000 was divided among all one-stop staff, amounting to as little as $16 each. By contrast, some DVOP staff told us that in another state, individuals received as much as $4,000 each. Incentives for staff in one state we visited were based on nominations by supervisors using performance data, while supervisors in another state were relying on staff to nominate themselves. VETS officials told us that some states had been more successful than others in designing their awards program and acknowledged it would be beneficial to disseminate their ideas and practices.

Priority of Service

Workforce administrators in 36 states reported that one-stop centers were giving priority of service to veterans entering Labor's training programs. However, administrators from 11 other states reported that less than half of local offices were providing priority to veterans. Whether this has affected veterans' ability to participate in these programs is not known. Only four state workforce administrators reported that waiting lists for Labor training programs impeded employment to a great or very great extent. In contrast, the other 46 state administrators reported waiting lists were a factor to a lesser extent, so that veterans would not necessarily have to be prioritized over other job seekers.

If training resources were to fall short of demand, however, Labor's guidance would be insufficient for determining who would receive service priority, according to some local one-stop officials we met with. Moreover, a 2004 Urban Institute study conducted for Labor reported that employment services staff need more training on how to implement priority of service across programs.[15] ETA issued specific program guidance to states on its Web site in 2004, but some workforce officials were not aware that ETA had posted additional guidance, and other officials still found ETA's guidance confusing and incomplete. ETA officials told us that they do not plan to issue any further guidance until WIA is reauthorized, at which time they plan to respond to all state feedback by issuing a consolidated document for all their training programs. However, it is not known when WIA will be reauthorized or when the consolidated guidance will be issued. ETA officials said that until then, they would work to educate service delivery staff by means of national conferences and promotional activities at the one-stop centers about how to give priority to veterans.

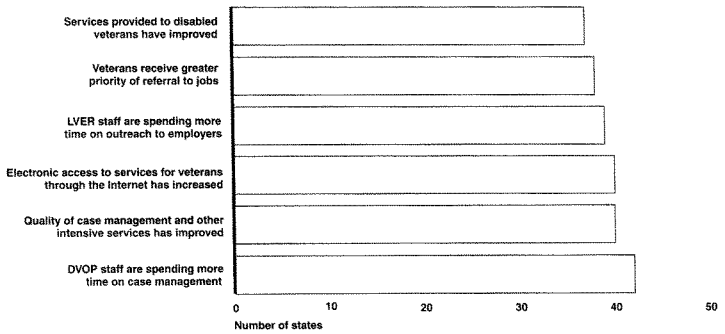
[15] The Urban Institute, *Strategies for Implementing Priority of Service to Veterans in Department of Labor Programs* (Washington, D.C. 2004)

State Administrators Reported Improvement in Veterans' Services and Employment Outcomes

According to VETS data we examined, 46 states have met their negotiated goals for veterans' employment outcomes under the DVOP program and 42 states have met similar goals under the LVER program. While it is too early to determine whether or how JVA's reforms are responsible, most state workforce administrators we surveyed believed that the reforms have improved the quality of services to veterans, including disabled veterans, and have improved their employment outcomes. They credited the greater availability of case management services under JVA for much of the improvement in employment. State administrators reported, on the other hand, that federal contractor failure to list job openings at the local one-stop centers was most likely to delay or prevent some employment. Aside from the new law, administrators considered some non-JVA factors as significant for veterans' employment success, including the willingness of employers to hire veterans and the strength of the local job market.

In their responses to our survey, many state workforce administrators associated JVA reforms with improvements. Overall, 33 of the 50 state workforce administrators reported that veterans' employment services have improved in their respective states since enactment of the law. They most often reported that DVOPs were spending more time on case management since JVA, although somewhat fewer states reported that services to disabled veterans had similarly improved. (See fig. 7.)

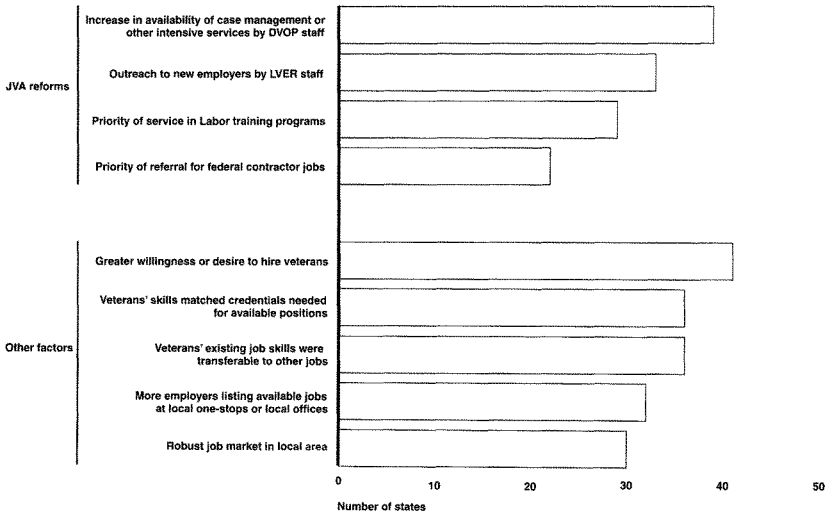
Figure 7: Improvements in Services to Veterans since JVA Was Enacted



Source: Responses to GAO survey by 50 state workforce administrators.

Regarding actual employment results, 33 state workforce administrators also reported improvement. These respondents attributed the improvement both to the law's reforms and to other factors. The reform cited most often as helping veterans obtain employment was the increased availability of case management or other intensive services through the DVOP program (39 states). (See fig. 8.) The reform least cited was the requirement to give priority to veterans in referrals to federal contractor jobs. Only 22 state administrators said it had improved outcomes. Beyond the reforms themselves, administrators said veterans' employment was influenced by employer willingness or desire to hire veterans and by the strength of the local job market. They reported that employment was also influenced by the transferability of veterans' existing skills to other jobs.

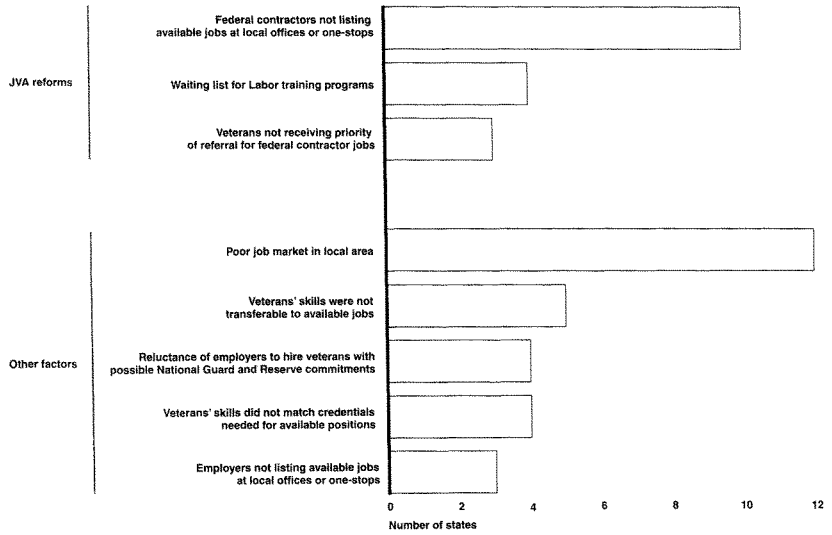
Figure 8: Factors That Assisted Veterans in Obtaining Employment



Source: Responses to GAO survey by 50 state workforce administrators.

State workforce administrators also reported what they viewed as obstacles to employing veterans. Specifically, lack of federal contractor listing of job openings, as required under law, was most likely to delay or prevent employment. (See fig. 9.) Other obstacles, such as veterans not receiving priority of referral for federal contractor jobs and waiting lists for training programs, were cited less than half as often. Non-JVA factors also presented obstacles to employment, the most frequent one being a poor local job market. This factor was cited nearly more than twice as often as other factors, such as non-transferability of veterans' skills to available jobs or employer reluctance to hire veterans with National Guard or Reserve commitments.

Figure 9: Factors That Delayed or Prevented Veterans from Obtaining Employment



Source: Responses to GAO survey from 50 state workforce administrators.

Absence of Local Level Data and Lack of Coordinated Oversight Weaken Program Accountability

While VETS directors in 26 states reported that their monitoring role had strengthened local performance accountability, the remainder reported no effect or a negative effect. In our survey, 21 state VETS directors reported that key veterans employment data are not collected at the local level or available through other means. Performance accountability is also weakened by the lack of coordinated oversight among Labor agencies responsible for implementing JVA reforms and by the absence of a strategy for using monitoring results to improve program performance and help states that lag behind.

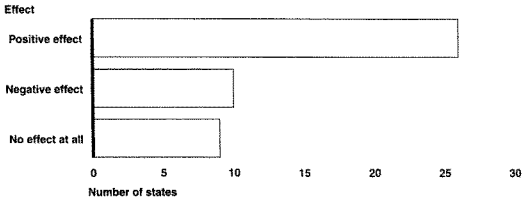
Unavailability of Performance Data at Many Local Offices Weakens Accountability

Under JVA, states took on greater responsibility for assessing their own performance, and while VETS modified its monitoring practices in response, the unavailability of local level performance data in many states has limited federal oversight and weakened local level accountability. Prior to JVA, the law required VETS directors to annually review every local employment service office or one-stop center where DVOP or LVER staff were located. Since JVA's enactment, however, VETS directors review states' own assessments of performance and are required to visit each local office once every 5 years. VETS completed its first round of monitoring in 2004 using four primary review tools:

- State JVA plans for compliance with program requirements;
- Annual state self-assessments to ensure the approved state plan is being effectively implemented, determine the state's progress toward meeting its performance goals, identify technical assistance and training needs, and identify best practices;
- State quarterly performance and management reports on veterans' services and employment outcomes; and
- Annual site visits to 20 percent of local offices within each state to validate information in self-assessments.

State VETS directors responding to our survey most often reported that their monitoring role under JVA has had a positive effect on local accountability. (See fig. 10.) Specifically, 27 state directors reported their monitoring role had a positive effect on local accountability. However, 19 directors reported their monitoring role either had no effect or a negative effect on local accountability.

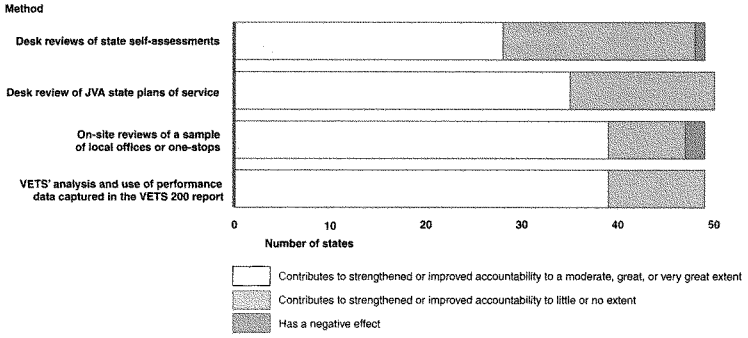
Figure 10: Extent That VETS' New Monitoring Role Strengthened Performance Accountability at the Local Level



Source: Responses to GAO survey by Labor's 46 Directors of Veterans Employment and Training Services.

Some monitoring approaches were regarded as more effective than others. The most beneficial were analysis and use of data captured in states' performance reports, along with on-site reviews of local offices. (See fig. 11.) For example, more than half of 51 state VETS directors said that analyzing the performance reports had improved accountability. Cited by only 15 directors, state self-assessments were considered the least beneficial tool. Respondents from the remaining states reported that their monitoring activities had little to no effect--or had a negative effect--on performance accountability.

Figure 11: Extent to Which VETS' Monitoring Tools Strengthened Performance Accountability



Source: Responses to GAO survey by Labor's 51 Directors of Veterans Employment and Training Services.

Despite the reported benefits of analyzing performance data reports and visiting local offices, however, data were not always available to help monitor local offices, limiting federal oversight and weakening local level accountability. For example, VETS directors in 21 states noted that VETS 200 performance data were not available at the local level. In these states, federal oversight of local office performance may be limited to the on-site monitoring visits required once every 5 years.

Lack of Coordinated Oversight among Labor Agencies also Weakens Accountability

Labor's several agencies responsible for carrying out JVA reforms have not coordinated their monitoring activities to ensure consistent and timely oversight, or used information collected through their monitoring to help states in greatest need of assistance. For example, the five Labor agencies[16] operating the 23 training programs required to provide service priority to veterans did not work together to determine what type of

[16]The five Labor agencies are Employment and Training Administration, Veterans' Employment and Training Service, Women's Bureau, Office of Disability Employment Policy, and Bureau of International Labor Affairs.

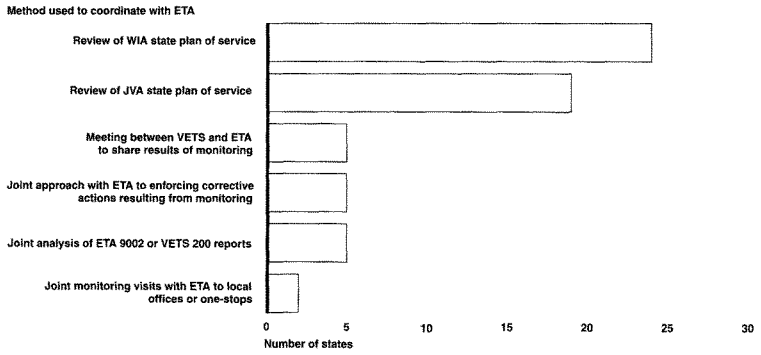
oversight would be needed to ensure that grantees comply with the law. Nor have they established common reporting requirements.[17]

Similarly, the two Labor agencies responsible for implementing federal contractor requirements have not coordinated their monitoring efforts, despite VETS' limited enforcement authority. VETS collects reports from federal contractors on their veteran hiring and employment practices, but VETS officials told us that only the Office of Federal Contract Compliance Programs (OFCCP) has enforcement authority. Thus, if a contractor fails to submit an annual report, VETS cannot take action against the contractor and must rely on OFCCP to address the issue during its compliance review. VETS directors in two states we visited said that coordination between the two agencies was lacking and they had seen little evidence of monitoring and enforcement by the compliance office.

Similarly, the lack of coordination between VETS and ETA has weakened oversight of the DVOP and LVER programs. While VETS is responsible for monitoring both programs, ETA oversees other workforce programs that serve veterans and nonveterans, such as WIA and Wagner-Peyser Employment Services. However, the two agencies do not generally coordinate their monitoring activities or share the results. State VETS directors responding to our survey said that some coordination occurs between VETS and ETA when they review state plans for compliance with JVA and WIA, but it is less likely to occur during other types of monitoring activities. Although about half of state VETS directors reported that they coordinated with ETA on reviewing state plans, only five said that they met with them to share the results and take joint action. (See fig. 12.)

[17]Some states have taken action to coordinate monitoring activities among programs. Louisiana state workforce officials, for example, established a two-person monitoring division that reviews all aspects of veterans' services, including whether they are receiving priority, regardless of which program serves them. Following the site visit, the monitoring unit provides immediate training and technical assistance based on its findings.

Figure 12: Methods Used to Coordinate Monitoring Activities between VETS and ETA



Source: Responses to GAO survey by Labor's 51 Directors of Veterans Employment and Training Services.

Finally, VETS lacks a strategy for using the information it gathers in monitoring programs to improve performance across states and local areas, according to officials. While Labor has authority under JVA to provide technical assistance to states that are deficient in performance or need help, VETS has yet to begin addressing the significant variation in performance levels among states, as reflected by their widely divergent goals negotiated with VETS. For example, in program years 2004 and 2005, states' negotiated goals for the rate at which veterans entered employment, ranging from 38 to 65 percent, depending on past performance, while Labor's national employment goal for veterans was 58 percent.[18] Although more than half of the state goals were short of Labor's target, nationally, VETS has not been proactive in determining why certain states are falling behind and in targeting them for assistance. Decisions on how to support states remain with the individual state VETS directors who must work without the overview and insight of national information.

[18]Labor's national goal applies to all programs that serve veterans and is distinct from the JVA requirement to set a national minimum standard for veterans served by the DVOP and LVER programs.

Conclusions

The employment reforms under JVA represent a significant shift for veterans' employment and training services, not only because they changed how services are provided through DVOP and LVER staff, but also because they provided more latitude to states in implementing the law, allowing them to tailor service delivery to best meet the needs of their veteran job seekers. Our work suggests Labor and states are making steady progress in implementing most JVA provisions. However, the transition of DVOP and LVER roles and responsibilities, along with establishing and monitoring a new performance accountability system, may take years to achieve and fine-tune. For those states with an incentive award program, the wide variation in methodology for awarding incentives suggests that states could benefit from strategies on how best to implement their programs. Similarly, strategies are needed to address the long-standing challenge states have faced in integrating veterans into their service delivery system. Without clear guidance, veterans' service providers may work in isolation from other providers, hindering staff from leveraging the full array of resources available to assist veteran job seekers. In addition, if waiting lists for Labor training programs become more prevalent, clear guidance and reporting of how well programs are providing priority of service to veterans will become especially important. VETS questions the effectiveness of federal contractor reporting requirements and Labor has not yet issued updated regulations; yet states cite lack of contractor job listings as the most likely factor to limit employment opportunities for veterans. In the absence of Labor actions to improve the ability of states and local areas to identify contractors who are subject to the requirement and enforce compliance, additional employment opportunities for veterans may be missed.

The flexibility states and localities have to implement JVA allows them to try innovative ways to best meet the needs of veterans in their area. By the same token, greater flexibility underscores the need for greater accountability to ensure that programs are on the right track in serving clients. Such accountability can be facilitated by robust monitoring and information systems at the state and local levels that can highlight areas in which states and localities are lagging behind. Accountability can be hindered, however, by failure to tailor the type and intensity of monitoring to the relative strength or weakness of local offices and states, as well as differences in the availability of local level information. Similarly, in the absence of a coordinated approach to guiding and monitoring veterans' services among Labor agencies, programs may not be consistently implementing JVA's reforms or be held accountable for doing so.

Recommendations for Executive Action

To better ensure that Labor workforce programs are serving veterans as required by JVA, we recommend that Labor agencies collaborate to:

- Provide states and local areas with clear guidance and assistance for providing priority of service for all veterans and integrating veterans' staff into the one-stops or other workforce centers.
- Disseminate best-practice information to states on methodologies to award meaningful performance incentives.
- Monitor the extent to which all Labor workforce programs are providing priority of service to veterans.
- Strategically use monitoring results to target guidance and technical assistance to states and local areas most in need of improved performance.

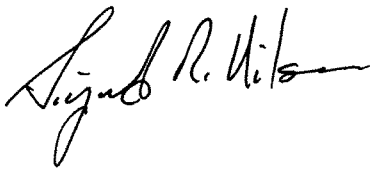
To achieve results from JVA's provisions regarding veteran hiring practices of federal contractors, Labor should issue regulations as soon as possible and explore effective methods of enforcement.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of Labor for its review and comment. Labor's comments are reproduced in appendix VI. In its comments, Labor concurred with our findings and recommendations and noted that its two agencies with primary responsibility for employment assistance to veterans, VETS and ETA will be working together to better coordinate their efforts to assist veterans. Specifically, Labor concurred that additional actions are needed to better integrate veterans' staff into one-stop centers, share best practices for awarding performance incentives, monitor priority of service for veterans, and use monitoring results to improve program performance. In addition, Labor said it would expedite issuing federal contractor regulations and explore effective methods of regulation enforcement. Further, while Labor generally concurred with our recommendation to provide clear guidance and assistance for providing priority of service for veterans, Labor stated that it believes priority of service has been implemented more fully than the report indicates, citing publication of guidance for 15 programs on its Web site and the launch of an initiative designed to raise awareness among veterans and one-stop center professionals. Our report discusses the extent of Labor's actions in issuing guidance, but our assessment, as well as opinions from some state and local officials, is that Labor guidance on priority of service for its 23 workforce training programs has been uneven and sometimes insufficient.

We will send copies of this report to the Secretary of Labor, relevant congressional committees, and other interested parties. Copies will be made available to others upon request. In addition, the report will be available at no charge on GAO's Web site at http://www.gao.gov.

Please contact me at (202) 512-7215 if you or your staff have any questions about this report. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributors to this report are listed in appendix VII.



Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

The objectives of this report were to determine (1) the implementation status of the key provisions and any associated challenges, (2) what is known about services and outcomes since the law's enactment, and (3) how accountability has changed for the Disabled Veterans' Outreach and Local Veterans' Employment Representative programs.

To address each of these objectives, we

- conducted two Web-based surveys, the first one surveying all 50 states and the District of Columbia workforce administrators and the second surveying the Department of Labor's Directors of Veterans' Employment and Training Services (VETS) in the 50 states and the District of Columbia;
- conducted site visits to state workforce agencies and local employment offices and one-stop centers, as well as state Directors of VETS offices in five states; and
- interviewed representatives of national organizations with expertise in the issues of veterans' employment, including staff of the President's National Hire Veterans Committee.

More detailed information on each of these aspects is presented below. We conducted our work in accordance with generally accepted auditing standards between January and November 2005.

Survey Development and Implementation

Our survey of state workforce administrators as well as our survey of Directors of VETS addressed all three objectives and included questions about implementation of the Jobs for Veterans Act, its impact on services and outcomes, performance accountability, and monitoring.

The surveys were developed based on knowledge obtained during our preliminary research. This included a review of pertinent literature and interviews with members and representatives of organizations that conduct research on and perform policy analysis of veterans' employment issues and programs. We also conducted a site visit to the state workforce agency and the VETS office in the state of Washington to obtain an understanding of veterans' employment programs and how the state uses them to increase employment among veterans. The surveys were pretested with cognizant state veterans' employment officials and state Directors of VETS in Washington, Colorado, and North Carolina to determine whether respondents would understand the questions the way they were intended. Revisions were made to the surveys based on comments received during the pretests.

We sent notifications of the Web-based survey in July 2005 and followed up with additional e-mail messages and telephone calls as necessary during August and September. In October, we closed data collection for both surveys. At that time, all Directors of VETS had responded to their survey and 50 of the 51 state workforce administrators had done so. (The District of Columbia did not complete the survey.) We did not independently verify information obtained through the survey.

Because we surveyed state workforce administrators and VETS directors in all 50 states and the District of Columbia, no sampling error is associated with our work. However, nonsampling error could figure into any data collection effort and involves a range of issues that could affect data quality and introduce unwanted variability into the results. We took several steps to minimize nonsampling errors. For example, GAO survey methodologists and staff with subject matter expertise collaboratively designed both Web-based survey instruments. Each of the surveys was pretested in three states to ensure that the Web-based surveys were relevant, clear, complete, and easy to comprehend. To the extent possible, we compared the responses we received on the surveys with our site visit observations.

Data from the two Web-based surveys were converted into separate databases and analysis was performed. Finally, a second, independent analyst checked all computer analyses.

Site Visits to State Workforce Agencies and Directors of VETS

To obtain a detailed understanding of the impact of the Jobs for Veterans Act on states and the activities of the Directors of VETS, we conducted visits to five states. We visited the state of Washington in the preliminary phase of our work and four other states—California, Florida, Louisiana, and Ohio—in a later phase. We selected these states on the basis of several criteria including geographic dispersion, range of sizes as determined by funding allocation, whether the state had implemented JVA's incentive award program, and recommendations by Labor, veterans' service organizations, and the National Association of State Workforce Agencies. On the basis of these organizations' recommendations, we then chose two local one-stop centers that were either far along in implementation or were facing some challenges. Our site visits at the state level included interviews with officials from the state workforce agency and VETS; at the local level, we interviewed one-stop management and staff, including veterans' staff.

During each of these interviews, we used a standard interview protocol that enabled us to obtain more detailed—yet comparable—information

than states were able to provide in the survey. In our interviews with the state workforce agency, we discussed the status of implementation of the Jobs for Veterans Act, the incentive awards program, monitoring of local employment offices and one-stops for priority of service and the use of part-time DVOP and LVER staff. At the local offices, we discussed the implementation of the act, its impact on veterans' employment, specific benefits the act achieved, and obstacles to the complete implementation of the act's provisions. Finally, we interviewed Directors of VETS and their staff, discussing the changes in monitoring one-stops and local employment offices, the accountability of local offices and one-stops, and coordination between VETS and ETA. Our site visit work was conducted between April and August 2005.

Other Work

As part of our work, we reviewed pertinent literature and interviewed representatives of the following organizations:

- National Veterans' Training Institute in Denver, Colorado;
- Veterans' staff from 24 states attending the training institute;
- President's National Hire Veterans Committee;
- National Association of State Workforce Agencies;
- The following Labor agencies: VETS, ETA, Office of Federal Contract Compliance Programs, Women's Bureau, Office of Disability Employment Policy, and Bureau of International Labor Affairs; and
- The following veterans' service organizations: Disabled American Veterans, Paralyzed Veterans of America, Veterans of Foreign Wars of the United States, and Vietnam Veterans of America.

Appendix II: Comparison of DVOP and LVER Grant Funding, Fiscal Years 2003 and 2005

State	2003 actual budget allocation (base)	2005 actual budget allocation (base)	Percentage change
States receiving 5 percent or more increase in funding from 2003 to 2005			
Arizona	$1,767,000	$2,929,000	66
Delaware	382,000	444,000	16
Florida	7,439,000	8,507,000	14
Georgia	3,219,000	4,336,000	35
Kansas	1,394,000	1,523,000	9
Kentucky	1,587,000	2,281,000	44
Louisiana	1,564,000	2,319,000	48
Mississippi	1,222,000	1,476,000	21
Nevada	1,239,000	1,299,000	5
New Jersey	3,275,000	3,927,000	20
North Carolina	3,984,000	4,722,000	19
South Carolina	1,854,000	2,467,000	33
Tennessee	2,313,000	3,206,000	39
Texas	9,393,000	11,602,000	24
Utah	881,000	1,042,000	18
Virginia	3,368,000	3,861,000	15
States receiving about the same amount of funding in 2003 and 2005			
California	18,114,000	17,749,000	-2
Colorado	2,520,000	2,625,000	4
Indiana	3,074,000	3,130,000	2
Washington	4,052,000	4,154,000	3
States receiving 5 percent or more decrease in funding from 2003 to 2005			
Alabama	2,438,000	2,316,000	-5
Alaska	687,000	520,000	-24
Arkansas	1,695,000	1,430,000	-16
Connecticut	2,963,000	1,904,000	-36
District of Columbia	475,000	444,000	-7
Hawaii	755,000	598,000	-21
Idaho	936,000	779,000	-17
Illinois	7,957,000	6,536,000	-18
Iowa	2,333,000	1,497,000	-36
Maine	1,040,000	763,000	-27

State	2003 actual budget allocation (base)	2005 actual budget allocation (base)	Percentage change
Maryland	3,125,000	2,887,000	-8
Massachusetts	3,345,000	3,092,000	-8
Michigan	6,634,000	5,439,000	-18
Minnesota	3,414,000	2,698,000	-21
Missouri	3,641,000	3,342,000	-8
Montana	815,000	536,000	-34
Nebraska	964,000	887,000	-8
New Hampshire	815,000	729,000	-11
New Mexico	1,107,000	990,000	-11
New York	10,561,000	8,355,000	-21
North Dakota	606,000	444,000	-27
Ohio	8,436,000	6,308,000	-25
Oklahoma	2,325,000	1,862,000	-20
Oregon	2,503,000	2,363,000	-6
Pennsylvania	7,662,000	6,472,000	-16
Rhode Island	642,000	534,000	-17
South Dakota	527,000	444,000	-16
Vermont	623,000	444,000	-29
West Virginia	1,018,000	931,000	-9
Wisconsin	3,221,000	3,063,000	-5
Wyoming	494,000	444,000	-10
Total	**$156,398,000**	**$152,650,000**	

Source: Labor's VETS.

Appendix III: State Incentive Award Allocation and Expenditures, Fiscal Year 2004

State	Allocation	Expended	Unexpended
Alabama	$23,780	$18,590	$5,190
Alaska	5,500	0	5,500
Arizona	29,000	29,000	0
Arkansas	13,970	0	13,970
California	179,240	0	179,240
Colorado	24,230	0	24,230
Connecticut	23,700	14,200	9,500
Delaware	4,465	0	4,465
District of Columbia	4,400	0	4,400
Florida	83,010	81,284	1,726
Georgia	36,050	36,050	0
Hawaii	6,200	0	6,200
Idaho	8,070	0	8,070
Illinois	65,150	59,498	5,652
Indiana	35,109	35,109	0
Iowa	18,660	0	18,660
Kansas	15,410	0	15,410
Kentucky	22,560	14,571	7,989
Louisiana	24,760	0	24,760
Maine	8,320	8,316	4
Maryland	29,727	10,000	19,727
Massachusetts	28,770	0	28,770
Michigan	53,070	0	53,070
Minnesota	27,310	0	27,310
Mississippi	15,250	15,925	-675
Missouri	31,580	0	31,580
Montana	6,520	0	6,520
Nebraska	8,840	0	8,840
Nevada	12,590	0	12,590
New Hampshire	7,140	0	7,140
New Jersey	38,200	27,053	11,147
New Mexico	9,832	9,832	0
New York	84,490	3,704	80,786
North Carolina	47,610	0	47,610
North Dakota	4,850	4,493	357
Ohio	67,490	0	67,490

State	Allocation	Expended	Unexpended
Oklahoma	$18,600	$0	$18,600
Oregon	22,550	0	22,550
Pennsylvania	66,100	0	66,100
Rhode Island	5,320	0	5,320
South Carolina	24,430	24,180	250
South Dakota	4,390	0	4,390
Tennessee	31,670	32,740	-1,070
Texas	110,580	95,468	15,112
Vermont	5,030	2,700	2,330
Virginia	38,150	33,392	4,758
Washington	41,330	35,244	6,086
West Virginia	9,850	7,386	2,464
Wisconsin	30,600	21,287	9,313
Wyoming	4,390	0	4,390
Total	**$1,528,203**	**$630,097**	**$898,106**

Source: Labor's VETS.

Appendix IV: State-Negotiated Goals for Veterans Entering Employment through the DVOP and LVER Programs, Program Years 2004 and 2005

State	DVOP performance goal (percent)	LVER performance goal (percent)
Alabama	56	60
Alaska	51	56
Arizona	60	58
Arkansas	53	53
California	50	51
Colorado	58	59
Connecticut	53	55
Delaware	56	55
District of Columbia	53	58
Florida	61	61
Georgia	65	65
Hawaii	45	42
Idaho	46	59
Illinois	45	46
Indiana	46	54
Iowa	57	57
Kansas	58	60
Kentucky	58	60
Louisiana	55	59
Maine	58	58
Maryland	56	60
Massachusetts	53	60
Michigan	46	48
Minnesota	50	52
Mississippi	58	59
Missouri	48	49
Montana	60	60
Nebraska	64	62
Nevada	55	56
New Hampshire	64	65
New Jersey	54	57
New Mexico	55	60
New York	55	57
North Carolina	56	56
North Dakota	59	63

State	DVOP performance goal (percent)	LVER performance goal (percent)
Ohio	50	56
Oklahoma	60	60
Oregon	47	54
Pennsylvania	54	59
Rhode Island	55	56
South Carolina	59	59
South Dakota	58	64
Tennessee	38	38
Texas	58	57
Utah	51	57
Vermont	55	56
Virginia	55	56
Washington	51	54
West Virginia	52	51
Wisconsin	56	58
Wyoming	48	57

Source: Labor's VETS.

Appendix V: States' Use of Full-Time and Part-Time Veterans' Staff

Table 5: Utilization of DVOP Staff

State	Full-time DVOP staff	Part-time DVOP staff	Number of DVOP staff that serve more than one local workforce area in the state
Alabama	16	1	0
Alaska	1	6	0
Arizona	35	0	0
Arkansas	9	0	9
California	123	10	0
Colorado	20	4	4
Connecticut	8	0	0
Delaware	5	0	0
District of Columbia	2	0	0
Florida	66	10	3
Georgia	50	0	0
Hawaii	4	1	0
Idaho	4	2	0
Illinois	38	0	10
Indiana	26	0	0
Iowa	15	0	15
Kansas	12	11	0
Kentucky	10	3	0
Louisiana	14	0	0
Maine	6	0	6
Maryland	25	*	0
Massachusetts	20	0	4
Michigan	31	0	15
Minnesota	21	4	0
Mississippi	19	12	11
Missouri	19	13	0
Montana	7	3	5
Nebraska	5	*	0
Nevada	5	4	0
New Hampshire	5	0	2
New Jersey	33	1	0
New Mexico	9	0	0
New York	55	*	0
North Carolina	22	0	0

State	Full-time DVOP staff	Part-time DVOP staff	Number of DVOP staff that serve more than one local workforce area in the state
North Dakota	2	0	2
Ohio	58	0	38
Oklahoma	18	0	0
Oregon	18	2	0
Pennsylvania	37	7	[a]
Rhode Island	2	1	0
South Carolina	15	8	2
South Dakota	4	9	2
Tennessee	32	[a]	2
Texas	86	12	0
Utah	9	[a]	0
Vermont	2	0	2
Virginia	35	0	3
Washington	36	0	3
West Virginia	6	0	[a]
Wisconsin	23	0	10
Wyoming	1	8	5
Total	**1,124**	**132**	**153**

Source: Survey of Directors of Veterans' Employment and Training Services.

[a] Indicates that the respondent did not know the answer to the question.

Table 6: Utilization of LVER Staff

State	Full-time LVER staff	Part-time LVER staff	Number of LVER staff that serve more than one local workforce area in the state
Alabama	16	2	0
Alaska	2	4	0
Arizona	14	9	1
Arkansas	10	6	14
California	72	19	0
Colorado	14	4	[a]
Connecticut	8	[a]	0
Delaware	3	0	2
District of Columbia	2	0	0
Florida	56	9	4
Georgia	25	30	0
Hawaii	6	0	0
Idaho	8	5	0
Illinois	31	0	20
Indiana	32	1	0
Iowa	3	0	3
Kansas	10	2	0
Kentucky	15	12	0
Louisiana	16	3	1
Maine	[a]	8	0
Maryland	17	[a]	0
Massachusetts	19	[a]	3
Michigan	29	0	11
Minnesota	14	0	14
Mississippi	0	0	18
Missouri	26	13	0
Montana	1	0	0
Nebraska	3	15	0
Nevada	6	1	1
New Hampshire	6	0	1
New Jersey	13	8	1
New Mexico	10	8	9
New York	50	[a]	0
North Carolina	43	35	0

State	Full-time LVER staff	Part-time LVER staff	Number of LVER staff that serve more than one local workforce area in the state
North Dakota	5	3	5
Ohio	11	0	6
Oklahoma	16	18	0
Oregon	14	9	0
Pennsylvania	33	22	[a]
Rhode Island	3	0	1
South Carolina	17	15	0
South Dakota	1	1	2
Tennessee	30	7	3
Texas	91	18	0
Utah	6	7	7
Vermont	2	3	3
Virginia	27	8	0
Washington	24	0	3
West Virginia	6	4	[a]
Wisconsin	18	[a]	3
Wyoming	1	1	2
Total	**885**	**310**	**138**

Source: Survey of Directors of Veterans' Employment and Training Services.

[a] Indicates that the respondent did not know the answer to the question.

Appendix VI: Comments from the Department of Labor

U.S. Department of Labor

Assistant Secretary for
Veteran's Employment and Training
Washington, D.C. 20210

DEC 20 2005

Sigurd R. Nilsen
Director, Education, Workforce and Income Security Issues
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Nilsen:

Thank you for the opportunity to comment on the draft report "Veterans' Employment and Training Service: Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services" (GAO-06-176). The Department of Labor (DOL) generally concurs with the findings of this report and is pleased that the report indicates that DOL is on track in implementing the provisions of the Jobs for Veterans Act (JVA) and also indicates that JVA is reported to have had positive impact on veterans' services and employment outcomes.

Our agencies, the Veterans' Employment and Training Service (VETS) and the Employment and Training Administration (ETA), have primary responsibility for implementing JVA within the U.S. Department of Labor. The key provisions of JVA applicable to our agencies have complementary implications that require ongoing close coordination. For those reasons, we are jointly sharing responsibility for these comments, which are generally structured within the framework of the five Recommendations for Executive Action. Because GAO's first recommendation addresses two areas of application, we have treated those two areas separately in our response.

Provide States and Local Areas with Clear Guidance and Assistance Regarding the Integration of Veterans' Staff into One-Stop Career Centers DOL concurs with this recommendation. As a structural aspect of the workforce system, it is essential that Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representative (LVER) staff be fully integrated into One-Stop Career Centers so that they can assist veterans to access the full range of workforce services. To improve this important aspect of service integration, VETS and ETA have undertaken two collaborative initiatives and have planned a third. ETA, in partnership with VETS and the Department of Defense, recently launched the "Key to Career Success" initiative to provide clear guidance to One-Stop Career Center staff regarding veterans' issues and priority of service requirements. VETS launched the REALifelines initiative in October 2004 to mobilize One-Stop resources to deliver personalized career development services to veterans and transitioning service members severely injured in the Global War on Terrorism. To support that initiative, VETS collaborated with the Office of the Assistant Secretary for Policy (ASP) to develop a web-based REALifelines Advisor to provide job training information and services through the VETS State Directors and the One-Stop Career Centers. In addition, VETS plans to initiate a sponsored study during this fiscal year to examine the impacts on veterans' services and outcomes of JVA and other

structural realignments underway within the workforce system. A key objective of that study will be to identify specific areas in which clear guidance and assistance are required to improve the integration of DVOP specialists and LVER staff into One-Stop operations.

Provide States and Local Areas with Clear Guidance and Assistance Regarding the Provision of Priority of Service: DOL generally concurs with this recommendation In addition to ETA and VETS, priority of service also applies to three other DOL agencies identified in the report (Women's Bureau, Office of Disability Employment Policy, and Bureau of International Labor Affairs). However, ETA bears the primary responsibility for providing policy guidance to grantees regarding implementation of the priority of service provisions, due to the number and size of the programs ETA oversees. While many of the programs impacted by priority of service might benefit from additional clarifications or from the provision of technical assistance, DOL believes that the priority of service provision has been implemented more completely than the report indicates. ETA published policy guidance and launched a dedicated web site that includes questions and answers specifying distinct criteria for applying priority of service to 15 programs. That guidance is consistent with our interpretation of the priority provision to mean that veterans are eligible for priority of selection to participate in a specific program after they have met all the other statutory eligibility requirements for that program. Because of the interaction between priority of service and the specific requirements of the impacted programs, the application of priority of service will necessarily take different forms, particularly where another statutory priority must be applied in conjunction with priority of service. In addition to policy guidance, as mentioned above, ETA and VETS launched the Keys to Career Success initiative designed to raise awareness of veterans and One-Stop system professionals regarding the need to provide priority of service to veterans.

Disseminate Best Practices for Incentive Award Programs DOL concurs with the recommendation that the best practices developed for incentive award programs should be shared among the States. This is appropriate due to the States' relative inexperience with this type of program and to the diverse approaches that they have followed to date. Implementation of this recommendation should improve the State incentive award programs. However, absent an amendment to provide increased flexibility, it is unlikely that all States will be able to make use of incentive funds for cash awards to individual employees. DOL believes that there are alternatives to the current program, such as a national awards program.

Monitor the Extent That All Labor Workforce Programs Are Providing Priority of Service: DOL concurs with this recommendation. DOL is responsible for evaluating whether covered persons are receiving priority of service and has worked to ensure that current monitoring protocols include monitoring for priority of service. DOL agrees that additional guidance to Federal Project Officers would be valuable, as would the implementation of alternative evaluation methods, including improved data collection.

Target Monitoring Results for Program Improvement: DOL concurs with this recommendation. In the past year, ETA and VETS have taken a significant step to improve coordination of monitoring activities. For some time, ETA has designated regional accountability specialists and has maintained information exchange within this

network by hosting bi-weekly conference calls and convening periodic meetings. Recognizing the value of this approach, VETS recently designated regional accountability specialists which are now part of the same communication network. Having regional accountability specialists in both agencies working collaboratively provides the foundation for pursuing joint planning and conduct of monitoring visits, and joint enforcement of corrective actions. To support joint monitoring, VETS intends to revise the monitoring guides for Jobs for Veterans grants by focusing on quality of service and accountability for performance.

Achieve Results from JVA's Federal Contractor Hiring Provisions: DOL concurs with this recommendation. In response to the findings regarding the Federal Contractor Program (FCP), VETS will improve coordination with the Office of Federal Contract Compliance Programs (OFCCP) to expedite the issuance of revised regulations for FCP. OFCCP has drafted the Jobs for Veterans Act, Notice of Proposed Rulemaking (NPRM), which will be published in the near future.

We appreciate the opportunity to comment on this report.

Sincerely,

Charles S. Ciccolella
Assistant Secretary for Veterans' Employment and Training

Emily Stover DeRocco
Assistant Secretary for Employment and Training

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the individual mentioned above, Lacinda Ayers, Assistant Director; R. Jerry Aiken; Susan Bernstein; Jessica Botsford; Meeta Engle; Stuart Kaufman; Robert Miller; Emily Pickrell; Jay Smale; and Dianne Whitman-Miner made key contributions to this report.

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Fiscal Year 2005 DVOP and LVER Actual FTE Utilization

State	DVOP FTE (Includes Non-Vet)	DVOP Non-Veteran FTE	LVER FTE (Includes Non-Vet)	LVER Non-Veteran FTE	Total FTE (Includes Non-Vet)	Total Non-Veteran FTE
Boston Region:						
CT	8	0	8	0	16	0
ME	5.5	0	4	1	9.5	1
MA	21	0	17	1	38	1
NH	5	0	5	0	10	0
RI	2.5	0	3	0	5.5	0
NJ	33.5	0	16.5	0	50	0
NY	52.5	0	48	0.5	100.5	0.5
PR	5	0	6	1	11	1
VT	2	0	3.5	0	5.5	0
VI	0	0	1	0	1	0
Total	135	0	112	3.5	247	3.5
Philadelphia Region:						
DE	5	0	3	0	8	0
DC	3	0	2	0	5	0
MD	23	0	18	0	41	0
PA	37.5	0	44	0	81.5	0
VA	32	0	32	0.5	64	0.5
WV	11	0	6	0	17	0
Total	111.5	0	105	0.5	216.5	0.5
Atlanta Region:						
AL	16.5	0	21	2.5	37.5	2.5
FL	81.5	0	57	0	138.5	0
GA	43	0	31	0	74	0
KY	21	0	13	0.5	34	0.5
MS	13	0	19	0	32	0
NC	24	0	69	0	93	0
SC	22	0	25.5	0.5	47.5	0.5
TN	30	0	32	0	62	0
Total	251	0	267.5	3.5	518.5	3.5
Chicago Region:						
IL	37.5	0	34.5	0	72	0
IN	31	0	34	0	65	0
IA	15	0	3	0	18	0
KS	18.5	0	12	0	30.5	0
MI	29	0	36	2	65	2
MN	21	0	14	0	35	0
MO	22	0	31.5	0	53.5	0
NE	5	0	10.5	0	15.5	0
OH	64	0	24.5	0	88.5	0
WI	20.5	0	17	1	37.5	1
Total	263.5	0	217	3	480.5	3
Dallas Region:						
AR	11	0	14	0	25	0
CO	22	0	14	1	36	1
LA	20	0	20	0	40	0
MT	8.5	0	1	0	9.5	0
NM	8	0	11	0	19	0
ND	2	0	6	0	8	0
OK	17	0	25.5	0	42.5	0
SD	7	0	1.5	0	8.5	0

Fiscal Year 2005 DVOP and LVER Actual FTE Utilization—Continued

State	DVOP FTE (Includes Non-Vet)	DVOP Non-Veteran FTE	LVER FTE (Includes Non-Vet)	LVER Non-Veteran FTE	Total FTE (Includes Non-Vet)	Total Non-Veteran FTE
TX	100	0	103.5	0	203.5	0
UT	9	0	9.5	0	18.5	0
WY	5	0	1.5	0	6.5	0
Total	209.5	0	207.5	1	417	1
San Francisco Region:						
AK	4.5	0	3.5	0	8	0
AZ	3.9	0	19	0	58	0
CA	142.5	6.5	67.5	3	210	9.5
HI	5	0	6	0	11	0
ID	5.5	0	10	0	15.5	0
NV	8	0	7.5	0	15.5	0
OR	19	0	18.5	0	37.5	0
WA	36	0	24	0	60	0
Total	259.5	6.5	156	3	415.5	9.5
National Total	1230	6.5	1065	14.5	2295	21

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