VETERANS' EMPLOYMENT PROGRAMS ADMINISTERED BY THE DEPARTMENT OF LABOR, THE EFFECT OF H.R. 4050, THE REEMPLOYMENT ACT OF 1994 AND THE VETS PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

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VETERANS' EMPLOYMENT PROGRAMS ADMINISTERED BY THE DEPARTMENT OF LABOR, THE EFFECT OF H.R. 4050, THE REEMPLOYMENT ACT OF 1994 AND THE VETS PROGRAM

WEDNESDAY, JUNE 15, 1994

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EDUCATION,
TRAINING AND EMPLOYMENT,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to call, at 9 a.m., in room 340, Cannon House Office Building, Hon. G.V. (Sonny) Montgomery (chairman of the subcommittee) presiding.

Present: Representatives Montgomery, Penny, and Hutchinson.

OPENING STATEMENT OF CHAIRMAN MONTGOMERY

Mr. MONTGOMERY. The subcommittee will come to order.

The Subcommittee on Education, Training and Employment is meeting this morning to review the implementation and effectiveness of the programs administered by the Department of Labor which provide employment and training opportunities for our veterans. Included in this review will be chapter 41 and sections 4211, 4212, and 4213 of title 38. Additionally, the subcommittee wants to discuss the effect of H.R. 4050, the Reemployment Act of 1994 on veterans' employment and training programs. Finally, we want to know what policy, procedural, and structural changes the Veterans' Employment and Training Service is considering.

Tim Hutchinson will be here in a few minutes, and when he is, I will recognize him. But I believe I will go ahead and introduce our first witness. We will be having some votes around 10 o'clock.

Our first witness this morning is the Honorable Preston Taylor, Jr., the Assistant Secretary of Labor for Veterans' Employment and Training. It is good to see you again so soon, General Taylor. You have several people with you, and I will leave it to you to introduce them. Please feel free to begin, and we welcome you to the hearing.

STATEMENT OF HON. PRESTON M. TAYLOR, JR., ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT AND TRAINING, ACCOMPANIED BY CHARLES MARTINEZ, CALIFORNIA STATE DIRECTOR, VETERANS' EMPLOYMENT AND TRAINING SERVICE; WILLIAM BOLLS, REGIONAL ADMINISTRATOR, ATLANTA, VETERANS' EMPLOYMENT AND TRAINING SERVICE; RONALD BACHMAN, REGIONAL ADMINISTRATOR, DENVER, VETERANS' EMPLOYMENT AND TRAINING SERVICE; ROBERT MEYER, REGIONAL ADMINISTRATOR, KANSAS CITY, VETERANS' EMPLOYMENT AND TRAINING SERVICE; LESTER WILLIAMS, REGIONAL ADMINISTRATOR, DALLAS, VETERANS' EMPLOYMENT AND TRAINING SERVICE

Mr. TAYLOR. Good morning, General.

Mr. Chairman, and Members of the subcommittee, thank you for the opportunity to discuss the genesis of what may be the most significant change to occur in the Veterans' Employment and Training Service since its inception in 1983; namely, VETS' reinvention.

VETS has just completed the first phase of its multiphase reinvention process: The comprehensive reevaluation of each major VETS program and of the VETS organization itself.

I am pleased to be able to introduce to you this morning the Chairmen of the five ad hoc teams involved in this process who are largely responsible for directing these very intense, thorough review efforts over the past nine months. The teams they have led have produced the various products discussed in my testimony and the related reinvention documentation, which I ask to submit for the record.

Mr. MONTGOMERY. Without objection.

Mr. TAYLOR. They are Charlie Martinez, chairman of the transition assistance program team and VETS State director in California; Bill Bolls, chairman of the team which examined the disabled veterans' outreach program and local veterans' representative program. Bill is regional administrator in Atlanta; Ron Bachman, regional administrator in Denver; Lester Williams, chairman of the Job Training Partnership Act, Title IV C team; and our regional administrator in Dallas; Bob Meyer, chairman of the customer survey and employer participation team and VETS regional administrator in Kansas City.

From the outset of this process, we knew that such a profound occasion would require a constant focus on the needs of our customers, veterans, employers and VETS's own staff, and the full participation of all VETS employees. Bringing the collective efforts and the imagination of all VETS' staff to the reinvention effort required that the system of change be highly visible, open, and inviting, providing VETS' staff with frequent opportunities to have a voice in the evolution of the changes being considered.

The composition of all the ad hoc teams reflect a wide cross-section of agency personnel. Each team is largely comprised of field staff. Collectively, the number of participants is estimated to be 15 percent of VETS's entire work force.

In addition, each of the ad hoc teams has had a job service representative assigned for liaison by ICESA. Representatives from the Departments of Veterans' Affairs, Defense, and from our sister agency, ETA, have also participated on appropriate teams.

Throughout the life of these ad hoc teams, the agency has maintained regular and frequent consultation with relevant parties outside of VETS. A series of extensive briefings and discussions have been conducted by VETS' staff over the past several months with Majority and Minority Veterans Affairs' committee staff in both the House and the Senate, the veterans' service organizations and Interstate Conference of Employment Security Agencies. The products of these efforts are currently under review by the VETS' reinvention team, a management-labor partnership that serves in an advice and consent capacity. In addition, implementation of many of the committee's recommendations would be contingent upon legislative action to change current statutory mandates.

In closing, I want you to know that I am pleased with the high quality, thoroughness, and vision demonstrated by each of these teams. I would be happy to answer any questions that you might have and discuss any details of interest to you regarding VETS' reinvention process.

[The prepared statement of Mr. Taylor appears on p. 19.]

Mr. MONTGOMERY. Thank you very much, General. The chair would like to recognize the Ranking Minority Member, Mr. Hutchinson from Arkansas.

OPENING STATEMENT OF HON. TIM HUTCHINSON

Mr. HUTCHINSON. Thank you, Mr. Chairman. And I apologize to the panel for my tardiness and thank you for your indulgence.

I would like to thank you, the chairman, for calling this subcommittee meeting to receive testimony on both the Reemployment Act of 1994 and the internal restructuring of the Veterans' Employment and Training Service.

After reviewing the statements of both the veterans' service organizations that are testifying today, I have a number of concerns that this legislation may not adequately address the employment needs of veterans. The policies and programs to increase opportunities to obtain employment, job training, counseling, and job placement services must be implemented that specifically meet the special employment needs of our country's veterans.

Let me first say that I appreciate Secretary Taylor's report and have been following the department's efforts closely. As Mr. Taylor indicated in his testimony, the staff has been kept informed of this process of reinventing the way the program is structured and administered.

There are still concerns about the department's history in handling the program, specifically with respect to the advisory committee on veterans' employment and training, which I understand has been in existence for 3 years, even before I was elected to Congress, and yet this committee has failed to hold a single meeting.

Many of the issues are issues that should rightfully be discussed by this advisory committee. I hope that we will be assured that the department's plans to reinvent comprehensive services will include improvements in the benefits to our country's veterans. I hope that we will have some of those concerns addressed.

Thank you, Mr. Chairman.

Mr. MONTGOMERY. Thank you.

General Taylor, the bottom line is to try to find jobs for veterans. Am I correct in that?

Mr. TAYLOR. Yes, sir.

Mr. MONTGOMERY. Tell me very briefly how you help veterans get jobs.

Mr. TAYLOR. Well, Chairman Montgomery, I was confirmed in November and started to work in December, and one of the first things I wanted to learn was the history of the organization. And I asked that I be given success stories for fiscal 1993. And I was given a whole litany of success stories, many of which surprised me.

But just to highlight a few of those stories, in fiscal 1993, the agency through its grant programs found 562,000 jobs for veterans. I have asked my senior people to do better in fiscal 1994 and they have assured me that we will probably exceed the 562,000 jobs that were found in fiscal 1993.

Through our transitional assistance program, TAP, we went on to approximately 200 military bases in the United States and we trained in three-day seminars 145,000 young men and women and their spouses who were about to leave the military in how to write a resume, how to do planning, how to take interviews, and VA benefits. And we expect that we will do at least 145,000 or more in fiscal 1994.

We were able to help 4,000 homeless veterans into jobs. We resolved approximately 1,500 veterans' reemployment rights cases all in fiscal 1993.

Having reviewed those success stories, I am convinced that the veterans' employment and training agency within the Department of Labor is a viable and very valuable agency which provides a significant contribution to helping our veterans in this country. Our reinvention efforts are aimed at our customers. Our customers are our veterans and prospective employers. We are becoming a very customer-focused agency. Those were the marching orders that I gave the persons who headed up the reinvention teams; keep the customer in mind at all times.

Mr. MONTGOMERY. Do you contract with a private firm to do TAP training on some of these bases?

Mr. TAYLOR. The workload in TAP is extremely large, and we currently don't have enough Federal or State grantee staff to hold all of the seminars. We held 3,400 seminars in fiscal year 1993, but because our resources were limited, we had to contract for facilitators to help us reach that 145,000 people that I just mentioned.

Mr. MONTGOMERY. I don't have any problem with contracting out. Tell other ways your department helps a veteran get a job.

Mr. TAYLOR. We provide grants to every State in the job service areas to fund State employees that are known as DVOPs, disabled veterans' outreach program specialists, and LVERs, local veterans' employment representatives, these people are dedicated to helping veterans that walk in or come to us through outreach programs.

Mr. MONTGOMERY. He is in heaven now, but Bill Natcher really helped us with DVOP funding. I went to see him and he put additional money in for them. What is the situation now for DVOP funding?

Mr. TAYLOR. Yes, sir. In fiscal 1993, we were not fully funded for all of the DVOPs that were authorized by the statutory formula. The number of LVERs is a constant number at 1,600. This Friday we will be submitting our budget for fiscal 1996, and we will be asking for full funding for DVOPs and LVERs. If this occurs, it will be the first time it has happened in 4 years. We are very hopeful because of the kind of emphasis that is being placed on veterans' services in the Department of Labor.

By the way, Secretary Reich has been extremely supportive of the VETS. When he was told about the success stories for fiscal 1996, he immediately sent a memorandum down to me highlighting some of those successes and congratulating everybody that worked in VETS on the accomplishments of fiscal 1993. So I feel very hopeful and confident that we will get full funding for DVOPs in fiscal 1996.

Mr. MONTGOMERY. Before yielding to Mr. Hutchinson, if you see any changes that you can make in your department to make it work better, and save the taxpayers money and get veterans jobs, don't hesitate to ask us if you need legislation to do this. Maybe we can't do it this year, but that is one the problems we have in government. Nobody wants to change the system, so we just drift along. That is where we have gotten in trouble here.

Mr. TAYLOR. Well, it is my position, sir, that in order to be a viable organization we have to anticipate the needs of our customers. We have looked at our own processes with the intent of improving those processes. Perhaps even being innovative. We have to provide quality services; excellent services to our customers.

It is our aim now in the agency to delight our customers, both the external customers, the veterans and the employers, and our own internal customers, our employees. We are going to be breaking new ground. The sun is shining in the organization. During this entire reinvention process, we opened the doors, we came up to the Hill, we talked to the Minority and Majority staffers. We invited the veterans' service organizations in and we invited ICESA in and we went to OMB and briefed them on everything that we were considering.

I would like to emphasize the word "considering." All of the products of the reinvention teams are nothing more than recommendations that have to go through our reinvention team before any of them will be implemented. So everything that has been done so far is strictly a recommendation. We have not done any implementation at this point and we will not without consulting with the Congress and with the VSOs.

Mr. MONTGOMERY. I don't have any problem if you can improve the service. Mr. Hutchinson.

Mr. HUTCHINSON. Thank you, Mr. Chairman.

Regarding the DVOP and LVER issue, the DAV and the VVA, both expressed concerns that the waiver authority in the proposed Reemployment Act would allow the elimination of VETS' DVOP and LVER positions. How would DVOP LVER positions fit into the Reemployment Act? What kind of assurances can you give to us that they will not face——

Mr. TAYLOR. Mr. Hutchinson, I have talked extensively with representatives from ETA and those out of the congressional office

over in the Department of Labor about the impacts that the REA 1994 might have on veterans. I have had my own staff look at this legislation and I am convinced that once one-stop career centers—that is the key of the REA as far as we are concerned—are established in various States—and it will be on a voluntary basis—the States can opt to implement or not implement the one-stop-shop concept. However, in the case of the DVOP and the one-stop-shop, that individual will be free to do the kinds of things that DVOPs were designed to do regarding outreach to our disabled veterans' community and help them.

The LVERs will be right there in the one-stop-shop on a continuous basis, and so there will be no elimination of DVOPs or LVERs.

I think one of the biggest concerns is, will the local employment supervisor ask for a waiver to allow DVOPs or LVERs to work with nonveterans. And I have been assured that the Secretary of Labor will make no waiver approval without consultation with the Assistant Secretary of Labor for veterans' employment and training, and my advice, as his principal advisor on veterans' programming, will be not to issue such a waiver.

Mr. HUTCHINSON. But you are saying that the purpose of that waiver is to allow that kind of flexibility so that DVOP or LVER personnel could be diverted from exclusively working with veterans' issues to something else?

Mr. TAYLOR. It is a hypothetical kind of question.

Mr. HUTCHINSON. Well, a waiver has to be for something.

Mr. TAYLOR. We don't know if waivers will even be requested. If a waiver is requested, the Secretary will not issue that waiver without consulting with me and I will advise him not to issue the waiver so that DVOPs and LVERs will continue to be dedicated to working with veterans.

Mr. HUTCHINSON. I guess with that explanation I don't see the need for the waiver. I don't know why that is being proposed, if you are telling us that you are not going to use it.

Mr. TAYLOR. Well, Mr. Hutchinson, the REA and the so-called "waiver authority" does not simply apply just to my agency, it applies to all agencies within the Department of Labor so all other Assistant Secretaries would be in the same position that I am. If some waiver is asked in one of their areas, I would assume that the Secretary of Labor would go also to those principal advisors and ask them for their advice.

Mr. HUTCHINSON. I understand. It would seem, though, that in the drafting of the proposed legislation that there could be some kind of assurance put in that it is not the intention to use the waivers to begin to diminish and to dilute the services provided to our veterans.

Mr. TAYLOR. Well, I have just had a note put in front of me from one of the representatives of ETA which states that we can't waive the basic purpose of the statute that authorizes the DVOP and LVER programs. Instead, the REA is designed to allow administrative flexibility.

My advice to Secretary Reich will always be not to grant a waiver to allow a DVOP or LVER to work with a nonveteran.

Mr. HUTCHINSON. Mr. Taylor, does the proposed Reemployment Act define as dislocated workers the veterans who are voluntarily

or involuntarily separated in the drawdown? Because there has been concern that the veterans have not been so defined who are facing the drawdown and as a result have really not clearly been given the benefit of being defined as dislocated workers.

Mr. TAYLOR. It is my understanding that those who are leaving the service will be considered displaced workers.

Mr. MONTGOMERY. The chair would like to yield to the former Chair of this subcommittee, Tim Penny of Minnesota.

Mr. PENNY. Thank you. I hope you are enjoying your job.

Mr. TAYLOR. It is a great job. I am working for veterans.

Mr. PENNY. I noticed in your discussion of the reinvention of your program and services that you have indicated the possible need to reduce the number of regional offices and you indicated you needed legislative authority to accomplish that. Would you elaborate a bit more as to what your plan would be and what the number of regional offices ought to be under your reorganization plan?

Mr. TAYLOR. Yes, sir, Mr. Penny. I would like to preface my remarks in that regard by stating again that all of the work that has been done—and the work has been excellent—by the ad hoc committees, are recommendations. And these recommendations must go through the reinvention team, which is a union/management partnership. And then they have the opportunity then to comment on the ad hoc team's recommendations prior to those recommendations coming to me. So at this point in time, I cannot tell you whether we are recommending 4 regions or 6 regions or whether we will remain with 10 regions. But we will go through an in-depth and thorough analysis of the recommendations.

If, for example, we need to change the number of regions to streamline and ensure better services to our veterans then, yes, we will come to Congress and ask Congress for legislation to help us with that.

Mr. PENNY. You are not at the point yet—how long will it be before you go through this process and reach a final determination?

Mr. TAYLOR. The products are in the hands of the reinvention team now.

Mr. PENNY. Okay.

Mr. TAYLOR. And I expect within the next few weeks that they will be giving me their comments and possibly within the next couple of months——

Mr. PENNY. So you could be looking at a request before the end of this session with the intent of moving a bill before we adjourn?

Mr. TAYLOR. Yes, hopefully, sir.

Mr. PENNY. That gives you the ability to be in this process in the next fiscal year, which I think would be helpful.

Mr. TAYLOR. I have advised the senior staff and those that are on the teams that this is a very important matter. But we will give it the kind of consideration and analysis that it deserves.

Mr. PENNY. You talk about a 10 to 12 percent work force drawdown.

Mr. TAYLOR. Yes, sir.

Mr. PENNY. How much of that is going to impact on frontline workers?

Mr. TAYLOR. Well, I am delighted you asked that question. The 12 percent is programmed to occur over about 4 or 5 fiscal years.

So we have time to make the personnel adjustments. We expect that there will be some attrition over this period. But as we redesign the agency, it is with the intent of putting on more frontline workers. We have a plan, a tentative plan, that will result, actually, in fewer people in the agency, but more people on the frontline.

Mr. PENNY. Well, that sounds exciting.

Mr. TAYLOR. Yes, sir, it is exciting.

Mr. PENNY. I should know, but I will ask it just to clarify, are DVOPs and LVERs always collocated with local employment service offices?

Mr. TAYLOR. Not always. Up to 25 percent of DVOP's time is usually spent in outreach and going out and talking to employers about jobs for veterans.

Mr. PENNY. But are they officially attached to the local employment service office in every case?

Mr. TAYLOR. Yes, sir.

Mr. PENNY. It is just a good number of them are out on the road and it is just a tangential relationship with the office?

Mr. TAYLOR. Yes, sir.

Mr. PENNY. So as we go through the reorganization of our employment services offices, you don't see any fundamental change in DVOPs and LVERs with the employment service office?

Mr. TAYLOR. No, I don't see a fundamental change, but I do see a change in the responsibilities of the DVOPs and LVERs. We feel that we probably should be doing case management for the more difficult cases.

Mr. PENNY. You don't feel that that is being provided now? Is that something that is being sort of shoved off on the other employment service personnel?

Mr. TAYLOR. No, the way we are thinking about redesigning the duties and responsibilities is we will provide additional training to those people who don't have that capability now to do the kind of in-depth counseling that we think may be needed out there.

Mr. PENNY. Are we retaining the VETS's training center in Colorado?

Mr. TAYLOR. Yes, sir. As a matter of fact, we are going through a needs assessment right now in regard to the types of courses that should be taught out there, and case management is one of the courses that will be taught out there. We want to begin a customer focus orientation by every one of our employees and so we are going to be developing total quality management courses out there.

Mr. PENNY. What role do you have in determining the relationship of a local employment service office with the nearby military base? And what I am getting at here is the transition assistance program and the need to bring in some employment service personnel to participate in that transition assistance process.

Has there been a directive to employment services offices that they do some outreach to the military base to make sure that in every case we have the proper sort of relationship established?

Mr. TAYLOR. Well, in the seven months I have been on this job, I have done extensive travel——

Mr. PENNY. My point is, who begins this? Do we have a base commander to reach out to the employment service or do we do it the other way?

Mr. TAYLOR. It is happening both ways. In my visits to South Carolina and California where we have a concentration of bases and people are being asked to leave these bases, I have talked to base commanders and I have talked to those who are in charge of employment services and the relationship is just marvelous. I couldn't be happier. I think that everybody is aboard and everybody is satisfied. Perhaps some of our TAP classes may be too large, but I see no problem in the relationship between the commanders and the civilian heads of employment agencies.

Mr. PENNY. And lastly, what is your relationship with the OJT program that is currently under way?

Mr. TAYLOR. SMOCTA? Is that—okay. We came up here a few weeks ago and we testified on TAP and we testified on SMOCTA. Based on that hearing, we did raise one problem and that is the obligation of the funds that are left that will be left if there are any left——

Mr. PENNY. You want the continued authority to use those funds?

Mr. TAYLOR. Yes, but based on my discussions with the VA and the DOD, it appears that we have a good opportunity to obligate all of that money——

Mr. PENNY. In this fiscal year?

Mr. TAYLOR. Yes, sir, and it is an amazing thing that is occurring here. This program is simply taking off.

Mr. PENNY. It doesn't surprise me because it seems to me that with very little outreach that program would have very great appeal. And I think what we needed was a learning curve and we have now arrived. Does that mean that we now need more money for that program to keep it going?

Mr. TAYLOR. Well, my own opinion is that TAP and SMOCTA should both be institutionalized. We expect 271,000 people to leave the military in fiscal 1997, 1998, and in the outyears after the military stabilizes. That is almost as many people as left the military in 1985 or 1987 before we started the so-called "downsizing."

Mr. PENNY. As compared to an earlier OJT program for military personnel, do you think the design of this program is going to result in a more cost-effective situation? In other words, we have sort of a repayment rate to employers that is spread out over time. It really doesn't front-load the hiring of those workers. It is more of a reimbursement process. Is that going to protect against the sort of abuse where they can take the money and dump the employee?

Mr. TAYLOR. No, in my visits I have also visited employers who have hired veterans under the SMOCTA program. In South Dakota, of all places, I visited a ship builder. He has hired five or six veterans under the SMOCTA program and he was absolutely delighted with these people. We will always have people coming out of the Army who have an infantry MOS or an MOS that is not easily converted to the civilian sector, and so there will also be a need for OJT.

The employers are not defrauding us in any way. We think that this is a good program that is being used. Employers are telling us

that some of their training programs go beyond 18 months. SMOCTA limits us to 18 months and so we need to address that.

Mr. PENNY. Thank you. I appreciate your responses.

Mr. Chairman, thank you for indulging me with a couple of extra minutes.

Mr. MONTGOMERY. Thank you very much for your in-depth questions.

The Defense Department spent a lot of money on people coming out of the service. Are you getting any defense money on veterans' training?

Mr. TAYLOR. Well, Congressman, if I understand your question correctly, we have bases that are closing, and civilian employees are being adversely impacted by the loss of their civilian jobs. On some of these bases we may have a TAP program for military people, and yet civilian employees are losing their jobs. Can these civilian employees cross the street and go into a TAP program and learn how to do an interview and write a resume, et cetera? My response is, not at this time. We cannot work with the civilian Federal employees that are losing their jobs.

Our task with TAP is aimed at helping young men and women and their spouses who are about to leave the military. We are willing to sit down and talk with the Department of Defense and with Congress about the expansion of the TAP program to others, but at this time, no, we are not getting any money from DOD to do any additional types of TAP.

Mr. MONTGOMERY. Chairman Ford said that he would work with us on H.R. 4050 and that there would be no problems. They will not get in our jurisdiction. If you have any problems, let us know. We can work through that.

Mr. TAYLOR. Yes, sir, there is one comment that Mr. Hutchinson made during his opening statement that I would like to respond to in regard to the advisory committee.

During my briefing when I started to work at Labor, that was one of the questions that I asked. Why had not this advisory committee ever met? I got a myriad of different answers and so I decided I really don't care what happened in the past, I want that advisory committee up and running now. And so I wrote a memorandum to Secretary Reich and I asked him to allow us to get this advisory committee up and running. And he wrote back and said, yes, go ahead and do that. This is in his character. He has been supporting us all the way over there.

The current membership of that advisory committee had a 2-year limit. The limit has just expired. We are now accepting nominations. We have gone out to the VSOs and others and asked for nominations to become members of the new advisory committee. We are going through those suggestions now, and hopefully I will send some names up to the Secretary as a recommendation for this membership within the next month or so. Maybe in the fall we will hold our first meeting ever.

Mr. MONTGOMERY. Today I will be introducing a resolution known as Veterans' Employment Day and I will talk to other Members about cosponsoring this measure.

Mr. TAYLOR. Thank you very much for that, sir.

Mr. MONTGOMERY. The problem is you have to get a majority of the House to sign it to get it out, and you might have to do some work on it, if you like the idea.

Mr. TAYLOR. Yes, sir, we will help you in any way we can with that one.

Mr. MONTGOMERY. Thank you very much. There are no further questions. Thank you for being here. You have been very, very helpful.

Mr. TAYLOR. Thank you, sir.

Mr. MONTGOMERY. Our next witnesses will be Mr. Ron Drach, Disabled American Veterans, who has testified before this committee many, many times, and Mrs. Brenda Glenn, Vietnam Veterans of America.

I would ask the gentleman from DAV to start.

STATEMENTS OF RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS; BRENDA GLENN, CHAIR, ECONOMIC AFFAIRS COMMITTEE, VIETNAM VETERANS OF AMERICA

STATEMENT OF RONALD W. DRACH

Mr. DRACH. Thank you very much, Mr. Chairman.

It is a pleasure to be here before you this morning. I think it is very fortuitous that you had the hearings on TAP, TDAP, and SMOCTA a couple of weeks ago because you cannot move forward without looking at two sets of hearings in concert because TAP and DTAP is so integral to the employment service and what is happening to our future veterans.

I am going to restrict my comments to a few areas. One is H.R. 4050, the Reemployment Act that has been discussed this morning. And H.R. 4050 is not a veteran's bill, although it may be construed in large part to be an antiveteran's bill and by not including veteran-specific language in that bill, particularly with the dislocated worker, and the waiver provision, which I will talk about in a few minutes, it can be construed as being antiveteran.

I understand—I think I understood Mr. Taylor to say that the military servicemen who are being discharged would be considered dislocated workers. Without specific language, I don't think they will be. I go back to CETA and JPTA and other specific programs over the last 20 years, that without specific veteran language, veterans were not targeted. And I don't think they are going to be targeted under Title I.

Who more is being permanently laid off in the country today than those service members who have completed 14 or 15 or 16 years and are being caught in the downsizing and they are not going to be served? And I suggest that those service members be accorded the same level and intensity of services that the Reemployment Act intends to provide for nonmilitary laid off dislocated workers.

And if you look around, Mr. Chairman, there are a lot of programs out there to address the layoffs of civilian employees included in the Department of Defense. There is a program that the Department of Defense employees who are losing their jobs because of downsizing are getting priority in reemployment in the Federal

Government and there are all kinds of programs and there are no reemployment programs short of SMOCTA, and we talked about that two weeks ago, that are designed to help ex-service members.

Given the history of the employment services for veterans, we recommend that any future system, whether it is a redesign of the current system or a totally new system, must include a portion for veteran's preference and a priority of services for service veterans. And I say that predicated on the data that may not be the best data but it is the only data.

Vietnam veterans are doing relatively well but there are some data that show when you compared Vietnam veterans even today to nonveterans of the same age group, the Vietnam-era veterans have higher unemployment rates than their peers. And it is tragic to say that, 21 years after our last troops were pulled out.

Those data lead me to conclude that it was a disadvantage to have served in the military forces during the Vietnam-era because we are still suffering a higher unemployment rate than our age group peers.

We can't let that happen to future generations of our service members and veterans. There was a study released 22 years ago by the Kirchner group and many of the things in that study, and some of them are highlighted in my written testimony, are as true today as they were 22 years ago. Now instead of the administration developing and implementing policies, they want to dilute them by giving the Secretary authority to waive chapter 21.

Mr. Hutchison, you couldn't have been more on target. If they are not going on use it, why do they need it? If by waiving it, as the ETA gentleman gave the note that it is not going to affect the general purpose or the major purpose of the program, then what is it going to do? What exactly does that waiver do?

I can tell you from my 20-some years experience working in that area that it is going to make a major, major impact and detrimental impact on the way that the veterans are served. Granted, Mr. Taylor may have the ear of Secretary Reich right now, and Secretary Reich may consult with Mr. Taylor on this, but Mr. Taylor may not be around 2 years from now.

So while I am not disputing Mr. Taylor's thoughts or comments on this, that is a dangerous provision to put into the statute to give the Secretary of Labor authority to waive that law. And it may not be Secretary Reich that waives it. It may be some other Secretary in the future. We cannot let that happen.

Secretary Reich responded to a concern that we addressed regarding the one-stop centers back in March. And I will quote part of that letter back to me. Quote, the Reemployment Act would meet the needs and desires of our Nation's veterans.

I have not seen anything in the Reemployment Act that comes anywhere remotely near meeting the needs and desires of our Nation's veterans.

Mr. Montgomery, I want to thank you for your introduction of a bill that would transfer the veterans' employment and training service to the VA. If we really and truly want to reinvent VETS, let's transfer it to the VA.

The advisory committee, Mr. Chairman, I worked on that bill, and I have been trying to get that committee established with Mr.

Penny for almost 3 years now, and we still have not met. Again, I appreciate Mr. Taylor's comments on this, but I don't think Mr. Taylor should have had to go to the Secretary to ask permission. The statute is pretty clear: Within 90 days of March 22, 1991, the Secretary will convene that committee. That will be 3 years old next week and we still have not had one meeting.

Mr. Chairman, thank you for your attention to these issues and I will be happy to answer any questions.

[The prepared statement of Mr. Drach, with attached letter, appears on p. 26.]

Mr. MONTGOMERY. Thank you very much for your strong testimony.

General Taylor is still in the room, and I want to compliment him. Some of our witnesses from the government testify and then run out the door. I don't like that. I think witnesses ought to stay around and hear what other persons have to say, especially the government witnesses. General Taylor, I appreciate you staying.

I have some written questions I would like our government officials to answer for the record. We will get these to you.

(See p. 83.)

Mr. MONTGOMERY. At this time, the chair would like to recognize Mrs. Glenn.

STATEMENT OF BRENDA GLENN

Ms. GLENN. Thank you, Mr. Chairman and Members of the subcommittee. I would like to introduce myself first of all. I am Brenda Glenn, the national economic affairs chair for the Vietnam Veterans of America, and I am a DVOP for the State of Indiana. This issue is close to my heart.

Before I start my official testimony, I did want to respond to a few things that Secretary Taylor said. I spoke with him several times and I am very impressed with him. And although he suggests that Secretary Reich is very supportive of veterans' employment and training, those of us in the field who are under the gun have not seen evidence of that. We have to wonder why it took almost a year for Secretary Taylor to be selected. There were many rumors in the field that that position was not going to be filled at all. It makes us wonder just how supportive of veterans he really is.

We feel that cutbacks in the staff of DOL VETS will reduce what little teeth DOL VETS presently has, which is not much. Vietnam Veterans of America welcomes this opportunity to present our views on the Department of Labor and its programs to serve the needs of veterans. Because of the gravity of the situation and the threat it poses, we will focus upon the Reemployment Act of 1994, H.R. 4050, and the choice it offers for veterans' employment and training services through State employment security agencies.

The first is the voluntary one-stop career centers that would allow waivers on specific statutory and regulatory requirements that protect services for veterans. That would be detrimental to veterans if that is allowed.

The second, a rewrite of chapters 41 and 42 of title 38 United States Code, meets the objectives of the National Performance Re-

view in reducing the number of Federal employees, but ignores needs of veterans.

No matter which option a State adopts, Vietnam-era veterans lose. This is another attempt by the fourth branch of the government, the Federal agencies, to overturn the laws of the land and decisions of its courts. These attempts by agencies will continue until Congress takes action, which we hope will be before the last veterans' program is gone and the last veteran is fired.

Yet 42 USC Section 2000 (e)(11) states that nothing contained in this subchapter shall be construed to repeal or modify any Federal, State, territorial, or local law creating special rights or preference for veterans. DOE—I am sorry—DOL seems consistently unaware that women and minorities have served in the military in significant numbers since before the Vietnam War. The attempt to eliminate the requirement to hire veterans in these positions under the banner of fairness to women is an indication of how few veterans fill upper echelons of the Department of Labor.

Veterans preference in Federal hiring, despite the statute it stands on, has been allowed to erode since it came under attack as a blind for hiring white males in the 1970s. In the civil service, job applicants are rated or tested and then a certified list is sent to the hiring authority with instructions to hire from the top three. Federal employers are frequently allowed to ignore the law. GAO has found that 41 percent of the time, when a veteran leaves the list, the certificates are returned unused or to be put in simple terms, the veteran is just not hired.

As early as 1977, agencies admitted that they sometimes used questionable procedures to obtain women who cannot be reached on registers. These include requesting and returning certificates unused until veterans who are blocking the register have been hired by another agency or for other reasons are no longer blocking the register.

Mr. Chairman, we are at the onset of an employment crisis for Vietnam-era veterans. Primarily not the difficult to employ, but those who have worked steadily for decades. In the Federal Government alone, the Office of Personnel Management reports that for fiscal year 1992, veterans have lost 41,699 Federal positions while nonveterans in the Federal work force gained 61,819 positions. That doesn't sound like veterans' preference to me. What OPM does at the Federal level is taken as permission to do the same at the State, county, and local levels.

The veterans work as civilian employees of the military and the defense industry way out of proportion to the general population. They were hired because of their abilities and their discipline as workers.

I see that my time is almost up; I would really like to finish this thought, if I may.

In addition, the downsizing of the military loses its value as a budget-saving device if it results in high numbers of released military personnel receiving unemployment benefits and becoming part of the long-term jobless population. If we throw them into the same heap where so many Vietnam-era veterans still remain after giving up after years of un- and underemployment, we will waste a second generation of human resources.

Why is it that the Reemployment Act and DOL's OPPOR committee recommendation eliminates veterans' employment programs and toss their staff into the jobless line when they are so badly needed at their desks?

Vietnam Veterans of America is opposed to changes to current law that would change the veteran requirements for any position described in chapter 41. There are now more women veterans than at any time in history and we suggest that DOL take advantage of their considerable talent. Any employer that finds itself in this category bind is not looking hard enough.

In Subsection 4100, the finding of Congress states that as long as unemployment and underemployment continue as a serious problem among disabled veterans and Vietnam-era veterans, alleviating unemployment and underemployment among such veterans is a national responsibility. The United States Department of Labor is trying to convince everyone that it is no longer a serious problem.

I have got more, but I want to give you a chance to ask questions, so if you have anything to ask me, I would be happy to answer.

[The prepared statement of Ms. Glenn appears on p. 36.]

Mr. HUTCHINSON (presiding). Thank you, and I will echo the chairman, who had to excuse himself for a few minutes. I mean his comment about the very strong statement, and I thank you for both of your testimonies. Since I am it right now, they are all handing me the questions so let me share with you a couple of them.

One of the VETS' ad hoc teams has suggested that the residency requirement for State directors be eliminated. What is your attitude toward that recommendation? Would your organizations support that? If not, why not? Either or both of you.

Mr. DRACH. Mr. Chairman, the DAV has long supported that recommendation. We have a resolution calling for the elimination of the residency requirement that goes back I can't tell you how many years. We made some headway with that I believe in Public Law 100–323 that provided for a waiver of the residency requirement under certain circumstances. I don't know if that waiver has ever been utilized. I don't believe that it has. We would welcome that deletion of that residency requirement with open arms.

Mr. HUTCHINSON. Let me just address this to the panel as a whole, too. Which of the reinvention proposals made by the ad hoc teams would your organizations like to see immediately implemented and which one might you oppose?

Mr. DRACH. I haven't had a chance to review them all. If you put the documents on top of one another, it is 18 or 20 inches of documents and honestly I have not had a chance to look at them all. I think there are some good ideas emanating from this, and I want to give Mr. Taylor credit for bringing these groups together to look at this.

Ms. GLENN. I also have not had a chance to go through all of the material, but I would be happy to send you our response in writing. (See p. 103.)

Mr. HUTCHINSON. I think that would be very good, and Mr. Taylor is also nodding that he would appreciate that input.

And while we are talking about the input, let me just address this question to both of you. How much consultation has there been with the VSOs in the drafting of and formulation of H.R. 4050 and the Reemployment Act? Mr. Taylor indicated that there had been opportunity for input on this. How do you feel on that?

Mr. DRACH. I would like to clarify one thing, Mr. Chairman, as I understood Mr. Taylor's comments, and I may have misunderstood him, that we had opportunity for input into reinvention of VETS. We had absolutely no input at the outset, at least the DAV did not, on H.R. 4050 or the administration's proposal that ultimately became H.R. 4050. The only meeting that we had was conducted several months ago prior to the bill being introduced when it was still in draft form and several members of the staff here were present at that meeting, as were many of the VSOs and it was at that time that some of these issues about the dislocated worker and the waiver provision were discussed. But that was the only input, if you want to call it input. It was really a briefing. It was kind of unilateral. They briefed us and the little bit of input we gave them pretty much fell on deaf ears which is as usual.

Ms. GLENN. I agree, sir. We had no input whatsoever. We did receive briefings but we had no input, sir.

Mr. HUTCHINSON. Mr. Taylor may want equal time.

Mr. DRACH. On the reinvention of VETS, we have been briefed on those. We have had an opportunity to comment on those. Attached to my statement is one letter that we sent to them.

Mr. HUTCHINSON. It seems to me striking as you look at the findings and purpose section in the bill that when we talk about structural changes in the economy, cyclical downturns, full-time workers permanently displaced, and all of the language that is used, the veterans are never mentioned and the downsizing of the military is never mentioned as something that is being addressed in this. And I think it reflects some of the concerns that you have had and the concerns as to how this might be applied.

Mr. DRACH. Absolutely. Mr. Chairman, to not put veteran-specific language into this bill, when you are talking about reemploying America, who should have first crack at getting re-employed but those who have put their lives on the line, who have gone in harm's way, who have served honorably in our military services who are now being told that because of the end of the Cold War your services are no longer needed? We will give you a three-day briefing on how to write a resume and how to do an interview and now you are on your own.

Mr. HUTCHINSON. But you are saying that if it is not actually placed in the bill, there is plenty of reason for considerable concern?

Mr. DRACH. We have seen it in CETA and every other piece of legislation for 20 years that is not veteran-specific. If it is not, the administration of those programs falls short of serving veterans because they are not a specified target group, and the local administrators look at that and say X, Y, and Z are targeted groups, that is who we will work for. A B and C are not targeted and therefore we don't need to serve them. It is a fact. It is history. It is there.

Ms. GLENN. I agree, sir. In fact, I believe it is not only the veterans who are not getting preference, but it is actually being held

against them, and even where it is a law that they have to be considered, it is not working.

Mr. HUTCHINSON. Regarding, Mrs. Glenn, your comments on the hiring practices of the Federal Government, and particularly the Department of Labor and the upper echelon, are they from recent statistical data that you could provide the subcommittee?

Ms. GLENN. Yes, sir, I would do that in writing.

Mr. HUTCHINSON. I would appreciate that also. I think that would be helpful for us.

Mr. DRACH. Mr. Chairman, we had some discussions on that issue a couple of years ago. When you look at the Department of Labor as an employer and you look at the number of veterans and disabled veterans that the Department of Labor employs, it is not very good. They rank pretty far down the ladder. If you take out the number of employees who are veterans who are employed by VETS, most of whom are veterans because of the statute, it says you must be a veteran to be a State director. You pull those out and that percentage of employees who are veterans within the Department of Labor drops down even significantly further, and we will be happy to provide that information also.

Mr. HUTCHINSON. On the waiver issue, you have asked for the waiver to be eliminated altogether in the bill. And Mr. Taylor suggested that the waiver is necessary for other departments where that kind of flexibility might be needed. Would it be sufficient to have specific language protecting veterans and the LVERs and DVOPs from that waiver provision?

Mr. DRACH. Off the top of my head, I could recommend: The language and provisions of title 38, United States Code, chapters 41 and 42 shall not be abridged or amended in any way.

Mr. HUTCHINSON. That is awfully clear for law. (laughter). Perhaps there could be some consultations with Mr. Taylor as to working out something that could meet the waiver concern, because I think it is a very real and legitimate concern.

I want to thank Mr. Taylor for coming and for his testimony and his forthrightness with us. Mr. Drach and Mrs. Glenn, thank you for your appearance today. Perhaps this will be a starting point of addressing some very important issues. Thank you. The hearing is adjourned.

[Whereupon, at 9:59 a.m., the subcommittee was adjourned.]

APPENDIX

STATEMENT OF PRESTON M. TAYLOR JR.
ASSISTANT SECRETARY OF LABOR FOR
VETERANS' EMPLOYMENT AND TRAINING
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
UNITED STATES HOUSE OF REPRESENTATIVES

June 15, 1994

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss the genesis of what may be the most significant change to occur in the Veterans' Employment and Training Service since its inception in 1983 - namely, VETS' Reinvention.

Before I describe the many reinvention considerations that we have developed, I would like to share with you how we began this process. Like other Federal agencies, our reinvention process was derived from the recommendations of the National Performance Review and the President's September 11, 1993, Memorandum regarding "Streamlining the Bureaucracy." As you know, the expectations of these directives are that Federal agencies will streamline their functions in order to increase efficiency and maintain or increase outputs and services with reduced staff levels.

While, at the outset, we knew what the bottom-line outcome to our reinvention should be, that is, improved services resulting in more quality, long-term jobs and bettertraining for veterans - we did not envision all of the changes required to get to this end. We did know that whatever its nature, such a profound change would require both a constant focus on the needs of our customers and the full participation of all VETS' employees.

Since the early stages of our reinvention, a good deal of thinking and discussion has been invested in identifying all the potential customers of VETS. Reinventing the organization could not proceed until we were in agreement as to who the agency's customers and partners were and the impact reinvention would have on them.

First and foremost among VETS' customers are our veterans. In VETS' context, the term "veterans" includes Guardmembers and Reservists eligible to receive Veterans' Reemployment Rights services.

Next, we determined that employers and their needs must be recognized. While veterans rely on employers for their livelihood, business growth depends on an industrious, well trained workforce. VETS shall continue to seek efficient ways of creating conditions that bring together the needs of employers with the talents and discipline of our veterans for the mutual benefit of both parties as well as for the economic well being of the Nation.

Finally, we recognized that unless VETS' employees--asinternal customers--are served well by agency restructuring and re-engineering of work processes, in a climate that would foster competency, initiative and teamwork, the agency will not be able to provide quality service.

We also recognized that one of VETS' greatest assets is its network of partners and service providers, such as the veterans' service organizations and the State Employment Service Agencies, and that we must include them as partners in our efforts to streamline and improve our customer services.

Bringing the collective efforts and imagination of all VETS' staff to the reinvention effort required that the system-of-change be highly visible, open and inviting - providing VETS' staff with frequent opportunities to have a voice in the evolution of the changes being considered.

In this spirit of improving customer service through the full participation of VETS' employees, the agency developed ten reinvention goals for Fiscal Year 1994. These goals were the product of direct involvement by all VETS' supervisors and managers, using brainstorming and survey inputs during the final quarter of Fiscal Year 1993.

The first of these goals requires that VETS identify viable options for employment and training policy changes that will improve the service of our delivery systems to veterans. Second, improve the grants process for programs funded under Title IV, Part C, of the Job Training Partnership Act - a program we commonly refer to as JTPA IV-C. Third, move toward total agency involvement in policy and program decision-making by promoting a positive environment for team building and other quality management initiatives. Fourth, increase the number of women and minorities in professional and management positions. Fifth, review the agency's reporting system to eliminate unnecessary information collection. Sixth, conduct a survey of the customers who depend on the services of VETS to determine

the degree to which the organization has satisfied their needs. Seventh, deliver timely, accurate and clear guidance to grantees and field staff in the form of regulations, manuals and agency directives. Eighth, increase employer participation in the development and promotion of all VETS' programs. Ninth, Develop a means to deliver a comprehensive training curriculum to all VETS staff. And, tenth, fully brief all field staff on the content and implications provided under the Uniformed Services Employment and Reemployment Rights Act upon passage of this legislation.

VETS' approach to achieving these ten goals has involved broad participation throughout the agency. In October 1993, four ad hoc teams were formed--and, in March 1994, a fifth ad hoc team was established--to craft the strategies, identify the resources and, in some cases, build the beachheads required to achieve these goals. In April 1994, VETS established what we call our "Reinvention Team." The composition of all these teams reflect a wide cross-section of agency personnel. Each team is largely comprised of field staff and, collectively, the number participating on these teams approximates fifteen percent of VETS' entire work force. In addition, each of the ad hoc teams has had a State Employment Security Agency representative assigned for liaison, as nominated by the Interstate Conference of Employment Security Agencies.

The products of each ad hoc team to be described here are currently under review by VETS' Reinvention Team. The Reinvention team was developed in accordance with the Department of Labor's Partnership Agreements with its unions. Its primary purpose is to review the products and proposals created by the five ad hoc teams. It is a union-management team that serves in an advise-and-consent capacity for each product prior to its delivery to me for decision and implementation by the agency.

I believe in practicing the principle of continuous improvement that is fundamental to Total Quality Management. In this respect, I consider each of the ad hoc team products to be plans that will be refined even as they are being implemented, with the Reinvention Team involved throughout the ongoing review process with agency management. In addition, implementation of many of the teams' proposals would be contingent upon legislative action to change current statutory mandates.

Let me briefly describe each ad hoc team's objectives and products. The first I wish to mention is the team that is comprised of VETS' staff and a State Employment Security liaison that was charged to propose improvements in the services provided to veterans through the Disabled Veterans' Outreach Program and the Local Veterans' Employment Representative Program. As you know, in referring to these programs we generally use the acronyms DVOP and LVER.

Products created by this team include a detailed proposal for redesign of the current service delivery system which would use three dedicated veterans' staff positions--a Veterans' Case Manager, a Veterans' Outreach Services Specialist and a Veterans' Employment and Training Representative--to provide labor exchange and placement services to veterans instead of the two current positions--the DVOP specialist and the LVER. These three new positions and their proposed functions would target concentrated employment and training services provided under a case management structure to veterans who have exceptional difficulty in accessing the labor market.

Other products of the DVOP/LVER Team include a series of policy and program papers that propose new features for the service delivery system, and a draft for the upcoming Fiscal Year 1995 DVOP/LVER Solicitation for Grant Applications. Significant among the various suggested changes to these programs are proposals that case management, job search workshops, and/or job finding clubs be available for veterans served by veterans' staff specialists. Employer relations are also highlighted as a key function of the service delivery system.

The DVOP/LVER Team also proposed that a Veterans' Bill of Rights, an Employers' Bill of Rights, and a Partners' Bill of Rights be established. Each of these is a proposed listing of certain guarantees that reaffirm, and in some cases go beyond, those rights established by Federal law and regulations. Among other specific rights, veterans, employers, and partners alike would be guaranteed courtesy and respect, and each would be assured of a responsive complaint process.

Another of VETS' ad hoc teams--the JTPA IV-C Team--has been comprised of VETS' staff with liaisons from the Department of Labor's Employment and Training Administration, Office of Procurement Services and the Office of the Solicitor. This team

focused on streamlining the IV-C grants process into fewer, larger-valued grants awarded competitively over multi-year periods, as described in the team's policy paper. As a result of the JTPA IV-C Team's efforts, formula grant regulations have been rescinded and a new Solicitation for Grant Applications was distributed to the Office of the Governor of each state. This streamlined solicitation will make it easier for applicants to apply for funding and will improve the VETS grant process by targeting services to veterans in the most needed service areas.

A third team was charged with surveying customer satisfaction and increasing employer participation in all VETS programs. Products from this team include; one, customer satisfaction surveys of veterans and employers; two, the "Loaned Executive Program" which proposes that a business executive work with VETS both as an advocate and spokesperson for job-ready veterans, and as a consultant for improvement of VETS' relations with the private sector; and, three, a paper recommending improvements in the Federal Contractor Job Listing Mandatory Listing Program.

The customer survey instruments, which are presently under development, will measure the level of satisfaction found among customers. They will also identify the areas in which VETS would need to improve in order to raise that level of satisfaction and generally enhance the welfare of this Nation's veterans who depend on VETS and its partners for employment and training services.

The fourth team, comprised of VETS personnel and staff from the Department of Veterans Affairs, the Department of Defense, and the State Employment Security Agencies, has been concerned with developing proposals for the future structure and operation of the Transition Assistance Program--which we simply refer to as TAP. This ad hoc team produced a plan that would increase the delivery of TAP services to 70 percent of separatees in Fiscal Year 1996. It is anticipated that this goal can be achieved by expanding the scope and awareness of the program and by improving the efficiency of the delivery system for TAP workshops.

The fifth ad hoc team focused on improving the agency's internal structures and operations. The "Internal Review Team" produced a report that included a series of recommendations for operational improvements. In order to achieve the Administration's

goal of a twelve percent reduction in staffing by Fiscal Year 1999, these recommendations call for comprehensive restructuring and realignment of functions within the VETS organization.

A survey of all VETS' employees, numerous personal interviews with VETS' staff, and a detailed management study revealed to the Internal Review Team several key factors that lessen the quality of services provided by the agency. Among these impediments, excessive reporting, oversight requirements, and inadequate or unresponsive communications were noteworthy. Also noted as obstacles to efficient streamlining are legislative mandates which inhibit efficient utilization of VETS' staff and other resources.

The survey also highlighted much that is positive about VETS' potential. For instance, virtually all VETS' employees responding to the survey indicated that they are confident in their ability to do more for veterans.

The target for a twelve percent reduction of staff by Fiscal Year 1999 amounts to a reduction of thirty-five full-time-equivalent positions from the authorized Fiscal Year 1993 level. VETS' Internal Review Team developed proposals to ameliorate the impact of this reduction in staffing largely through improvements in operational efficiency, effectiveness, and in the equity in the agency's distribution of responsibilities and workload among its staff. These improvements would be accomplished through a proposed comprehensive restructuring of VETS' organization and operations that would shift resources to the front-line offices and maintain front-line staff strength at the State-level, while reducing national and regional office staff allocations. In this scheme, front-line employees would be empowered with more real authority to carry out VETS' mission. The Internal Review Team also proposes to reduce the number of VETS' Regional Offices from the currently mandated 10, if legislation permitting this reduction is enacted. The Internal Review Team envisions that its proposals would achieve increases in outputs by the agency's front line workers resulting in an increase in the quality and quantity of services available to VETS' customers.

Throughout the life of these ad hoc teams, the agency has maintained regular and frequent consultation with relevant parties outside of VETS. A series of extensive briefings and discussions have been conducted by VETS' staff over the past several months with majority and minority Veterans' Affairs Committee staff in both the House and the Senate,

Office of Management and Budget staff, the veterans' service organizations, and the Interstate Conference of Employment Security Agencies.

Mr. Chairman, at this time I would like to turn my attention to the pending Reemployment Act of 1994. First, the consolidation and expansion of dislocated worker programs should result in major improvements in benefits and services to veterans who are either involuntarily separated from the military or lose civilian jobs. The improvement in rapid response and early intervention, expansion of income support for dislocated workers in training and the introduction of one-stop career centers represent major strides in serving unemployed workers. We are very supportive of the President's efforts to improve this Nation's employment and training system because we see this legislation providing an environment in which the DVOP specialist and the LVER can better serve veterans, including veterans with special needs such as the disabled, those recently separated from military service, the homeless, and others with unusual difficulties in the labor market.

In closing, I wish to acknowledge the dedication of the staff assigned to the ad hoc teams, and the abilities and leadership of their team leaders who have accompanied me here today. Without the hard work provided by VETS' ad hoc teams, I would not be able to share with you these reinvention products and the promise of improved, more efficient service they carry.

I also want to reiterate VETS' firm commitment to streamline itself in a manner beneficial to our customers. Our efforts are not only consistent with the spirit of the National Performance Review, but they are also in compliance with the fundamental requirements presented by the NPR.

Thank you for this opportunity to describe VETS' reinvention activities and plans. I would be happy at this time to answer any questions you might have.

STATEMENT OF
RONALD W. DRACH
NATIONAL EMPLOYMENT DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON EDUCATION
EMPLOYMENT AND TRAINING
OF THE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
JUNE 15, 1994

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the more than 1.4 million members of the Disabled American Veterans (DAV) and its Women's Auxiliary, I am pleased to appear before you today to discuss several issues of interest and concern to the DAV as they relate to employment services -- both current and future -- provided to our nation's veterans through the Department of Labor (DOL).

Mr. Chairman, it is indeed timely to conduct these hearings because two major events are occurring. One event is the down-sizing of the military as a result of the end of the "Cold War." The other is the administration's focus "reinventing" government and its myriad programs to include employment services.

Mr. Chairman, proposed legislation (H.R. 4050) embarks on an aggressive effort to change the way we provide employment services to our nation's unemployed. In part, this effort is predicated on major changes in the economy resulting in the need to retrain many unemployed individuals. We are no longer in an economy that sees seasonal layoffs of individuals who are recalled to their former jobs. Rather, we are seeing major changes that result in the abolition of jobs, particularly in middle management -- jobs that are lost and ones that individuals will not return to.

In order to assimilate these individuals back in to a productive workforce, many must be retrained. Thus, H.R. 4050 has been titled "The Reemployment Act of 1994." While perhaps only symbolic, the term "reemployment" connotes a very positive approach to dealing with unemployment. For years the employment service has been generically referred to as the "unemployment office." This term carries with it a negative connotation as well as a belief that the office was where you went for unemployment benefits <u>not employment services</u>. By changing the emphasis to "reemployment" perhaps a more positive message will be carried to both employers and job seekers.

An irony exists, Mr. Chairman, that a similar restructuring of the military workforce is taking place and that many entry-level employees as well as "mid management" employees are being "laid off."

On May 25, 1994 this Subcommittee conducted an oversight hearing on the services provided to military servicemembers about to be discharged as a result of this phenomenon. During that hearing the DAV testified that these servicemembers should receive "retraining" starting as early as six months before discharge. If this retraining approach can be initiated for our civilian labor force, a similar approach should be initiated for our military.

Title I of the Reemployment Act of 1994 establishes a comprehensive program for reemployment of dislocated workers who are categorized as being <u>permanently laid off</u> or long-term

unemployed. Mr. Chairman, I submit that no one better fits the definition of "permanently laid off" than those servicemembers who are being discharged. Yet these servicemembers are not identified as a target group in this legislation. We believe these servicemembers should have priority in any dislocated worker program and the DOL should immediately restructure its Transition Assistance Program (TAP) to include concepts incorporated in the Reemployment Act. Some of these concepts should include:

- Provide rapid response activities at military sites with large numbers of discharges.
- Establish career centers to provide a comprehensive array of reemployment services.
- Develop a reemployment plan for each servicemember with input from the individual and a career counselor.
- Provide education and training services to those servicemembers who have a less than adequate transferable skill.
- Provide a new unemployment insurance option to servicemembers in the form of a "bonus" for those who obtain new jobs quickly.

Mr. Chairman, as we stated in our testimony on May 25, 1994, TAP is working relatively well but just does not go far enough to provide the needed skills for these servicemembers to compete. They need intensified services and/or should be targeted as dislocated workers. Without this approach their ability to compete in a changing labor force will continue to be significantly diminished.

Mr. Chairman, virtually since its inception, the DOL has been an intrinsic part of this country's mobilization and demobilization efforts. In fact, within three years of the creation of DOL, the Secretary of Labor headed the War Labor Administration established during World War I. The Secretary was responsible for the coordination of all labor functions distributed among the various agencies of government.

During war time the Employment Service (ES) has been a prime force in mobilizing the civilian workforce for war industries and in assisting in the transition of military personnel into the civilian workforce during demobilization. The Wagner-Peyser Act of 1933 established the ES as we know it today and included language citing veterans as a group to be provided special priorities and preferential treatment as recognition of their service to the country.

Mr. Chairman, last week, we commemorated the 50th anniversary of the invasion of Normandy. President Clinton and high-profile members of the print and electronic media could say nothing but good about the sacrifices made by our men and women in uniform, including those who made the ultimate sacrifice -- the laying down of their lives in order for our country to be free and to prosper. Yet, when it comes to developing and implementing programs and policies 50 years later, the rhetoric of last week does not translate into the action of this week.

In keeping with the DOL's historical mission, the DAV believes first and foremost that any labor exchange system, either as presently constituted, or as may be restructured, must include veterans' preference requirements as well as priority of services for our nation's veterans. These individuals were good enough to be given "priority" to enter the military service, and

they should be granted similar priority in obtaining civilian employment.

Because of the changing political climate in the world certain things have happened and continue to happen. They are, in part:

- A reduction in contracting for military equipment and supplies resulting in major defense industry lay offs.
- A decrease in the number of military personnel.
- A reduction in the Department of Defense (DoD) civilian labor force.

Regrettably, we do not have any data showing unemployment rates among recently separated veterans. However, when we look at existing data for Vietnam Era veterans, we find they are doing relatively well in comparison to the national average. However, when you compare male Vietnam Era veterans to male nonveterans in the same age category, we find that Vietnam Era veterans are not doing nearly as well as nonveterans. The following chart showing unemployment rates for April 1994 illustrates this difference. These data are official DOL reports taken from the Current Population Survey (CPS).

Age	Vietnam Era veterans	Nonveterans
40-54	4.5%	4.0%
40-44	5.2%	3.8%
45-49	4.4%	4.1%

It is clear from these data 21 years after our last troops left Vietnam that it is a disadvantage to have served in the military during the Vietnam Era.

Mr. Chairman, we cannot allow this to continue to happen to our servicemembers from the Persian Gulf and the 1990's. We believe current policies and programs including those proposed in the Reemployment Act will perpetuate this problem.

Almost 22 years ago, a study was released which assessed how well the ES and the DOL were meeting veterans' employment and training needs. This report prepared by Kirchner & Associates titled National Evaluation of Manpower Sources for Veterans was released in October of 1972. The Conclusion and Policy Implication section of the report (page 37, Volume I) stated:

> It is evident that we do not have a comprehensive policy or a set of policies designed to deal with the employment problems of returning veterans, particularly during periods when those problems are the most pressing -- near the end of major military actions. Great effort is expended by the military services to assure the transition of recruits from civilian to military life. Relatively little effort is expended, however, to assure the transition in the reverse direction, since of course military missions and goals necessarily are the first concerns of the military establishment. (Emphasis added.)

There has been insufficient effort in all recent wars to attend these major problem areas:

-- The decline in aggregate demand that tends to accompany the winding down or demobilization period;

-- The conversion of military skills to related civilian skills;

-- The removal of institutional and personal barriers that confront many returning veterans seeking employment, and;

-- The lack of significant incentives for employers to hire veterans over nonveterans.

Although improvements can be made, it is unreasonable to expect that the Federal-State Employment Service System can solve these problems; in large part, it cannot even address them. (Emphasis added.)

While this information is taken directly from a study conducted almost 22 years ago, it is sad but true that the same statement can be used in 1994, both in the oversight hearings on TAP on May 25, 1994 and in today's hearings.

Mr. Chairman, current congressional mandates for employment services to veterans have come into being largely as a result of the lessons learned through the poor treatment this country gave returning troops from Vietnam. This is not the time to return to those policies which will put America's veterans who have sacrificed so much for their country in the back of the line. We believe that the "Reemployment Act" will do exactly that.

In expressing its "Findings" (Section 4100, Title 38 USC) Congress stated in part: "Because of the special nature of employment and training needs of such veterans and the national responsibility to meet those needs, policies and programs to increase opportunities for such veterans to obtain employment, job training, counseling, job placement services and assistance in securing advancement in employment should be effectively and vigorously implemented by the Secretary of Labor and such implementation should be accomplished through the Assistant Secretary of Labor for Veterans' Employment and Training." (Emphasis added.)

Our government has put thousands of military personnel in harms way in the Persian Gulf, Somolia, and other parts of the world. Many of these individuals are dying and becoming disabled as a result of this service.

Mr. Chairman, we cannot acquiesce to the administration's proposal contained in the Reemployment Act that would give the Secretary of Labor the authority to waive, in whole or in part, Chapter 41 of Title 38 USC.

Our experience tells us that if this waiver authority is granted it will be used and it will be the first and final step in abolishing the Veterans' Employment and Training Service (VETS) as we know it.

Mr. Chairman, in response to concerns expressed to the Secretary of Labor, we received a letter on February 25, 1994, stating in part:

> Let me assure you that our view of a comprehensive reemployment system of labor market information and employment, education, and training services provided by One-Stop Career Centers will fully meet the needs and desires of our nation's veterans. The concerns of all veterans, particularly disabled and the organizations which represent them, will continue to receive our attention as we develop the One-Stop Career Center proposal.

We realize that veterans will continue to need assistance from the DOL, particularly recently separated veterans and those affected by base closures, reduced defense contracting, and the reduction in size of our military forces. The Reemployment Act of 1994 will assist in solving many of the employment and training problems of veterans arising out of those actions.

Mr. Chairman, we see nothing in the administration's Reemployment Act that remotely resembles Secretary Reich's comments. On the contrary, the aforementioned waiver provision tells us the opposite is true.

If the DOL is not interested in having an effective and efficient VETS, perhaps it is time to transfer this service to the department set up to provide services to veterans -- the Department of Veterans Affairs (VA).

Mr. Chairman, the DAV has long stood alone in its efforts to transfer the functions of the VETS from the DOL to the VA. Our proposal would:

- Transfer the entire staff of the VETS currently housed in the DOL to the VA, making them employees of the VA.
- VETS would be renamed Veterans' Employment and Training Administration (VETA) and would be at the same level as the Veterans' Benefits Administration (VBA) and Veterans' Health Administration (VHA).
- The current Assistant Secretary of Labor would become the new Under Secretary for Veterans' Employment and Training. The incumbent of the position would be grandfathered into the transfer.
- Disabled Veterans' Outreach Program (DVOP) personnel and Local Veterans' Employment Representatives (LVERs) would continue to be state employees.
- All employment and training services would be consolidated under the new VETA (education, vocational rehabilitation, employment, and reemployment.) This will particularly benefit service-connected disabled veterans under vocational rehabilitation.
- Employers and veterans would have one department coordinating benefits and services that they can go to for help and direction. Employers who are interested in hiring veterans can go to a true "VETS."
- VA services to veterans would be streamlined making them more cost effective and more efficient. This benefits veterans, employers, and taxpayers.
- Employment should be part of the continuum of services and benefits the VA currently provides to enhance the readjustment of military personnel.
- The Under Secretary for VETA would advise the Secretary of VA directly on education, vocational rehabilitation, and employment and the coordination of these programs.
- The agency charged with monitoring employment services would be housed in the same federal department having overall responsibility for our nation's veterans.

- All existing employees of VETS would be transferred to VA at the same grade level they currently hold. Their status as federal employees would not be affected by this proposal.

- This proposal would also help employers meet their obligations as federal contractors under Section 4212, Title 38 USC.

Mr. Chairman, critics of our proposal say such a transfer would not work because the VA "can't do it." Mr. Chairman, there is a history of failure by the DOL dating back at least to 1972 that shows that the DOL "can't do it." If we are looking to reinvent government and effect change, now is the time to transfer this function to the VA.

Mr. Chairman, in President Clinton's campaign literature entitled "Putting People First -- How We Can All Change America," under the section dealing with "veterans" it is stated: "We have consistently supported veterans. We deeply appreciate the sacrifices of those who were called to serve our country and fight for the ideals for which it stands. Our veterans deserve only the best." (Emphasis added.)

Earlier in that same document it is stated that "For decades American's struggled and sacrificed to defend a freedom and democracy and to win the Cold War. Our nation owes a great debt of gratitude to the soldiers, sailors, marines, airmen and women whose talent and dedication led to our victory."

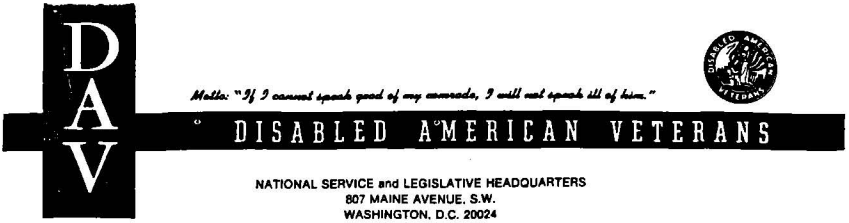
Is this rhetoric, or is the President sincere? Given the current proposal, we believe it is rhetoric.

Mr. Chairman, we continue to be concerned that the DOL has yet to convene a meeting of the Advisory Committee on Veterans Employment and Training (ACVET) established by Public Law 102-16 signed into law on March 22, 1991. This authorizing legislation required the Secretary of Labor to appoint, within 90 days following an enactment of the legislation, at least 12 individuals to serve as members on this committee. Mr. Chairman, as of next week this committee should have been in existence for three years yet it has still not met.

Many of the issues mentioned earlier in this testimony are issues that should be reviewed by this advisory committee. This advisory committee can play a significant role in the development of policies, programs, and procedures for an effective employment and training system for our nation's veterans.

Mr. Chairman, we have had an opportunity to comment on some of the restructuring plans ongoing at the VETS. I have attached to my statement a copy of a letter we sent to Assistant Secretary Preston Taylor on March 24, 1994.

Mr. Chairman, that concludes my statement, and I would be happy to answer any questions.



NATIONAL SERVICE and LEGISLATIVE HEADQUARTERS
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March 24, 1994

Mr. Preston Taylor
Assistant Secretary
VETS/DOL
Room S-1315
200 Constitution Avenue, N.W.
Washington, D.C. 20210

COPY

ATTN: Stanley A. Seidel, Desk Officer

Dear Mr. Taylor:

Thank you for the informative March 14, 1994 briefing regarding the efforts of the Veterans' Employment & Training Service (VETS) Reinvention committees.

Clearly the U.S. Department of Labor (DOL) and the VETS cannot ignore the impact of reduced budgets in the face of continuing veteran service needs. In a climate of reduced staff, less testing, relaxed or no standards for counselors or worse yet no counselors, reduced employer market penetration for job orders and the increasingly diminished employer perception of the Employment Service (ES), providing veteran services cannot continue in a business as usual atmosphere. Something must be done. Your staff has obviously dedicated tremendous thought and effort to their assigned areas.

These comments will focus on the "Draft Policy and Program Paper (Phase II)" which we received at the March 14, 1994 meeting.

The graphs at Exhibit I-1, I-2, and I-3 for the period 1986 through 1991 are very telling.

- The number of veteran applications taken by ES staff dropped nearly one-third while combined Disabled Veterans' Outreach Program (DVOP) and Local Veterans' Employment Representative (LVER) numbers increased dramatically. Importantly, LVER activities, which were less than 550,000 in 1986 climbed to approximately 800,000 by 1991.

- A number of veteran referrals by ES staff, which was already below LVER and DVOP staff referrals, dropped by approximately 75,000 while DVOP and LVER staff

referrals increased. LVER referrals increased dramatically. Interestingly, an anomaly in 1990 shows ES staff increased veteran referrals while DVOP referrals dropped.

- The number of veteran placements by ES staff showed a dramatic decline while DVOP placement showed a decline until 1991 when DVOP placements increased. LVER placements steadily increased from nominal to approximately 160,000 in 1991.

A superficial analysis indicates that 1) VETS grants staff has taken over more responsibility for what was once ES grants activities; 2) LVERs have increasingly become intake and referral resources; and 3), DVOPs have replaced ES grants staff as the mainstream veterans' service providers of the ES agency.

- What impact did increased LVER direct referral placement activities have on VETS ability to ensure veterans priority of services by all ES staff?

- Is there a relationship between the decline in veteran services by ES staff and the changes in activities of the LVER?

- With the drop in veterans' services by ES staff, what did VETS do to monitor, and where feasible, reverse these trends?

- Will the proposed changes institutionalize what may have become an accomplished fact?

Our review of the "Draft Policy and Program Paper" leaves us with the following general concerns:

1) Whether intended or not, the proposal creates a veterans' unit which may lend itself to becoming more isolated from the very service system on which it depends to provide services and may have the following results:

   a) Veterans' priority of service by ES staff will not be monitored with a continuing decline in veterans' services by ES staff.

   b) The VETS grants staff, in a typical office, will be the sole provider of services to designated veterans. This may actually result in a drop in services to the

designated veterans where previously ES staff provided priority of services to these veterans.

c) While the proposed VETS unit concept may be more transportable, as a practical matter, their basic tools, the computer, job orders and employer network systems are associated with ES system.

2) The proposed system does not address veterans priority of service to be provided by ES staff.

a) Who will provide an ongoing monitoring and training role?

b) If the ES grant staff fails to provide veteran priority service,

i) How will anyone know?
ii) What actions will be taken to bring the agency into compliance?

3) While the proposal indicates that disabled veterans will receive the highest priority of service:

a) Service connection is not mentioned as a factor in the decision to include the veteran in caseload management.

b) Disabled Transition Assistance Program is never mentioned.

c) While the title of DVOP is changed and their duties are assimilated into other job functions, the targeted services required to place disabled veterans and the caseload management systems, which resulted from the need to track the provisions of those targeted services, is not mentioned with the new job titles.

My general concern is that as the VETS redefines its role as an exclusively VETS activity and reduces it legislative responsibility of ensuring veterans' services across the agency, the current trend of services being increasingly provided by VETS staff will continue and probably increase with concomitant reduced services by other DOL activities.

Mr. Preston Taylor
March 24, 1994
Page 4

VETS is currently dependent on ES systems (computers, etc.) to perform its direct service functions. It is unclear how VETS will obtain the financial resources to duplicate these existing systems and employer contacts if this staff is funded by grants to agencies other than the ES.

Sincerely,

RONALD W. DRACH
National Employment Director

RWD:mb

Vietnam Veterans Of America, Inc.

Chartered by the United States Congress

STATEMENT OF

VIETNAM VETERANS OF AMERICA

Presented by

Brenda Glenn
Chair, Economic Affairs Committee

Accompanied by

William F. Crandell
Legislative Advocate

Before the
House Veterans Affairs Committee
Subcommittee on
Education, Training and Employment

on

Veterans Programs Administered by
the Department of Labor
and H.R. 4050,
the Reemployment Act of 1994

June 15, 1994

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DISCUSSION

Mr. Chairman, members of the Subcommittee, Vietnam Veterans of America welcomes this opportunity to present our views on the Department of Labor (DOL) and its programs to serve the needs of veterans. Because of the gravity of the threat it poses, we shall focus upon the Reemployment Act of 1994 (H.R. 4050), and the choices it offers for veterans employ.nent and training services through State Employment Security Agencies (SESAs). The first is the "voluntary" one-stop career centers that would allow waivers on specific statutory and regulatory requirements that protect services for veterans. The second, a rewrite of chapters 41 and 42 of Title 38 U.S.C., meets the objectives of the National Performance Review in reducing the number of Federal employees, but ignores the needs of veterans. No matter which option a state adopts, Vietnam-era veterans lose. This is another attempt by the fourth branch of government -- the federal agencies -- to overturn the laws of the land and decisions of its courts. These attempts by agencies will continue until Congress takes action, which we hope will be before the last veterans program is gone and the last veteran is fired.

In reviewing the process used to develop the Reemployment Act of 1994, it becomes painfully obvious that many special interest groups were involved in its development. Veteran organizations, however, were not among them. We can only wonder why. This hearing is being held as the world observes the 50th anniversary of the landings at Normandy. The people of this country have paid homage to the men and women whose military service insured the survival of this nation. We therefore find it ironic that while they honor to one group of veterans they cast aside another.

Job Counseling, Training, And Placement Services For Veterans

Title II of H.R. 4050 establishes a national program of grants and waivers of federal statutory and regulatory requirement to allow states to voluntarily develop and implement a network of one-stop career centers. Under sec. 233 (c)(1)(f) one of the statutes subject to the waiver authority is chapter 41 of title 38 United States Code.

Under sec. 233 (d) H.R. 4050 states that the secretary may not waive: (1) the basic purpose or goals of the effective program; (2) maintenance of effort; (3) allocation of funds under the formula; (4) eligibility of an individual for participation in the effected program; etc.. The question then is what would be the overall impact of this waiver on chapter 41?

Such a waiver would allow states to eliminate all DVOP/LVER positions in those states that choose the one-stop career center option. This waiver would have the potential for the elimination of up to 3,500 positions, the majority of which are held by disabled Vietnam-era veterans who would then themselves face unemployment. Veterans who share a similar experience are more likely to understand and relate to the issues faced by other veterans that impact on obtaining or sustaining meaningful employment. The second issue is that the sub-state grantees would then receive these funds with no requirement that the positions funded go to disabled Vietnam-era, disabled veterans, or any veterans at all, for that matter.

Vietnam Veterans of America is vehemently opposed to any provision that would allow a waiver of chapter 41. First, it is totally unnecessary and secondly, this provision shows a callous disregard for the sacrifice made by the men and women who serve in this program and who are disabled because of their service during the Vietnam-era.

Organization of VETS

DOL is in the process of "reinventing" and "restructuring" the policies and

procedures that affect the way its Veterans Employment and Training Service (VETS) is managed and administered. This process involves targeting sections of chapter 41 that will require legislative changes to accomplish. The process seems to complement H.R. 4050 in getting rid of employment services for veterans.

In its current configuration, subsection 4103(b)(1)(A) requires that each Director for Veterans Employment and Training and Assistant Director for Veterans Employment and Training "(i) shall be ... a qualified veteran...." In the Management Study: Examination of Vets Internal Operations, presented by the OPPOR (Opportunity) team on May 2, 1994, are a number of references that may impact on this section. We found the most significant reference to this section on page 5-21, which states, "It is further recommended that VETS take steps to remove existing barriers to promotion of those (principally females) who are performing creditably in service to VETS and who have demonstrated a capability for service at a superior grade, but for those laws or regulations that prohibit the holding of positions with those higher grades. An earlier section of this report ... relates to the legislative barriers; it remains only for VETS management to implement an assertive effort to identify the candidates for promotion and affirmatively to facilitate their upward mobility."

Yet 42 U.S.C. section 2000(e)(11) states, "Nothing contained in this subchapter shall be construed to repeal or modify any federal, state, territorial, or local law creating special rights or preference for veterans." DOL seems consistently unaware that women and minorities have served in the military in significant numbers since before the Vietnam War. The attempt to eliminate the requirement to hire veterans in these positions under the banner of fairness to women is an indication of how few veterans fill the upper echelons of the Department of Labor.

Erosion of Veterans Preference

Veterans preference in Federal hiring, despite the statutes it stands on, has been allowed to erode since it came under attack as a blind for hiring white males in the 1970s. In the civil service, job applicants are rated or tested, and then a certified list (a "certificate") is sent to the hiring authority with instructions to hire from the top three. Federal employers are frequently allowed to ignore the law. GAO found (GAO/GGD-92-95) that 71% of the time when a veteran leads the list, the certificates were returned unused, or to put it in simple terms, the veteran was not hired. A report issued as early as September 29, 1977 by the GAO (Conflicting Congressional Policies: Veterans' Preference and Apportionment v. Equal Employment Opportunity. FPCD-77-71;B-167015) states on page 20, "The agencies informed us that they sometimes use questionable procedures to obtain women who cannot be reached on CSC registers. These include: ... Requesting and returning certificates unused until veterans who are blocking the register have been hired by another agency or for other reasons are no longer blocking the register."

Employment Crisis for Vietnam-era Veterans

We are at the outset of an employment crisis for Vietnam-era veterans -- primarily not the difficult to employ but those who have worked steadily for decades. In the Federal Government alone, the Office of Personnel Management (OPM) report to Congress for fiscal year 1992 shows that since 1989, Vietnam-era veterans have lost 9,940 positions and all other veterans in the federal workforce have lost an additional 31,759 positions, a net loss of 41,699 positions for veterans. During that same time period non-veterans in the federal workforce gained 61,819 positions. What OPM does at the Federal level is taken as permission to do the same at state, county and local levels.

Veterans have also gone to work as civilian employees of the military and the defense industries way out of proportion to their percentage in the general

population. They have done so because they had particular skills that were useful in such jobs, and were hired because of their abilities and their discipline as workers. The skills they have acquired in these positions have added to what they learned in the military, and they constitute a national resource that we cannot afford to leave rusting.

In addition, the down-sizing of the military loses its value as a budget-saving device if it results in high numbers of released military personnel receiving unemployment benefits and becoming part of the long-term jobless population. Here are skilled and energetic young people who joined the military both to serve their country and to get ahead. If we throw them into the same heap where so many Vietnam-era veterans still remain, having given up after years of unemployment and underemployment, we will waste a second generation of human resources. Why is it then that the Re-employment Act and DOL's OPPOR committee recommendations both eliminate veterans employment programs and toss their staffs into the jobless line when they are so badly needed at their desks?

Vietnam Veterans of America is opposed to any amendments to current law that would change the veteran requirements for any position described in chapter 41. Had the U.S. Department of Labor had the foresight to hire more veterans, this would not now be a problem. There are now more women veterans than at any time in history and we suggest that DOL take advantage of their considerable talent and skills. Any employer -- even DOL -- that finds itself in this sort of category bind is not looking hard enough.

A Problem That Has Not Gone Away

Sub-section 4100 the finding of Congress states that as long as unemployment and underemployment continue as a serious problem among disabled veterans and Vietnam-era veterans, alleviating unemployment and underemployment among such veterans is a national responsibility. The United States Department of Labor has spent a considerable amount of time and money trying to convince everyone that it is no longer a serious problem. As Mark Twain was fond of saying, "There are three types of lies: lies, damned lies, and statistics." Department of Labor surveys have padded wartime troop strengths by between 497,000 and 749,189 troops who were never there. Inflating these figures made the actual number of unemployed veterans a smaller proportion, resulting in a moderate 5.7% unemployment rate in 1991. Based on the actual number of Vietnam veterans, 7-8% is a more realistic unemployment figure.

The Department of Labor, at the urging of the National Performance Review, has already established working groups to rewrite the finding of Congress in Section 4100 to state that there is no significant unemployment problem for Vietnam-era veterans. The first draft of their Policy Development Paper (PDP) dated December 2,1993 states on page 10, "... a Department of Army study has shown that, after military service, it takes approximately five years for a veteran to become equal in earning power to those peers who did not serve in the military." Immediately following this statement and in an apparent contradiction we found, "In addition, studies conducted by Harvard University and Princeton University in 1991 showed that Vietnam War veterans earned about 15% less a year then similar men who were not drafted." The first statement appears in the second draft of the Policy and Program Paper dated March 8, 1994 but the second statement is not quoted. Did the situation change for Vietnam War veterans in those three months, or have they become the victims of political correctness?

In the June 1992 edition of the monthly labor review published by the Department of Labor's, Bureau of Labor Statistics is an article titled "The Vietnam-era Cohort: Employment and Earnings." This article shows in Table 6

and 7 that at every educational level above a high school diploma and in every occupation and class of worker, Vietnam-era and non-veterans alike exceed the median weekly income of Vietnam Theater veterans. Mr. Chairman, our combat veterans still lag behind some two decades later.

On Page I-4 of DOL's Phase II Policy and Program Paper, it states, "To obtain equality, veterans must be guaranteed, for a finite time after discharge, the opportunity to receive job training and employment assistance." Where is this equality that they talk about when Vietnam War Veterans make 15% less than similar men not drafted? Where is this equality that they speak of when their own information tells them that at every educational level above a high school diploma and in every occupation and class of worker, those who did not serve in Vietnam exceed the median weekly income of war veterans? With all of this information, DOL has decided to suggest legislative changes that include dropping the term Vietnam-era veteran from section 4100. They also suggest that Vietnam-era veterans be deleted from section 4101 and chapter 42.

Vietnam Veterans of America is opposed to dropping the term Vietnam-era veterans from any section of chapter 41 or 42 of Title 38 U.S.C. . We stand by our founding principle that "Never again shall one generation of veterans forget another" and would instead applaud the inclusion of those veterans who have a campaign or expeditionary medal or recently separated veterans into these titles.

Chapter 42 U.S.C., Section 4211. Definitions is one of the targeted sections that is mentioned in the draft VETS Policy and Program Paper of March 8, 1994. To delete the term Vietnam-Era veterans would deny the services needed by many of these veterans to gain the equality and security that they provided to others. We oppose the elimination of the term Vietnam-era veterans and support the inclusion of those veterans who have a campaign or expeditionary medal and recently separated veterans.

Toothless Enforcement

Section 4212. Veterans Employment Emphasis Under Federal Contracts was intended to open up employment opportunities for Vietnam-era veterans in the private sector, or more specifically, federal contractors. The Report of the Sub-Committee on Federal Contractor Job Listing, dated March 1994, says, "Regarding continued special emphasis and affirmative action for non-disabled Vietnam-era veterans, the Committee agrees with the prevailing attitude that this group no longer merits special emphasis in the FCJL program." An October 1993 GAO report (GAO/GGD-94-6) states that the effect of this legislation is unknown because (1) neither the legislation nor regulation identify a reliable means to evaluate these efforts on veteran employment levels, and (2) no firm cause and effect relationship has been established between efforts to promote hiring and actual hiring.

In May of 1986 the Department of Labor published a notice in the Federal Register that concerned its plans to design the annual report (VETS 100). The GAO found that at least one of the comments concisely stated the need to "add a category for total employees in order to provide a more complete picture of the employer,..." Labor agreed that such information would be helpful but did not adopt the recommendation "in keeping with the policy of reducing and/or minimizing burdens (on the contracting community)". This single action on the part of Labor ensured that affirmative action for Vietnam-era or disabled veterans described under section 4212 would never be an effective program.

In 41 CFR subsection 60-2.10 (Purpose of affirmative action program) it states, "An affirmative action program is a set of specific and results-oriented procedures to which a contractor commits itself to apply every good faith effort. The objective of those procedures plus such effort is equal employment

opportunity. Procedures without effort to make them work are meaningless." If the agency that is tasked with the enforcement of the program described under section 4212 does not set any specific and results-oriented procedures, did they commit themselves to apply a good faith effort? If there are no results-oriented procedures and no effort, there is no equal employment opportunity.

The Department of Labor appears to describe its own actions when 41 CFR continues, "... effort, undirected by specific and meaningful procedures, is inadequate". The Department of Labor goes on to describe an affirmative action plan with, "An acceptable affirmative action program must include an analysis of areas within which the contractors is deficient in the utilization of minority groups and women, and further, goals and timetables to which the contractor's good faith efforts must be directed to correct the deficiencies...." The only problem here is that the procedures described at 41 CFR subsection 60-2.10 do not include Vietnam-era or disabled veterans.

It could be interpreted that the intent of Congress found in section 4212, which states in part, "Any contract in the amount of $10,000 or more...for the United States, shall contain a provision requiring that the party contracting with the United States shall take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam-era," was sabotaged by DOL's Office of Federal Contract Compliance Programs (OFCCP). In an interview published in Newsday on April 17, 1994 the head of OFCCP states, "...We look at the availability of our 'protected groups' (women, minorities, members of religious and ethnic groups, people with disabilities) in the labor force." Vietnam-era and disabled veterans are still covered under section 4212 and for some unknown reason are excluded from this list.

In a March 2, 1994 news release Secretary Robert B. Reich addresses describes the efforts of OFCCP: "...The Labor Department's office of Federal Contract Compliance programs investigates claims of discrimination on the basis of race, color, gender, national origin, or religion." The Secretary himself also excludes Vietnam-era and disabled veterans. The Department of Labor has given its mandate to protect veterans no energy at all, not even lip service.

VVA is opposed to the removal of Vietnam-era veterans as a targeted populations under section 4212. We strongly support the inclusion of veterans who have been awarded a campaign or expeditionary medal and recently-separated veterans under section 4212. VVA especially recommends that goals and timetables be established for each of these targeted groups of veterans and that Congress closely monitor the compliance of OFCCP. Congress never meant for this program to be the toothless weakling that DOL made it.

This legislation was supposed to have made it mandatory for Federal Contractors to list their jobs paying $25,000 and under with State Employment Security Agencies (SESA). The problem has been that many states did not have usable information available to identify who the contractors were, or that not many jobs with Federal Contractors pay under $25,000 anymore. VVA recommends that section 4212 of title 38 be amended to require that Federal Contractors be required to list all employment openings with SESA's.

VETS was assigned responsibility for monitoring this program but was not given the tools with which to accomplish this mission. There has always been a problem with the collection and distribution of data on who is or is not a Federal Contractor. The Report of the Sub Committee on Federal Contractor Job Listing (FCJL), dated March 1994, explains their attempts to address this issue. It states that Alabama was given a JTPA demonstration grant under part title IV part C to capture and extract information on the awards of contracts. We believe this to be a positive first step in addressing the problems within this program.

This information, however, does not help the State Employment Security Agencies (SESA) who cannot access this data base. We feel that states should be given similar grants to update or make compatible their current systems to be able use this information. These grants should be performance driven and with strict time limits for compliance attached to them. This program can then begin to accomplish the purpose for which it was intended.

Conclusion

Mr. Chairman, Vietnam Veterans of America is very concerned about the current proposals being offered in H.R. 4050 and related legislation, and the way veterans organizations have been excluded from their development. The Reemployment Act of 1994 is on a fast track, but it need not run down Vietnam-era veterans. We urge strongly that before any action is taken on either proposal that all the material relied upon to develop these recommendations be supplied to the veterans organizations and then an appropriate hearing held.

STATEMENT OF
JAMES B. HUBBARD, DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION

TO THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

JUNE 15, 1994

Mr. Chairman, The American Legion appreciates this opportunity to comment on H.R. 4050, the Reemployment Act of 1994, and other issues affecting the present and future delivery of employment services to this country's veterans.

As you know Mr. Chairman, recent events such as the down-sizing of the military and the Federal workforce have led to the unemployment and underemployment of thousands of Americans. Further, this country's employment problems have been exacerbated by such factors as the restructuring of corporate America, evolving technologies, and intensified global economic competition.

Many of the men and women affected by those changes will require retraining if they are to successfully move from unemployment lines to the workforce. For that reason, the introduction of the Reemployment Act of 1994 is very timely. On the other hand, The American Legion questions the wisdom of reinventing something that has a proven track record.

With respect to H.R. 4050, Title I of the act calls for the establishment of a comprehensive program for the reemployment of dislocated workers. While The American Legion supports this concept, we are troubled by the fact that recently discharged veterans are not identified as a target group. Veterans who are separated from the armed forces are, in fact, dislocated workers. With the down-sizing of the armed services, many thousands of veteran are leaving the military with skills that are not readily transferable to the civilian labor market. This is particularly true of those who served in the combat arms.

The American Legion sees those persons who are being forced out of the military because of the draw down as dislocated workers. It is our belief that they, and all other recently discharged veterans, must be targeted to receive priority employment services.

The American Legion is also very concerned by section 233 of Title II which would grant the Secretary of Labor the authority to waive any requirement of any statute listed in subsection (c) (1) or regulations issued under such statute, or, with the concurrence of the Director of the Office of Management and Budget, any circular listed in subsection (c) (2) or regulations issued under such circular, for any State that requests such a waiver. Chapter 41, Title 38 USC is listed at (c)(1)(F) of Section 233.

We are aware that section 215 makes certain programs mandatory and that among these programs are the provisions of Title 38. It seems curious that one section of the bill makes service to veterans mandatory, and another section allows waivers of those services.

In our opinion, Section 233 would allow state planners to have the provisions of such laws as the Wagner-Peyser Act and Chapter 41 of title 38 (LVER/DVOP program) waived by the Secretary of Labor. If such authority were granted, it could spell the end of the Employment Service and the LVER/DVOP program as we know them. The American Legion vigorously opposes this provision. In order to preserve services to the veteran target population, we recommend that section 233 be amended to remove language referring to Chapter 41, Title 38 USC.

Chapter 42, Title 38 USC

As this Subcommittee knows, subsections 4211, 4212 and 4213 of chapter 42, title 38 have to do with Federal contracts compliance. Under current law all contractors who have contract with the Federal government in the amount of $10,000 or more are required to take affirmative action in the employment and advancement of qualified special disabled veterans and veterans of the Vietnam era. The problem here is that enforcement authority was given to the Office of Federal Contract Compliance Programs (OFCCP) and the Department of Justice (DOJ). Since neither OFCCP nor DOJ have a vested interest in veterans, enforcement has been lax. The American Legion believes that in the best interest of veterans, enforcement authority should be transferred to VETS. We also believe if that occurs, that appropriate legal staff for VETS must be authorized and funded.

Internal Reorganization of the Veterans' Employment and Training Service

Earlier this year, a report was submitted to the Secretary of Labor concerning the activities and accomplishments of the Veterans Employment and Training Service (VETS) during 1993. Secretary Reich's response to that report was glowing to say the least. His letter closed with, "Thank you for a report on 'what's working' in DoL programs." The American Legion concurs with his assessment. We make this point at the outset in order that some of the following points will be better understood.

Opportunity Committee Recommendations

The Committee recommends that the Secretary of Labor request language be included in the proposed Comprehensive Workforce Preparation and Development System and incorporate such provisions in the Department's draft which would 1) include veterans as a special applicant group, 2) assure that veterans' services and priority are being provided by 'service providers' in accordance with Title 38, Chapters 41, 42, and 3) require veterans' representatives on each state's Human Resource Investment Council.

We are aware of the provision in H.R. 4050, Part A, Section 212(b)(2)(A) which requires veterans service organization representation on the Workforce Investment Boards which will oversee and make recommendations to the various governors on one stop career centers.

The American Legion supports this recommendation of the OPPOR committee.

Grant Officer Authority

This recommendation would transfer grant officer authority to the Regional Administrators of the Veterans Employment and Training Service from grant officers currently located in the DOL Office of the Assistant Secretary for Administration and Management. The American Legion will not oppose this recommendation.

Reporting of Veterans Services

The Reinvention Opportunity Committee recommends that "the Secretary of Labor require any Federal or federally funded entity participating in the delivery of employment and training services report the participation of 'targeted veterans' as specified by the Assistant Secretary of Employment and Training (ASVET) to ensure priority and other special considerations are provided as required by law or regulation."

If implemented, this regulation would go a long way toward reversing the problem with non-compliance by other agencies with the requirements of Title 38, Section 4103(c) which mandates staff of VETS to monitor the implementation of federally funded and federal programs to receive priority services. There are currently no reporting requirements for other agencies, therefore there is no monitoring.

The American Legion supports this recommendation.

Reduction of Regulations

This section of the Reinvention Opportunity Committee has to do with an implementation plan for a 50% reduction in internal regulations. Any reduction in reporting requirements by all levels of the system will undoubtedly result in better services to veterans since people in the system from the DVOP/LVERs in local job service offices to the state directors to the regional administrators will be able to concentrate on service rather than report writing. The American Legion intends to monitor this process to insure that service to veterans is not eroded by any such proposals. We should note here that consultation with the veterans service organizations has been a part of the reinvention effort. We hope and expect that this consultative process will continue with respect to the regulation reduction effort.

General Comments

I personally was questioned by contractor personnel about some of the issues examined by the committee. There seemed to be some concern that non-veterans, especially females, who worked for the Veterans Employment and Training Service or who work for a State Employment Security Agency in a position serving veterans were being denied a proper career path in the agency due to their status as a non-veteran. If these people weren't told that status as a veteran is necessary to progress into more responsible positions in the agency when they were hired, then shame on the hiring official. The American Legion sees no reason to remove the requirement that an individual be a veteran to be placed in certain specific positions. There are plenty of women veterans available if the hiring of women becomes an issue.

On the other hand, the requirement that an individual be a resident of a state for two years may impose some management inflexibility in the ASVET when a DVET or ADVET is appointed. One of the factors contributing to the institution of this requirement was that a resident of a state had a much better chance of fostering positive interaction with the SESA staff. Corporate America has been transferring sales people around the country, indeed around the world for decades with the premise that the best people, no matter their origin or state of residence, could best do the job. We believe that is true for VETS staff also. Therefore, The American Legion will not oppose the deletion of this requirement from Title 38.

Job Training Partnership Act - Title IV-C

The proposals made by this committee will increase the amount of grants made under this program and decrease the number of states qualifying for these grants by instituting a competitive process for grant awards. These proposals fit with the proposal by the OPPOR Committee to give regional administrators warrants as grant officers. Regulations to accomplish the competitive process have already been published.

The American Legion has no problem with this concept, provided that organizations other than state governments have an opportunity to compete for Title IV-C funds on some basis. As this Subcommittee knows, The American Legion has operated a very successful program using IV-C funds with the Laborers International Union of North America for about a year. It appears as of this writing that the goal of placing 100 veterans in construction jobs will be met. Funding for an additional two years for this program have been requested from the Department of Labor.

Having said all of this, we must all recognize that the source of problems with the JTPA Title IV-C program is serious underfunding. Less than $10 million per year has been appropriated for at least the last five years. If a portion of the money available to the Title III were made available on a proportional basis (i.e. if 22% of the dislocated worker population were veterans, then 22% of the money is allocated to a veterans' training and placement program), some meaningful progress could be made in putting veterans to work.

Redesign of DVOP/LVER Program

In general, The American Legion sees no reason whatsoever to change a program which is successful, and which has been noted as being successful by no less than the Secretary of Labor. The strengths of the current program have their genesis in PL 100-323, a law written in response to significant weaknesses of prior statutes. The system in place works and works well. To change the system in the midst of success simply in the name of reinvention is absolutely absurd.

On the other hand, there are some provisions of this proposal which have a great deal of merit. For example, the proposal for an Employers' Bill of Rights and a Veterans' Bill of Rights deserve very serious consideration as does the list of minimum activities for service providers. All of these deserve codification into Title 38. They get to the heart of service to the customer which is the heart of Total Quality Management, the management philosophy taken up lately by our Federal Government.

The effort to reinvent the Veterans Employment and Training Service was well underway prior to the nomination and confirmation of the current Assistant Secretary. In view of the laudatory remarks made by him and the Secretary of Labor, The American Legion would urge caution and a thorough examination before any of these proposals are brought to this subcommittee as legislative proposals. We would also urge caution on the part of this committee prior to acting on any legislation offered to the Congress.

We have some grave concerns about where this agency sees itself headed. They are doing a superb job at the present time with resources that are slim at best. At the very most, some adjustments at the margins may be all that is needed to make the operation of the agency more efficient.

Thank you for the opportunity to let our views be known.

Non Commissioned Officers Association of the United States of America

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STATEMENT OF

LARRY D. RHEA

DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS

TO

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

COMMITTEE ON VETERANS AFFAIRS

U. S. HOUSE OF REPRESENTATIVES

ON

VETERANS EMPLOYMENT PROGRAMS

OF THE DEPARTMENT OF LABOR

AND

H.R. 4050, THE REEMPLOYMENT ACT OF 1994

JUNE 15, 1994

Chartered by the United States Congress

Mr. Chairman and members of the Subcommittee, the Non Commissioned Officers Association of the USA (NCOA) welcomes this opportunity to present our views on the Veterans Employment Programs administered by the Department of Labor (DOL) and H.R. 4050, the Reemployment Act of 1994. The comments expressed herein, although critical in nature, are intended to be constructive to the debate.

38 USC 4100

"The Congress makes the following findings:

(1) As long as unemployment and underemployment continue as serious problems among disabled veterans and Vietnam-era veterans, alleviating unemployment and underemployment among such veterans is a national responsibility.

(2) Because of the special nature of employment and training needs of such veterans and the national responsibility to meet those needs, policies and programs to increase opportunities for such veterans to obtain employment, job training, counseling, and job placement services and assistance in securing advancement in employment should be effectively and vigorously implemented by the Secretary of Labor and such implementation should be accomplished through the Assistant Secretary of Labor for Veterans' Employment and Training."

In the intervening time, since Congress stated the above findings on August 6, 1991, and today's hearing, the employment and reemployment needs of veterans has not diminished. In fact, the situation has accelerated beyond that in 1991 through the reduction in size of our military forces and base closures with concomitant fewer opportunities for career military service. As is all too well known, the situation in the foreseeable future will not improve. The employment and training needs of veterans, now and in the future, require the staunch attention of Congress to ensure that the national responsibility as expressed by the Congress is indeed met. It is more than troublesome to this Association that the current Administration talks a good talk but is unwilling to walk the walk with veterans.

RHETORIC OR COMMITMENT

"For decades American's struggled and sacrificed to defend a freedom and democracy and to win the Cold War. Our nation owes a great debt of gratitude to the soldiers, sailors, Marines, airmen and women whose talent and dedication led to our victory . . . We have consistently supported veterans. We deeply appreciate the sacrifices of those who were called to serve our country and fight for the ideals for which it stands. Our veterans deserve only the best." (Candidate Clinton in "Putting People First -- How We Can All Change America").

It is difficult to balance the words of the then candidate Clinton with what we have actually witnessed in terms of commitment to those words by President Clinton. Given what is contained in his budget proposals, actions by federal agencies and the current proposal for one-stop reemployment shopping, NCOA can only conclude that the words are hollow.

JOB TRAINING PARTNERSHIP ACT (JTPA)

As you are aware Mr. Chairman, JTPA was enacted to help prepare economically disadvantaged and long-term unemployed individuals to become productive members of the work force by providing classroom and on-the-job training. Since the beginning of the program in 1982, recently separated veterans automatically met JTPA 'low-income' eligibility guidelines because their military income could not be counted as family income (Title 38 USC, Chapter 42). Specifically, in Section 4213, Congress provided that amounts received from military pay and allowances received under Chapters 11, 13, 31, 34, 35 and 36 shall be disregarded in determining eligibility qualifications for JTPA.

Under guidelines issued by DOL on July 1, 1993, the Employment and Training Administration (ETA) now says that pay or allowances which were received for active duty service, educational assistance and other veteran compensation shall be included as family income. Not only are the revised DOL ETA guidelines completely opposite to Section 4213, they are an affront to

Congressional intentions and deny job training to the very veteran that Section 4213 was designed to assist.

Many of the veterans who have been and are continuing to be denied eligibility through JTPA are not eligible for unemployment compensation because they did not finish their initial enlistment, in many cases a consequence of force reductions. Many also did not elect participation in the Montgomery G.I. Bill. Some planned on a military career at the time of entry and did not think they would ever need educational assistance. Others did not elect to participate because they had dependents and simply could not afford monthly deductions from their basic pay.

The veterans facing the situation described above also have to wait four or five months in order to meet the low-income JTPA guidelines for retraining. Throughout the wait, these veterans are ineligible for unemployment compensation. As active force reductions continue, the numbers of veterans that will confront this situation immediately following their separation will only increase. These are the explicit things that the Congress has been trying to avoid and, by their action, the Administration has displayed a complete insensitivity to the needs of these veterans.

VETERANS PREFERENCE

Veterans preference in Federal hiring is a thing of the past and, as initiatives to downsize the federal government are implemented, instances of ignoring laws favorable to veterans are becoming more blatant. The mood within the U.S. Merit Systems Protection Board (MSPB) is enlightening albeit illustrative of the dim view of the Federal government toward veterans.

The Chairman of the MSPB, Ben Erdreich, spared no ink in his criticism of veterans preference in "Entering Professional Positions in the Federal Government." Throughout his paper, he repeatedly cast veterans preference in an unfavorable light and as "a problem" for managers.

As Chairman of the agency that is bound to uphold the laws granting veteran preference, his

views inevitably will shape legislative change or at the very least shape the approach managers take in their hiring practices.

The fact that federal employers are allowed to ignore the law is not new. A General Accounting Office report (FPCD-77-71;B-167015) published in September 1977 openly verified that some agencies use questionable hiring procedures particularly when a veteran leads the list of eligibles. The practice then of requesting and returning a list of certified eligibles until veterans are no longer in the equation is still practiced today. Only today, NCOA suggests that such practice is more rampant.

Veterans were the losers in 1977. Veterans are the losers in 1994. Veterans will continue to be the losers unless Congress intervenes and reaffirms, in terms that federal agencies and managers cannot manipulate, that veterans preference in hiring is more than a mere abstract collection of words.

It is indeed troubling to witness the action of federal agencies toward the hiring of veterans. It is also troubling to note that a bill introduced in the 103rd Congress to give hiring preference to Persian Gulf War veterans has not been acted upon.

VETERANS EMPLOYMENT AND TRAINING

Mr. Chairman, H.R. 4050, the Reemployment Act of 1994, is a serious threat to all facets of employment for veterans from hiring preference to specialized services for disabled veterans. On the high seas, it would be described as a mutinous attempt by federal agencies to overthrow the laws of the land and decisions of its courts. It clearly is an abdication of the responsibility expressed by Congress as to the special nature of employment and training needs of veterans.

NCOA is deeply concerned with those provisions of H.R. 4050 that would allow states to waive specific statutory and regulatory requirements that currently provide and protect services for veterans.

If authority to waive Chapter 41 was enacted, it is not inconceivable that Disabled Veteran Outreach Program (DVOP) specialists and Local Veteran Employment Representative (LVER) positions would be eliminated in those states that choose the one-stop career center option. Such authority to the states holds the potential to eliminate all DVOP and LVER positions, the majority of which are held by disabled veterans.

NCOA is opposed to any action that would grant to the states authority to waive Chapter 41 of Title 38. The fact that it is proposed or even contemplated shows a callous disregard for the sacrifice and service of the nations' veterans. Instead of moving in this direction, the Administration's commitment to veterans could more appropriately be demonstrated by fully funding the statutorily mandated requirements for DVOP and LVER positions.

Mr. Chairman, NCOA has previously stated our opposition to the National Performance Review recommendation to consolidate the Veterans Employment and Training Service (VETS) into the ETA. The Association is opposed to the attempt to implement that recommendation that is contained in H.R. 4050.

Consolidating VETS into the ETA is a gigantic step backwards and will do absolutely nothing to improve service to veterans. As you are aware, Mr. Chairman, for many years VETS was a part of ETA. Because it did not then work in the best interest of veterans, Congress moved in 1980 to establish VETS as we know it today. There is no reason to believe that retreating to a previously tried and failed system will somehow make it work for veterans in the future. Rather than being hailed as a reinvention of government, the recommendation of the NPR and its implementation sought by H.R. 4050, it should be more appropriately termed as a "regression of government for veterans."

CONCLUSION

Mr. Chairman, NCOA is very concerned about the current condition of veterans employment programs, hiring preference and the consequences to veterans being offered in H.R. 4050. This statement cannot be concluded without the observation that veteran organizations were excluded

from the process to develop the Reemployment Act of 1994. The question begs, WHY?

With such apparent ramifications for veterans employment programs, NCOA would urge the Congress not to act on H.R. 4050 until veteran organizations have been thoroughly and rightfully brought into the picture. NCOA suggests that the mechanism to accomplish this was established by Congress in Public Law 102-16, signed on March 22, 1991, and which created the Advisory Committee on Veterans Employment and Training (ACVET) in the DOL. For three years now, the Secretary of Labor has ignored P.L. 102-16 as veterans await the convening of the first meeting of ACVET. WHY? Many of the issues in H.R. 4050 relating to veterans employment should have been referred to the ACVET and their counsel sought in the development of H.R. 4050. Since that did not occur, why should veterans take any comfort in the rhetorical words when the Administration's actions comport otherwise?

Thank you.

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STATEMENT

BY

INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES

TO

HOUSE VETERANS' AFFAIRS SUBCOMMITTEE

ON

EDUCATION, TRAINING AND EMPLOYMENT

JUNE 15, 1994

The Interstate Conference of Employment Security Agencies, Inc., (ICESA) is pleased to have the opportunity to provide testimony to the House Veterans' Affairs Subcommittee on Education, Training and Employment on the implementation and effectiveness of veterans' employment and training programs administered by the Department of Labor. ICESA is the national organization of state officials who administer the public Employment Service, unemployment insurance laws, labor market information programs, and in most states, the Job Training Partnership Act. Conference membership includes the 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands.

Employment Service Role in Veterans' Employment Programs

The nation's public Employment Service is the primary delivery system for veterans' employment services. It has been the foundation upon which veterans' employment and training programs and activities are built. The public Employment Service provides an array of programs and services to both jobseekers and employers, including but not limited to assessment, testing, referral to training, job search assistance and workshops, counseling, labor market information, and job placement.

The Employment Service system provides the facilities, technology, and support services that enable the specialized state veterans staff and on-site federal personnel to serve veterans customers.

The veterans' programs within the individual state Employment Services provide outreach to veterans and ensure veterans' preference in employment, primarily through the Local Veterans Employment Representatives and Disabled Veterans Outreach Program. In many locations these specialized staff not only serve veterans' customers in our local offices but also work with local military base commanders to provide employment services to personnel approaching discharge, offering a link to job information nationwide. States often have made arrangements to have staff right on the base providing assistance, or referrals are made to the closest local office where the individual and his or her family can receive the full range of employment and training services to assist them in transitioning to civilian life.

One of the most important aspects of the Employment Service system is that it is in every state, in thousands of communities. Veterans seeking first civilian jobs, new jobs, and better jobs, as well as individuals leaving the military, either overseas or stateside, can tap into a network of over 2300 offices across the country. Access to this "network" has been significantly improved over the last two years with the strengthening of America's Job Bank (AJB)--the Employment Service's national database of current employment opportunities. This automated system has been enhanced and is now being utilized in virtually all Employment Service offices and overseas at 350 military installations in 17 countries. In addition to providing access to nearly 90,000 jobs currently listed on the databank, individuals can get information on federal job listings and local Employment Service office addresses.

Additionally, we are exploring the feasibility of adding the Transition Opportunities System (TOPPS), cooperatively produced by the Departments of Labor and Defense and ICESA, to the AJB database. TOPPS provides occupational and labor market information to users. This unique software contains a variety of information on state and local labor markets and enables military personnel to identify civilian occupations in which they can use the skills acquired in the military.

These tools are important to the success of the veterans' employment and training programs, but it is the quality of the basic Employment Service system that has the greatest impact.

The administration of the Employment Service system is financed by a dedicated payroll tax. This tax, collected under the Federal Unemployment Tax Act, produces more than adequate revenues to properly administer the system. Despite this, throughout the 1980s and continuing into the 1990s, the Employment Service has been systematically underfunded, with a result that since 1982, it has lost approximately 50 percent of its

operating personnel and over 700 full service offices. In addition, many key programs have been scaled back. For example, the system now counsels only half the number of individuals it served in the 1980s, and there have been similar cutbacks in applicant assessment and employer outreach. It is imperative that the Employment Service be adequately funded in order to provide quality service to its customers, including veterans.

Also, to ensure a smooth transition for veterans into the civilian workforce, ICESA has requested for FY 1995 an investment of $92.4 million for the Disabled Veterans Outreach Program and $85.6 million for the Local Veterans Employment Representative program. We believe this represents full funding of the statutorily defined staffing levels for these programs. These specialized veterans employment representatives working in Employment Service/Job Service offices nationwide will help ensure our nation does not abandon the fine men and women who have served in the military.

Further, in many states, automation of Employment Service operations will benefit all customers; the success of America's Job Bank illustrates that benefit. Over the past few fiscal years, Congress has recognized the importance of supporting automation. However, the FY 1995 Appropriations bill for Labor, Health and Human Services, and Education recently approved by the House Appropriations Committee contains no automation monies for the Employment Service. ICESA strongly urges Congress to provide funding so that states can automate systems and provide our customers easier and quicker access to services.

iCESA believes that, as an established system linked to a nationwide network of employers, the Employment Service should continue to be the focal point for providing the needed assistance to veterans and soon-to-be-separated military personnel.

Reinvention Initiatives

In response to the recommendations of the Vice President's National Performance Review and the President's September 11, 1993, Memorandum regarding, "Streamlining the Bureaucracy," the Assistant Secretary for Veterans' Employment and Training Services (ASVETS) has undertaken a reinvention effort within his agency. The overall goal of the reinvention project according to ASVETS is to improve services to its customers that result in more quality, long-term jobs and better training for veterans.

ICESA applauds the overall goal of the reinvention initiative and, in response to an invitation from ASVETS to participate in this effort, we have had state employment security agency representation on four of the workgroups set up under the project. In addition, staff from ASVETS have attended ICESA's Veterans' Affairs Committee meetings to provide updates on the various workgroups' activities and have provided draft reports to us for comment by the committee members. The agency has undertaken this effort very seriously and has committed a great deal of time and resources to producing real change and improvements to its programs and services. Likewise, many of our state members have provided substantive comments and concerns about the draft reports, and we want to ensure those issues are addressed. Among the key issues on which we commented are: the proposed competitive selection of service deliverers could result in a fragmented, duplicative delivery system, customer confusion, and varying levels of quality in service delivery; extreme care would be necessary in crafting proposed Veterans' and Employers' Bills of Rights to ensure government does not make unrealistic commitments; and, concerns regarding the proposed veterans performance measures to be applied to all employment and training programs. ICESA looks forward to the final recommendations of this project over the coming months.

Reemployment Act of 1994

In addition to the reinvention efforts being undertaken by ASVETS, ICESA has been working closely with the Department and Congress on the proposed Reemployment Act of 1994 which, if passed, could impact services provided to all customers. In recent years, many states have moved to redesign their own unemployment, employment, and

training systems to respond to local labor market conditions, to integrate services, to become more customer focused, and to build collaborations among human service providers. These changes have been designed to simplify access to employment and training opportunities for both the job-ready and those workers in need of skills development. Both of these groups include veterans.

The Administration's proposed Reemployment Act of 1994 (H.R. 4040) represents substantial progress in support of many of the changes that states have undertaken already. Furthermore, the proposed bill includes many goals and specific provisions that closely mirror key sections of ICESA's Workforce Development Policy, adopted in 1993 by all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands (copy attached as Addendum I). Briefly, the goals we wholeheartedly share with the Administration include:

-- Consolidating all dislocated worker programs into one comprehensive program for all workers who have been permanently laid-off, regardless of the cause of dislocation;

-- Facilitating effective, high-quality training for permanently laid-off workers who need new skills;

-- Providing universal access to customer-centered, high quality employment and training services;

-- Changing the fragmented employment and training system into a network of streamlined, one-stop career centers providing access to all Americans who want jobs;

-- Building on the innovative efforts of states and localities to provide comprehensive, high-quality reemployment and training services; and,

-- Creating a national labor market information system that provides high quality and timely data on the local economy, labor market, and other occupational information.

The provisions of the Reemployment Act that are consistent with ICESA's Workforce Development Policy and begin to move us toward the above articulated goals are:

- Creation of a national labor market information system that will ensure accurate, timely, and widely accessible information on national, state, and local labor market conditions and trends;

- Resource incentives for states that want to establish a one-stop career center system with universal access to a core set of services and more intensive services for eligible dislocated workers;

- Creation of a universal worker readjustment response that stresses early recognition and action and permits adequate income support for workers in training;

- A commitment to uniform national measures of progress and performance, to be developed with state input, and to emphasize customer satisfaction; and,

- Waiver authority to address federal statutory, regulatory, and administrative requirements that inhibit service integration and quality customer service.

In addition, ICESA strongly supports the commitment to capacity building and technical assistance to enhance the service providers' and program administrators' ability to develop and implement effective employment and training programs. We also see this proposed legislation as an opportunity to reaffirm our shared commitment to the principles of equal opportunity in service to our nation's diverse workforce.

Still, there are basic elements in the proposed legislation about which we have serious concerns and which we believe could impair the states' ability to achieve the articulated, shared goals. These concerns fall under the broad categories of state flexibility, adequate funding, governance and mandated competition. Furthermore, ICESA wants to ensure that the concerns of veterans are adequately addressed in any legislation that is being considered. The proposed bill is intended to address the problems created by a lack of federal coordination of the wide range of employment and training programs, as well as to remove the barriers to improved customer access and service. ICESA wholeheartedly supports these goals.

While there remain some significant issues that must be resolved, ICESA is particularly encouraged by the recent willingness on the part of the Administration to address many of the concerns of our organization highlighted above and concerns raised by various other "stakeholders." ICESA's members are prepared to continue to work with the Administration and the Congress in moving our shared goals closer to achievement.

An ICESA Policy Paper

Building An Effective Workforce Development System

Background

The Interstate Conference of Employment Security Agencies (ICESA) recognizes that State Employment Security Agencies (SESAs) play a vital role in the workforce development network. ICESA has reviewed the work of other employment and training organizations and public interest groups in drafting this statement on workforce development and has been pleased to discover that there is much commonality among the groups. This suggests a growing consensus about the elements of an effective workforce development system and possibly even about the roles of the players.

Like the partners from whose policy statements ICESA has borrowed so liberally, ICESA has attempted to avoid parochialism. It is clear that development of the U.S. workforce is an ongoing process, not simply a project that can be finished in a given time period. Successful approaches will require continuous improvement. They also will require collaboration among agencies to make services not only effective but also easily accessible to customers, regardless of which door the customers walk through first.

In developing the ICESA policy statement, the following documents were reviewed. Their authors will note that ICESA's statement is consistent with theirs and will recognize their own ideas reflected in ICESA's statement.

> "Bring Down the Barriers," State Job Training Coordinating Council Chairs, December 1992
>
> "Developing our Human Resources Through an Effective Employment and Training System: Recommendations for Action," The New England Employment and Training Council, December 1992
>
> "Workforce Development Principles," National Governors' Association, December 1992 draft
>
> "Proposal for Workforce Development Legislation," America's Choice Working Group, January 1993

Introduction

ICESA acknowledges that there is a myriad of employment and training programs operated through a variety of federal, state and local agencies. These create a fragmented "system" of workforce preparation and "second chance" assistance which is bewildering and frightening to clients -- and even, in some cases, confuses the professionals who operate the programs. It is

tempting to say all the programs should be abolished and the United States should start over. However, practicality requires that public policy makers use and reshape what is available in a way that is simpler and more effective.

ICESA's recommendation for a more effective system would include the following elements.

Elements

1) Governance structure

National

The President should create a national body, composed of key cabinet secretaries, governmental leaders, and representatives of business and labor, charged with developing and articulating a national employment strategy that would provide both the basis for state employment policies and sufficient flexibility to ensure states' ability to respond to local labor market needs. This national employment strategy would include waiver authority over conflicting and over-lapping laws and regulations.

State

States should take steps to coordinate planning, development, and monitoring of a comprehensive workforce investment system with realistically attainable objectives for each of the participating programs.

The states should be enabled to grant incentives to encourage state and local collaboration, to sidestep regulatory obstacles, and to develop integrated reporting-based data collection, technical expertise and staff proficiency. Performance standards should be established which are consistent with state human resource policies.

Any new system should be customer-oriented. Since customers vary by state and by function, states should be responsible for determining who customers are, or how they are identified.

Local

The implementation of a workforce policy envisions locally-connected organizations capable of accurate labor market analysis and responsible employment training. Local boards could include individuals from business, labor, education, and government. The boards would participate in determining needs, developing plans and priorities, and evaluating progress. Innovative, experimental, precedent-setting rather than precedent-following methods should be fostered.

States could define the role of local boards to include such functions as:

a. needs-determination based upon customer participation

b. resource brokerage among local public and private sources

c. cohesive delivery of services within a linked system

d. matching competency-based training services with skills necessary for the local labor market

e. expenditure of funds within the parameters of local plan objectives.

2) Customer-Centered Design

Customers should be included by the local boards in designing the workforce development system and in evaluating its success.

3) Workforce Development Information

Accurate, timely, widely accessible information regarding international, national, state and local labor market conditions, trends, processes and technologies is an essential component of an effective workforce development system. Customers must have access to information which enables them to select and acquire the scholastic and vocational skills needed for employment.

4) Scope of Service

The workforce development system must embrace the totality of the labor force and business community.

The systems must offer comprehensive, high-quality, up-to-date instruction to youth, directed to their full preparation to enter the workforce. Systems also must encourage and assist adults in acquiring new skills and knowledge necessary to meet requirements of a changing workplace. For such a delivery system to achieve its objectives, it should encompass career counseling and a diverse and thorough selection of educational and vocational programs from basic and remedial courses through advanced technical training.

Such an integrated service delivery system, which ranges from fundamental to advanced workforce preparation, can expect to garner and offer more job listings from more employers, ultimately providing more opportunities to its job seeking customers.

5) Open Access

One-stop shopping could be both effective and advantageous. Such a system would allow for multiple opportunities for entry, automated case management, and a smoothly flowing sequence of steps, along which the proper services are provided. The use of common intake and assessment, uniform terms and definitions, and competency-based curricula should be encouraged.

6) Access Equity

This new system should offer special outreach and assistance to the economically disadvantaged and those who are under- represented in laborforce participation, but should be unrestricted in its acceptance of any individual requesting and in need of its services.

7) Common Eligibility and MIS

All programs in the service delivery system should be required to develop and use a core information system with a uniform structure which serves the recording and reporting needs of each. Open access to this information by all program personnel, as well as open entry of information, will eliminate overlap and duplication. Common intake and assessment and other more advanced services can be added as the members of the network gain experience in collaborative service delivery. A common automated system or shared data base is the only realistic and cost effective way to insure universal access. While confidentiality issues impact upon the systems' abilities to share information, most of the members of the various systems believe these issues can be resolved.

Programs requiring means tests and which serve similar customer groups should have identical eligibility criteria.

8) Workforce Investment

Workforce development programs should foster the development of high performance work organizations to improve the competitiveness of American business. The system should encourage and assist private sector investment and public sector involvement in increasing the ability of small and medium-sized firms to train their workers. These efforts may be based upon existing training and business assistance programs.

9) Readjustment Services

In order to respond effectively to more worker dislocations resulting from increased global competition and changes in technology and processes, the system needs a universal worker readjustment response that stresses immediate recognition and action and permits adequate income support for workers in process of training and job search.

10) Income Support System

Income support systems are an integral part of a workforce development system. The success of a workforce development system is dependent upon workers' access to income support while seeking employment, while in training, and while removing other barriers to employment. The nation's unemployment compensation and social welfare systems must receive as much attention as its training and education systems.

Income support systems should not include disincentives for self-employment, re-employment, and training for employment.

11) Performance Measures

Uniform national measures of progress and performance are necessary. State standards accurately based upon the knowledge and skills essential to the modern workplace should be the measures of training achievement. All standards should include measurement of customer satisfaction with the degree to which the customers' expectations have been met. All standards, to the extent possible, should be flexible enough to reflect local labor market needs and objectives.

12) State Authority to Transfer Funds Among Federal Programs

States should be allowed the flexibility to redirect resources among state and federal programs to meet specific state and local workforce development goals. Savings resulting from increased productivity should be available for reinvestment in the same or other workforce development programs.

13) Standardized Administrative and Fiscal Procedures

Fiscal and administrative procedures applicable to participating programs should be standardized and integrated.

The Role of State Employment Security Agencies

SESAs recognize that each partner in the workforce development network has a critical role to play and that the system's strength lies in a collaborative approach that minimizes duplication and turf battles. In this spirit, SESAs are ideally situated to network with other partners in the development of this system. Core programs -- the unemployment compensation system, the labor exchange function, and the gathering and dissemination of labor market information -- give the SESAs access to both employers and workers. In addition, 36 of these state agencies administer the Job Training Partnership Act, and many run state job training programs, customized workplace-based training programs, apprenticeship programs, and major components of the JOBS program and other welfare-to-work initiatives. These programs require SESAs to work cooperatively with other state and local agencies and councils, service providers, and community based organizations on a daily basis.

Through the network of more than 1700 community based local offices, SESAs have the early access to unemployed workers who are seeking temporary income support, a new job, career information and career counseling, access to training or supportive services. At the same time, SESAs recognize employers as a primary customer and participate actively in employer organizations.

SESAs have a comprehensive computerized data base of information about individual workers and employers, and through their ability to track labor market transactions and trends, are positioned to generate the labor market information needed to support planning, guide the design of training programs, and develop a universal labor exchange. Through local offices, labor markets within a state are electronically linked, and the Interstate Job Bank provides a national and international automated labor exchange. These are platforms upon which regions and states can build sophisticated automated systems for common intake and assessment, case management, and performance measures, linking the diverse and varied partners in the workforce development network.

During this program year, SESAs will provide $25 billion in unemployment compensation benefits to 10 million unemployed workers, plus an additional $3-4 billion in Emergency Unemployment Compensation. These dollars have been critical in allowing dislocated workers to maintain their standard of living and to take advantage of training opportunities. In addition to income support provided from Unemployment Trust Funds, this administrative system should be examined as a vehicle to provide income support to those in long-term training who are not currently covered by the system.

Employment Service offices, which now register twenty million workers annually, could be used to provide assessment and referral for any or all of the other programs in the network. Regular contact with employers positions SESAs to provide a variety of business assistance services, including an analysis of training needs and the identification of training providers.

The variety and flexibility of programs along with a history of involvement with the other partners in the workforce development system allow SESAs to bring people and programs together, to serve as a catalyst or broker. They also call for SESAs to take a leadership role in areas where they have demonstrated effectiveness. At the state level, SESAs no longer are a collection of separate programs but are instead an essential component of an integrated system.

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Title 38, United States Code, Section 4212: Implementation and Enforcement by the U.S. Department of Labor

ABSTRACT

The Department of Labor's implementation of affirmative action programs for veterans under 38 USC 4212 was last evaluated by the General Accounting Office in 1974. In response to Congressional mandates, the Department adjusted the regulations and delegated to the Office of Federal Contract Compliance Programs (OFCCP) implementation responsibility. Despite these adjustments, veterans have complained that they are not granted affirmative action rights. Hence, the CENTER FOR THE STUDY OF VETERANS IN SOCIETY (CSVS), a nonprofit research institute, studied three aspects of 38 USC 4212 programs: (1) the governing regulations, (2) the data collected and published by the Department of Labor, and (3) OFCCP management and implementation. CSVS discovered that OFCCP has changed its interpretation of the regulations – arguing that affirmative action programs for veterans should be different from those for other protected classes. The institute also found that OFCCP does not use aggregate data in its decision making. Moreover, the Department of Labor publishes incomplete performance data. CSVS assessed OFCCP management procedures by interviewing veterans and reviewing the penalties and sanctions assessed by the agency. The veterans CSVS interviewed were dissatisfied with OFCCP performance. Furthermore, OFCCP has underutilized its power to penalize. CSVS recommends revision of 38 USC 4212 to include: (1) clarification of whether Congress intends affirmative action programs for veterans to be in parity with those offered to other groups; and (2) tightened data collection and publication provisions. CSVS also recommends a thorough evaluation of OFCCP performance to assess whether it serves veterans and effectively and efficiently accomplishes congressional goals. {ahm/jas/rwt}

INTRODUCTION

Legislative History: America has a long-standing tradition of supporting the sacrifices and commitments of her servicemen and women. Following every major military conflict, concerns for the employment of recently discharged veterans have given rise to significant executive and legislative initiatives. Consistent with that practice, Executive Order 11598, issued on 16 June 1971, provided the foundation for employment services targeted to veterans of the Vietnam era. This presidential mandate to the Secretary of Labor was subsequently codified into law by the enactment of the Vietnam Era Veterans Readjustment Assistance Act of 1972; legislation intended to increase the level of employment of veterans by federal contractors. However, congressional concerns over the continuing high rate of unemployment among Vietnam-era veterans in 1973, led the Chairman of the Senate Committee on Veterans' Affairs to request a GAO investigation into the implementation of the 1972 act. The resulting GAO report, entitled *Employment Services for Vietnam-Era Veterans Could be Improved* [B-178741; 29 November 1974], noted serious shortcomings in both the implementation and enforcement of the statute by the U.S. Department of Labor. In response to the GAO findings, Congress authorized statutory adjustments, giving rise to the Vietnam Era Veterans Readjustment Assistance Act of 1974 [originally, 38 USC 2012; now, 38 USC 4212]. Additionally, Congress required the Department of Labor to improve its regulations.

The Department of Labor made two critical adjustments between 1974 and 1978. It drafted Title 41, Code of Federal Regulations (CFR), Chapter 60, Section 250. This attempted to include veterans more effectively among those protected classes authorized to receive affirmative action protections and benefits. Furthermore, the Department delegated to the Office of Federal Contract Compliance Programs (OFCCP) responsibility for implementing affirmative action for veterans.

Problem: Fifteen years have elapsed since OFCCP assumed responsibility for assuring that veterans are given affirmative action benefits. During that time, THE CENTER FOR THE STUDY OF VETERANS IN SOCIETY (CSVS), a non-profit research institute, has been unable to locate any systematic study concerning OFCCP performance. The lack of such a study is significant given the growing perception among the nation's veterans that they are forgotten once they return to the civilian economy. Though these are enduring concerns, they are exacerbated by both the military downsizing and flat economic growth during the 1990s; issues that must be considered if veterans are to gain and maintain productive employment.

A preliminary investigation by CSVS justified further inquiry into OFCCP performance. Though charged with assuring that federal contractors grant veterans affirmative action, CSVS found that a substantial number of federal contractors in Ohio had no affirmative action programs for veterans. Others had failed to file required reports with the Department of Labor. Interviews with veterans produced anecdotal reports of OFCCP inaction amidst veteran complaints about contractor discrimination and harassment. Also, established veterans' groups reported that OFCCP had been unresponsive to their concerns. Hence, the CSVS decided to undertake a more systematic inquiry.

METHODOLOGY

Regulations: Successful affirmative action for veterans depends upon a solid, coherent body of regulations. CSVS reviewed the existing body of regulations to determine whether OFCCP and the Department of Labor have developed a clear and adequate regulatory base. Where CSVS detected ambiguities or contradictions, the Center corresponded with Department of Labor officials for clarification. The Department of Labor has responsibility for 41 CFR, Chapter 60, and for recommending changes when necessary. CSVS attempted to determine through this review whether the regulatory base had been improved during the fifteen years that 41 CFR 60-250 has been in existence.

Data: CSVS reviewed the available performance data. The VETS-100 form was first used in 1988 to provide information about federal contractor hiring. Five years of data should provide some insight into whether federal contractors are making progress in employing and utilizing veterans. Beyond this, CSVS asked broader questions about data. Does the Department of Labor and OFCCP generate sufficient data to inform and guide their regulatory and oversight efforts? This question was also at the heart of the original GAO investigation in 1974. At that time, the GAO was concerned that the Department of Labor had not generated adequate performance data. This justifies the current question: Nineteen years later, has the Department of Labor taken steps to improve the quality of its data? Furthermore, are adequate reporting procedures in place to insure that federal contractors provide a steady, accurate stream of data to serve as a basis for the measurement and improvement of agency policy and implementation?

Management and Implementation: CSVS asked questions about OFCCP itself. The Center attempted to determine whether the agency has adequate internal procedures in place to insure that federal contractors provide affirmative action for veterans. Further, does the agency have a culture that is open and sensitive to veteran concerns? Or, is the agency culture ambivalent about or even hostile to veterans?

These are difficult questions, but important questions. CSVS does not have direct access to OFCCP officials and knows little about the agency's structure and resources. To answer the first question, the CSVS interviewed clients and members of veterans' groups who had interacted with OFCCP and, thus, had some knowledge of its procedures. CSVS also reviewed the penalties levied by OFCCP on contractors not in compliance. Existing regulations empower OFCCP to review federal contractors that it suspects are not in compliance with federal regulations. Title 41, CFR 60-250.28 authorizes OFCCP to levy substantial penalties upon contractors, including suspension of existing federal contracts and debarment from receiving future federal contracts. Penalties are an indicator of a resolute, effective agency intent on enforcement. Lack of penalties indicate either disinterest or ineffectiveness.

To answer questions about agency culture, CSVS interviewed those veterans who had filed complaints with OFCCP regarding the behavior of a federal contractor. Through these interviews, CSVS was able to develop some insights into the attitude of OFCCP toward veterans and to assess whether there was a cultural climate within OFCCP that was open to veterans and dedicated to solving their employment problems.

RESEARCH RESULTS

Regulations

CSVS Analysis: The Department of Labor does not exercise exclusive control over affirmative action. It shares responsibility for implementing affirmative action regulations with other federal commissions and agencies. However, this department does have the responsibility for implementing affirmative action for veterans. CSVS reviewed the principal sources for Department of Labor regulations: Executive Orders 11246 (1965) and 11375 (1972), the Vocational Rehabilitation Act of 1973, 38 USC 4212, and 41 CFR, Chapter 60. The Civil Rights Act of 1964 was examined as well, even though its provisions lay outside the purview of the Department of Labor.

This initial review prompted the CSVS to conclude that existing regulations dictate that affirmative action programs for veterans must extend substantially similar rights and privileges to veterans as do programs for other protected classes, i.e., women, minorities, and the disabled. The major exception regarding veterans' affirmative action is a $25,000 ceiling on positions that must be listed (recruited) with state employment offices. The results of this initial review of benefits are presented in Table (1):

Minorities & Women	Veterans	Disabled
Employment	Hiring	Hiring
Upgrading	Upgrading	Upgrading
Demotion or Transfer	Demotion or Transfer	Demotion or Transfer
Recruitment/Advertising	Recruitment/Advertising	Recruitment/Advertising
Layoff or Termination	Layoff or Termination	Layoff or Termination
Rates of Pay	Rates of Pay	Rates of Pay
Selection for Training	Selection for Training	Selection for Training
{Re: EO 11246 & EO 11375}	{Re: 41 CFR 60-250.6(a)}	{Re: 41 CFR 60-741.6(a)}

Department of Labor Response: CSVS then asked Department of Labor officials if they agreed with these initial conclusions regarding parity in affirmative action rights and benefits. To CSVS queries, the Department issued ambiguous, sometimes contradictory responses. In October of 1988, the OFCCP responded:

> "We do not allow one program to take precedence over another. Protecting the rights of veterans and individuals with disabilities is equally as important as protecting the rights of minorities and women." {Leonard J. Biermann, Deputy Director of OFCCP}

However, in August of 1993, OFCCP changed its response, arguing that affirmative action programs for veterans must, of necessity, be substantially different from affirmative action programs for other protected classes:

> "Any differences in the administration of these programs are dictated by the regulatory differences in the programs. As you suggested in your July 27 letter, there are substantive differences in the Executive Order program and the 4212 and 503 programs which can best be understood by a thorough examination of the respective regulations." {Annie A. Blackwell, Director, Division of Policy, Planning, and Program Development, OFCCP}

In September of 1993, the OFCCP further confirmed the above conclusion that regulations mandate differences between affirmative action programs and other protected classes:

> ".... there are substantive regulatory differences between the affirmative action requirements of the Executive Order program and the 4212 and 503 programs which can best be understood by a thorough examination of the respective regulations. These differences of necessity lead to substantive differences in the administration of these programs." {Leonard J. Biermann, Acting Director of OFCCP to G.V. (Sonny) Montgomery in response to CSVS queries}

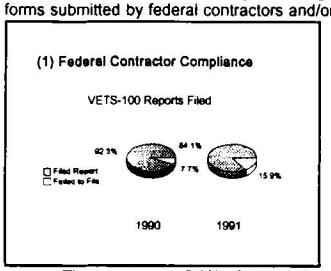
Moreover, the OFCCP further underscored the differences between veterans affirmative action and that for other protected classes by pointing out that the Department of Justice has no definition of affirmative action for veterans [Blackwell letter, July, 1993; Biermann letter, September, 1993].

Data

History of Data Problems: The 1974 GAO report was especially concerned about the collection of veterans' employment data by the U.S. Department of Labor. The GAO investigation determined that Labor officials "did not check to see whether (contractors) were submitting quarterly reports," and that they failed to "take action against firms not submitting reports as required." As a result, recommendations were made to the Secretary of Labor regarding the need for "more efforts on monitoring and encouraging federal contractors to ... file quarterly reports of hires."

Since 1988, an annual, rather than quarterly, report has been required of federal contractors by the Department of Labor to meet the stipulations of 38 USC 4212(d), i.e., a tabulation of the number of Vietnam-era veterans and special disabled veterans employed, by job category, as well as the total number of covered veterans hired during the previous year. The VETS-100 report was created to collect that data.

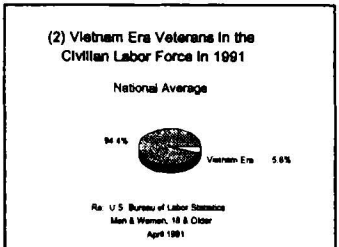
CSVS Analysis – Contractors' Failure to File: In 1992, a request was filed with the Secretary of Labor, under the provisions of the Freedom of Information Act (FOIA), for the "annual summary reports generated since 1988 from the VETS-100 forms submitted by federal contractors and/or annual tabulations of the data contained therein (41 CFR 61-250)" [Letter to the Secretary of Labor, 16 October 1992]. Reports entitled *Veteran Employment Totals by State* were obtained for 1990 and 1991 (dated: 9/16/91 and 9/18/92, respectively); no summary reports were available for the earlier three years.



Based on the above data, CSVS calculated the proportion of contractors who failed to file the mandated reports. Of 130,930 total federal contractors in 1990, 10,092 failed to file the VETS-100 report. That represents 7.7% of the total, as depicted in Figure (1). Remarkably, the percentage more than doubled in 1991, to 15.9% -- 23,664 of 148,923 total contractors failed to file the report.

CSVS Analysis – Veterans' Employment: The summary data provided by the Secretary of Labor also contained information concerning the number of Vietnam-era veterans and special disabled veterans employed by federal contractors. From 1990 to 1991, the totals increased from 1,126,132 to 1,154,750 (2.5%) for Vietnam-era veterans and 85,709 to 95,070 (10.9%) for special disabled veterans, but unfortunately, the total number of individuals employed by federal contractors is not requested on the VETS-100 form. As a result, calculations cannot be made as to the percentage of veterans employed. However, based on the figures in the preceding paragraph, it is known that the number of contractors increased by 13.7% from 1990 to 1991.

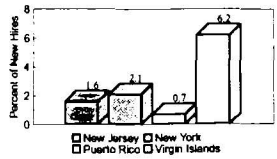
The total number of new hires for the preceding year is requested on the VETS-100, so the percentage of covered veterans hired can be calculated. Focusing on 1991, 112,097 (2.9%) and 22,905 (0.6%) of 3,859,579 new hires were Vietnam-era veterans and disabled veterans, respectively. During that year, veterans of the Vietnam era constituted 5.6% of the civilian labor force in the United States (U.S. Bureau of Labor Statistics, 3 May 1991), as shown in Figure (2).



Although the national average of Vietnam-era veterans hired in 1991 fell far short of the value for the labor force pool (2.9% hired *versus* 5.6% available), there were significant differences in the federal contractor hiring patterns by region, state, and territory. Within the ten Department of Labor regions, the 1991 hiring of Vietnam-era veterans by federal contractors ranged from a low of 1.9% in Region II to a high of 3.8% in Region X (data not presented). And within regions, even larger variations were apparent. For example, the data for Region II are presented in Figure (3). As can be seen, Vietnam-era veterans constituted only 0.7% of the new hires in Puerto Rico, while attaining a level of 6.2% in the Virgin Islands. New Jersey was at a lowly 1.6% (tied for worst among the states with Rhode Island and Hawaii), and New York reached a mere 2.1%.

(3) Federal Contractor Employment of Vietnam Era Veterans in 1991

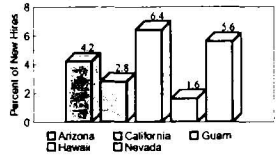
U.S. Department of Labor: Region II



Guam had the best employment percentage for Vietnam-era veterans, at 6.4%, as shown in Figure (4). With regard to the states depicted, Nevada, at 5.6%, led the way, followed by Arizona (4.2%), California (2.8%), and Hawaii (1.6%). Of all the states, only Nebraska (at 5.7%) exceeded the national average for covered veterans in the civilian labor force, while Virginia (5.3%) and Alaska (5.0%) at least reached the five-percent mark (data not shown).

(4) Federal Contractor Employment of Vietnam Era Veterans in 1991

U.S. Department of Labor: Region IX



Department of Labor Response: CSVS provided the Secretary of Labor with the above analyses, including the CSVS-generated graphs of federal contractor employment of Vietnam-era veterans for all regions, states, and territories in 1991 [Letter to Secretary Robert Reich from the CSVS, 2 June 1993]. Since affirmative action, by definition, would imply a level of hiring above that expected by random chance, CSVS suggested to the Secretary that affirmative action did not appear to be a reality for veterans.

The Department of Labor's OFCCP responded [Letter from Annie A. Blackwell, 2 July 1993]. The OFCCP's position with regard to the VETS-100 data was that "anyone relying on (it) should be aware that the data may not be completely accurate and are generally an underestimation of the number of veterans employed by federal contractors." Blackwell's rationalization was that veterans would be reluctant to identify themselves as veterans. However, Blackwell did not address what veterans should be ashamed of, nor did she consider that the 5.6% figure for Vietnam-era veterans in the civilian labor force in 1991 also came about by self-identification.

OFCCP disputed that 15.9% of federal contractors under its supervision had failed to file VETS-100 reports in 1991. They explained to CSVS that these figures represented only "potential failures to file" [Blackwell letter, July, 1993]. However, OFCCP did not provide CSVS with alternative data to substantiate its disclaimer.

CSVS Analysis -- OFCCP Data Utilization: CSVS also addressed the broader question of how OFCCP integrates data into its complaint investigations and compliance reviews. Whereas Title 38, Chapter 41 imposes significant administrative controls and data requirements, by comparison, Chapter 42 allows the Secretary more discretion. CSVS discovered that OFCCP does not exercise this discretion on behalf of the Secretary: *e.g., investigators do not use VETS-100 data to guide their* investigations and compliance reviews. CSVS questioned Labor about data utilization.

Department of Labor Response: OFCCP responded, on behalf of the Department, in September of 1993 that, in fact, it did not rely on VETS-100 data for any purpose:

> "Furthermore, the VETS-100 is not a form required or used by OFCCP. Rather, the form is to be submitted each year to the office of the Assistant Secretary for Veterans' Employment and Training for their programs. OFCCP will simply notify VETS if, in the course of a compliance review or complaint investigation, it discovers that the contractor has not submitted its VETS-100 reports in a timely manner." (Leonard J. Biermann, Acting Director of OFCCP to G.V. (Sonny) Montgomery in response to CSVS queries)

Management and Implementation

CSVS Analysis -- Veteran Cases: CSVS interviewed veterans who had complained to OFCCP about federal contractors. Those questioned reported unresponsiveness, long delays, and unclear instructions from OFCCP about their rights. More than twenty veterans, employed by a variety of higher education and private sector federal contractors, volunteered data and information. Of these, five representative complaints are presented; cases which address OFCCP's implementation and management of the affirmative action rights and benefits listed in Table (1) [see, ***Regulations***, page 3]:

> ***(1) The AB Case:*** The administration at University X (UX) refused to honor a unanimous request from one of its departments to appoint a West Point graduate, Vietnam-era veteran to an advertised faculty position. AB, a Vietnam-era veteran as well, complained along with others in the department that UX had not extended affirmative action benefits to the individual. In response, AB alleges that university harassment eventually drove him from the university [an allegation objectively confirmed by a California administrative law judge]. Officials with the district office of OFCCP were informed of the original refusal by the university to hire the veteran for the advertised position, but they declined to pursue the matter. Later, in November of 1992, AB filed a formal complaint regarding his own situation, therein alleging specific acts of discrimination and failure to provide affirmative action. As of October, 1993, OFCCP had not responded.
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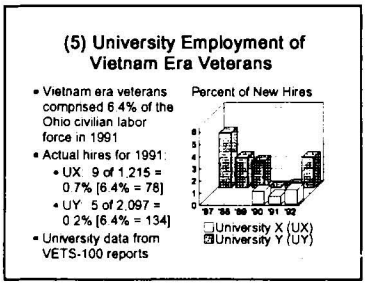
> ***(2) The DS/CM Cases:*** The DS and CM cases at Company A, a steel manufacturing firm, involved the denial of advancement (upgrading) opportunities to qualified Vietnam veterans. It also involved harassment and discrimination against these individuals based on their veterans' status and for filing complaints against Company A for violations of 38 USC 4212 and 42 USC 2000e-11 (Title VII of the Civil Rights Act of 1964). Company A, while granting affirmative action advancement rights to individuals protected by amended Executive Order 11246, denied comparable rights to DS and CM, even though, in numerous situations, they had more seniority than the individuals advanced and were equally (or more) qualified. The denial of these advancement opportunities negatively impacted the earning capabilities (rates of pay) of DS and CM and have jeopardized their seniority rights during future reductions in force. OFCCP denied jurisdiction in these cases based on the Steel Industry Consent Decree (which had no provisions for veterans' affirmative action) being dissolved. OFCCP's denial of jurisdiction occurred after the Department of Justice ruled otherwise.
>
> ***(3) The RL Case:*** The RL case at University Y (UY) involved the termination of an eighty-percent disabled Vietnam veteran. A formal complaint was filed with the Department of Labor, and following an investigation (and an appeal by UY of an initial decision favorable to RL), the OFCCP ruled on behalf of the veteran. However, RL was not allowed to participate in the conciliation process; the agreement being negotiated between OFCCP and UY. The veteran was returned to a three-quarter time position (rather than full-time) at a lower hourly rate, and no lost wages were awarded for the nearly two years he was out of work. The options presented to the veteran by OFCCP were straightforward -- take it or leave it; OFCCP would pursue the matter no further. At the time, UY had no affirmative action program for veterans as required by law.
>
> ***(4) The SB Case:*** The SB case at UY involved the demotion and transfer of a handicapped Vietnam-era veteran in retaliation for complaints filed with OFCCP; a *significantly less qualified, non-veteran was retained.* As in the RL case, SB was advised that any conciliation agreement would be negotiated between OFCCP and "their client" UY; SB would not be a party to the conciliation process and he would have to file a FOIA request to gain any information about it. SB's FOIA request was denied. SB was also denied access to the internal grievance processes at UY, based on providing information about his case *confidentially* to OFCCP. SB's congressional representative interceded on the veteran's behalf, and in correspondence from the regional office of the OFCCP, was told: "The OFCCP regulations do not require that veterans be given preference over other qualified candidates" (emphasis in original) [Letter dated: 7 July 1993].

(5) The RH Case: The RH case at Company B, an automobile manufacturing corporation, involved the denial of training opportunities to a disabled Vietnam veteran for which the veteran was qualified. By failing to select RH for pre apprenticeship training, Company B further denied RH advancement (upgrading) opportunities and the concomitant increases in rates of pay. RH filed a formal complaint with OFCCP, and even though the contractor had ruled RH to be qualified for their pre apprenticeship training program, OFCCP ruled otherwise. RH appealed the ruling to the director of OFCCP; an individual on leave from Company B at the time. The OFCCP again ruled in favor of the contractor. The case has now been directed to EEOC by the President, and RH's congressional representative has requested that EEOC assist RH "without referral to another agency or excuses" [Letter dated: 17 June 1993]. The letter also pointed out that "OFCCP maintains that, despite the existence of 38 USC (4212), no regulations have been written to provide affirmative action ... except when applying for an employment position. Since it is OFCCP's task to write those regulations, the Office's excuse has been feeble at best." EEOC denied jurisdiction in the case.

CSVS Analysis – OFCCP Uses of Penalties and Sanctions: 41 CFR 60-250.28 authorizes OFCCP to levy a range of penalties and sanctions upon federal contractors it rules are not granting affirmative action to veterans. These extend from simply reviewing the contractor's performance to banning the contractor from receiving federal contracts.

CSVS requested through FOIA a list of federal contractors declared ineligible by OFCCP for violations of 38 USC 4212. The list provided by OFCCP contained the names of thirty-three companies. However, the debarment dates for ten of the companies were before the enactment of the 1974 law. CSVS requested clarification in November of 1992 as to which of the companies were placed on the contractor ineligibility list after being cited for violations of the 1974 veterans' act [41 CFR 60.250.31], and which were for violations of the amended Executive Order 11246 [41 CFR 60-1.31] and/or the Vocational Rehabilitation Act of 1973 [41 CFR 60-741.31]. As of October, 1993, no response had been received.

Focused case studies by CSVS of two federal contractors reveal OFCCP ineffectiveness in using penalties and sanctions in dealing with entrenched resistance to affirmative action for veterans. CSVS studied universities X and Y (UX and UY), college campuses where long-standing anti-veteran, anti-military attitudes have produced numerous complaints of discrimination against Vietnam-era veterans. OFCCP, under congressional pressure, eventually conducted a compliance review of UY but has encountered difficulties in enforcing the terms of the agreement between the university and OFCCP. Aggregate statistics illustrate the inability of OFCCP to change campus employment policies toward Vietnam-era veterans.



The annual VETS-100 hiring results for UX and UY are presented in Figure (5). All VETS-100 reports were requested, but those for the first three years were not provided by UX. Apparently, they had not been filed. In the case of UY, all the reports were provided, but a disturbing trend was apparent. For the first year, 1987, Vietnam-era veterans comprised 4.5% of the new hires at UY, but by 1990, the level had dropped to an almost unmeasurable 0.1% (1 veteran out of 889 new hires).

According to the Ohio Bureau of Employment Services, Vietnam-era veterans made up 6.4% of the civilian labor force in the state in 1991, somewhat above the national average of 5.6%. However, the UX and UY data for that year yielded a percent of new hires for era veterans of only 0.7% and 0.2%, respectively. The 1992 values improved, somewhat, to 1.2% and 2.5%, but they still remained far below the number of protected veterans in the labor pool.

The CSVS invested significant research efforts into identifying federal contractors reviewed for compliance with 38 USC 4212. The only such compliance review uncovered was the one involving UY. Therefore, to gain a better understanding of OFCCP uses of penalties and sanctions, a FOIA request was filed in January of 1993 to obtain the "Notice of Violation" issued 25 February 1992 as well as the university response dated 1 May 1992 [Letter to the regional office of OFCCP, 5 January 1993]. The request was denied because "the release of these documents would disclose law enforcement techniques and procedures" [Letter from the regional office of OFCCP, 25 January 1993].

The 16 September 1992 conciliation agreement between OFCCP and UY that resulted from the congressionally mandated compliance review was obtained by CSVS from a member of the House Veterans' Affairs Committee. UY was cited for seven major violations: (1) no affirmative action programs for veterans or the disabled; (2) no one in charge of implementing affirmative action for veterans or the disabled; (3) jobs not listed with the Ohio Bureau of Employment Services; (4) data not adequately collected or used; (5) information about affirmative action benefits not disseminated internally or externally; (6) no review of employment practices to insure affirmative action; and (7) a climate of harassment, intimidation, and coercion for veterans. As a result, UY and OFCCP have entered into a conciliation agreement.

However, UY veterans report that OFCCP has not enforced the terms of this agreement. They were told by OFCCP that alleged violations of the conciliation agreement would not be investigated as part of a veteran's individual complaint. Rather, the allegations would be considered during a future compliance review.

DISCUSSION

Regulations: The federal statute 38 USC 4212 specifies that contractors "shall take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era." The federal regulations promulgated in 1978 to implement the requirements therein state that the affirmative action shall apply "at all levels of employment, including the executive level," and that the affirmative action "shall apply to all employment practices, including, but not limited to: hiring, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship and on-the-job training programs under 38 USC 1787" [summarized in Table (1), ***CSVS Analysis***, page 3]. Since the employment practices are nearly identical to those listed for the other groups the Department of Labor is charged with protecting [women, minorities, and the disabled], it would follow that the affirmative action programs for the groups should be roughly equivalent.

The Department of Labor's OFCCP agreed in 1988 that affirmative action for veterans should be in parity with the other protected classes [***Department of Labor Response***, page 3]. However, the stance taken by OFCCP in 1993 changed. Officials now argue that the regulations mandate significantly different affirmative action programs for veterans compared to the other protected classes. It's not clear what changed between 1988 and 1993. The statutes, the executive orders, and the regulations themselves appear relatively unchanged during that period. Furthermore, the new rationale focuses exclusively on "substantive regulatory differences" necessitating "substantive differences in the administration of these programs," yet, Labor promulgated the regulations for each. Why did OFCCP impose substantive differences?

The burden of proof should be on OFCCP to demonstrate that Congress intended affirmative action to be different for veterans than for other protected classes. Clearly, its new position on affirmative action taken in 1993 leads to other questions: What are the criteria for this new form of affirmative action? Does this new form of affirmative action give veterans more or less protection than other protected groups? The fact that an outdated $25,000 ceiling exists for the recruitment of positions with state employment services suggests that veterans enjoy less protection than other affirmative action classes. Why?

Also of concern is the OFCCP contention that the Department of Justice has no role in the enforcement of 38 USC 4212. The CSVS has solicited input from the civil rights division of Justice regarding this matter, but no response has been received. However,

if this contention is true, it could go a long way towards explaining the apparent disparity in affirmative action programs for the various protected groups.

Data: The issues surrounding data collection and utilization by the Department of Labor were considered primary shortcomings by the GAO in its 1974 review of employment services targeted to veterans of the Vietnam era. As a result, CSVS researched these areas in depth.

The dramatic increase in federal contractors failing to file the VETS-100 report between 1990 and 1991 [Figure (1), ***CSVS Analysis – Contractors' Failure to File***, page 4] is curious in light of the 1974 GAO finding that Labor officials failed to "take action against firms not submitting reports as required." CSVS was unable to find aggregate data used or gathered by OFCCP that OFCCP would defend as accurate indicators of its performance or of contractor behavior. For example, CSVS consulted Labor's annual reports such as *Veteran Employment Totals by State*. However, when CSVS pointed out that this data showed contractor noncompliance, OFCCP replied that the Department was in the process of generating more accurate data of contractor compliance [Blackwell letter, July, 1993].

OFCCP has declared that it does not use VETS-100 data [***Department of Labor Response***, page 6]. This raises questions about whether OFCCP uses any aggregate data to inform its decision making and to influence which federal contractors it penalizes and sanctions. If alternative forms of aggregate data are utilized, what are they? The absence of aggregate data deprives OFCCP of any broad indicators of contractor compliance as well as feedback about its performance.

The 1991 employment statistics for Vietnam-era veterans are also troubling [Figures (2)-(4), ***CSVS Analysis – Veterans' Employment***, pages 4-5]. The U.S. Bureau of Labor Statistics value for Vietnam-era veterans in the civilian labor force is almost certainly an under-representation of the actual number of era veterans. The civilian labor force value of slightly over seven million Vietnam-era veterans is between one and two million less than the number who served during that time. Homeless veterans and those chronically out of work would not be counted in the Labor statistics (they are not actively seeking employment). Hence, there are probably 6.5 to 7.0% available to work, not 5.6%.

Remarkably, few states hired Vietnam-era veterans at a level even approaching 5.6%. While 38 USC 4212 does not mandate goals and timetables with regard to the hiring of veterans, as amended Executive Order 11246 does for women and minorities, the 5.6% figure does provide a yardstick by which to measure success. If affirmative action for veterans was a reality, most covered veterans would self-identify. If affirmative action for veterans was a reality ("at all levels of employment, including the executive level"), the 5.6% figure would be routinely surpassed in federal contractor employment.

The CSVS review of data also uncovered an additional, significant deficiency in the information requested on the VETS-100 form. The total number of workers employed by a federal contractor (veteran and non-veteran) is not requested. Thus, there is no way of knowing the relative percentage of Vietnam-era and special disabled veterans in the contractor's work force. Such information, by job category, is imperative if meaningful conclusions are to be derived concerning veteran employment. This type of data is provided by federal contractors to meet Executive Order 11246 provisions.

Management and Implementation: CSVS relied on two types of evidence to evaluate OFCCP management and implementation: case studies and OFCCP penalties and sanctions. The absence of aggregate data makes it necessary for research efforts such as those conducted by CSVS to turn to case evaluation as a performance indicator. The evidence suggests tensions between individual veteran expectations and OFCCP output. CSVS was unable to find one case where a veteran was satisfied that his or her rights had been protected. OFCCP's refusal to publish summary data on its cases makes systematic evaluation difficult. CSVS evaluation of the existing cases indicated that a climate of distrust exists between veterans attempting to pursue their affirmative action rights and OFCCP.

The employment practices listed in Table (1) [***CSVS Analysis***, page 3] suggest that affirmative action for veterans should require federal contractors to make an extra, positive effort to recruit, hire, train, promote, compensate, and retain those individuals

granted such rights. The case studies presented [*CSVS Analysis – Veteran Cases*, pages 6-7] illustrate difficulties with OFCCP management and implementation in almost all of these areas. And according to RH's congressional representative (page 7), OFCCP has admitted that "no regulations have been written to provide affirmative action (for veterans) ... except when applying for an employment position." Why? The employment practices appear to require much more than that and the statute clearly does with regard to advancement.

Finally, the focused case studies by CSVS of UX and UY demonstrate the real-world problems confronting veterans in a hostile work environment; a premise validated when OFCCP cited UY for a climate of harassment, intimidation, and coercion for veterans in 1992. However, had the employment data depicted in Figure (5) [*CSVS Analysis – OFCCP Uses of Penalties and Sanctions*, page 7] been generated for any other affirmative action protected group, would stiffer penalties and sanctions have been imposed? Would OFCCP tolerate "a climate of harassment, intimidation, and coercion" for other protected groups? Would it have taken almost two decades to discover that a contractor had no affirmative action program? The agency culture encountered by veterans makes such questions relevant as there appears to be little understanding or concern for veterans' employment within OFCCP.

CONCLUSIONS

- OFCCP has declared that federal contractor affirmative action programs for veterans can be different than those for other protected classes. Yet, it cannot be demonstrated from the statute or regulations that Congress intended that these differences should occur.

- OFCCP does not have confidence in nor does it defend the accuracy of Labor data concerning federal contractor affirmative action for veterans. As a result, it is difficult to:
    - Measure OFCCP and federal contractor performance and progress.
    - Hold OFCCP and federal contractors to an accountability standard.

- The cases that CSVS examined indicate management and implementation problems within OFCCP. The evidence available to CSVS also shows that OFCCP has not used its power to penalize and sanction federal contractors on behalf of veterans.

RECOMMENDATIONS

1. Congress and the Department of Labor should review and revise existing regulations to specify whether affirmative action programs for veterans should provide benefits and protections in parity with that extended to other protected classes. Congress and the Department of Labor should review whether affirmative action should be extended to cover all veterans.

2. The administrative controls and reporting requirements specified by 38 USC 4107 should be extended to Title 38, Chapter 42 programs. Title 38 USC 4212 should be modified to require the implementing agency to generate or utilize aggregate data to inform its decisions. Title 38 USC 4212 should also be modified to specify that the agency enforcing 41 CFR 60-250 should publish performance data on contractor compliance.

3. Congress and the Department of Labor should evaluate OFCCP's internal management and implementation procedures to determine whether it effectively and efficiently serves veterans. This review should consider alternative agencies that could more effectively and efficiently provide this service.

On behalf of the CENTER FOR THE STUDY OF VETERANS IN SOCIETY, submitted into testimony by,

A.H. Miller, Ph.D. **J.A. Stever, Ph.D.** **R.W. Trewyn, Ph.D.**

AHM:JAS:RWT/rt

Statement by Robert E. David, Executive Director, South Carolina Employment Security Commission

MR. CHAIRMAN, DISTINGUISHED COMMITTEE MEMBERS, LADIES AND GENTLEMEN:

MY NAME IS ROBERT E. DAVID. I AM EXECUTIVE DIRECTOR OF THE SOUTH CAROLINA EMPLOYMENT SECURITY COMMISSION AND CHAIRMAN OF THE GOVERNOR'S MILITARY ASSISTANCE COUNCIL. I AM ALSO THE SENIOR STATE EMPLOYMENT SECURITY ADMINISTRATOR IN THE NATION WITH ALMOST 20 YEARS IN MY CURRENT POSITION.

MY TESTIMONY TODAY WILL REFLECT THAT EXPERIENCE AND THAT POINT OF VIEW; BUT I WOULD LIKE TO ADD THAT I AM A VETERAN MYSELF, AND HAVE SERVED IN THE AMERICAN LEGION AS NATIONAL VICE COMMANDER, DEPARTMENT COMMANDER, AND IN MANY OTHER CAPACITIES. I KNOW THAT I AM "PREACHING TO THE CHOIR" WHEN I SAY THAT THIS NATION OWES ITS VERY EXISTENCE TO OUR VETERANS. NOTHING IS TOO GOOD FOR THEM.

IN THE PAST YEAR THERE HAS BEEN A GREAT DEAL OF DISCUSSION ABOUT REINVENTING THE NATION'S EMPLOYMENT AND TRAINING SYSTEM. THE STATE EMPLOYMENT SECURITY AGENCIES SEE CONSIDERABLE MERIT IN THE ADMINISTRATION'S CALL TO INVEST IN LINKING UNEMPLOYMENT, EMPLOYMENT, AND TRAINING PROGRAMS TO CREATE AN IMPROVED "REEMPLOYMENT" SYSTEM. HOWEVER, IT IS MY BELIEF THAT THE BASIC INFRASTRUCTURE FOR A "REEMPLOYMENT" SYSTEM ALREADY EXISTS. THE CORE SERVICES AND INTENSIVE SERVICES OUTLINED BY THE ADMINISTRATION IN ITS WORKFORCE SECURITY INITIATIVE (REEMPLOYMENT ACT OF 1994) ARE CURRENTLY AVAILABLE IN APPROXIMATELY 2,300 EMPLOYMENT SERVICE/JOB SERVICE OFFICES ALL AROUND THE COUNTRY. FEDERAL AND STATE GOVERNMENTS SHOULD BUILD UPON THIS FOUNDATION.

THE BASIC MISSION OF THE EMPLOYMENT SERVICE SHOULD NOT CHANGE, BUT SHOULD EXPAND ITS CUSTOMER BASE -- BOTH EMPLOYERS AND JOB SEEKERS.

WE BELIEVE IN STAYING FOCUSED ON THE MISSION OF THE EMPLOYMENT SERVICE, GETTING PEOPLE BACK TO WORK WHO ARE UNEMPLOYED AND HELPING EMPLOYERS FILL THEIR JOBS WITH THE BEST QUALIFIED APPLICANTS. OUR VETERANS PLACEMENT UNITS IN OUR JOB SERVICE OFFICES THROUGHOUT THE NATION ARE GETTING THE JOB DONE. THIS ELEMENT DOES NOT NEED FIXING. IT ISN'T BROKE!

NUMEROUS EFFORTS HAVE BEEN MADE OVER THE YEARS TO PROVIDE EMPLOYMENT AND TRAINING ASSISTANCE TO VETERANS. THEY FREQUENTLY NEED SPECIAL HELP IN TRANSITIONING FROM MILITARY TO CIVILIAN LIFE, AND AS A GROUP, SUFFER DISPROPORTIONATELY HIGH UNEMPLOYMENT RATES.

AFTER TWO DECADES OF VOLUNTARY MILITARY SERVICE, VETERANS CONTINUE TO LAG IN SENIORITY AN AVERAGE OF FIVE YEARS BEHIND THEIR NON-VETERAN COUNTERPARTS. TO OBTAIN EQUALITY, VETERANS MUST BE GUARANTEED THE OPPORTUNITY TO RECEIVE JOB TRAINING AND EMPLOYMENT ASSISTANCE. EVERY VETERAN MUST BE GUARANTEED A REFERRAL TO AN APPROPRIATE CAREER JOB TRAINING AND JOB OPPORTUNITY.

THE VETERANS EMPLOYMENT AND TRAINING SERVICE HAS CONSISTENTLY BEEN THERE TO ASSIST VETERANS IN TRANSITIONING FROM THE MILITARY TO THE CIVILIAN WORKFORCE. SEVERAL HUNDRED VETERANS EMPLOYMENT BUREAUS AND A PUBLIC PLACEMENT SERVICE FOR VETERANS WERE SET UP AT THE END OF WORLD WAR I TO EXPEDITE JOB PLACEMENT FOR RETURNING SERVICEMEN. TODAY OVER 2 MILLION VETERANS ARE SERVED IN 2,300 PLUS LOCAL OFFICES THROUGHOUT THE UNITED STATES. POSSIBLY NO SEGMENT OF THE AMERICAN WORKFORCE IS EXPERIENCING AS MUCH CHANGE AND FACES AS MUCH JOB INSECURITY AS THE AMERICAN MILITARY. YET THE RE-EMPLOYMENT ACT OF 1994 DOES NOT RECOGNIZE VETERANS AS A SPECIAL INTEREST GROUP! IN FACT, VETERANS ARE NOT RECOGNIZED AT ALL IN THIS ACT! IT APPEARS THAT ALL RIGHTS FOR VETERANS HAVE BEEN WAIVED.

OUR VETERANS' SERVICE PROGRAMS, IN PLACE THROUGHOUT OUR NATION, ARE SERVING THE NEEDS OF OUR VETERANS. A REWRITE OF TITLE 38 IS NOT IN ORDER. IN FACT, LITTLE NEEDS TO BE DONE BECAUSE THE LAW IS CLEAR, EASILY UNDERSTOOD AND PROVIDES COMMON SENSE GUIDANCE TO THOSE AGENCIES WHICH MUST IMPLEMENT AND EXECUTE.

SOME WOULD SAY THAT NEW POLICY IS REQUIRED. I WOULD SAY THAT ALL VETERANS SHOULD BE PROVIDED THE MAXIMUM OF EMPLOYMENT AND TRAINING OPPORTUNITIES, THROUGH EXISTING PROGRAMS, COORDINATION AND MERGER OF PROGRAMS, AND IMPLEMENTATION OF NEW PROGRAMS.

THE FOCUS MUST BE TO FIND VETERANS JOBS, ASSURE THEIR EDUCATION AND TRAINING NEEDS ARE MET, AND ASSIST IN SETTLING THEIR CLAIMS. "CUSTOMER SERVICE" SHOULD BE THE MOTTO AND WE NEED TO GET SERIOUS ABOUT IT.

TODAY, OUR NATION, MUST ALSO RESPOND TO THE EFFECT OF MILITARY DOWNSIZING, PLANT CLOSURE, TRADE-ADJUSTMENT, AND INCREASED TECHNOLOGICAL DEMANDS.

AS A RESULT, CURRENT EMPLOYMENT AND TRAINING PROGRAMS FOR VETERANS MUST BE FOCUSED TO MEET THE CURRENT NEEDS OF OUR VETERANS. THE FOCUS MUST BE TO ASSIST THOSE VETERANS IN NEED TO REGAIN THEIR SELF-RELIANCE SO THAT THEY MAY AGAIN BE ABLE TO CONTRIBUTE TO THE NATION'S GENERAL WELFARE THROUGH ACTIVE PARTICIPATION IN THE WORKFORCE.

THERE ARE CURRENTLY 27 MILLION U.S. VETERANS, OF WHICH 2.3 MILLION ARE DISABLED VETERANS. IN ADDITION, BETWEEN FISCAL YEARS 1990 AND JUNE OF 1993, 849,607 VETERANS AND 1.5 MILLION VETERANS WERE LIVING BELOW THE POVERTY LEVEL. THESE FIGURES SERVE AS INDICATORS OF THE STATUS OF ECONOMICALLY DISADVANTAGED AND DISLOCATED VETERANS.

RESPONDING TO SPECIFIC VETERANS NEEDS BY CHANGING PRIORITIES FOR VETERANS SERVICES HAS BEEN A CENTRAL COMPONENT OF POLICY MAKING FOR OVER 60 YEARS. LOCAL VETERANS' EMPLOYMENT REPRESENTATIVES (LVERS) AND DISABLED VETERANS' OUTREACH PROGRAM (DVOPS) PERSONNEL HAVE SERVED OUR VETERANS WELL.

BETWEEN 1984-1987, 10.3 MILLION VETERANS WERE SERVED.

BETWEEN PROGRAM YEAR 1988 AND 1992, 7.9 MILLION VETERANS WERE SERVED BY LVER/DVOP STAFF.

CONGRESSIONAL INTENT TO FOCUS RESOURCES IN RESPONSE TO THE CHANGING NEEDS OF VETERANS IS CLEAR AND THIS FOCUS SHOULD REMAIN. IN FACT THIS POLICY SHOULD BE MADE PERMANENT BY LAW.

ALSO, FULL FUNDING OF 100% OF LVER/DVOP POSITIONS IS REQUIRED TO HANDLE THE GROWING NEEDS OF OUR VETERANS.

WITH REGARDS TO THE JOB TRAINING PARTNERSHIP ACT TITLE IV C AND SINCE THE INCEPTION OF VETERANS' EMPLOYMENT PROGRAMS, THE FUNDING AVAILABLE FOR DISTRIBUTION TO THE STATES UNDER A FORMULA BASED SYSTEM HAS DECREASED. ONLY 38 STATES PARTICIPATING IN THE JOB TRAINING PARTNERSHIP ACT IV C PROGRAMS DURING 1993. MANY SMALL STATES ELECTED NOT TO PARTICIPATE RATHER THAN RECEIVE THE MINIMUM ALLOCATION OF $55,000.

THE PROPOSED PROCESS TO STREAMLINE THE JTPA TITLE IV C PROGRAM WILL ALLOW STATES TO COMPETE FOR LARGER GRANTS THAN THEY WERE ELIGIBLE FOR IN THE PAST. GRANT AWARDS WILL BE IN AN ANTICIPATED RANGE OF $400,000 - $850,000.

WHILE THIS NEW POLICY MAY HAVE MERIT; I SEE NO NEED TO CONTINUE TO CENTRALIZE THE PROCESS, FUNDS NEED TO BE ALLOCATED TO THE REGIONS BASED ON VETERAN POPULATION, SO STATES IN THE CLOSE PROXIMITY CAN:

-- COMPETE FOR FUNDS AVAILABLE

-- COMBINE TO WORK TOGETHER AS GRANTEE/SUB-GRANTEE

THIS IS IN KEEPING WITH THE PRESIDENT'S POLICY TO DECENTRALIZE MANAGEMENT DECISIONS.

FINALLY, WITH REGARDS TO ASVETS REINVENTION PROGRAM, IT HAS BEEN DETERMINED THAT THE FINDINGS LISTED IN SECTION 4100 AND PURPOSE IN SECTION 4102 TITLE 38, UNITED STATES CODE ARE STILL VALID. THE TITLE 38 FOCUS, AS STATED, IS EXACTLY RIGHT. RESULTS TO ACCOMPLISH VETERANS NEEDS CAN BE ACHIEVED IF THE DEPARTMENT OF LABOR AND, MORE IMPORTANTLY, THE ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT AND TRAINING COMPLY.

THE INTENT OF THE LAW IS TO HAVE VETERANS' PROGRAM DIRECTED BY AN ASSISTANT SECRETARY AND AN ORGANIZATION STRUCTURED TO PROMULGATE AND ADMINISTER.

POLICY SHOULD BE ESTABLISHED TO EXECUTE THE LAW AND RESOURCES SHOULD BE PROVIDED TO EXECUTE THE PROGRAMS.

DOCUMENTATION AND REGULATIONS TO SUPPORT AND PROVIDE GUIDANCE TO THE FIELD STAFF SHOULD BE SIMPLE AND NOT RESULT IN BUREAUCRATIC TIME CONSUMING PROCESSES AND REPORTS.

THE REGIONAL VETERANS EMPLOYMENT AND TRAINING (RVET) DISTRICT VETERANS EMPLOYMENT AND TRAINING SERVICE (DVET) NEEDS CLEAR POLICY TO FOLLOW AND PROPER RESOURCES TO EXECUTE VETERANS PROGRAM. THE TEXT BOOK/"COOKIE" CUTTER APPROACH AS OUTLINED IN THE REINVENTION PROPOSAL DOES NOT PROVIDE SOLUTIONS. IT CONTINUES TO BUILD ON A PROCESS THAT PRODUCES LITTLE. SIMPLY STATED, THE VETERANS NEEDS HELP TO FIND A JOB, GO TO SCHOOL, OR SETTLE A CLAIM. THIS IS THE PROPER FOCUS.

IN CONCLUSION, MR. CHAIRMAN, I WOULD URGE YOU TO TAKE ADVANTAGE OF WHAT WE ALREADY HAVE IN PLACE, PROVIDE ADEQUATE FUNDING, AND INSIST ON COORDINATION OF EFFORT. THANK YOU FOR THIS OPPORTUNITY TO SHARE MY THOUGHTS AND EXPERIENCES WITH YOU. AND THANK YOU, MOST SINCERELY, FOR YOUR CONCERN AND CARE FOR AMERICA'S VETERANS.

FOLLOW-UP QUESTIONS
TO PRESTON TAYLOR
ASSISTANT SECRETARY FOR VETERANS EMPLOYMENT AND TRAINING
FROM
THE HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
JUNE 15, 1994, HEARING

Question 1: What impact, in your judgement, would H.R. 4050 have on the provision of quality employment and training services for veterans?

Answer:

We expect that the Reemployment Act will benefit veterans through such features as:

- The one stop centers' emphasis on streamlined and easily accessible services, focusing on what the worker needs to get the next job, not on why he or she lost the last job.
- Labor market information on where available jobs are and vocational guidance as to the associated new skills required.
- Financial support to help dislocated workers complete meaningful retraining courses.
- Information on the success rates of education and training providers, to help workers choose appropriate provider for the services they need.

In addition, services delineated in chapter 41 of title 38, United States Code, are to be mandatory in the One-Stop Career Center system, which provides a common point of access to employment, education, and training information and services. This means that in States electing to establish One-Stop systems, the intensive services prescribed for certain veterans in sections 4103A and 4104 of title 38 must be available at each One-Stop Career Center. Veterans will continue to receive the priority service under One-Stop that they receive under current law. Additionally, transitioning servicemembers will continue to be afforded the opportunity to participate in Transition Assistance Program workshops delivered by veterans' specialists.

Question 2: We heard from the Disabled American Veterans that former service members should be identified as a target group under Title I of H.R. 4050 and should have priority in any dislocated worker program. Would you and Secretary Reich support this proposal? If not, why not?

Answer:

Service members who have been involuntarily separated under Department of Defense procedures would be eligible for services under Title I of the Reemployment Act as they currently are under the Economic Dislocation and Worker Adjustment Assistance Act's Defense Diversification Program.

Title I consolidates current programs for dislocated workers into a single, comprehensive program that is available to all eligible dislocated workers, regardless of the cause of the dislocation. These workers will be afforded access to a common set of enriched information and services at career centers. With the increased funds for dislocated workers that the President has requested, we expect to be able to serve all dislocated workers who are in need of Federal assistance. Therefore, we do not believe Title I of the Reemployment Act should give priority to any particular group of dislocated workers.

In States that elect to establish One-Stop Career Center systems, veterans will continue to receive the same priority for service that they do under current law.

Question 3: Section 233 of H.R. 4050 authorizes the Secretary of Labor to grant waivers of certain statutory requirements, including chapter 41 of title 38, United States Code.

How would this provision improve enforcement services to veterans since veterans are now provided priority in employment services?

Wouldn't authorizing a waiver of chapter 41 reduce service to veterans who now receive special consideration for employment and training services?

Answer:

The Reemployment Act authorizes waivers of statutory and regulatory requirements that would impede implementation of one-stop career center system. Chapter 41 of title 38 is one of the mandatory participating programs in the one-stop system, and one of the programs for which waivers may be requested. These waivers are intended to provide more flexibility, facilitate consolidation, promote coordination, improve efficiency, and better serve one-stop customers, including veterans.

Veterans will continue to receive priority for service in one-stop systems, just as they do under current law. In fact, veterans will benefit by being able to access improved services and information through one-stop career centers.

The Secretary of Labor must approve all waiver requests, and certain provisions are off limits, such as the basic purposes or goals of the affected programs--which in the case of chapter 41 includes providing maximum employment and training opportunities to veterans, with priority to disabled and Vietnam-era veterans. Naturally, the Secretary would consult with the Assistant Secretary for Veterans' Employment and Training on waiver requests affecting veterans. As I testified, I can foresee no circumstances for which I would accommodate the granting of such waivers.

Question 4: You stated in your testimony that the expansion of dislocated worker programs under the Reemployment Act of 1994 should result in improved benefits for involuntarily separated service members.

How will these individuals be identified and informed of the services available to them?

Answer:

The Reemploment Act strengthens involuntarily separated service members' access to a comprehensive array of information and services.

Veterans who are involuntarily separated and receiving UCX will be profiled by respective state unemployment insurance system offices to determine whether they are likely to have difficulty finding a new job. Transitioning service members who attend Transition Assistance Program (TAP) workshops will also be apprised of the presumptive eligibility for dislocated worker benefits. If so, they will be referred to Career Centers for assessment, career counseling, and other services, including training when necessary.

The increased investment in dislocated workers (which will total nearly $12 billion between 1995 and 1999) and the fact that the nation will have one comprehensive dislocated worker program rather than a bewildering array of categorical programs will make outreach to all eligible populations easier and more effective.

Question 5. Under the Reemployment Act, what mechanisms are in place to determine whether or not grant recipients are in compliance with title 38 requirements?

Answer:

The mechanisms include: State and Federal oversight and monitoring including on-site evaluations by VETS field staff of services to veterans; audits; and customer feedback from veterans and other individuals who have received services through a One-Stop Career Centers. The latter may be done through surveys, interviews, focus groups, and other techniques.

In addition, the operating agreement negotiated between the Workforce Investment Board and participating programs, and approved by the local elected official and the Governor will specify the procedures to be used to ensure compliance with the statutory and regulatory requirements of the participating programs, including chapter 41 of title 38.

Question 6. In your testimony, you note that your Internal Review Team has recommended that VETS regional offices be reduced.

How many regional offices do you consider adequate?

Answer:

The Internal Review Team does not propose the closing of any VETS' offices. Instead, current regional offices which might lose the "regional" designation would continue to operate in some other capacity such as area offices. Also, the Internal Review Team's final report did not specify which cities it would recommend to no longer be regional office cities, nor did it make recommendations as to which should be the new regional cities -- except to propose that Washington, D.C. become one of the new regional office cities. Their rational for that specific recommendation is that it would facilitate downsizing of the national office.

With reduced, or, as I would prefer to characterize it, an optimal--number of regional offices (ROs), each would still have the capacity to fulfill a "value-added" role of facilitating the delivery of services to our customers: veterans, employers, and VETS' own staff. In light of the need to reduce the agency's total staff, having more ROs than this optimal number would be superfluous and would waste personnel that could otherwise be assigned to front-line work in the States. VETS is still in the process of determining the optimal number of ROs. The agency's Reinvention Team will be providing me with its views on this after completing its review of the Internal Review Team's recommendations.

Which offices would you expect to close?

Answer:

At this time, a full review of decisions regarding of the Internal Review Team's proposals has not yet been completed. In accordance with VETS' partnership agreement with its unions, these proposals must be reviewed by VETS Reinvention Team consisting of labor, management, field staff and national office personnel. So, I am not as yet in a posture to make decisions regarding the number of VETS' regional offices in the future, or which specific offices might be changed to front line service offices if regional office numbers are reduced.

Question 7. Mr. Secretary, what steps are you taking to comply with the requirements of Public Law 102-16 and convene the Advisory Committee on Veterans' Employment and Training?

I am disappointed that the committee is still uninformed.

Answer:

I am now in the process of having the Secretary of Labor solicit nominations for Committee positions.

Question 8. VETS staff must reduce staffing by 12 percent over the next five years, in keeping with a Presidential Executive Order.

How will this staffing reduction affect delivery of services to veterans? How could veterans possibly benefit from a cut of this size?

By what criteria will the new positions be allocated to states?

Answer:

The 12% target reduction was presented to VETS, as it was to other Federal agencies, by the President's September 11, 1993, Memorandum For Heads of Departments and Agencies, "Streamlining the Bureaucracy." Internal Department of Labor planning directives set the 12% reduction as an assumption that each agency in the Department should follow until further notice, in its planning through Fiscal Year 1999.

Thus, VETS' Internal Review Team's proposals incorporated this 12% reduction as part of its planning assumptions. In the FY 1996 budget cycle currently getting underway, and in future budget cycles, VETS will be reviewing its long-range planning to determine the optimal nature of staffing reductions given the status of staffing allocations at the time of each cycle. Particular staffing changes will be considered on a case-by-case basis, in collaboration with the unions in accordance with VETS' partnership agreements.

VETS will continue to attempt to optimize customer service within this staffing allocation by

- Shifting resources from supervisory/management functions to the front-line;
- Protecting the staffing allocations in the states; and
- Reducing the numbers of
  - National office positions
  - Regional office positions
  - Supervisors and managers.

If it turns out that VETS indeed must cut staff by 12 percent by FY 1999, the agency's challenge will be to increase effectiveness of services to veterans and achieve the staffing cuts. The Internal Review Team has recommended that this be accomplished by such key improvements as the following:

- Retention of front-line staff positions in the states, while absorbing reductions among staffing allocations in the regional and national offices.
- Redistribution of workload to assure equity among all staff at all levels of the organization.
- Reduction in the size and streamlining of VETS' management team, and the resulting facilitation of essential and effective communications among managers.
- Improvement in automated management information and electronic communications systems (already underway and to be continued).
- Increased staff training and the development of a comprehensive career ladder structure readily accessible for the career development of all levels of VETS' staff.
- The evolution of supervisory/managerial roles into leadership roles; that is, emphasizing coaching and development rather than checking or overseeing.

Question 9. A reinvention team proposes to establish three new positions. Wouldn't this recommendation eliminate DVOPs and LVERs?

Would this recommendation increase or reduce the number of veteran-employment specialists?

Answer:

The recommendation does not intend to eliminate the DVOP and LVER functions associated with these programs. Instead, the proposal is to realign these functions to focus on the delivery of services to those veterans most in need of specialized services--with the exception of the current "functional supervision" role, which would be eliminated.

VETS plans to request legislative authority in the near future to pilot test this realignment of duties. Results of the pilot test would be analyzed before any further recommendations for legislative action would be considered. Only after the pilot test could reasonable estimates be made regarding the number of specialists to be recommended.

In your testimony, you note that these new positions would target veterans "who have exceptional difficulty in accessing the labor market." What options would be available to veterans who want to see a DVOP or LVER, but are not in the categories designated "most in need?"

Answer:

Those veterans who are not "most in need" would be considered capable of accessing other local office or one-stop career center services, such as through use of self-directed computer job listings. Thus, these veterans would not use the services of the proposed new veterans' "specialists", allowing those specialists the time necessary to serve those who truly are "most in need".

Wouldn't this proposal result in a reduction in services to veterans?

Answer:

VETS believes this proposal actually would result in improved services to veterans -- by increasing the focus on the system's ability to provide specialized services to those most in need, while referring those capable of self-sufficiency to other SESA/one-stop career center services.

Question 10: In testimony heard today, strong objection was raised to the recommendation to eliminate the requirement in chapter 41 that DVETs and ADVETs be veterans.

How do you justify this recommendation?

Answer:

A May 2, 1994, Internal Review Team draft management study was one draft paper which mentioned this possible option. However, due consideration of all the ramifications -- especially in light of the content of the extensive comments which VETS received in response to its request for advice on this issue during the reinvention development process -- have been reflected in the final May 20, 1994, recommendations of the Internal Review Team NOT to make any changes in these veteran status requirements.

Question 11: Where are you in the reinvention process, and where you go from here?

Answer:

The numerous products of the five ad hoc teams have been presented to VETS' Reinvention Team, the union-management partnership group charged with advise-and-consent review of each proposal. Once this team completes its review and comments on each proposal, I will receive their input for my decisions and implementation. One change has already been implemented, i.e., the conversion of the JTPA Title IV-C grant award process from a formula allocation to a competitive award process. We expect to make those awards no later than August 30, 1994.

When will you submit specific legislative recommendations to the Committee?

Answer:

In the near future, we plan to request legislation which would allow VETS to pilot test the proposed revised service delivery system and its new functional realignment.

With respect to the other legislative issues raised in our various reinvention products, we will be discussing a separate package of legislative proposals within the Department of Labor this summer, so that these might be considered for inclusion in the Department's legislative agenda.

Question 12: In your testimony, you stated that the JTPA Title IV-C grants would be awarded competitively and that services would be targeted to veterans in the most needed service areas.

By what process will you identify service areas with the greatest need and on which criterion will the competition for grants be based?

Answer:

The JTPA IV-C Solicitation for Grant Applications (SGA) has been revised such that it is less than half its previous length - simplifying and facilitating its use by prospective grantees. The process incorporated in this SGA identifies five criteria by which all applications will be measured and by which comparisons among applications will be made:

- Statement of Need
- Program Design and Goals
- Qualifications of Applicants
- Utilization of Community Linkages and Optional Outside Funds
- Budget Narrative

Comparison among all applications will be made in the evaluation process, with the relative needs of all the service areas from which applications are submitted being considered in the final decision process. In their Statement of Need, applicants will receive high points that identify areas in which there are veterans having great needs but for whom there are no available resources to serve.

Question 13: For the record, who specifically is on the VETS Reinvention Team that is reviewing the proposals made by the ad hoc teams?

Answer:

National Council of Field Labor Locals Representatives
- Karen Marin, Veterans' Program Specialist, Seattle Regional Office
- Gary Cusack, ADVET, Michigan

American Federation of Government Employees Local 12 Representatives
- Cliff Russell, Veterans Employment Specialist, VETS' National Office
- Sandy Ballie, VRR Specialist, VETS' National Office

VETS Management Representatives
- Bo Wroble, Supervisory Management Analyst, VETS' Office of Information, Management, and Budget
- Jeff Crandall, VETS' Director of Field Operations

Question 14: In your statement you mentioned that the ad hoc teams kept interested parties, including my staff, informed about their progress and ideas.

First, I want to thank you for working so closely with us. We all want to do what is best for veterans, so I always feel that we're on the same side and should work together.

Is the Interstate Conference of Employment Security Agencies (ICESA) supportive of the recommendations made by the ad hoc teams? Is OMB supportive? What comments have you received?

Answer:

ICESA has been a particularly active and supportive partner in VETS' reinvention, adding significant value to many of our proposals through their direct involvement.

- ICESA was a key player in making the necessary arrangements for data compilation in our customer survey preparations.
- ICESA helped make possible VETS' Case Management pilot testing efforts in several states.

Our briefing of OMB was largely for informational purposes, and neither OMB nor ICESA has provided any formal comments.

Question 15: You noted that the Internal Review Team identified legislative mandates that inhibit effective usage of VETS' staff and other resources.

Specifically, which legislative requirements do you consider troublesome and why?

Answer:

- Two-year residency requirements on DVETs and ADVETs. This requirement restricts our capacity to promote qualified VETS staff who live outside the states where the vacancies exist. Such restrictions are bad for morale and for our customers, because productivity suffers where there is little or no hope for advancement.
- The requirement for "Full-time clerical support" for the DVET in each state. This "clerical" designation restricts the upward mobility of approximately 20% of VETS' staff. This should be revised so that the mandated DVET staff support is not limited only to clerical support;

- The formula assigning ADVETs based on state veterans' population. Population is not the best indicator of VETS' workload, since it includes those veterans retired from the workforce. This formula should be amended to allow flexibility according to workload in assigning ADVETs to the states.
- The requirement that VETS have 10 Regional Administrators. This requirement restricts VETS' flexibility to redesign its internal organization to meet customer service needs, by imposing an administrative structure on the agency.

As a result of these mandates, approximately three quarters of VETS staff of approximately (276 positions) are mandated with respect to position title, and/or residency status. Thus a large majority of VETS' staff is restricted with respect to who can do these jobs, where they can be located, and/or how they are to be utilized. As a result, VETS has only a small percentage of its staff which can be assigned based strictly on workload demands.

Question 16. The customer survey you mentioned is an excellent idea. How exactly will this survey be carried out?

When will the survey be conducted and the results available?

Answer:

- Sampling data to conduct the surveys is being provided by the SESAs.
- Current plans call for 1,100 veterans and 1,100 employers in 16 states to receive their respective surveys.
- Data will be compiled as a national aggregate.
- The survey is now scheduled to be conducted from August through October, with the analytical report to be completed by December or January. These dates are contingent upon timely clearances being obtained so the surveys can be distributed by August.

Question 17. We have long been concerned about the implementation, effectiveness, and enforcement of the Federal Contractor Job Listing program.

Specifically, what changes did the team recommend in this program?

Answer:

- All veterans should be targeted for affirmative action;
  - The $25,000 ceiling on the jobs to be listed under the Federal Contractor Job Listing program should be removed;
  - The VETS-100 report should be modified to capture a contractor's total workforce data;
  - Data management in the system should be enhanced; and
  - Processing and tracking of complaints should be improved.

Question 18: In your testimony you noted that the ad hoc teams had recommended ways to improve the Title IV-C grants process.

Please describe in more detail the changes being made and the resulting effect on services to veterans.

Answer:

- The Title IV-C grant award process is now competitive instead of being a formula allocation as previously. This should encourage those who apply to improve the services for veterans in order to be successful in the award competition.
- Fewer awards: Ten to 16 grants, instead of the 30 to 40 previously awarded annually. This will significantly reduce the overhead administrative burden on VETS (by as much as 70% in preliminary estimates) in processing these awards, thus freeing resources which can be redirected to more direct services to veterans.
- Larger awards: Larger funding amounts should attract higher quality applications, with resulting improvements in services to veterans likely due to economies of scale. Grantees will have access to greater resources that lend to richer program experiences and promise greater success in entering the labor market.

Question 19: For the record, please provide us with a record of services provided to veterans by the Employment Service during fiscal years 1991, 1992, 1993, and 1st quarter of 1994.

Answer:

The national summaries for Program Years 1990 through 1992 are enclosed as an attachment to this response. The national summary is only prepared at the end of the Program Year. The Program Year 1993 summary will be forwarded when compiled.

Question 20. Would you support a provision requiring that certain veterans (service-connected disabled, recently discharged, homeless) be provided priority service or have priority in participation in all employment and training programs administered by the Department of Labor?

If not, why not?

Answer:

I recognize that there are veterans with special needs. The service-connected disabled, recently discharged, and homeless are good examples.

After the passage of the Reeemployment Act, as part of the whole process of reinventing government, the Secretary will be considering a phase two consolidation of programs. At that time, I'll discuss the subject of priority service for certain veterans with him.

Attachment:

Delivery of services to veterans by the Employment Service

U.S. DEPARTMENT OF LABOR - EMPLOYMENT SERVIC
PROGRAM YEAR 1992
July 1, 1992 through June 30, 1993

ETA Form 9002 - National Summary

	TOTAL APPLICANT	TOTAL VETERAN	VIETNAM ERA VETERAN	DISABLED VETERAN	SPECIAL DISABLED VETERAN	ELIGIBLE PERSON
TOTAL APPLICANTS	21,346,336	2,775,954	1,067,160	139,385	54,236	9,146
Under 22 yrs of age	3,311,605	50,908	N/A	2,116	801	467
22-44 yrs	13,939,488	1,732,490	576,676	86,710	32,401	5,454
45-54 yrs	2,564,045	580,556	436,744	33,324	14,129	1,612
55 yrs and over	1,524,445	412,000	52,675	17,235	6,905	1,613
Male	12,443,041	2,610,272	1,038,482	129,733	50,366	5,262
Female	8,903,295	176,950	28,678	9,652	3,870	3,884
Econ. Disadvantaged	3,378,678	374,667	142,077	21,466	7,221	1,450
SOME REPORTABLE SERVIC	11,994,392	2,170,319	838,191	117,912	46,557	6,145
Assigned Case Manager		27,190	12,228	6,142	2,964	52
Provided Case Mgt Svcs		14,273	6,472	3,567	1,752	28
Vocational Guidance Svc Prov		197,247	77,633	13,944	6,118	383
Counseled	670,627	189,417	76,789	17,666	7,624	407
REFERRED TO TRAINING	402,490	135,510	52,834	11,482	4,782	240
Ref. to Federal Tng		75,108	29,135	6,756	2,973	135
PLACED IN TRAINING	126,168	29,971	11,825	3,427	1,579	80
Placed in Federal Tng		18,578	7,276	2,313	1,098	44
REFERRED TO JOB	7,971,650	1,268,475	486,738	72,594	29,174	3,292
Ref. to Federal Job		60,266	23,265	5,803	2,772	162
Ref. To FCJL Job		342,039	133,592		9,559	636
Ref. Permanent Job (150+ day	7,036,217	1,183,567	452,788	67,973	27,240	3,026
PLACEMENT TRANSACTIONS	3,513,867	579,079	226,075	37,052	15,688	1,533
PLACED/OBTAINED EMPLOY	3,266,120	561,587	211,135	35,316	14,525	1,322
INDIVIDUALS PLACED	2,697,298	398,551	144,319	24,774	10,379	1,017
Under 22 yrs	778,776					
22-44 yrs	1,612,169	295,418	89,320	17,152	6,914	641
45-54 yrs	207,880	63,441	49,931	5,331	2,444	160
55 yrs and over	95,375	29,632	4,941	1,823	822	127
In Federal Job		13,293	5,228	1,714	876	51
In FCJL Job		63,135	22,887		2,319	116
In permanent job (150+ days)	1,908,303	308,692	107,998	19,004	8,034	779
TOTAL OPENINGS RECEIVED	5,751,742					
FCJL Openings\% of Openings	470,126	8.17%				
Number of Federal Contractors	36,570					

VETERANS EMPLOYMENT AND TRAINING SERVICE

U S. DEPARTMENT OF LABOR - EMPLOYMENT SERVIC
PROGRAM YEAR 1991
July 1, 1991 through June 30, 1992

ETA Form 9002 - National Summary

	TOTAL APPLICANT	TOTAL VETERAN	VIETNAM ERA VETERAN	DISABLED VETERAN	SPECIAL DISABLED VETERAN	ELIGIBLE PERSON
TOTAL APPLICANTS	20,422,900	2,648,439	1,040,044	97,555	54,389	8,217
Under 22 yrs of age	3,392,651	53,093	2,283	1,396	820	449
22-44 yrs	12,975,042	1,644,678	664,788	52,840	33,053	4,908
45-54 yrs	2,207,674	485,905	327,712	17,949	11,788	1,460
55 yrs and over	1,300,146	358,049	43,282	10,816	6,964	1,400
Male	11,980,591	2,497,298	1,052,102	86,099	51,002	5,337
Female	8,442,307	151,139	27,642	5,396	3,387	2,880
Econ. Disadvantaged	2,732,891	297,698	121,651	12,610	6,998	1,639
SOME REPORTABLE SERVIC	10,980,398	1,965,714	825,130	72,398	44,876	5,448
Assigned Case Manager		16,077	7,575	1,626	1,496	29
Provided Case Mgt Svcs		11,249	5,439	1,560	1,445	18
Vocational Guidance Svc Prov		118,218	48,404	4,727	3,521	232
Counseled	683,553	201,573	87,733	11,626	8,428	448
REFERRED TO TRAINING	357,093	111,243	44,900	5,720	4,146	182
Ref. to Federal Tng	253,024	64,669	27,801	3,378	2,616	115
PLACED IN TRAINING	117,741	26,782	11,326	1,724	1,506	57
Placed in Federal Tng	91,105	16,425	6,978	1,070	854	32
REFERRED TO JOB	7,599,434	1,210,980	493,191	46,701	28,730	2,960
Ref. to Federal Job	197,567	51,497	20,785	3,171	2,188	146
Ref. To FCJL Job	1,374,899	344,593	142,601		9,947	
Ref. Permanent Job (150+ day	6,500,735	1,089,645	444,613	41,404	25,809	2,684
PLACEMENT TRANSACTIONS	3,506,598	568,803	235,856	25,929	15,495	1,547
PLACED/OBTAINED EMPLOY	3,136,154	516,838	207,693	21,426	13,762	1,227
INDIVIDUALS PLACED	2,586,704	382,028	149,356	15,799	10,255	955
Under 22 yrs	749,482	10,968	417	322	227	79
22-44 yrs	1,504,929	278,319	102,057	10,821	6,813	589
45-54 yrs	186,121	54,478	39,290	2,828	2,078	172
55 yrs and over	90,471	28,337	4,219	1,147	895	115
In Federal Job	54,546	11,122	4,961	965	809	52
In FCJL Job	283,236	67,676	26,729		2,640	
In permanent job (150+ days)	1,824,026	291,836	110,635	12,089	7,765	704
TOTAL OPENINGS RECEIVED	5,635,079					
FCJL Openings\% of Opening	465,351	8 26%				
Number of Federal Contractors	44,112					

U.S. DEPARTMENT OF LABOR - EMPLOYMENT SERVIC
PROGRAM YEAR 1990
July 1, 1990 through June 30, 1991

ETA Form 9002 - National Summary

	TOTAL APPLICANT	TOTAL VETERAN	VIETNAM ERA VETERAN	DISABLED VETERAN	SPECIAL DISABLED VETERAN	ELIGIBLE PERSON
TOTAL APPLICANTS	19,199,466	2,464,829	1,049,098	95,541	54,351	11,556
Under 22 yrs of age	3,200,575	43,630	N/A	1,403	815	520
22-44 yrs	11,070,771	1,457,015	665,204	53,750	31,961	7,007
45-54 yrs	1,706,919	395,514	235,929	14,753	9,432	2,025
55 yrs and over	1,013,622	315,848	36,966	10,609	6,711	2,004
Male	11,071,303	2,326,338	1,019,038	90,396	51,479	8,766
Female	8,128,163	138,491	30,060	5,141	3,072	2,786
Econ. Disadvantaged	2,732,916	279,979	119,286	12,296	6,718	2,615
SOME REPORTABLE SERVIC	10,401,752	2,471,834	779,432	72,995	43,756	6,306
Assigned Case Manager		15,522	7,643	2,069	1,796	22
Provided Case Mgt Svcs		10,035	4,932	1,336	1,218	13
Vocational Guidance Svc Prov		44,386	18,900	2,511	1,813	64
Counseled	663,736	188,490	88,295	13,711	9,414	467
REFERRED TO TRAINING	317,668	91,917	41,370	5,039	3,911	191
Ref. to Federal Tng	220,942	54,004	24,403	3,132	2,410	137
PLACED IN TRAINING	114,903	23,283	10,926	1,665	1,471	76
Placed in Federal Tng	87,261	14,299	6,695	929	788	54
REFERRED TO JOB	7,456,884	1,165,397	490,071	49,392	29,102	3,266
Ref. to Federal Job	99,410	22,771	10,039	1,525	1,185	45
Ref. To FCJL Job	1,342,186	320,254	139,705		9,895	
Ref. Permanent Job (150+ day	5,697,514	910,995	391,713	37,501	23,721	2,841
PLACEMENT TRANSACTIONS	3,713,404	589,153	254,897	29,199	16,981	1,927
PLACED/OBTAINED EMPLOY	3,214,493	500,038	210,993	23,398	14,197	1,330
INDIVIDUALS PLACED	2,704,578	387,657	160,371	17,897	10,972	1,171
Under 22 yrs	737,794	9,725	N/A	301	224	91
22-44 yrs	1,381,885	256,129	106,393	10,782	6,915	786
45-54 yrs	164,698	46,932	29,984	2,472	1,731	140
55 yrs and over	88,203	28,601	4,014	1,262	960	153
In Federal Job	72,430	13,168	5,975	1,183	878	54
In FCJL Job	303,115	69,936	29,905		2,763	
In permanent job (150+ days)	1,655,908	262,117	105,523	11,432	7,638	864
TOTAL OPENINGS RECEIVED	6,791,664					
FCJL Openings\% of Openings	471,327	6.94%				
Number of Federal Contractors	41,746					

July 7, 1994

Honorable G.V. (Sonny) Montgomery
Chairman
Committee on Veterans Affairs
U.S. House of Representatives
2184 Rayburn House Office Bldg.
Washington, DC 20515-2403

Dear Chairman Montgomery:

This will acknowledge receipt of your recent letter requesting we respond to additional questions as a follow up to the Subcommittee on Education, Training and Employment hearing of June 15, 1994. As requested, the following answers are provided consecutively, preceded by the question in its entirety.

1. **One of the VETS ad hoc teams has suggested that the residency requirement for State Directors be eliminated.**

I think this is a good recommendation. Would your organization support it? If not, why not?

The Disabled American Veterans (DAV) has for many years supported the elimination of the residency requirement for State and Assistant Directors of VETS. It is anticipated that a resolution will be put forth at our upcoming National Convention calling for the elimination of the residency requirement.

2. **Which of the reinvention proposals made by the ad hoc teams would your organization like to see immediately implemented?**

Which would your organization oppose? Why?

At this point we have not had an adequate opportunity to review all of the "reinvention proposals." However, we did attach to our June 15, 1994 statement a letter to Assistant Secretary Preston Taylor regarding some of our concerns. I would refer to that letter as a partial response to this question.

3. **Where one-stop centers are administered by entities other than the ES, where will DVOPs and LVERs be physically located? Whom will they report to? What impact will these changes have on the current performance measurement system?**

This question results in more questions than answers. We are concerned there appears to be no provision for LVER/DVOP functions in the one-stop centers. How will their functions be integrated into the larger program? Will only "eligible" veterans be referred to or from the LVER/DVOP? Will there be a veterans' priority of service in the one-stop centers? What assurance is there that their function will not be modified to meet the agency staffing needs rather than provide priority veteran services? This last concern is exacerbated by the provision contained in the Reemployment Act which would allow the Secretary to waive the provisions of Title 38 USC. We believe that if that section is enacted into law LVER and DVOP duties will be modified to meet the agency staffing needs rather than veterans needs.

4. **What, in your review, is the greatest impediment to providing veterans with effective employment and training services?**

What changes would you recommend that would improve employment and training services to veterans?

The greatest impediment to providing veterans with employment and training services is the Department of Labor's (DOLs) failure to recognize the need for such services; failure to take the lead in promoting the need for these services; and the failure to clearly set out how DOL and its grantees will meet their obligation under the law.

The DOL and VETS must identify effective transportable service delivery models and through regulations, policy statements, instructions, informational bulletins, and training provide for the adoption of these models. The models would have to be considerate of employment service office size, demographics of population to be served, employer community and local economy.

The DOL's failure to provide a leadership role in defining and promoting Veterans' Employment & Training Service (VETS) needs has fostered a "stepchild" like environment.

While the current Assistant Secretary reports increased access to the Secretary of Labor there appears to be no measurable results in terms of new program focus, priority of service, or initiatives for disabled or recently discharged veterans. In fact, there appears to be little or no awareness of veterans' employment and training needs in the one-stop centers proposed by this administration. The Secretary of Labor's Veterans' Advisory Committee mandated over three years ago has yet to be established. Further elaboration is contained in my June 15, 1994 statement.

5. **Do you support the proposal by the reinvention team to increase VETS staff responsibility for grant activities?**

We have no opinion or position on this concept.

6. **Do you object to the recommendation to eliminate the requirement that DVETs and ADVETs have veteran status?**

The DAV supports the continuation of the requirement that DVETS and ADVETS must be veterans. Accordingly, we would strenuously object to eliminating veteran status.

7. **What are your views on the NPR proposal to eliminate VETS' Area Directors?**

As long as the DOL maintains ten federal regional offices and each of those contain a Regional Administrator for the Employment and Training Administration (ETA) the DAV supports the continuation of ten regional administrators for VETS.

Because DOL operations depend on the Regional Administrators who have considerable authority, it is imperative that a lateral peer system of Regional Administrators for VETS be in place.

It is critical that these Regional Administrators have access to veterans services authorized in their regional office as they make decisions which will affect the provisions of services in the local office. Because of the failure of national DOL leadership, the VETS regional administrator function is much more critical.

8. **What impact, in your judgment, would H.R. 4050 have on the provision of quality employment and training services for veterans?**

Our written testimony submitted for the record on June 15, 1994 sets out our concerns on H.R. 4050.

9. **What do you see as the most significant differences between the way employment and training services are provided now, which are primarily through public employment service offices, as compared to how they may be provided under a new delivery system that may have different delivery entities all across the country?**

Our primary concern is with ensuring that the legal mandates currently codified in Title 38 USC are adequately articulated, monitored, and when necessary corrective action taken when any violation occurs. We are not satisfied that this happens under current statute and believe that under H.R. 4050 the monitoring and enforcement functions will further deteriorate.

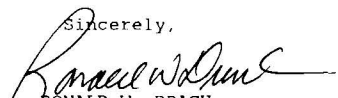
10. **According to H.R. 4050, and specifically the provision of services under one-stop centers, there will probably be a multiplicity of service providers administering the one-stop centers. Where those centers are administered by an entity other than the Employment Service, what will be the impact on the quality and quantity of services provided to veterans?**

My concern is that we now have a public employment system that has had decades of experience in providing priority services to this one group called "veterans." Other employment and training entities, such as JTPA, the education community, and those in the private sector, who may be interested in running one-stop centers have not the same experience or commitment to serving our nation's veterans. Again, what does this mean for our veterans who need help?

If DOL does not make veterans services a priority with strict compliance and enforcement in one-stop centers it will be irrelevant whether those centers are administered by the current employment service or an entity other than the employment service. Veterans will tend to become another "client" without special emphasis or status. We have found in other employment and training programs such as the Comprehensive Employment and Training Act (CETA) and the Job Training Partnership Act (JTPA) that unless veterans are identified as a specific target group any service provided to them will be coincidental and not because of their veteran status.

Mr. Chairman, thank you for allowing us the opportunity to respond to these additional questions.

Sincerely,



RONALD W. DRACH
National Employment Director

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Subcommittee on Education, Training
and Employment
Answers to follow-up questions from Hearing June 15, 1994
by: Brenda Glenn
Vietnam Veterans of America, Inc. (VVA)

1. Q: One of the VETS ad hoc teams has suggested that the residency requirement for State Directors be eliminated. Why or why not would organizations support this?

A: VVA would strongly recommend adoption of elimination of the residency requirement for not only the State Directors, but for all DOL VETS staff. This would ensure that the best qualified person be hired for a position regardless of where the person is from. With conditions as they presently exist, if a very qualified person is interested in a position with DOL VETS, that person can not even be considered if they live in another geographical area. Thus a less qualified person may be hired simply because they meet the residency requirement. That does not serve the vererans best.

2. Q: Which of the reinvention proposals made by the ad hoc team would your organization like to see immediately implemented? Which would organization oppose? Why?

A: To be honest I personally have not seen all the proposals, and do not feel qualified to answer this question adequately.

3. Q: Where one-stop centers are administered by entities other than ES, where will DVOPs and LVERs be physically located? Whom will they report to? What impact will these changes have on the current performance measurement system?

A: If and when one-stop centers are administered by entities other than ES, it is the opinion of VVA that veteran employment will be severely impeded. However, if that does occur, it is recommended that DVOPs and LVERs be physically located at the one-stop centers if agreeable to the private entities, however, if that is not possible, perhaps they could be located with the County Veteran Service Office. They would report to the DOL VETS. The above recommendation would severely compromise the current performance measurement system. While the majority of DVOPs and LVERs are dedicated and caring individuals, there are those who would not perform adequately without proper on-site supervision. Additionally, without DVOPs and LVERs on site of one-stop centers, then veterans will be penalized by not having all services available to them. It is not feasible that the above situation could have any positive result on veterans.

4. Q: What is the greatest impediment to providing veterans with effective employment and training services? What changes would improve employment and training services to veterans?

A: No disrespect intended, but the greatest impediment to providing veterans with effective employment and training services is the constant threat from congressional action that DVOPs, LVERs, DOL VETS and NVTI might not continue to be funded or be continued at all. These are things that affect the staff working with veterans and thereby they affect the veterans. Additionally, employers are not presently in danger of any adverse action if they do not give veterans preference. In essence, veterans preference is an ignored law. If a company is investigated for violation of veteran preference by the DOL, there is no enforcement teeth to ensure vet preference is guaranteed. One of the biggest advantages to veterans employment would be a nation-wide commitment to enforce veterans preference. In addition, if the DOL VETS, DVOPs. LVERs and NVTI were funded for a significant period of time, say five years at a time; many concerns could be put to rest and thereby allow those of us working for veterans concentrate on veterans employment issues, not on whether we will be unemployed ourselves in the near future. The other suggestion for making veterans employment more successful and efficient is to invest in quality, nationwide PSA's informing employers of the advantages of hiring veterans, and also informing them of the laws concerning veterans preference.

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5. Q: Do we support the proposal by the reinvention team to increase VETS staff responsibility for grant activities?

A: Yes. VVA feels that the VETS staff is much more qualified to evaluate and determine the types of grants necessary, and where the grants are needed.

6. Q: Do you object to the recommendation to eliminate the requirement that DVETs and ADVETs have veteran status?

A: Absolutely!! How could a non-veteran understand exactly what veteran issues are? If non-veterans are in these positions how could they possibly relate to the particular problems that veterans have? It is possibly the most ridicules recommendation to be presented.

7. Q: What are your views on the NPR proposal to eliminate VETS' Area Directors?

A: With VETS' enforcement strength almost non-exisistant, we have to wonder if less staff wouldn't just make the problem worse. However, if it is indeed necessary to reduce the VETS' staff, we feel eliminating some of the VETS' Area Directors would affect veterans employment the least. As long as state ADVETS and DVETS staffing levels were maintained.

8. Q: What impact would H.R.. 4050 have on the provision of quality employment and training services for veterans?

A: If H.R. 4050 remains with the provision that Veterans Preference can be waived it is the opinion of VVA that it would be detrimental to veterans employment and training services. If the federal law which mandate federal preference can be so easily done away with then veterans will become just one of the masses and the sacrifices made for the U.S. will be insignificant. There are parts of the bill that are very good. However, the provision that allows for employment services being provided by other than public employment system leaves much to be desired. That provision would virtually eliminate veterans preference . VVA's main concern is that veterans preference may be waived. If that is removed, and mention of maintaining a consistent veterans preference is made, VVA can and will support the bill, although we would certainly be more supportive if the provision allowing the services be administered by other entities could be removed.

9. Q: What do you see as the most significant differences between the way employment and training services are provided now, which are primarily through public employment service offices, as compared to how they may be provided under a new delivery system that may have different delivery entities all across the country?

A: It is difficult for the author to imagine a system like described above. If services are provided by a variety of entities how can any uniformity and control be instituted? Each entity would be able to perform functions as they see fit. There would be no veterans preference, no quality control on services provided. VVA can not in good conscious support this plan. It would make employment services in general, and veterans employment services in particular, low quality and ineffective.

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10. Q: According to H.R. 4050, and specifically the provision of services under one-stop centers, there will probably be a multipicity of service providers administering the one-stop centers. Where those centers are administered by an entity other that the employment service, what will be the impact on the quality and quantity of services provided to veterans? My concern is that we now have a public employment system that has had decades of experience in providing priority services to this one group called "veterans." Other employment and training entities, such as JTPA, the education community, and those in the private sector, who may be interested in running one-stop centers have not had the same experience or commitment to serving our nation's veterans. Again, what does this mean for our veterans who need help?

A: As stated previously, if the employment service becomes administered by other entities Veterans will surely lose. JTPA, the education community and private sector employment agencies are very efficient in what they do, however, they historically have not given any preference to veterans. As a DVOP I must constantly attempt to ensure that veteran preference is maintained. However, JTPA is a reluctant participant in veterans preference. The others, the education community and private sector employment agencies do not adhere to veterans preference at all, not even reluctantly. I share the concerns voiced in the above question. The bottom line to the above question, and to all the other questions is that the veteran will lose. After the sacrifices made, must they really be forced to sacrifice what employment assistance that is now available? How many more sacrifices must the veteran community to make? It is the opinion of VVA that veterans have lost too many benefits already, must they also lose the very important and vital benefit of having an edge over the general population in employment practices? VVA does not think so. We sincerely hope the subcommittee agrees.

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