

**GOVERNMENT PERFORMANCE AND RESULTS ACT
(GPRA) STRATEGIES FOR THE VETERANS' EM-
PLOYMENT AND TRAINING SERVICES (VETS)**

HEARING
BEFORE THE
SUBCOMMITTEE ON BENEFITS
OF THE
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTH CONGRESS
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GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA) STRATEGIES FOR THE VETERANS' EMPLOYMENT AND TRAINING SERVICES (VETS)

WEDNESDAY, MAY 7, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON BENEFITS,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to call, at 8:30 a.m., in room 340, Cannon House Office Building, Hon. Jack Quinn, (chairman of the subcommittee) presiding.

Present: Representatives Quinn, Filner, and Evans.

OPENING STATEMENT OF CHAIRMAN QUINN

Mr. QUINN. Good morning. The subcommittee will come to order, please. As we continue to work toward a balanced budget, both the Congress and the executive branch need a way to determine whether programs are accomplishing what they were designed to do.

As resources become constrained, it's vital that we are able to judge the relative performance and cost of a wide range of programs. Done properly, it will allow us to put our resources where they do the most good, and that is the best thing for veterans.

Today we begin a series of oversight hearings on the management of veterans' benefits program using the Government Performance and Results Act as a framework. The Results Act was passed during the 103rd Congress to provide the executive and legislative branches sort of a common reference around which to judge the performance of Government programs.

Probably the single most important feature of the Act is linking performance to the budget process by focusing on outcomes rather than through-put in a series of agreed measures to judge that performance.

For instance, in the case of the Veterans' Employment Training Service, a through-put is something like saying "VETS assisted 500,000 veterans."

Whereas, an outcome would be 500,000 veterans placed in jobs with supporting measures like the average salary of those placements and how long the veterans stayed in the job.

Yesterday Congressman Bob Filner and I received a briefing from GAO which helped us with these terms, so I don't want to appear overly intelligent. They helped us with them yesterday, and

so—I have less of a problem back home in my district with that where they know me a little better.

And we appreciated that information and we're going to hear testimony today to that effect and all of those things. We're very, very pleased to have Preston Taylor with us not only today, but for a little while longer before he leaves us. But that's the basis for the hearing.

We'll have some members who will be in and out this morning, I'm sure of that. And since this is the first meeting of the subcommittee, I'd like to welcome not only the staff and the people here in the audience, but especially the ranking member of the committee, Bob Filner from California.

And Bob, why don't I turn to you for the opening remarks.

OPENING STATEMENT OF HON. BOB FILNER

Mr. FILNER. Thank you, Mr. Chairman. I'm looking forward to working with you on this committee and to getting positive results for all of our veterans and our whole country.

This hearing today on the Government Performance and Results Act is, I think, important to see how the Veterans' Employment and Training Service is complying with the requirements of that Act.

I think this Act will help us all in the legislative branch and executive branch to make sure that we are actually carrying out the mission that is assigned, that that mission is appropriate and remains appropriate, and the goals are being achieved.

There is, from my own experience, a bit of a cautionary view that I have of this whole process. About 20 years ago, I served as president of the San Diego Board of Education. We took a similar approach toward the bureaucracy, if you will, in that regard.

And we "reinvented," as the word is used now, a poorly functioning school system and instituted a results-based system of evaluation of the quality of education. And that, in fact, continues to work well even two decades later.

The entrenched institutional resistance to change was enormous, and it took an extraordinary effort and near-constant supervision of the school system to accomplish the goals that we wanted.

I want you to know that we are committed to ensuring that the goals of VETS that you describe for us today do not simply disappear a year from now or 5 years from now. If GPRA is to have any actual positive effect, we must commit, as Congresspeople, to a sustained focus on the agencies under our jurisdiction and regularly examine the progress being made.

I know, however, that if change is going to come, I have full confidence in the leadership and staff of VETS because I know, under your leadership, Mr. Secretary, you have already made great strides forward in the re-invention process.

In fact, General, your willingness to change, and your sincere enthusiasm for this change, have revitalized VETS. The veterans of this country have benefited from your determination to provide them with world class employment assistance.

You will be missed, Mr. Secretary. All of us are grateful for the blood and the sweat and the tears that I know you have sacrificed on behalf of all of our Nation's veterans. But when you leave, I

think you can be assured that you have established a firm foundation on which your successors can build.

I promise you that we will all work with those who follow you to ensure that your work in fact is successful. So we thank you, Mr. Secretary, for your service. We wish you the best in your future and looking forward to your dialogue today.

[The prepared statement of Congressman Filner appears on p. 40.]

Mr. QUINN. Thank you, Bob. We appreciate it very much. As we introduce our first panel, the Honorable Preston Taylor, Assistance Secretary for Veterans Employment and Training from the Department of Labor, Mr. Secretary, we all understand that you're about to leave VETS at the end of the month and return to your home of New Jersey. This is probably your last appearance here before the Veterans' Committee.

On behalf of this committee; our chairman, Bob Stump; ranking member Lane Evans, who has just joined us this morning; members of the committee before we came on board here, we want to thank you for not only your service here, but your service to the country over pretty much your career and a lifetime in and out of uniform.

It's no secret that you are the one who has enjoyed carrying the message about the value of veterans. You go out to the work place and you're never at a loss for words on this subject. And if we have one parting observation, I hope that maybe you can find somewhere where they pay you by the word instead of the job, Mr. Secretary.

We wish you the very best. And before I announce under the 5-minute rule here this morning, I'd like to turn to the Committee's ranking member, Lane Evans, for any opening remarks. Lane.

OPENING STATEMENT OF HON. LANE EVANS, RANKING DEMOCRATIC MEMBER, FULL COMMITTEE ON VETERANS' AFFAIRS

Mr. EVANS. Thank you, Mr. Chairman.

Today the subcommittee will receive testimony on Government Performance and Results Act strategies for the Veterans' Employment and Training Service. I commend you for scheduling this hearing and for your active interest in the Government Performance and Results Act process.

The Government Performance and Results Act requires consultation with the Congress. In order for this consultation to be meaningful, it is essential that our committee be provided substantive information in a timely fashion for this to happen. Meaningful consultation on veteran employment and training issues is critically important.

The programs authorized by our committee must be implemented in the manner which will achieve the best results for our Nation's veterans. This is our goal, and I look forward to the testimony to be presented today.

And I want to take this opportunity to thank Assistant Secretary Preston Taylor for years of devoted service to the Department of Labor and to the Training Service. He has brought a new level of

leadership to VETS which will be the standard which his successors will be measured for many years to come.

On behalf of the hundreds of thousands of veterans who have benefited from your commitment to them, General, we want to thank you very much for a job well done. And hope you won't be a complete stranger. Stop in and see us when you're in town.

Thank you, Mr. Chairman. Appreciate the opportunity.

Mr. QUINN. Thank you, Mr. Evans. I know that your written testimony will be received for the record.

Mr. Secretary, why don't you please proceed.

[The prepared statement of Congressman Evans appears on p. 44.]

STATEMENT OF HON. PRESTON TAYLOR, JR., ASSISTANT SECRETARY, VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR

Mr. TAYLOR. Yes, sir.

Good morning, Mr. Chairman, and members of the committee. I appreciate the opportunity to testify this morning and discuss with you the implementation of the Government Performance and Results Act by my agency, the Veterans' Employment and Training Service.

As I am sure you know by now, I will be leaving the position of Assistant Secretary for Veterans' Employment and Training at the end of this month, so this hearing is likely to be the last time I will appear before you in this capacity.

I am glad to be able to talk with you about the Results Act, as you refer to it on the Hill, because throughout my tenure as Assistant Secretary, my bottom line question about every program, about every activity, and about every proposal presented to me has been what will be the result for veterans?

I left the New Jersey Department of Military and Veterans' Affairs in 1993 to take the job of Assistant Secretary of Labor for Veterans' Employment and Training. In New Jersey, I instituted a total quality management program, so the basic principles of GPRA are very familiar to me.

GPRA, like TQM, requires consultation with your stakeholders, learning from your customers what they need and want and value most, aligning your business processes to meet those customer demands, and measuring your results so that you continually know how well you are doing and where you need to improve.

GPRA, like TQM, is about ensuring that all programs and policies are focused on results for your customers. I found that VETS as an agency was in pretty good shape in that respect when I arrived. But I also found that most people in the Labor Department on the Hill in Washington and around the country did not know what this agency was achieving for its customers.

One of my first priorities was to compile a list of its accomplishments in quantified terms and to regularly publish those results for internal and external scrutiny.

For the last 3 years, VETS has been focusing on results expressed in terms of output and outcome measures such as 536,000 veterans placed in jobs last year, 85 percent of reemployment

rights claims satisfactorily resolved within 120 days of the date of the initial complaint.

We use such data in formulating our annual budget request so that when you analyze our request for funding, you also can see how many veterans we can find jobs for with the amount requested for the DVOP and LVER program; or how many transitioning servicemembers can we help; or how many service providers personnel will become more competent to help veterans as a result of training that they receive at the National Veterans' Training Institute.

But we are not complacent about those accomplishments or about the measures we have in place. I believe in the process of continuous improvement, and we practice that in VETS. I have institutionalized a senior management position devoted to strategic planning.

We have been vigorous in consulting with our stakeholders and service provider partners. We learn from customer satisfaction surveys and focus groups what our customers, both veterans and employers, want most and where we need to do better.

We have forged healthy relationships with the Veterans' Service Organizations, the Employment and Training Administration, the Department of Veterans Affairs, and the State and local entities engaged in the development of the one-stop service center system.

Our major challenge now is to forge ahead in this GPRA process and gain consensus on the results we will measure year in and year out. It is a difficult challenge because the Nation's employment service system is changing rapidly as new information technology makes its impacts.

It is a difficult challenge that must be faced jointly, candidly, and honestly by congressional and executive branch leadership. I feel very strongly that we must have a nonpartisan collaborative approach to establishing new ways to measure what we will use to judge the value of the programs and services provided for our veterans, our reservists, and our National Guard members.

We have only a little more than 4 months left to establish the first 5 years strategic plan for VETS that will have a significant impact on the lives of tens of millions of veterans, reservists, and Guard members and their dependents.

Because I will not be here through all of those 4 months, I am glad that our draft strategic plan now is in the OMB review process. And that as of today, our dialogue with you regarding that plan has officially begun. I look forward to your comments and questions and to helping to move this cooperative effort forward.

Thank you. I will now answer any questions that you might have.

[The prepared statement of Secretary Taylor appears on p. 47.]

Mr. QUINN. Thank you, Mr. Secretary. Thanks very much. I have a couple of opening questions, Bob, and then we'll get to them.

Just a procedural one. We know that the Secretary is appointed over at the Labor Department now and confirmed. Do you have any sense for a time line on replacements in the Department?

Mr. TAYLOR. No, we'll have our first meeting with the Secretary tomorrow morning. And I think—I suspect that she will give us some information in regard to how that process will work and

where the process is. I believe there have been some initial efforts at beginning to identify people who will fill some of the Assistant Secretary positions.

Mr. QUINN. Sure.

Mr. TAYLOR. There are quite a few that are vacant at this time.

Mr. QUINN. Yes. We obviously won't be at that meeting. It will be her meeting to chair for her staff. But from our point of view, would you please voice our interest in moving that process along. As you correctly point out, we're looking at a September deadline for some of these things to be in place.

I think that we find ourselves in a good position now—

Mr. TAYLOR. Yes.

Mr. QUINN (continuing). Because the strategic plan is there. But I'd hate to see that delayed because of appointments.

Mr. TAYLOR. Yes, sir. Yesterday afternoon, there was a reception for the outgoing acting secretary which was hosted by the new secretary. And I had the opportunity to chat with her for a moment, and she asked me to go to lunch with her to talk about these issues.

So I'm looking forward to having a private meeting with her, and I will urge that she move quickly.

Mr. QUINN. Sure. And if there's anything that you sense that Bob Filner and I can do from this subcommittee to assist in that effort, please feel free to give us a call back next week after your meetings with the secretary—

Mr. TAYLOR. Yes, sir; I will do that.

Mr. QUINN (continuing). Informally or formally.

Mr. TAYLOR. I will do that.

Mr. QUINN. Thank you.

Mr. TAYLOR. You're welcome.

Mr. QUINN. In your written testimony this morning, about half-way through, you talk about the customer survey portion of all of this strategic plan. And in the customer survey, one of the major dissatisfactions with the public employment service system expressed by veterans is the quality of the jobs that are listed there.

And I think all of us Members of Congress have a different customer survey. We hear it every weekend when we go back home.

Mr. TAYLOR. Yes.

Mr. QUINN. And we hear it at hearings, which is the way it's supposed to be. So we have proposed to implement measures of quality within there. Can you talk a minute or two about some of those measures of quality?

Mr. TAYLOR. Yes.

Mr. QUINN. Because we hear the same thing.

Mr. TAYLOR. Yes, yes. As I said earlier in my opening statement, I've had some experience with quality before I arrived here. But there were some things that we had to do when I first arrived, and so we had to begin to prioritize our actions 3½ years ago.

We had to look at exactly what was going on out there with our DVOP's and LVER's, how many veterans were coming into the employment offices, what our Status Enforcement Program was like, how well were we doing with our Transition Assistance Program given at 160 military bases.

And then we had to look internally at the organization; was it configured correctly in order to provide those services that I felt that we had to provide. So we placed a lot of emphasis on reorganization, reengineering internally to get the internal customers squared away.

And then we began to really focus hard on the external customers. And then when we got that done, we began to ask questions like okay, you did real good out there. You found 565,000 jobs in the employment system—DVOP, LVER and Wagner-Peyser.

And I said okay, fine; now how much do these jobs pay? And without any urging from the Congress, we decided that we wanted to find out. And so we did this survey. And what we found was a little disturbing to me. If you break the veterans down into age components 20 to 24, 24 to 30, 30 to 35, you see something that's very disturbing.

And I pointed this out to the staff. Young veterans are getting jobs through these State employment systems that paid around \$10,000. As they got older, they got more money, better jobs. It wasn't until they reached age 35 that we saw that they dropped it down to the national level.

And so we thought we needed to know a little bit more about that. What was going on out there? And so I decided that we would do focus groups and that we would ask the veterans to come in and sit down and tell us where we were weak and tell us where we were strong.

And then we would begin to do analysis and then begin to put processes in place aimed at improving all of this.

My experience in quality is that it takes a while to change the culture of an organization. And when you add the Federal employees and the State employees, the DVOP's and LVER's, you're talking about 3,500 people and to change mind sets and change the way people think.

And of course, working with ETA who owns the data bases and the processes to get those data bases changed, to get their culture changed and working in concert with them. So we are—we have recognized that the employment system has to improve.

We know that it is improving. I think some members of your staff may have gone to a one-stop shop. If they have not gone to a one-stop shop, I urge them to go. I've taken my staff members to one in Columbia, MD.

We sat down at the computers and we looked at the jobs. And for the first time now, we can see \$40,000 jobs there. So we know that things are improving in the employment system, we're breaking paradigms. You're talking about, you know, changing the culture. It is not easy and it takes time to do it.

But I'm encouraged. I know Congressman Filner has mentioned that they had to reinvent the school system in San Diego. That's not an easy thing to do. And you have a lot of opposition. You have people who are very afraid of change, people who work for you.

And we have a tendency, I have a tendency to like planning. I like long range planning. I like plans to be done in 5-year or 10-year or 15-year segments. Well, when you write these plans, even though they're draft plans, and we were doing that before GPRA was required, you telegraph your intentions.

And by telegraphing your intentions, you give your adversaries a chance to develop their own plan to oppose what you're doing. And so it's not easy to do. But we were determined to do it, and I think we're on the right track. We're seeing—IBM has just given us 24,000 jobs.

Now, what is the point—

Mr. QUINN. Excuse me. I'm sorry?

Mr. TAYLOR. IBM has just given the Department of Labor 24,000 jobs and these are mid level and above jobs. Okay, and you know, if you were an employer and you go to the employment system and you say give me good employees and you don't have good employees, you're not going to go to the employment system.

Mr. QUINN. Right.

Mr. TAYLOR. And if you're a veteran or a non-veteran going to the employment system looking for a good job and the employers are not giving the employment system good jobs, they're not going to go there.

So you have to have a marriage of the two. The employers have to be considered customers just like the people who are looking for jobs are considered customers. And you've got to convince the employers that you're going to provide good employees. And you've got to convince those who are looking for jobs that they're going to get good jobs.

The culture of the employment system has been historically a place where you go to get an unemployment check, not a place where you go to get a good job.

Mr. QUINN. Sure.

Mr. TAYLOR. We're changing this, and it's hard to do. But it is a great challenge. I love the challenge. And we are beginning to see results. And so we are beginning to see better jobs.

And as we concentrate, we put these measurements in place, we go out and evaluate the people working in the field and we get the word out there that you're going to be evaluated not just on the number of jobs that you get for these veterans, but on the quality of jobs.

Mr. QUINN. And on the quality question—excuse me—you've answered already by saying that it's more than just the pay.

Mr. TAYLOR. Yes.

Mr. QUINN. When you mention something like IBM, to measure the quality—

Mr. TAYLOR. Yes, sir.

Mr. QUINN (continuing). Is more than just what you're paid an hour.

Mr. TAYLOR. Yes, sir.

Mr. QUINN. And I think that's important.

Mr. TAYLOR. But I need to advise you that there's an investment cost in doing these things. I had to use some money that was available to me to do these surveys, the survey on how the ETS system was doing. That cost money. That cost time.

It costs money to do focus groups. I traveled to California and I sat in on at least four of them. We did focus groups in seven different States. I was recently in Georgia, and I sat down with executives from Delta Airlines, CSX Railroad, and Hartsfield Airport.

The unemployment in that area down there is around three percent. So when you look at employment requirements, you've got to look through environmental scan. In California a couple of years ago, the unemployment rate was 13 percent.

So California is not Georgia, and Georgia is not New York. And so you have to focus and you have to develop strategies to deal with where the problems are. And so Delta tells me we'll hire every veteran you can bring to us.

So how do we convince those veterans that are going to our TAP classes in the eight military bases in Georgia to stay in Georgia?

Mr. QUINN. That's right.

Mr. TAYLOR. And how do you convince veterans who have been unemployed for 2 years in California to move to Georgia where the jobs are? So it's not a simplistic problem.

Mr. QUINN. Thank you.

Mr. TAYLOR. But we're dealing with it.

Mr. QUINN. Appreciate it very much.

And a follow up question on job development, but I think that you've sort of touched on that a little bit when you talked about the outreach there.

Mr. Filner.

Mr. FILNER. Well, if Georgia only had the weather that San Diego has—

(Laughter.)

I want to take advantage of the fact that this is your last appearance and be a little—maybe philosophical in terms of looking at this process of setting up, or of complying with, the Results Act.

For example, as soon as you get into accountability, you get into measures and numbers and figures, and we all know there's some resistance to doing this. Some of that's well-founded resistance.

For example, for some of these numbers can be very simplistic. If I asked you, for example, to give me the unit cost of placing an individual, what did it cost per placement? There's a resistance to doing that because it's not so simple as that.

I could divide the number, the 585,000, into your budget and say, "Oh, it costs this. And the private sector can do it this—why are you wasting all this money?" That's how these sometimes are used. So there's a resistance to even trying to calculate them because of the complexities.

And yet, the numbers are important because we have no other way of being accountable. So, understanding that, we understand that the numbers sometimes can be misused and are maybe simplistic, we still like to see the numbers.

If you add to that situation the sense that whatever number you want depends on your priority of what you're asking for—if I said give me a cost figure—and some folks around this table might say well, you're not doing a good job because of this.

And I say, well, I would like to know exactly the time frames involved in getting people jobs and the quickness of that. And that's my prime measure. And to do that, as you said, may cost money.

In fact, the technological investment in computers or whatever would give you more satisfaction and yet, it may cost more.

I assume you have grappled with those problems. As a Congressional subcommittee that has responsibility and demands account-

ability what is your sort of advice on how we use these numbers? What should our demands be? What priority should we put on these different numbers? I'd like to hear your reflections on that as you come to the end of your tenure.

Mr. TAYLOR. Well, Mr. Congressman, I'm very glad you asked that question. I think when we look at this agency, we need to put things in perspective. Why is the agency there? What is the mission?

Congress put the agency here. And obviously, Congress thought that there was a need for an agency such as this. And I agree; there is. When we go here in 1993, unemployment of veterans was about 7.2 percent. Today, when I go out and I talk to groups, I can tell them, and I do tell them, that unemployment of veterans in the United States is now 3.8 percent.

We have trained over 600,000 young men and women and their spouses in transition assistance programs at the bases. And we did survey data on TAP several years ago as to whether or not it was working. Our survey data indicates that those who take the TAP classes—and they are voluntary, not mandatory.

And we're seeing more and more young people going to the TAP classes every year. That's 250,000 that are getting out now with the down sizing that's complete. And yet, we see more and more people in our TAP classes. The word is getting around that you ought to go and learn how to write a resume and do an interview, etc.

Because the survey data indicates that those who take those courses get jobs about an average of 3 to 4 weeks sooner than those that don't. Unemployment compensation is about \$200 a week. So we know that the Department of Defense is saving a lot of money because of the TAP program, but it is anecdotal.

It was \$583 million dollars 4 years ago. It's down to \$300 and some million dollars now. We have to find a way to measure whether the success of TAP is a result of unemployment compensation going down for veterans in the United States. So there is a need to do some empirical things, not just anecdotal.

I am delighted that this committee is looking at the agency closer to determine whether there's quality there. I think that hard questions should be asked. The devil is in the details. How do we really know if these things—these programs are effective unless you do demand accountability?

And so I welcome this oversight. I think the way that this committee can work with the agency is to have continual dialogue with the staff members and have your staff members maybe visit some of these sites, sit down with us and analyze this data along with the representatives from the veterans' service organizations.

I don't mind being criticized as long as the criticism results in some positive action occurring. And so I think that this is a wonderful opportunity for a partnership to be performed, to be established between this committee, this agency, and the veterans' service organizations.

Mr. FILNER. Just on my own reflection, I would just say to any agency that if Congress is not given under this Act sort of a meaningful and credible measures of the way we should expect account-

ability, we will probably ask for measures which may be "too simplistic, too un-understanding."

That is, unless we get in this, a dialogue that you suggested, some good—a good answer, then we end up putting what people on the other side may see as bad answers. So it's a question of how that arises through this process.

Mr. TAYLOR. Well, I need to remind you that when we put our fiscal year budgets together, we asked for what Congress has authorized us to have. And we have not been funded at what Congress has authorized. And so Congress will ask us to do these surveys which will cost money.

Congress will ask us to evaluate the data, come up with the percentages, and do the measurements, and then put new processes in place that will hold people accountable.

But unless Congress, on the appropriations side, is willing to give us what the authorizers have authorized us to have, then we're going to be caught in a catch-22 situation here where we're trying to do what you want us to do, but we have not been given the resources to do it.

And as I mentioned earlier, this is—we're talking about an investment here that will have payoff in the out years—2000, 2001, 2002. And there's going to be some paying up front that has to be paid in order to have a good process on the other end.

And so I think that we're going to need help from you all when we go up there to appropriations and ask for the money that you have authorized us to have. Because we're going to need this funding in order to do the things you're asking us to do.

Mr. QUINN. Thank you. As I listen here this morning, I hear you mentioned two or three times, Mr. Secretary, the fact that it's important to go out and see some of these things happening.

Mr. TAYLOR. Yes, sir.

Mr. QUINN. Bob and I will, of course, talk after the hearing is over in the coming weeks.

But I think, Bob, at some point, it might be important for the subcommittee to see some of these activities that are taking place and how they are working rather than paperwork all the time.

And we turn to you maybe for some suggestions.

Mr. TAYLOR. That would be absolutely excellent if you were to take time out of your schedules. You can go—there are a couple of one-stop shop systems brand new.

Mr. QUINN. That's a great idea.

Mr. TAYLOR. And people, you know, are afraid of it.

Mr. QUINN. And that's close by, one of those sites?

Mr. TAYLOR. Yes, sir; yes, sir.

One of the strategies that we implemented when we got here was to consult with the stakeholders. We would not put any new process in place without sitting down with the veterans' service organizations and have them look at what we were trying to do, evaluate it, tell us whether they thought it was a good idea or a bad idea.

And we've encouraged them to go out and look at some of these sites, and they have done that. I have even forced people in the Washington office here who never see a veteran and forced them out of the office. And I said you go out and take a look at what

we're doing here. And then when you come back, you'll have a better appreciation of how we're trying to help veterans.

I mean, you know, you can read this stuff, you know, you can have somebody talk to you about it, but you've got to really get out there and you've got to see it and you've got to feel it.

Mr. QUINN. We may, before you leave and go back to New Jersey. A couple of suggestions close by here where we can—

Mr. TAYLOR. Yes, sir.

Mr. QUINN (continuing). Get some of the members on a first day back and go out for a morning.

Mr. TAYLOR. Yes, sir.

Mr. QUINN. Could you help us with that?

Mr. TAYLOR. Yes, sir; I certainly would.

Mr. QUINN. Thank you.

Mr. TAYLOR. I think that's great.

Mr. QUINN. One other quick question that I have before we move on. You talked about earlier job development, the DVOP involvement there. In the plan, as we've reviewed it, at least what we're seeing so far, there's not a whole lot of mention about job development in there; and yet, you talk about it.

Wouldn't you agree that that development of the jobs is one of the outcomes that we ought to be looking for?

Mr. TAYLOR. Yes, sir.

Well, you said something earlier when the hearing first started that we should not give you credit for being so smart. Well, please don't give me credit for being so smart either because I had a staff—I had the staff working on this for the last couple of days.

And I even had them come in very early this morning so we could have a final meeting on all of this. And so if I know anything about this stuff, it's only because they taught me and made me fairly smart on this.

I think that it's very important to do job development. And as I've read this plan, there are some areas of the plan that I am not satisfied with. It is a draft, fortunately. And we can make adjustments. And as I met with the staff day before yesterday and yesterday and this morning, the staff members agreed that there have to be some changes made, and one of them is job development.

We talked about that just this morning before we came over here. I had them come in—we got up a little extra early this morning. That's okay. You know, you don't have to do it that often.

Mr. QUINN. You let them go home early today, right?

Mr. TAYLOR. No, I'm quite sure. (Laughter.)

But I asked the question just this morning how do you measure job development? I know that the law, Title 38, requires that DVOP's and LVER's do outreach. Twenty-five percent I think it says in the law. And I asked the question well, does outreach mean you outreach to employers?

I was told well that's not quite what it means. It means that you go to remote areas where veterans are and you help do some, you know, job placement in the remote areas. And I said well, I think we can interpret that a little bit differently.

Why can't we do some outreach with employers? One of the things that we have discovered—I mean, we did a survey focus group with employers of veterans, not with just veterans. And we

can provide you with all the data because we have all the reports on the focus groups.

We have all the reports on the surveys. And we can give that, and I think we have given that to Mike Brinck and others, the status of the reports on the focus groups, the reports on surveys that we've done, all that stuff. It's all been memorialized in reports.

And the employer focus group had nothing but magnificent, wonderful things to say about how well veterans work and what great employees they are. The only complaints that I heard were from the veterans about the way they were being treated in the employment offices in the quality of the jobs.

I never heard a single complaint from an employer of a veteran. So I think that these DVOP's and LVER's, we need to put in place ways and means in which to get them out of those offices, get them to talk to the IBM's, the AT&T's and others who are thirsty now to hire good employees.

Mr. QUINN. Thanks very much, because I think we agree on that, that as you look at that draft plan, we address the whole job development issue.

Mr. TAYLOR. Yes, absolutely.

Mr. QUINN. Thank you.

Mr. Filner, do you have anything further?

I think we were not going to pay you by the word. Remember that.

Mr. TAYLOR. I understand.

Mr. QUINN. But you made out pretty well here this morning.

Mr. TAYLOR. Well, thank you.

Mr. QUINN. And it's a pleasure for me to meet you personally. I want to wish you the best in all that you do with your family.

Mr. TAYLOR. Well, thank you, sir.

Mr. QUINN. Thank you so much.

Mr. TAYLOR. And I just would like to just close by saying that I'm really happy that you're here, Mr. Quinn. You have a wonderful reputation and I think the veterans of the United States are going to really benefit from your being here.

And Mr. Filner, it certainly has been a pleasure working with you.

I talked to a homeless veterans' group on Friday night here in Washington and they gave me a couple of plaques, but they also gave me a photograph. It was framed. And you and I are in that picture when I took \$100,000 grant to San Diego. (Laughter.)

Mr. QUINN. Thank you. Well, we'd like to invite you to Buffalo. Can you bring any—

Mr. TAYLOR. Right. (Laughter.)

Mr. QUINN. Thanks very much.

Mr. TAYLOR. Thank you.

Mr. QUINN. Thanks very much, Mr. Secretary.

Our second panel from the General Accounting Office, if they'll take their seats at the moment. Carlotta Joyner, the Director; Sigurd Nilsen, the Assistant Director are both with us this morning. Why don't we let you begin.

STATEMENT OF CARLOTTA C. JOYNER, DIRECTOR, EDUCATION AND EMPLOYMENT ISSUES, HEALTH, EDUCATION AND HUMAN SERVICES DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Ms. JOYNER. Thank you very much. We're very pleased to be here, both Mr. Nilsen and I, to discuss the Veterans' Employment Training Service, VETS, and its initiatives in response to the Government Performance and Results Act, called either GPRA or the Results Act.

Mr. QUINN. Let me just interrupt for a second and say thanks on the record for your assistance yesterday.

I mentioned it in our opening remarks today, and I think both—I had to leave just a couple of minutes early when I got called away, but we—for an hour yesterday, you were very, very helpful and we want to thank you for—

Ms. JOYNER. Thank you.

Mr. QUINN. And thank Chris—

Ms. JOYNER. Chris Mihm came up for that.

Mr. QUINN. Please extend our thanks to Chris as well.

Ms. JOYNER. Okay, thank you. I'm glad you found that helpful.

As you are well aware, unemployment and underemployment have traditionally been serious problems, especially with certain groups of veterans. And Congress has been clear that a national response to this problem is needed. And that's why we have with us today—we have in existence today the VETS program that you've been hearing about.

And wanted to clarify, in case there's anyone in doubt, that that is one of those programs that's operated by the Department of Labor rather than, like most of the other programs, through the Department of Veterans Affairs.

And that it carries out its responsibilities through a nationwide network of representatives in each of Labor's ten regions and staff in every State. You've already heard about the DVOP's and LVER's from Mr. Taylor. The State level staff monitors operations of those staff and of those programs as they're carried out in each of the local employment service offices.

These positions are federally funded even though they're part of the State's employment service system and provide the direct employment service to veterans. My comments today will focus on four areas. One is the value of the Results Act in improving agency performance.

The second is the employment and training performance measures currently used in VETS. The third is VETS' response under the Results Act with regard to the strategic plan and so forth that you've heard discussed before, and our assessment of VETS' response.

The information we present is derived from some ongoing work that we have for the subcommittee on the DVOP's and LVER's program, as well as our analysis of the strategic plan, which I understand you've also seen, and our discussions with officials at VETS.

In summary, we believe the Results Act is a powerful tool that can bring discipline to program management by requiring agencies to be clear on their mission, their long term strategic goals, their short term goals related to those, the measures they're going to use

to assess performance, and then reporting on that performance and using it themselves and making it available for other people to use it.

We think the heart of the improvement that is brought by the Results Act is actually the focus on results, as we've said before, not just on activities or interim status reports and inputs and through-puts.

Each agency's strategic plan, as you know, is due to the Congress by September 30. And it is intended to be developed in consultation with the Congress and other stakeholders. Then in February of 1998, you can expect to get annual performance plans which relate those goals and measures to the budget categories.

And then subsequently, each year, you can expect to get performance reports that will tell you and others how the agency is doing in meeting those goals.

Regarding VETS' current performance measures, our work has shown that they focus more on process than on results. They use 14 performance standards in five service categories. Two of these categories which concern job placement are results oriented, but they—the current measures—do not get into the issues we've heard of before, of the quality of those placements and whether they keep their jobs or the wages, for example.

In each of these five service categories, the focus is on comparing the performance on these categories for veterans with non-veterans.

What this means, however, is that if a particular State is not being as effective as another one, the standard then to which that State will be held is in fact lower than in another one—the standard to which the agency is held with respect to service for veterans.

VETS is required to report annually to the Congress on success in meeting the performance standards, but has not yet reported for 1994, 1995, or 1996.

VETS' draft strategic plan, with performance measures, as you've heard before, has been submitted to OMB for review. And it does identify goals and objectives for each part of its mission. But, as Mr. Taylor has said and the plan indicates, the hardest part of the challenge here is to set forth appropriate outcome measures for employment and training assistance.

Their new measures continue to reflect the mix of activity measures as is appropriate. An example of that would be receiving counseling. But it does go beyond the current measures in proposing measures of not just entered employment, but the wages, as you've heard before, and success 2 years later.

And also, seems to be indicating that they'll be looking at some absolute standard of success and results for veterans, not just a comparative success. We believe that this is an improvement because of this focus on results and on getting some focus on actual, absolute levels of results for veterans.

But our cautionary note is that it is a draft at this point. It hasn't been finalized. It hasn't been incorporated or we haven't seen how it's going to be incorporated in the Department of Labor's overall strategic plan.

And as has been noted before, the real test is the management commitment, the senior management commitment, and the involve-

ment of other staff to make this something that is truly reflected in day to day operations in order to achieve the results that are anticipated and hoped for.

This concludes my prepared statement. I understand you have my full one which will be in the record. And we'd be glad to answer any questions you might have.

[The prepared statement of Ms. Joyner appears on p. 54.]

Mr. QUINN. Sure. Mr. Nilsen, do you have a prepared statement to make?

Mr. NILSEN. No.

Mr. QUINN. Okay, thanks.

Let me ask you first of all a similar question that I started with in our first panel. Do you anticipate a problem with the appointment process over at the Labor Department? We've got a secretary on board now. Some of those appointments will be coming.

You talk about an improvement from what happened, but asterisk. We need to see it after the first draft. And that's why I asked the questions here. Do you have any sense for that?

Ms. JOYNER. I really don't. I don't have any information on that. I share your concern that, as I've said, that leadership is crucially important here. And so it would be helpful to have that leadership in place to finish up the strategic plan between now and the end of September and to make it a real, live document that drives the activity.

Mr. QUINN. I guess my comment is only that some good work has been done, and I would hate to see it not be implemented and go by the way side. And I don't personally feel that that's a problem, but I don't happen to know the new secretary personally to get a sense of that.

For the record, and I know that you've submitted written testimony and that will be part of the record, but for this portion here, the dialogue, the discussion, you talk about how there's been improvement so that there's focus on process rather than results.

Could you give us a quick example of the difference between the two?

Ms. JOYNER. Well, an example of a process measure would be how many people, or what percent received some reportable service. And an example of proposed new measure even is how many were referred to training, how many were referred to jobs. This is—all of these things need to happen. And it's important to know that they're happening.

But a focus on results would be the percent who actually enter jobs, the percent who entered jobs as a result of these job development activities that were discussed previously, what the wages are, if they're still in those jobs or better paying jobs 2 years later.

That's the focus on results that we think is important.

Mr. QUINN. Okay, thank you. Bob.

Mr. FILNER. Can you share with us any thoughts that GAO has on this cost effectiveness issue that I raised earlier? I mean, it's a very difficult thing to measure. What are the problems in doing that? Generally an implementing branch always says, "Well, it's a question of resources and you didn't give us the resources," so you have that as a kicker in there.

You also have the issue that both General Taylor and I brought up of investment. You have to invest a certain amount of money. You have to have capital side which we generally don't have in our budgets today versus the operating side.

How do we determine if the agency, VETS or any other agency, is cost effective in doing its mission?

Ms. JOYNER. Well, I think I would answer that on two levels. One is in terms of a statutory framework for improved management of which the Results Act is one piece. There is another piece, the Chief Financial Officer's Act; and then a third piece has to do with information and resource management, the Clinger-Cohen Act and the Paperwork Reduction Act.

The idea of improving management is in putting the three of these together. Make these pieces fit together. We've had, Government-wide, a lot of money misspent; major tracking, management information systems where people have spent a lot of money trying to put them in place without proper attention to how this new system fits in with the old system and sort of the whole framework for resource investments in information technology. The expectation under the Clinger-Cohen Act is that we would move to tighten that planning and to make better expenditures and know whether we have in fact made the best ones.

One thing that the VETS is proposing to do—this was mentioned in their written plan and I think perhaps also in General Taylor's statement—is to try to work with the Employment and Training Administration to try to make it more efficient in spending money that will be needed to develop these improved tracking systems.

So that's one piece of it. The other piece, under the Chief Financial Officer's Act, is to say you need audited financial statements so we do know how you spent your money. And then that information will be tied in with what's available on these performance reports that will be coming out later.

On a less global level, I think another way of approaching this is the evaluation studies that the Results Act expects to be conducted. And you heard in the previous statements several references to studies that were done to try to find out if the Transitional Assistance Program is being useful and what models work better than others.

In carefully designed studies and pilot tests such as what they're beginning—proposing will be starting later this summer in six States, in those studies, you can look a little more closely at what's really being done, how much is it costing, and what are we getting for it.

What jobs did people get they would not have gotten without this activity. I think that allows them to focus in a bit more and come up with some better numbers and know how much of the success can be attributed to the money that was spent, and how much would have occurred anyway because of the improvements in the economy, for example.

Mr. FILNER. Let me try to be more blunt.

Ms. JOYNER. Okay.

Mr. FILNER. General Taylor said earlier that—correct me if I'm wrong, Mr. Secretary—there was something like 565,000 placements in the year. Is that—am I getting the right—

Mr. TAYLOR. 536,000.

Mr. FILNER. 536,000 of what, placements?

Mr. TAYLOR. Yes.

Mr. FILNER. Okay, so the first question in my mind is that's a wonderful statistic, but at what cost? If you said you spent \$500 million dollars to do that, it would not strike me as very cost effective; or maybe if I just gave each of these people \$10,000, it would be more productive.

As a congressman and as a guardian of the purse who wants cost-effective service, I have to ask that question. I know it's a complicated question in a lot of ways.

But unless somebody gives me a way to answer it in a legitimate way given your mission, then I'm forced to take a very simplistic view and then do what a lot of people around here do and say it costs you \$10,800 per person. We may as well just give \$5,000 to people and abolish your agency.

That's the result if you don't give us numbers that can prove how effective your program is relative to the investment of the cost. That's all I'm trying to find out. I know it's a difficult question, and I just want some guidance on how we can credibly make a determination of the cost effectiveness of the outputs.

Ms. JOYNER. Well, Mr. Nilsen was reminding me out here what—again, not to belabor the difficulty or the possibility of doing this in a way that drives action in the wrong direction, the problem would be to focus too much on establishing a measure that puts a lot of emphasis on driving cost down. This can drive people to providing services that are cheaper but, in the long run, not necessarily something that's going to put them in a high wage job or a job that they can stay in and move from there to an even better job.

But I do think that the problem, to a large extent, is not knowing if this did anything at all that was good.

I think the problem has been on the results side rather than on how much the program is costing. And that if people were truly convinced that they were getting the result that was envisioned; then you can say okay, this is worth the money that's spent.

Mr. QUINN. Thank you. I just—Bob, I want to—your time is up, but I'm going to yield my time to you or take some of it. I mean, we will have a problem with members of the subcommittee and the full committee, for that matter, when we get talking about money.

The General has asked us for our help when we go to appropriations to get them all the money that's been authorized. And we wouldn't be on this committee if that wasn't important for us to do. And that's why we're here. And that's what we'll talk to Lane and Bob Stump about.

But—and I don't need an answer, but I guess what I'm trying to say is I share the same concern that Mr. Filner has that somewhere along the line, whether it's from GAO or elsewhere, because of your work in the rest of Government—not just veterans now. That's a sign of your action.

Hopefully we can work with. The danger of putting a flat number, X dollars and cents, of course, is that you are compared to everybody else.

And when we want to look at the results over the longer term—are these veterans staying in jobs 2, 3, 5 years down the road and is their pay going up and are they getting benefits and all those other things is a difficult thing to do, but we want to work with you to try to get to that.

Let me move over just for a second to ask another question that I have because we've talked about—you talked a little bit yesterday and in your testimony today—priority of service. Some of the VSO's have talked about priority of service. And my question to you is how we measure that.

For example, at a local level, go into an employment service and there's 50 people in line and a veteran comes in. Does the veteran go to the head of the line? Does he wait to the end of the day, he or she? Is there any way that you can comment on that?

Ms. JOYNER. Well, my understanding of the role of the LVER's is in fact to be the person on site to make sure that the activities of the office are being carried out with the view in mind that there is an obligation to say this job will be offered first to a veteran.

Or if there is a limitation and there isn't enough money and there aren't enough resources to provide particular skills training or counseling, that it will go to veterans first. And my understanding is that that's done not so much on a quantitative basis, but by having an on site person there to pay attention to this and sort of raise a flag if it doesn't seem to be happening.

Mr. QUINN. Who raises the flag?

Ms. JOYNER. My understanding is that that's the role of the LVER to report that.

You've been in some of these as part of our ongoing work. Maybe you'd like to speak a little bit more to that, Mr. Nilsen.

Mr. NILSEN. Yes, that's the role of the DVOP and the LVER on site in the local employment service offices. Also at the State level by the DVET, the Federal employee at the State level, to do that as well.

But as General Taylor's testimony points out, increasingly it's going to be more difficult to identify priority of service or service to veterans in an electronic age. And I think we go back to the issue that Ms. Joyner was talking about in terms of really knowing what you're getting for what you're spending.

What is happening to the veteran who comes in and seeks service? You can track services they got and the outcomes they achieved. And you can look at the quality and the quantity of services that a veteran got. And you may redefine, in a sense, priority of service that way.

It's more oriented toward the quality of service the veteran is getting.

Mr. QUINN. And then if we take the example the General gave of the one-stop shop, that could either complicate or make matters better for a veteran.

Mr. NILSEN. I agree. What's going to happen in one-stop career centers and how the veterans people are going to fit into that is an evolving question.

Mr. QUINN. Okay, there again, I think from my perspective we'd like to work with you. I think that GAO has a lot of experience and

could maybe bring to the discussion other activities that are happening system-wide, Government-wide here.

I think you mentioned 160—

Ms. JOYNER. Right, 163 different job training programs the last time we counted. And we've studied several of those. We've done a lot of work on JTPA. There is a particular program for veterans and jobs where we have some work under way on that now.

So I think what we've learned in our studies of some other job training programs really can be relevant to the effort specifically here to assist veterans in getting jobs.

Mr. QUINN. Okay, thank you. Well, thanks very much. We'll share—I've offered the rest of the subcommittee members some questions. They may get back to you and ask for some things in writing.

Ms. JOYNER. We'd be glad to answer them.

Mr. QUINN. Thanks for your time, both of you.

Ms. JOYNER. Thank you.

Mr. QUINN. Appreciate it.

The third panel, representatives of the various VSO's, are here. If you'd like to take a minute to come forward.

Good morning, gentlemen. We welcome Mr. Rhea and Mr. Drach, Mr. Daniels and Mr. Hollingsworth this morning. Appreciate your being with us. We begin by saying that we're going to try to operate under the 5-minute rule. We know that you have written testimony that you'll submit, all of which becomes part of the record today.

In conferring with Mr. Filner, I think the way we'd like to proceed is to give each of you your 5 minutes and have the whole panel summarize your comments and then we'll direct any questions that we have when you're finished.

Without any order, I'll start from my left to right.

Mr. Rhea, do you want to begin and we'll go across the table?

STATEMENT OF LARRY D. RHEA, DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS, NONCOMMISSIONED OFFICERS ASSOCIATION

Mr. RHEA. Yes, sir. Thank you, Mr. Chairman, and good morning to you and Mr. Filner.

NCOA is pleased to be included among the veterans' organizations that was invited to present testimony this morning. And in view of the enormous change that continues to occur in the employment arena, today's hearing is timely and NCOA thanks you for holding it.

In short, Mr. Chairman, our association is very pleased with the overall operation of VETS and their achievements. Similarly, we are pleased with the quality of leadership within the agency, both in its political appointees and in its career staff. And I intend to comment on that briefly later when I close my oral comments.

Our efforts with the Veterans' Employment and Training Service are primarily focused on their responsibilities in employment and training. Therefore, the comments in our testimony and my brief oral comments will be confined to employment issues.

As has already been brought out, and in our view, there's three major influences that have driven VETS to the point where we be-

lieve they are today. And that point is a period of transition and transformation. And those three influences have already been touched upon by the assistant secretary and the GAO witnesses, but they are the technology advancements in the labor exchange environment, Government re-invention initiatives, and the advent of the one-stop centers.

And now a fourth dynamic should be added to that, and that's the one which is the interest of this subcommittee today, the Government Performance and Results Act which, in our view, as has been expressed, a powerful tool that will have very positive effects upon the Veterans' Employment and Training Service.

These dynamics notwithstanding, Mr. Chairman, and despite VETS being in this period of transition and transformation, as we've termed it, NCOA believes that VETS has done an admirable job. We did, in our testimony, identify some areas that we ask the subcommittee to be mindful of.

We are concerned with the collective ability of VETS, the people within the agency, and all of those that are concerned with it, being able to provide priority of service to veterans, particularly now that we're in this one-stop environment.

Previously, priority of service was simple. A veteran merely proceeded to the head of the line. But in the new environment, the lines have disappeared. It's more of a challenge now, and that challenge is complicated by the multiple agencies that are involved in the one-stop effort.

So the reality of this, and as you have sought help from GAO, we're asking the help of this subcommittee in ensuring that we're vigilant to fulfill the intent of the Congress that veterans be provided priority of service in this new area.

We ask your aggressive efforts in that regard, Mr. Chairman and Mr. Filner.

Along these same lines, we offered in our testimony the fact that it may be time to rethink the relative priority that we accord the veterans in the delivery of employment services. The Association tends to believe that so many distinctions among veterans may in fact prove to be a disservice in the new environment.

For example, the majority of Vietnam era veterans are now in the workforce and have been there for quite some time. Many have retired from the workforce.

NCOA believes that this current arrangement can and should be simplified, and we have made some suggestions in that regard in our prepared testimony. And we would ask your consideration of those thoughts expressed there.

And lastly, by way of issues, NCOA requests that the subcommittee be aggressive on the issue of licensure of military training. Despite the stellar qualifications and the personal qualities of many individuals leaving the military today, many of these veterans remain unemployed simply because the civilian sector will not recognize their military training and experience.

NCOA is aware of the study that the American Legion has going in that regard right now. We would certainly urge the subcommittee to look at those results. And even in the absence of those results, NCOA would say there's ample work here to be done.

And up to this point, in our view, our collective inability to deal with this situation is somewhat inexcusable. And this is not a hurdle that Veterans' Employment and Training Service can overcome, so therefore it needs the assistance of this—the attention of this subcommittee.

As has been indicated, the assistant secretary is leaving. This will also be NCOA's last opportunity to express thanks to him. We would be remiss if we did not take this last moment or two that I have to publicly express to the Assistant Secretary, Preston Taylor, our heartfelt appreciation for what he has done.

We appreciate the accessibility he has given to this organization. He clearly has fostered a teamwork within VETS that extends to and includes veterans' service organizations and veterans. And for all of that, the Non Commissioned Officers Association is thankful, and we salute you and wish you well, Mr. Secretary.

Mr. Chairman, that concludes my oral comments. I thank you for holding the hearing and would be happy to respond to any questions.

[The prepared statement of Mr. Rhea appears on p. 60.]

Mr. QUINN. Thank you, Mr. Rhea.

Mr. Drach.

STATEMENT OF RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS

Mr. DRACH. Good morning, Mr. Quinn, Mr. Filner.

First of all, Mr. Chairman, I'd like to congratulate you on your ascension to the chair of the subcommittee and I look forward to working with you in the future.

I'd like to just follow up real quick on what Mr. Rhea said about Preston. He has, I think, done some unprecedented things over at the Department of Labor to gain access to the Secretary of Labor's office and also renew a good working relationship with the Office of Federal Contract Compliance Programs, which has long neglected their responsibilities, and got things moving in the right direction.

Mr. Chairman, I think—I know that we're in an era of real tight budget constraints and restraints and all these things, but I think we have to bear in mind too that veterans benefits and services are a continuing cost of our national defense.

When a veteran—when a person goes into the military, there are certain benefits that are presented to that individual; and that individual goes in there in a sense under a contract that when he or she comes out of the military service, that those benefits are going to be there.

How we get a handle on some of these cost measures is difficult. How do we measure some of these outcomes is very difficult. At one point in time, the Employment Service used to provide a—what we used to call a reportable service called counseling.

And if you read surveys and studies done on counseling, you'll find that people who get counseled tend to be unemployed lesser periods of time, get jobs faster, and get better jobs. Counseling is now nonexistent in the employment service system.

I think that's a service that is a measurable service, but is no longer there so you can't measure it. If you talk to the possibility

of using the Department of Veterans Affairs Office to provide counseling to veterans, to which many of them are eligible to use, you come into the question of the cost effectiveness, cost efficiency.

And I think perhaps the best analogy I could draw is supply and demand. If you have a dwindling supply of people to provide services and you have a steady or increasing demand for those services, we all know what happens.

In the consumer market, the price of the goods go up. In this market, I think the quality and the quantity of services goes down. And I don't know how we handle that or how we deal with that because you're going to probably have less cost effectiveness than more cost effectiveness.

That probably needs to be brought into the mix of what we're looking at. We actually look forward to reviewing Secretary Taylor's plan once it's approved by OMB. And I'll offer him further comment on that at a later date.

Secretary Taylor mentioned transition services. I think if we do transition services correctly, we're going to see better cost effectiveness in the outcomes. There is anecdotal information, as Secretary Taylor said, about savings. But there's also some real information.

It's old, but it's available. And in California, when they were doing the old Career Awareness Program with the Navy out there, there was actually a study that was done and showed that, on average, people who went through the then CAP program were unemployed for about 2 weeks following their discharge compared to—I think it was 4 months for those who did not go through the CAP program.

That's been studied and that's been validated. So if that is true today, certainly the transition services pay for itself in the savings of unemployment compensation benefits. And I think the dollar amount that Secretary Taylor referred to was around two million dollar savings.

Certainly you can't guarantee that those savings came as a result of transition services, but you've got to give some credibility to transition services based on the history of what those services have provided.

As you know, there is a new commission that has been established to look at those transition services as to their effectiveness and their adequacy. That's a report that will be coming to Congress 18 months down the road or less now.

We're looking at homeless veterans. When we first started looking at homeless veterans as an issue back in around 1988, it was estimated that 250,000 veterans were homeless on any given night. Now it's up to 280,000.

So does that mean that the 250,000 are still homeless and we've added 30,000, or is it cyclical? Are the services being provided adequate? Are they making a difference in homeless veterans' lives? Are they getting them jobs?

There's no real good data on that also. The National Veterans' Training Institute—how do you measure the success of that? We argued years ago and would still argue that NVTI is a needed entity. It provides training to the LVER's and DVOP's on a consistent basis.

They're all implementing the same law in Title 38, but they're all doing it in different States. Different States have different versions and different interpretations of how they want to implement the law.

But when these individuals go through that training and go back to their respective office, what did that training do for them that's going to make them a better service provider? How do we measure that? I don't know.

But I have to argue that it makes them a better service provider because they've learned something. And if you talk to most of the people who go through that program, they will tell you that it's the best training they've ever had. And that's more than anecdotal.

We know that there are—you know, the budget cuts are here to stay. It's not going to get better, I'm afraid. We look at authorization and we have an authorization of \$10 million dollars for homeless veterans but no money's been appropriated.

With that, Mr. Chairman, I will close and will be happy to answer any questions.

[The prepared statement of Mr. Drach appears on p. 67.]

Mr. QUINN. Thank you very much. Mr. Daniels.

STATEMENT OF SIDNEY DANIELS, DIRECTOR, NATIONAL VETERANS' EMPLOYMENT ASSISTANCE SERVICE, VETERANS OF FOREIGN WARS

Mr. DANIELS. Thank you, Mr. Chairman, Mr. Filner.

As with the others who have previously testified, Mr. Chairman, we'd like to also extend our thanks and appreciation to General Taylor for his service over the past 3½ years.

We've had unprecedented access—the VSO's, that is; and we've really been made to feel like a partner for the first time in the process. We are pleased with the results of the veteran reorganization which started over 3½ years ago and continues presently.

Overall, we view the agency as being a much more efficient operation. We have some concerns, however. Our major concern involves the DVOP, LVER grants to the State. In the VFW's view, there are wide gaps in the quality of services provided to veterans from one State to the next.

That is to say some States do a very good job and some not such a good job. We believe that the quality of services can be improved through the development of more meaningful performance standards for both DVOP and LVER's, and also for the State entities.

Along with stronger performance standards, the VFW advocates creation of an incentives program through which consistently high performing States can be rewarded for their good work. This fund would be part of the DVOP, LVER grant program.

Now, Mr. Chairman, we don't pretend to be experts on the matters involving performance standards and incentive funds and the like. In fact, there's nothing new about the concept. The concept itself has been around for several years and it's often talked about.

I have been privileged over the past 12 months to attend several meetings of the Interstate Conference of Employment Security Agencies (ICESA), Veterans' Affairs Committee. This organization represents the State employment service administrators. And basi-

cally, at each ICESA meeting, you can depend on perhaps 20 to 25 State administrators to be in attendance.

The one thing that everyone is pretty much in agreement on is that something needs to be done. When Mr. Taylor testified and the panel immediately following Mr. Taylor, they talked about priority services. And perhaps later on this morning, if we get the opportunity, I'd like to expand my remarks in that area.

But for the moment, thank you.

[The prepared statement of Mr. Daniels appears on p. 70.]

Mr. QUINN. Thank you. Mr. Hollingsworth.

STATEMENT OF KIMO S. HOLLINGSWORTH, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. HOLLINGSWORTH. Mr. Chairman and Mr. Filner, thank you for the opportunity to testify. We look forward to working with you throughout the 105th Congress.

Assistant Secretary Taylor, thank you for your leadership at VETS. I think you've set a new standard there that's going to be a tough act to follow.

Mr. Chairman, programs at the Veterans' Employment and Training Service were created by Congress to assist veterans in their transition from military service. Historically, educational benefits provided by the GI Bill have proven to be some of the best transition programs available, and that's why I'm going to very briefly just touch on that subject.

The Legion is deeply disappointed that the President would propose increases for higher education in fiscal year 1998 and not include increases for veterans' educational programs. The Legion believes that if any group of young Americans should receive an increase in higher educational spending, it should be veterans.

Veterans have earned their benefits through time, sweat equity, and sometimes blood and bodily injury. We encourage you and Mr. Filner to explore this issue in the 105th Congress. Regarding VETS, the Legion deeply believes this agency serves veterans well.

As a result of GPRA, VETS and other Federal agencies are now required to formally measure their results. Recent data available indicates that in fiscal year 1996, the money appropriated for LVER's and DVOP's has placed well over 300,000 veterans into careers.

The Armed Forces of the United States are currently releasing about 250,000 veterans from active duty each year. This trend will continue for the foreseeable future. Historically veterans released from active duty have become some of the more productive members of society provided they are given the right opportunities.

They are stable with over 50 percent married. They know about leadership. They have an excellent work ethic. They show initiative and are very familiar with team work. They are certifiably drug free. In short, they are a national resource.

These veterans have attended some of the finest technical and professional training schools in the world. And unfortunately, many agencies which issue license or certificate for the skills they hope to employ in the civilian world do not recognize their military training or experience obtained.

The Legion believes this lack of recognition of skills learned in the Armed Forces by civilian licensing authorities contributes to the high unemployment rate of recently separated veterans. VETS has been working with The American Legion to help remove these artificial barriers.

But we need your help, and we strongly encourage you to monitor our study that we have going on to try to quantify what skills can be transferred to the civilian society.

Mr. Chairman, one of the success stories of the Office of the Assistant Secretary is the Homeless Veterans' Reintegration Project. Homeless veterans make up a disproportionate number of the homeless population. HVRP offers homeless veterans a broad range of help with an emphasis on finding employment.

This program is unique and successful because it allows communities at the local level to address this problem. Thanks to the leadership of local veterans and VETS administered programs, homeless veterans are becoming productive members of society.

Another successful program administered by VETS is TAP. As discussed, TAP provides jobs for military personnel up to 7 weeks earlier than if no assistance were provided. Simply put, the program saves millions of dollars in unemployment claims which were closed earlier than normal because veterans found employment.

The VFW touched on standardized training throughout the United States for DVOP's and LVER's. And that's why I'd also like to talk about NVTI. This important program provides DVOP's and LVER's standardized training so that veterans all across the country can receive the same types of assistance.

The Legion believes the funding required to operate the NVTI and provide DVOP's and LVER's appropriate training is a sound investment, and we encourage you to continue to scrutinize this and recommend full funding.

One-stop shops were mentioned earlier. The Legion also shares this concern. We urge the subcommittee to review this issue at a later date to ensure veterans will continue to receive priority assistance.

Lastly, the Legion believes it is time to replace the references in Title 38 which now refers to "Veterans of the Vietnam Era" to "Veterans of a Conflict Era." Other agencies recognize this for benefits and services, and we believe for employment purposes that should be the case as well.

In addition, we urge this committee to work with the Government reform and oversight to possibly review the number of veterans in the Federal Government who are preference eligible.

If Federal agencies were required to track and report the number of preference eligible veterans as opposed to all veterans, the Legion believes the numbers would demonstrate an abysmal record with regards to veterans preference in the Federal workforce.

Mr. Chairman, that concludes my testimony. I'll be happy to answer any questions that you may have.

[The prepared statement of Mr. Hollingsworth, with attachments, appears on p. 73.]

Mr. QUINN. Thank you, Mr. Hollingsworth.

And thank you to all four of our panelists this morning.

I don't know if we're breaking any rules here. You know, this is our first time at this. But since you all mentioned Secretary Taylor and he's still here, I have a question for him even though he's left the panel.

We need to have you just take the microphone if you—and you may not be able to answer the question, Mr. Secretary, but do we have a number on how many veterans are actually looking for jobs? We've talked about placement and we've talked about—

Mr. TAYLOR. Yes.

Mr. QUINN (continuing). Units measuring quality. You've talked about training. Do we know that number, sir?

Mr. TAYLOR. I chatted with Ms. Cochran a few minutes ago about some data that we do have. We know that it costs about \$40 per student in the TAP classes. We think that that's a great investment. Mr. Drach is correct. I think that the drop of about \$2 million dollars in unemployment compensation paid by Department of Defense is great for America.

It's great for veterans. And it's a great deal at \$40 per student. It costs about \$1,500 to place a homeless veteran into a job. And of course, we're constrained with dollars in that area. The President had asked for \$2.5 million for fiscal 1998. We hope the Congress will give it to us.

And we'll help a lot of veterans with that money. But I had to tell her that I do not know how much it costs to place a veteran in a job that comes into an employment office that works with a DVOP's and LVER, and we're going to try to find that out.

Mr. QUINN. Can we tell how many veterans are looking for jobs?

Mr. TAYLOR. Yes, there are two million coming into the employment offices every year.

Mr. QUINN. And can we compare that to 1996, 1995, 1994?

Mr. TAYLOR. Well, that's about an average. That's about average, about two million.

Mr. QUINN. Two million.

Mr. TAYLOR. Now you might say well, okay, you found 536,000 jobs last year or 565,000 the 2 previous years, and that's about 20 percent. But looking at the ETA9000 document and our VETS200 which is a document that DVOP's and LVER's have—it's a reporting document.

I have copies of it. I can leave copies with you. The VETS200 is a DVOP quarterly report. And the ETA2002 is a quarterly report now. As I said earlier, the processes primarily, the data bases and so forth and so on, are owned by ETA.

And we're partnering with them now to ensure that veterans, when they design these data bases, they pay attention to priority of services for veterans that come into the employment office.

But if you look at these forms, you will see that when veterans come into the employment office, they get a tic mark. And some of them come in that already have jobs that are looking for better jobs. Many of them are coming in—I just want to talk. I just want to be counseled.

Others come in and say I'm in a private sector job but I notice that there have been announcements for Federal jobs. So not all two million that come into the employment office every year, but we have to account for each one of them because they are veterans.

And we do have these forms—are looking for work. So you have to, you know, analyze the data. But we do know that two million, even though the employment has dropped down significantly from fiscal 1993 through fiscal 1996 from 7.3 to 3.8—and this is BLS data.

We use BLS data to determine the cohorts that I had mentioned earlier. It's not our data. It's not VETS' data. It's BLS data. And even though the numbers have dropped down significantly, we still see two million veterans coming into the employment offices every year.

Mr. QUINN. That's why I asked the question. Thank you very much.

Mr. TAYLOR. You're welcome.

Mr. QUINN. And we appreciate you staying and coming back to see us.

Both Mr. Hollingsworth and Mr. Drach—both of you mentioned the training institute, NVTI out in Denver. And one of the outcomes that VETS proposed was for the institute to train staff. I'm not so sure that's an outcome. You know, for me, the outcome would be how many veterans are placed in jobs.

That's, in the end, what we're concerned about. Can you comment at all on the effectiveness of how we might—again, we're talking about measurement. And Mr. Drach, you hit the nail right on the head. I don't know sometimes how we're going to measure that. But if we were able to compare staff that's trained by NVTI and that—and those that aren't trained, now is that anecdotal?

And Mr. Drach, maybe you can answer first. Mr. Hollingsworth, if you want to add to that.

Mr. DRACH. Well, yes; I think it would be partially anecdotal, Mr. Chairman. But I think there's some things that can be looked at.

See, the NVTI has several courses that they provide training under. One is case management. They recently developed a new voc rehab counselor course to work—have the DVOP's working more closely with the Chapter 31 client.

I was able to participate in a critique of the draft of that program a year ago May. Well, actually, a year ago this month. And I saw something very unique happening with the participants in the pilot.

And that was their comfort level and their ability to pick up the phone and call an employer and work with an employer. Somebody mentioned earlier this morning job development, and sometimes that's what it takes for some of the more hard to place veterans, particularly some disabled veterans.

And I saw this comfort level rise from Monday through Thursday; when Thursday, they were able to pick up the phone literally and do a cold shot call out of the phone book. And NVTI assured me that this was not staged.

And they got this employer and they talked to the employer, and they had a hypothetical veteran—but they told the employer that this was a class, but they had a real veteran. And the employer said well, he had no positions open at the present time, but he talked to the DVOP.

And he talked about, you know, what his needs are as an employer, what he would be willing to do to hire a veteran if a va-

cancy came about. So there's some of that developing now. Again, how do you measure the outcome?

But I've got to say that when that DVOP goes back to his office, number one, he's going to have the confidence to pick up the phone and call an employer cold shot. Now the problem comes when he goes back to his office. Will the office manager allowed him to do the job development or will his work load allow him to do that job development and make those phone calls?

Mr. QUINN. And in that case, have we not asked the DVOP to do so many other things sometimes by law or by direction, by whatever it happens to be, that they don't have the time or the manager—the boss—doesn't let them do it?

Mr. DRACH. The quarterly report that Secretary Taylor just referenced—and I don't know what the time consumption of that is. One of the complaints that I hear from the State directors from the Federal staff is that they spend too much time filling out reports.

And that's not unique to the Department of Labor.

Mr. QUINN. That's not unique to anybody in this place.

Mr. DRACH. And what happens to those reports, more often than not, they're sitting in someone's room, you know, and very seldom get really, really looked at. But then again, you have—questions get asked by you all and we need those reports to look back to to try to answer them.

So it's a tough nut to crack. It really is.

Mr. QUINN. Well, hopefully this whole discussion—and GAO is in here and we heard from others—is to find out what parts of that is valuable and helpful and useful. I mean, we ask some of the questions of GAO yesterday at a briefing and again today on the record.

You know, even some of those answers—we don't want to create another paper chase because that's not where your time is spent.

Mr. Hollingsworth.

Thank you, Mr. Drach. Appreciate it.

Mr. HOLLINGSWORTH. I have to agree with Mr. Drach. I think that's a tough nut to crack. But it does open up an important discussion. And to jump onto what the VFW said, maybe we need to look at performance based incentives for some of the employees.

And I think GAO raises another interesting point. I can place hundreds of thousands of veterans in jobs, but is that really what I want to do and are they going to be there 2 years from now?

I think what we need to focus on is not getting veterans jobs, but getting them careers so they don't have to come back and rely on the system in the future and spend the taxpayers' money. So that essentially they have the tools they need to go forward in the future to prepare themselves for a career or various careers.

Mr. QUINN. Thank you.

Now I was going to yield to my colleague, but you brought up another question that I had and it talks about those incentives. And the VFW mentioned in your testimony the whole concept of some incentives or some kind of an incentive program to reward the States that are doing a pretty good job of putting a veteran in a job.

Can you describe how you'd structure that a little bit briefly; and while you're describing that, do you have any suggestions on how we'd pay for that? Can we—yes, sir?

Mr. DANIELS. Mr. Chairman, it's kind of like shopping for a necktie. You don't know exactly what you're looking for, but you'll know it when you see it. The features of the incentive program you hear most often is that a percentage of the totals of the LVER or DVOP grants combined would be set aside into a special fund.

And then based on the new standards of performance design by you, by VETS, by all of the partners, high performing States would be able to access the funds. Low performing States would be encouraged to bring their performance levels up.

In many ways, it's similar to how recaptured funds are presently used. As a matter of policy recapture funds must be spent within the region where they're seized. The requirements are very strict. They can only be used on equipment, I believe, at the moment. What we are suggesting is to have a broader pool of funds that would allow for expanded uses.

Mr. QUINN. New funds?

Mr. DANIELS. I'd like to think new funds, Mr. Chairman. We'll talk about that in the morning hopefully. We're looking at \$157.1 million now in both DVOP and LVER programs. So theoretically, you would be talking about maybe a minimum of seven or eight percent that would be available.

Ideally, high performing States would be able to apply for that money based on certain preestablished standards. They would then be able to engage other types of projects that lead to additional services to VETS. But we would also like to see DVOP and LVER's in a position to receive cash bonuses for superior work.

Those jobs tend to be very, very low paying except in some of your more progressive—or larger States, I should say. New York, Illinois, Michigan tend to pay pretty high salaries. Pennsylvania, I believe. But many of the other States are still paying very low, low \$20.

But that's my idea. Maybe there may be others.

Mr. HOLLINGSWORTH. The American Legion has talked about things like performance based incentives. We don't know what the answers are, but we're open to discussion. I think what the subcommittee needs to know is that, The American Legion is open to wide variety of options to get veterans into careers.

If we need to convene this hearing at a later date and give us time to chew on some things and look at that, we're open.

Mr. QUINN. So both of you would say that that whole suggestion of incentives might be a topic for some discussion later on and you're willing to talk to us about that?

Mr. DRACH. Mr. Chairman, I know where we can get the money—the Federal Unemployment Tax Act which is not general revenue. It's an employer tax that employers pay to pay for the employment service system. The last I looked, and it's been a couple of years, there was a multi-million dollar surplus in that fund. It's a trust fund.

Mr. QUINN. Don't say that quite so loud.

Mr. DRACH. And it's not unlike the social security trust fund which is used to help balance the budget.

Mr. QUINN. I understand.

Mr. DRACH. But that money is there.

Mr. QUINN. Thank you. I'm going to yield to Mr. Filner for a question to both of you.

Mr. FILNER. Just very briefly, I've been learning from you all and trying to work with you to make sure that Congress understands these arguments.

You're talking right now, of course, to the choir, this subcommittee and this committee. Our problem, I think, in this new world of the balanced budget and a Congress two-thirds of which don't understand the veterans' issues is that the choir is not there.

It just struck me that you, as VSO's, the agencies, and we here on the subcommittee have to take advantage of this Results Act and start talking in a language that this says we ought to talk in as a strategy to convincing, or changing, Congress into the choir that it used to be.

I think if you'll review your testimony, you'll see that your testimony is for us and not for the general Congress. You will see that you're talking in a language that was not using what is mandated by the Results Act.

We're talking very generally. You're talking about how difficult it is to measure. That's not what our colleagues need to hear. They need to hear that this is successful and why by some measure that they accept as credible.

Mr. Rhea, you said they're doing an admirable job. I agree with you. But that's not enough for us anymore.

Ron, you were saying how difficult it is. Well, if it's difficult, they'll say, "Well when you find out how to measure it, come back to us." We have to, as a group, as an agency, as a committee, as veterans activists figure out a language—and I think we ought to take advantage of this Results Act to talk about these in ways that our colleagues can understand.

We know we're not getting the appropriations that the authorization says. We know there should be new money. We know that the homeless program is not getting enough. But we haven't been able to convince either the administration in general or the Congress that that ought to be the case.

So we have to agree on a language. And I think this Results Act gives us a method if we could come to an agreement on that language and terminology and priorities and which measurements. That's just some thought about listening to you all because we're all together in this and I want us all to be more effective.

Mr. HOLLINGSWORTH. Mr. Filner, I'd like to address your comments because I agree with you. We do need to come up with results, something that other Members of Congress can buy off on. But you know, it troubles me because we do have a lot of results.

And if you look historically at the original GI Bill and how that literally placed veterans into employment, into careers, into schools, and you look at what that did for the country, that's results.

We created America today from the original GI Bill. And I have to tell you. Personally, as a veteran, as a representative of the American Legion, I'm a little disturbed that the President would talk about a GI Bill of Rights for workers.

Because we seem to be offering GI bills for everyone but GI's. And maybe we need to look back at the fundamentals of what made American great and go back to those original concepts for veterans and maybe restore some of those benefits to GI's.

Mr. FILNER. You know, we agree. The question is how do we—

Mr. HOLLINGSWORTH. Yes, sir.

Mr. FILNER. I mention this statistic to every group I visit now. Two-thirds of the Congress has been elected since 1992. And on every demographic way of looking at the Congress they're the same: their average age, their employment, their religion, their income, whatever—except on one issue, and that is military service. Whereas something like 80 percent of the old group served in the military, 80 percent of the new group has not. I'm an example of that. So, they don't know anything about the GI Bill. Some of us have tried to learn about it and understand it, but 80 percent of the Congress have no understanding of it.

It's not that they're dumb or they're evil or anything; they just don't understand it. Our job has to be to figure out ways to explain what you just said in ways that they'll understand.

Mr. HOLLINGSWORTH. Yes, sir. And part of the veterans' community is to blame for that. Because, as advocates, we need to probably be a little bit more proactive in touting some of those results.

Mr. FILNER. Right, you guys have got to develop a whole new way of approaching this through a grassroots lobbying effort. It's a new world, and we all have to be active and figure out a way to explain it to people who don't have that experience and who want a results oriented language.

Mr. RHEA. GPRA is going to force us, all of us, to do that. And I hope I'm not violating any trust here, but an initial glance that we got from the VETS of their draft GPRA strategies leads me—and I haven't seen the final one, as anybody else had, but I'm led to believe that we will be able to start talking in that language that you're referring to, Mr. Filner.

For example, you know, the 500 plus thousand veterans that are actually placed in jobs is wonderful, but it's my impression that the new strategies will provide some finite detail within that. The entry level of the salaries, how long they stay and so forth.

So I think your comments are well received by the Non Commissioned Officers Association, and I think we'll be talking that language that's going to be so critical to us in the future.

Mr. FILNER. Thank you, Mr. Rhea.

Mr. HOLLINGSWORTH. I just want to add, I honestly believe the VSO's and the veterans' community and this committee and subcommittee—I think we're taking a lead in trying to take a hard look at what we're doing and how can we do things better.

And I commend both the Chairman and you, Mr. Filner, for your proactive approach. And I agree with you. We do need to quantify those results somehow and in some way. And I guess if I leave you with anything, the members of the subcommittee need to understand that we're open to a wide variety of options.

We're here to work with you. Our bottom line is to get veterans into careers so that they're prepared for life.

Mr. QUINN. Thank you, Mr. Hollingsworth.

Thank you, Mr. Filner.

And I think one of the things we heard from GAO is that veterans and our discussion of veterans is a little bit ahead of the rest of this institution when it comes to this full discussion of GPRA, so that puts us in a good position.

I understand that Mr. Drach has been appointed as a commissioner of the—on the Service Member and Veterans' Transmission Commission, and we congratulate you, sir, on that appointment.

Mr. DRACH. Thank you, Mr. Chairman.

Mr. QUINN. And hope that that helps you and it helps us in the end. So good luck. If we can help you and assist you in any way, let us know.

Mr. DRACH. Thank you.

Mr. QUINN. I'd like to thank all of the witnesses today for appearing before the subcommittee. As both Bob and I said in our opening remarks and Mr. Rhea just said it again, that this whole discussion of the Results Act offers us the framework to pursue better Government and a way to try to get a handle on whether today's programs are accomplishing what the Congress intended and what the veterans in the country need.

We're going to try to cover most of the benefit areas using that Results Act as a framework. And we also look forward to an open dialogue on all of that discussion. So if there is no further business coming before the subcommittee, we are adjourned. Thank you.

[Whereupon, at 10:23 a.m., the subcommittee was adjourned.]

APPENDIX

Honorable Jack Quinn
Remarks
VETS Oversight Hearing
May 7, 1997

Good morning. The Subcommittee will come to order.

As we continue the work towards a balanced budget, both the Congress and the Executive branches need a way to determine whether programs are accomplishing what they were designed to do. As resources become constrained, it is vital that we be able to judge the relative performance and cost of a wide range of programs. Done properly, it will allow us to put our resources where they do the most good, and that is the best thing for veterans.

Today, we will begin a series of oversight hearings on the management of veterans benefits programs using the Government Performance and Results Act as a framework. GPRA (J-I-P-R-A), or the Results Act was passed during the 103rd Congress to provide the executive and legislative branches a common reference around which to judge the performance of government programs. Probably the single most important feature of the Act is linking performance to the budget process by focusing on outcomes rather than throughput and a series

of agreed measures to judge that performance. For instance, in the case of the Veterans Employment and Training Service, a throughput is something like saying VETS assisted 500,000 veterans. An outcome would be 500,000 placed in jobs, with supporting measures like the average salary of those placements and how long the veteran stayed on the job.

The Act requires agencies to consult with Congress in developing the performance goals and measures. It also requires Congress to set the mission and vision for the agency. These are not easy concepts and measures to define, but in the end, we will have a better understanding of exactly what our programs are doing for veterans and what is the cost. This is the beginning of that process.

We will hear from three panels. First, Assistant Secretary for Veterans Employment and training, the Hon. Preston Taylor, will describe VETS' efforts to comply with GPRA. Our second panel, the General Accounting Office, will comment on VETS efforts thus far and present their views on what GPRA will do for us. Finally, we have asked a panel of veterans service Organizations will speak about VETS programs. To give them time to review VETS' planning for GPRA, we have asked them to submit their GPRA comments for the record. Of course, if they hear or read something here today that peaks their interest, they are welcome to comment on it.

Since this is the first meeting of the subcommittee, I would like to welcome each of the members and especially my ranking member, Bob Filner, and with that, I'll recognize him for any remarks he may have. Bob....

Do any of the members have any opening remarks?

Could we have the first panel please. Secretary Taylor, welcome. I understand you are about to leave VETS at the end of the month to return to New Jersey. Since this is probably your last appearance before the veterans Committee, I would like to thank you for your lifetime of service to the country, both in and out of uniform. It is no secret that you are one who has enjoyed carrying the message about the value veterans bring to the workplace and are never at a loss for words on the subject of veterans employment. If I may make just one observation, I hope they pay you by the word on your next job. Mr Secretary, the floor is yours.

Thank you Mr. Secretary. I'd like to start the questioning.

Thank you once again Mr. Secretary and on behalf of the Members, good luck in the future.

For our second panel, the General Accounting Office is represented by Mr. Steve Backhus (B-A-C-K-U-S), the Director for Veterans Affairs and Military Health Issues,

Ms. Carlotta Joyner, Director for the Education and employment Issues, and Mr. Chris Mihm (M-I-M). GAO has been reviewing agencies' strategic planning including their GPRA efforts and has provided the Congress with a great deal of advice on the process. Ms. Joyner, welcome, and please begin.

Thank you Ms. Joyner. Just a couple questions from me.

I now recognize the Ranking Member for his questions.

Thank you Ms. Joyner, and I look forward to continuing a close working relationship on this issue with the GAO.

Our final panel is composed of representatives of the veterans service organizations. Ron Drach will represent the DAV, Kimo (K-E-E-M-O) Hollingsworth represents the American Legion, Sid Daniels from the VFW and Larry Rhea from the NCOA. Gentlemen, welcome and begin in any order you desire.

Thank you. I have a couple questions.

I now recognize the Ranking Member.

I would like to thank all of today's witnesses for appearing before the Subcommittee. As I said in my opening remarks, GPRA offers us a framework to pursue better

government - a way to try to get a handle on whether today's programs are accomplishing what Congress intended. We will try to cover most of the benefit areas using GPRA as a framework. And I look forward to an open dialogue on the process. The Subcommittee stands adjourned.

The Honorable Bob Filner

Opening Statement

Subcommittee on Benefits – May 7, 1997

GPRA – Veterans' Employment and Training Service

Mr. Chairman, I am pleased we are holding a hearing today on the Government Performance and Results Act (GPRA) and the steps being taken by the Veterans' Employment and Training Service to comply with the requirements of that Act. GPRA is an opportunity for all of us in the legislative branch and the executive branch to closely examine Federal agencies – what is each agency's mission? -- is that mission still appropriate ? -- is the agency achieving its goals?

I do, though, want to add a word of caution. Twenty years ago, when I served as President of the San Diego Board of Education, we "reinvented" that city's poorly-functioning school system and instituted

a results-based system of evaluation of the quality of education provided for the children of San Diego. The entrenched institutional resistance to change, however, was enormous and it took an extraordinary effort and near-constant supervision of the school system in order to accomplish our goals.

I want you to know that I am committed to ensuring that the goals the Veterans' Employment and Training Service describe for us today do not simply disappear a year from now or 5 years from now. If GPRA is to have any actual positive effect, Congress must commit to a sustained focus on the agencies under our jurisdiction and must regularly examine the progress being made by the agencies.

If anyone can meet this enormous challenge, however, I know the leadership and staff of the Veterans' Employment and Training Service will be

successful. Under Secretary Taylor's leadership, you have already made great strides forward in your "reinvention" process. General Taylor, your willingness to change – actually, your sincere enthusiasm for positive change – has revitalized VETS and the veterans of this country have benefited from your determination to provide them world-class employment assistance.

You will be missed, Mr. Secretary, and all of us are grateful to you for the blood, sweat, and tears you have sacrificed on behalf of our nation's veterans – but you have established a firm foundation on which your successors can build. And I promise you I will do all I can to work with those who come after you to ensure that your good works continue. Again, thank you for your service, Mr. Secretary, and best wishes for your future.

SILVESTRE REYES
16TH DISTRICT, TEXAS
COMMITTEE ON NATIONAL SECURITY
—
SUBCOMMITTEE ON
MILITARY INSTALLATIONS AND FACILITIES
—
SUBCOMMITTEE ON
MILITARY RESEARCH AND DEVELOPMENT
COMMITTEE ON VETERANS' AFFAIRS
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May 5, 1997

The Honorable Jack Quinn
U.S. House of Representatives
Veterans' Affairs, Subcommittee on Benefits
335 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Quinn:

I wish to inform the subcommittee that I will not be present for Wednesday's hearing. I will be traveling with the President to Mexico, as one of five Congressional Representatives. Due to my district's proximity to the border, and the importance of the U.S.-Mexico relationship, this is a unique and exceptional opportunity to represent my constituency and assist the President in our evolving relationship with Mexico.

Please know that under all other circumstances I would be in attendance, especially as we convene to review the important matters involving the Veterans Employment and Training Services. My legislative assistant will be present at the hearing and has been instructed to apprise me of the testimony and all other matters coming before the subcommittee.

Thank you for your consideration, along with that of the other members of the subcommittee.

Sincerely,

Silvestre Reyes
Member of Congress

SR/mk

STATEMENT OF HONORABLE LANE EVANS
RANKING DEMOCRATIC MEMBER
COMMITTEE ON VETERANS
BEFORE THE
SUBCOMMITTEE ON BENEFITS
MAY 7, 1997

TODAY THE BENEFITS SUBCOMMITTEE
WILL RECEIVE TESTIMONY ON GOVERNMENT
PERFORMANCE AND RESULTS ACT
STRATEGIES FOR THE VETERANS
EMPLOYMENT AND TRAINING SERVICE. I
COMMEND YOU FOR SCHEDULING THIS
HEARING AND FOR YOUR ACTIVE INTEREST IN
THE GOVERNMENT PERFORMANCE AND
RESULTS ACT PROCESS.

THE GOVERNMENT PERFORMANCE
AND RESULTS ACT REQUIRES CONSULTATION
WITH THE CONGRESS. IN ORDER FOR THIS
CONSULTATION TO BE MEANINGFUL, IT IS

ESSENTIAL THAT OUR COMMITTEE BE PROVIDED SUBSTANTIVE INFORMATION IN A TIMELY FASHION. MEANINGFUL CONSULTATION ON VETERAN EMPLOYMENT AND TRAINING ISSUES IS CRITICALLY IMPORTANT.

THE PROGRAMS AUTHORIZED BY OUR COMMITTEE MUST BE IMPLEMENTED IN THE MANNER WHICH WILL ACHIEVE THE BEST RESULTS FOR OUR NATION'S VETERANS. THIS IS OUR GOAL AND I LOOK FORWARD TO THE TESTIMONY TO BE PRESENTED TODAY.

I ALSO WANT TO TAKE THIS OPPORTUNITY TO THANK ASSISTANT SECRETARY PRESTON TAYLOR FOR HIS YEARS OF DEVOTED AND CREATIVE SERVICE AT THE DEPARTMENT OF

LABOR'S VETERANS' EMPLOYMENT AND
TRAINING SERVICE.

GENERAL TAYLOR HAS BROUGHT A NEW
LEVEL OF LEADERSHIP TO VETS THAT WILL BE
THE STANDARD BY WHICH HIS SUCCESSORS
ARE MEASURED FOR MANY YEARS TO COME.
ON BEHALF OF THE HUNDREDS OF
THOUSANDS OF VETERANS WHO HAVE
BENEFITED FROM YOUR COMMITMENT TO
THEM, THANK YOU, GENERAL TAYLOR, FOR A
JOB VERY WELL DONE.

Statement of Preston M. Taylor Jr.
Assistant Secretary for Veterans' Employment and Training
before the
House Veterans' Affairs Subcommittee on Benefits
May 7, 1997

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss the Government Performance and Results Act (GPRA) and its implementation by the Veterans' Employment and Training Service (VETS).

As I am sure you know, I spent a considerable portion of my work life in the military service. Strategic planning, measurement of results, continuous improvement of processes, and accountability are all concepts and practices with which I am comfortable and familiar, and personally believe in.

The GPRA deadline of September 30, 1997, for establishment of the five-year Strategic Plan for fiscal years 1998 - 2002 is drawing near, and VETS staff are hard at work, consulting with stakeholders and refining strategic goals and related objectives and measures. VETS' revised draft Strategic Plan was sent to the Office of Management and Budget for review on April 28th. We have several initiatives underway to facilitate continued improvement of the Plan, and to ensure that our Fiscal Year 1999 budget formulation processes are integrated with the Strategic Plan developments.

Before describing those initiatives, I want to tell you about the vision that guides us in this planning process, and the major challenges we see before us. The vision statement included in our draft Plan is:

VETS' services--including those provided directly and those provided by its grantees--will be regarded by the agency's investors and its customers as world class efforts to deliver what the agency's customers value most highly.

For most of VETS' sixty-plus years the agency has been a veterans' advocate whose primary approach to helping those customers has been compliance-oriented, e.g., enforcing job referral control mechanisms imposed on the State Employment Service Agencies, and investigating reemployment rights violation complaints against employers. Only in recent years has the agency begun to acknowledge that employers--especially private sector employers-- are also customers and investors. It is also a recent realization that the veterans, Reservists, and Guard members who are VETS customers would be better-served by placing more emphasis on services and activities designed to facilitate, rather than control, the labor exchange, and that helping to prevent violations of employment and reemployment rights, by educating employers and protected individuals about their respective obligations under various statutes, is an effective approach

The greatest challenge faced by VETS in implementing the Government Performance and Results Act is setting forth appropriate outcome measures for the public employment and training services agencies. Technological advances are rapidly altering the labor exchange environment, as more employers and job-seekers use personal computers, electronic bulletin boards and websites as the means of announcing job openings and applying for jobs. The impacts of this evolutionary change on both public and private sector labor exchange service providers have significance not only for the way the labor exchange is done, but also for results measurement. Veterans who register can be counted; however, fewer job-ready applicants need to register with a job placement office in order to conduct a job search. Employers--particularly those that do not need the applicant screening and referral services offered by a State Job Service agency--have less need to list their job openings with such entities; thus all public labor exchange entities are likely to experience declines in the number of job-ready persons,

including veterans, who register for service. The agencies that are least capable of functioning effectively in that new environment will experience relatively greater declines not only in registrants, but also in their easily-measurable outputs. So the public labor exchange, including VETS, is faced by a dilemma: many of the customers who support the system via payment of the unemployment trust fund tax--that is, private sector employers-- want a labor exchange that enables direct connection with job-seekers. To satisfy that customer-investor, the public employment service system loses the ability to easily measure the numbers of individual job-seekers who benefit from the system. This is a significant problem for those who must justify the budget requests for the public system, because a key measure of the value of the system has been the number of registered individuals who entered employment. Clearly, a new paradigm for measuring results is needed, and we are actively exploring this with ETA.

The implications of the systemic changes for VETS are even more complicated, because the national policy set forth in title 38 of the United States Code is that veterans shall receive priority for service, in order to give them “the maximum of employment and training opportunities”. In the past, VETS has been able to apply a relatively simple measure of “priority” based on statutory requirements, i.e., a comparison of the rates of service achieved for registered veterans to the rates achieved for registered non-veterans. However, in the future such measures will not lead to valid conclusions about the returns on the investment, if the data base does not include the full universe of system beneficiaries.

VETS believes it can overcome these challenges and fulfill its vision, by continuing stakeholder consultation initiatives and management strategies it has

already begun. In the past couple of years, VETS has been vigorous in engaging its stakeholders in various activities that lend themselves not only to delivery of services, but also to strategic planning and development of appropriate goals and measures. Included among VETS' principal stakeholders are its customers and the organizations that represent them, the branches of the military services and the Department of Defense, other Federal agencies that provide services to veterans (such as the Department of Veterans Affairs), the state and local government agencies that make up the workforce development system, community-based organizations that provide services to veterans and to veterans service providers, and the House and Senate Veterans' Affairs Committees.

From 1993 to 1996, with the cooperation of various of those stakeholders, VETS conducted several research initiatives: A major program impact study of the Transition Assistance Program, a major customer satisfaction survey of more than 1200 employers and over 1100 veterans who were State Job service agency customers in sixteen states, a follow up focus group study of veterans who used the Job Service agency in seven states, and a study of the pilot implementation of the case management approach to serving veterans presumed to need intensive service to attain job security. Those studies and surveys yielded important insights regarding what the agency's customers most want and were least happy with, and those insights serve as the bases for many of the strategic goals and measures that VETS is including in its Strategic Plan.

For example, we know from our customer survey that one of the major dissatisfactions with the public employment service system expressed by veterans is the quality of the jobs they found listed there. So we are proposing to implement measures of quality within the system that will track the wage levels at entry into employment and retention in the same or higher-paying jobs a year or two later.

By instituting those measures and setting forth the expectation of continual improvement in those results, we believe the agencies administering the public employment service system will be motivated to take actions to improve their employer relations and garner more career-oriented, better-paying job listings.

We also learned from the studies what are some of the effective program approaches. For example, the TAP impact study revealed one important outcome of that program: that participants found their first civilian job on average three weeks sooner than did non-participants. VETS also learned from doing that study that impact studies to measure such comparative results are very expensive propositions!

VETS is continuing to work with the States and partners such as the USDOL Employment and Training Administration (ETA) on performance measures initiatives. In July of this year VETS expects six states to begin a year-long test of an array of output and outcome measures that are different from the quantitative measures that have been standardized in the Job Service system for more than a decade. During the next year, VETS and those state agency partners will evaluate the utility, feasibility and costs of the various measures, and share the information with other participants in performance measure initiatives. Examples of the measures to be tested are: measures of job retention or advancement following entry into employment, measures of wage gains compared to prior four-year earnings, measures of the percentages of various categories of veterans for whom specific job development efforts were made who entered employment as a result of such efforts, and measures of customer satisfaction with the local office experience conducted through voluntary customer feedback instruments.

VETS also is allied with the Employment and Training Administration in its Workforce Development Performance Measures Initiative, which engages a host of

state, local and Federal agencies involved in One Stop Service Center development in a concerted effort to craft appropriate cross-cutting performance measures to permit greater service delivery.

VETS also is working with the ETA on development of approaches to measuring the impacts of new technology on our customers, such as the results for veterans attributable to America's Job Bank.

We are continuing a stakeholder consultation process begun last year that we hope will yield a more contemporary definition of the concept of "priority" for veterans, which would facilitate the identification of appropriate performance measures to be applied at the state and local levels of the workforce development system. In March (1997) VETS convened a discussion forum comprised of seven of VETS' regional and state directors, seven State Job Service or workforce development agency representatives, and seven representatives of veterans service organizations. The agency expects that group to produce a set of recommendations later this month (May).

VETS has also begun dialogues with other stakeholders regarding the possibility of collaborating on surveys and studies, which might help drive down costs while yielding mutually beneficial data. For example, the ETA and VETS have many grantees in common, so we hope to identify common ground for joint approaches to data-gathering. Similarly, I expect the Department of Veterans Affairs to join with us in determining where our strategic goals intersect, and how we might collaborate in gathering data regarding our common customers.

Thus far in this statement I have focused on describing our efforts related to the employment and training assistance aspect of VETS' mission. Of course, the GPRA applies to every facet of our mission, and thus our stakeholder consultations and strategic goal and performance measures development processes also

encompass the enforcement, public information, inter-agency liaison, and service provider training functions of VETS. Our draft Strategic Plan includes goals and measures for each of those activities.

VETS has a senior management position dedicated to strategic planning. That individual participates in the GPRA Agency Liaisons group that was formed by the Department's Office of Budget last fall to promote and coordinate the intra- and inter-agency actions associated with GPRA implementation. VETS also is represented on the DOL GPRA/Cost Accounting Team, an initiative by the Department's Chief Financial Officer to ensure that agencies implement appropriate cost accounting mechanisms to enable accurate attribution of costs to the results achieved for customers.

Implementing the GPRA poses many difficult challenges, especially to the Veterans' Employment and Training Service, which is a relatively small agency with a broad mission and large customer and stakeholder universe. We are doing what we can to ensure that all VETS staff understand the GPRA, and that they understand that the process of strategic planning, measurement and re-casting of goals to reflect desirable outcomes is a never-ending journey, not a one-time event.

VETS looks forward to its consultations with you regarding its Strategic Plan, trusts that you share our appreciation of the challenges before us, and hopes that we can find mutually satisfactory solutions. If you have any questions for me today, I will do my best to answer them now.

GAOUnited States General Accounting Office
TestimonyBefore the Subcommittee on Benefits,
Committee on Veterans' Affairs,
House of Representatives

For Release on Delivery
Expected at 8:30 a.m.
Wednesday, May 7, 1997

**VETERANS'
EMPLOYMENT AND
TRAINING SERVICE****Focusing on Program
Results to Improve Agency
Performance**Statement of Carlotta C. Joyner, Director
Education and Employment Issues
Health, Education, and Human Services Division

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the Veterans' Employment and Training Service (VETS) and its initiatives in response to the Government Performance and Results Act of 1993 (GPRA).

Unemployment and underemployment have traditionally been serious problems for veterans. The Congress has made it clear that alleviating these problems is a national responsibility. Although the Department of Veterans Affairs is responsible for most of the nation's services for veterans, the Department of Labor administers programs and other activities designed to help veterans find jobs and training opportunities. The Wagner-Peyser Act of 1933, which created a national system of public employment offices, specifies that veterans receive priority service and led to the establishment of a veterans' bureau within the Department of Labor, which eventually became VETS.

My comments today will focus on four areas: the value of GPRA in improving agency performance, the employment and training performance measures currently used in VETS, VETS' response to GPRA, and our assessment of VETS' response. The information we present is derived from our ongoing work for this Subcommittee regarding the veterans' representatives employed by the states under grants from VETS, our review of the agency's draft strategic plan for fiscal years 1997 through 2002, and discussions with agency officials about VETS' actions in response to GPRA.

In summary, GPRA is a powerful tool that brings discipline to program management by requiring agencies to clarify their missions, establish goals and a strategy for reaching them, measure performance, and report on their accomplishments. Our work at VETS has shown that its current performance measures focus more on process than on results. VETS has now developed a draft strategic plan and performance measures, consistent with GPRA, and has submitted it to the Office of Management and Budget (OMB) for review. We believe the proposed performance measures for employment and training services are an improvement over VETS' current approach because of their increased focus on results. But the plan, so far, is a draft and has not received final approval by Labor or been incorporated into an overall departmental strategic plan. In addition, development of a strategic plan and improved performance measures does not guarantee improved performance. Continued senior management commitment and effective implementation are necessary to achieve the improved agency performance that is envisioned by GPRA.

BACKGROUND

The mission of the Veterans' Employment and Training Service is to help veterans, reservists, and National Guard members in securing employment and protecting their employment rights and benefits. Services provided are to be consistent with the changing needs of employers and the eligible veteran population, with priority given to disabled veterans and other veterans with significant disadvantages in the labor market. The key elements of VETS' mission include enforcement of veterans' preference and reemployment rights, employment and training assistance, public information services, interagency liaison, and training for those assisting veterans.

VETS carries out its responsibilities through a nationwide network that includes representation in each of Labor's 10 regions and staff in each state. The VETS staff at the state level monitor the operation of VETS' two primary programs providing employment and training assistance to veterans: the Disabled Veterans Outreach Program (DVOP) and the Local Veterans Employment Representative (LVER). DVOP and LVER staff, whose positions are federally funded, are part of states' employment service systems and provide direct employment services to eligible veterans. The total fiscal year 1997 appropriation

for VETS was about \$182 million, including \$82 million for DVOP specialists and \$75 million for LVER staff.¹

LVERs were first authorized under the original GI Bill, the Servicemen's Readjustment Act of 1944; DVOP specialists were established by executive order in 1977 and later authorized by the Veterans' Rehabilitation and Education Amendments of 1980. The duties of DVOP and LVER staff for serving veterans, as specified by law, include

- outreach to locate veterans,
- job development for veterans,
- networking in the community for employment and training programs,
- providing labor exchange services to veterans,
- making referrals to support services, and
- case management.

These programs are required by law to provide employment and training opportunities specifically for veterans, with priority given to the needs of disabled veterans and veterans of the Vietnam era. Each state is expected to give priority to veterans over nonveterans for services in their state employment service system. In the simplest terms, this means that the local employment office is to offer or provide all services to veterans before offering or providing those services to nonveterans.

MANAGING FOR RESULTS

The Government Performance and Results Act of 1993 is the centerpiece of a statutory framework provided by recent legislation to bring needed discipline to federal agencies' management activities. Other elements are the 1990 Chief Financial Officers Act, the 1995 Paperwork Reduction Act, and the 1996 Clinger-Cohen Act. These laws each responded to a need for accurate, reliable information for executive branch and congressional decision-making. In combination, they provide a framework for developing (1) fully integrated information about an agency's mission and strategic priorities, (2) performance data to evaluate the achievement of these goals, (3) the relationship of information technology investments to the achievement of performance goals, and (4) accurate and audited financial information about the costs of achieving the goals.

GPRA is aimed at improving performance. It does so by prompting each major federal agency to ask some basic questions: What is our mission? What are our goals and how will we achieve them? How can we measure our performance? How will we use that information to make improvements? GPRA forces a shift in the focus of federal agencies away from such traditional concerns as staffing and activity levels and toward a single overriding issue—results.

GPRA requires that agencies clearly define their missions; establish long-term strategic goals, as well as annual goals linked to them; measure their performance against the goals they have set; and report on how well they are doing. In addition to ongoing performance monitoring, agencies are also expected to perform discrete evaluations of their programs and to use information obtained from these evaluations to improve the programs. Each agency's strategic plan—laying out its mission, long-term goals, and strategies for achieving these goals—must be submitted to OMB and the Congress by September 30, 1997. To help ensure that these plans reflect the views, as appropriate, of the Congress and other stakeholders, GPRA requires that, as agencies develop their strategic plans, they consult with the Congress and solicit the views of other stakeholders. Next, beginning with fiscal year 1999, executive agencies are to use their strategic plans

¹VETS provides formula staffing grants to the states for LVER and DVOP staff. Its fiscal year 1997 appropriation is planned to fund 1,397 LVER positions and 1,598 DVOP specialists. The appropriation also included about \$23 million for administrative costs and \$2 million for the National Veterans' Training Institute, which trains service providers' staffs and managers.

to prepare annual performance plans. These performance plans are to include annual goals linked to the activities displayed in budget presentations as well as the indicators the agency will use to measure performance against the results-oriented goals. Agencies are subsequently to report each year on the extent to which goals were met, provide an explanation if these goals were not met, and present the actions needed to meet any unmet goals.

Over the last few years, we have done a large body of work on management and operational issues across agencies and levels of government.² For example, we have studied leading public sector organizations that successfully pursued management reform initiatives and became more results-oriented. This work has identified principles and approaches that may be helpful to agencies and the Congress in carrying out the activities set out by GPRA, such as developing strategic plans through consultation with stakeholders and selecting performance measures that are results-oriented and can be used to improve agency performance.

CURRENT PERFORMANCE MEASURES

In our ongoing work on the activities of DVOP and LVER staff for this Subcommittee, we have learned that VETS' performance measures are focused more on process than on results, and performance is evaluated only in relative, not absolute, terms. VETS uses 14 performance standards in five service categories: (1) veterans placed in or obtaining employment, (2) Vietnam-era veterans and special disabled veterans³ placed in jobs with federal contractors, (3) veterans counseled, (4) veterans placed in training, and (5) veterans who received some reportable service. The first two, which concern job placement, are results-oriented, but they do not require information about the quality of the job placement, such as wages and benefits, or whether the jobs are permanent.

The Assistant Secretary for Veterans' Employment and Training, in directing VETS field staff and state partners to provide input regarding the development, piloting, and evaluation of new performance measurement systems, characterized VETS' current system as having been developed more than a decade ago with little or no change since then. He also noted that these performance standards are activity- and volume-driven and provide states little incentive to focus services on those veterans who are marginally job-ready or are most in need of intensive employability development services. In addition, he did not believe the current performance measures provided useful information on the impact of services on veterans served.

In each of the five service categories, performance is measured in terms of priority given to veterans compared with nonveterans in the services provided by the states' employment service system. The minimum goals established by VETS state that veterans should be served at a rate exceeding the service to nonveterans. Veterans and eligible persons should be served at a rate 15 percent higher than nonveterans; Vietnam-era veterans should be served at a rate 20 percent higher; disabled veterans should be served

²See, for example, Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996), Managing for Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking (GAO/T-GGD-97-43, Feb. 12, 1997), Managing for Results: Enhancing the Usefulness of GPRA Consultations Between the Executive Branch and Congress (GAO/T-GGD-97-56, Mar. 10, 1997), and Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997).

³A special disabled veteran is (1) a veteran who is entitled to compensation (or who, but for the receipt of military retired pay, would be entitled to compensation) under laws administered by the Department of Veterans Affairs for a disability rated at 30 percent or more or (2) a person who was discharged or released from active duty because of a service-connected disability.

at a rate 25 percent higher; and placement rates for special disabled veterans should also be 25 percent higher than the rate for other clients relative to jobs listed by federal contractors.⁴ For example, in one state, the placement rate for nonveterans was 14.65 percent; thus, the required placement rate for veterans was 16.85 percent, or 15 percent higher than the nonveteran placement rate. The state-by-state measures are based on providing a higher level of services to veterans than nonveterans, rather than establishing any goal for an absolute level of performance. Thus, a state with poor services to nonveterans would be held to a low standard for service to veterans.

According to VETS directives, failure to meet one or more of the quantitative performance standards does not itself constitute failure to provide priority services to veterans. State VETS directors identify other factors that may affect the delivery of quality services before making any noncompliance determinations.

VETS is required to report annually to the Congress on the success of the states in meeting their performance standards with regard to veterans' services. Although VETS has up-to-date quarterly data on states' performance, annual reports to the Congress for fiscal years 1994, 1995, and 1996 have not yet been submitted to Congress. These reports would document the states' annual performance against their standards. According to a draft of the 1994 annual report, VETS determined that all but 14 states met all of their performance standards during program year 1993 (July 1, 1993, through June 30, 1994). Of these, 11 states were able to show good cause for their inability to meet the standards (California, Iowa, Kansas, Missouri, Nevada, New Hampshire, New Jersey, New Mexico, Virginia, West Virginia, and Wisconsin). The remaining states—Ohio, Nebraska, and the District of Columbia—provided VETS with an acceptable corrective action plan.

VETS' RESPONSE TO GPRA INCLUDES PROPOSED NEW PERFORMANCE MEASURES

The current version of the draft plan has been submitted to OMB for review and is to be finalized on the basis of OMB's and other stakeholders' comments. The plan includes mission and vision statements; strategic goals and objectives; specific performance measures; and discussions of the relationship between the general goals and annual performance goals. The draft plan also discusses VETS' strategy to reach its goals and key factors likely to affect its ability to do so. The plan also lists relevant stakeholders, including the Employment and Training Administration within Labor, congressional committees, veterans service organizations, and the Interstate Conference of Employment Security Agencies. No specific reference to the Department of Veterans Affairs as a stakeholder is included in the draft plan.

The draft plan identifies goals and objectives for each element of its mission: enforcement, employment and training assistance, public information services, interagency liaison, and training. But it notes that the greatest challenge faced by VETS in implementing GPRA is setting forth appropriate outcome measures for the public employment service agencies. One reason for this difficulty, the plan notes, is that technological advances are changing the labor exchange environment as more employers and job seekers use personal computers, electronic bulletin boards, and websites to announce job openings and apply for jobs. Without the opportunity to register job seekers, the public employment service system loses its ability to measure the numbers of individual job seekers who benefit from its services. As a result, whereas in the past VETS relied on a relatively simple measure of "priority"—comparison of the rates of service achieved for registered veterans with the rates achieved for registered nonveterans—such measures will no longer completely reflect the actual services provided if a significant number of users are not being registered and counted. As a partial response to this challenge, VETS is proposing to measure results through population sampling and postservice studies as well as data collected at the employment service office.

⁴These rates may vary from state to state because states may negotiate higher rates.

The new set of measures for employment and training services continues to reflect a mixture of activity measures, such as "received counseling or vocational guidance," and results measures, such as "entered employment." New measures, however, go beyond measures of immediate outcome to include the average wage of those who entered employment and a 2-year follow-up measure.

In addition to comparing the results for veterans with those for nonveterans, the plan describes measures that apparently will be tracked for veterans independent of the results for nonveterans. This focus would allow VETS to emphasize providing services that lead to high levels of results for veterans in all locations, without setting a lower standard for the results expected of veterans in states with a less effective employment service.

CONCLUSIONS

The draft plan represents an improvement over the current employment and training performance measures, because the performance measures in the plan put a greater emphasis on results and will provide information on absolute levels of performance for veterans as well as a comparison with nonveterans. But VETS still must collect the necessary performance data and use that information to focus its efforts on improving the results of its activities. Strong commitment of the political and senior career leadership will be essential to ensure that the agency's strategic planning and performance measurement efforts will become the basis for its day-to-day operations.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions that you or members of the Subcommittee may have.

For more information on this testimony, please contact Sigurd R. Nilsen at (202) 512-7003 or Betty S. Clark at (617) 565-7524. Denise D. Hunter also contributed to this statement.



NCOA

Non Commissioned Officers Association of the United States of America

225 N. Washington Street • Alexandria, Virginia 22314 • Telephone (703) 549-0311

STATEMENT OF

LARRY D. RHEA

DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS

BEFORE THE

SUBCOMMITTEE ON BENEFITS

COMMITTEE ON VETERANS AFFAIRS

U. S. HOUSE OF REPRESENTATIVES

ON THE

VETERANS EMPLOYMENT AND TRAINING SERVICE (VETS)

MAY 7, 1997



Non Commissioned Officers Association of the United States of America

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DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Non Commissioned Officers Association of the USA (NCOA) does not currently receive, nor has the Association ever received, any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.

The Non Commissioned Officers Association of the USA (NCOA) thanks the Distinguished Chairman for your invitation to appear and present testimony on the programs administered by the Assistant Secretary of Labor for Veterans Employment and Training. The Association salutes the Chairman for scheduling and conducting this hearing. NCOA believes this hearing is timely in view to the substantial changes taking place in the employment arena. Hopefully, the Association's testimony will be beneficial as the Chairman and Subcommittee Members fulfill your oversight responsibilities with regard to the Veterans Employment and Training Service (VETS).

Your letter of invitation, Mr. Chairman, asked NCOA to provide our views on VETS programs. It is therefore appropriate for the Association to begin our testimony by stating that NCOA is very pleased with the quality of leadership, overall operations and the achievements of this relatively small but highly effective organization.

An indicator of VETS effectiveness is shown in the results for program year 1996 which reveal that 327,000 veterans were placed in the labor force. In NCOA's view, these results are admirable given the enormous changes taking place in the labor and employment environment. Because of those changes and if NCOA were asked to evaluate where VETS is today, we would respond by saying - transition and transformation. In our view, three major influences have driven VETS to this point.

TRANSITION AND TRANSFORMATION

Technological advances have altered the labor exchange environment. More employers and job seekers use personal computers, electronic bulletin boards and web sites to announce job opportunities and apply for openings. These advances have required significant change in the way VETS conducts its affairs. These advances will also have enormous impact on the way VETS measures its performance.

The Administration's project of government re-invention has had, in NCOA's opinion, a positive effect on VETS, although many believed that VETS was a target for elimination. As a result of the focus on government re-invention, VETS undertook a major reexamination of its responsibilities, functions and performance. The advent of the concept, and now the reality, of "One-Stop Centers" is another of the dynamics confronting VETS.

Confronted with these changes and dynamics, the Assistant Secretary of Labor for VETS, The Honorable Preston M. Taylor, undertook several bold initiative as illustrated by the following examples:

- > National office staff was reduced by one-third.
- > The ten VETS regions were restructured and are now administered by seven Regional Administrators.
- > Program technical assistance is now provided through three Regional Lead Centers (RLCs) which are co-located in Regional Offices.
- > Instituted staff "upward mobility" initiatives and removed restrictions which limited their utilization.
- > Participation at the national and regional levels in One-Stop planning.

The above are only representative examples of the initiatives undertaken to respond to the ever changing dynamics in the labor exchange. These steps, along with other projects underway within VETS, gives NCOA confidence that VETS is positioning itself to respond to the employment needs of veterans in the new environment. In NCOA's view, the transition VETS is now completing has markedly transformed the organization and will position it well for the new century.

PRIORITY OF SERVICE

As you are aware Mr. Chairman and as depicted above, the nature of the public labor exchange has changed. Previously, priority in providing employment services to veterans was

relatively simple. A veteran was accorded the privilege of proceeding to the front of the line. In the new One-Stop environment, there are no longer any lines. Defining priority of service to veterans and ensuring that it is accorded is much more of a challenge now than previously. That challenge is complicated by the multiple agencies which have a share of the overall responsibility and funding within One-Stop. If the Department of Labor was solely responsible for One-Stop, ensuring priority of services to veterans would be easier; but that is not the case, nor is NCOA suggesting that it should be.

This reality though highlights an area in which this Association believes the Subcommittee needs to remain vigilant. Congress has determined that the Nation has a responsibility to meet the employment and training needs of veterans. Therefore, NCOA asks this Subcommittee to be aggressive in its efforts to ensure that employment services to veterans continue to be provided on a priority basis in this new era.

Along these same lines, NCOA believes it may be time to rethink the statutes that relate to the relative priority between veterans in the delivery of employment services. Title 38 makes many references to the following priority among veterans:

- > Special Disabled Veterans
- > Vietnam-era Veterans
- > Disabled Veterans
- > Veterans and other eligible persons

NCOA believes the utility of this arrangement may have come and gone. Further, the Association tends to believe that so many distinctions among veterans may in fact prove to be a disservice in the emerging environment. For example, the majority of Vietnam-era veterans are now in the work force and most have been there for quite some time. Many Vietnam-era veterans have, in fact, retired from the work force.

NCOA believes the priority for providing employment services among veterans can and should be simplified. The purpose of VETS is to help veterans find, obtain and keep employment and NCOA believes this can be accomplished without drawing such fine lines

between the community of veterans. Therefore, the Association suggests that the priority lists in Title 38 be modified to simply:

- > Disabled veterans
- > Veterans
- > Other eligibles.

LICENSURE OF MILITARY TRAINING

The best way for NCOA to make our comments on licensure of military training is to relate to the Subcommittee an actual case that illustrates the problem.

In August 1996, NCOA learned of the plight of a twenty-two year military veteran who had retired from active duty almost one-year earlier. During the course of his military career, this individual had: successfully completed more than 1360 formal hours of electrical training; acquired extensive experience in electrical systems and engineering; successfully managed the people and resources associated with the electrical power systems on two large military installations; and, completed the requirements for an Associate of Applied Science Degree in Electrical Power Systems.

Despite these qualifications, this veteran remained unemployed because the civilian sector in the State of Idaho would not recognize his military training and experience. The best that could be offered to him was a three-year apprenticeship under a journeyman electrician who had only a fraction of this veterans training and experience.

The above example is not an isolated case. Each year, thousands of recently released veterans confront the same dilemma throughout the Nation. In NCOA's view, our collective inability to deal with this situation is inexcusable.

VETS works hard to help veterans find employment, but VETS cannot overcome this artificial and needless hurdle. Therefore, NCOA requests that this Subcommittee make licensure of military training a high priority.

CONCLUSION

As stated previously, NCOA is satisfied with the progress of VETS as the organization moves through a period of transition and transformation. Our initial impression, based on informal discussions regarding VETS strategies to implement the Government Performance and Results Act, leads us to believe that VETS is on the right track. NCOA looks forward to reviewing and commenting on VETS GPRA strategies when they are released.

In all likelihood, this will be the last opportunity that NCOA will have to comment on VETS programs while under the stewardship of Assistant Secretary Preston Taylor. Therefore, as a matter of public record, the Association wants to acknowledge the stellar leadership which he has provided to VETS. NCOA appreciates deeply the accessibility he has given to this organization. Clearly, Assistant Secretary has fostered an attitude of teamwork within VETS that extends to and includes veterans service organizations and veterans. For all of that and more, NCOA extends our sincere thanks and best wishes to Assistant Secretary Taylor.

Mr. Chairman, NCOA wants to also thank you for your leadership on these issues today and for your overall strong support to veterans. The Association looks forward to a continuing, open dialogue with you and the Subcommittee in the months ahead.

Thank you.

*STATEMENT OF
RONALD W. DRACH
NATIONAL EMPLOYMENT DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON BENEFITS
OF THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
MAY 7, 1997*

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the more than one million members of the Disabled American Veterans (DAV) and its Auxiliary, I am happy to appear before you today to discuss our analysis of programs administered by the Assistant Secretary of Labor for Veterans' Employment and Training Service (VETS).

In your invitation to appear, you ask for our analysis of their programs and subsequently submit a written response to the Assistant Secretary's testimony on the Government Performance and Results Act (GPRA). As requested, we will have a written response to you by May 19, 1997.

As you know, Assistant Secretary of Labor for VETS, Preston Taylor, will be leaving office at the end of this month to return to private life and his family in New Jersey. We wish Secretary Taylor well in his future endeavors. We also thank him for his strong advocacy and support for veterans' employment and training. Among other things, he has been able to bring new respect to the office at the Department of Labor and has been able to work well with other departments and agencies in coordinating services to our nation's veterans who need employment services.

We have enjoyed a very positive relationship with VETS over the last several years and for the most part, the programs are being administered in a very effective manner. We are concerned that with declining resources, the current level of services may diminish over time. In that context, we have reviewed these various programs, giving consideration to the budgetary restraints.

HOMELESS VETERANS

Former Assistant Secretary of Labor for VETS Don Shasteen recognized a problem with homeless veterans as far back as 1987. Through his efforts, the Homeless Veterans' Reintegration Program (HVRP) was initiated. It is estimated that on any given night between 250,000 and 280,000 veterans are homeless, and this issue continues to be an ongoing struggle and a major concern of DAV. The 104th Congress authorized \$10 million for both fiscal years 1997 and 1998, but has not appropriated any money. The President has requested \$2.5 million for FY 1998 but that is far below the authorized amount. VETS projects that they will be able to serve 4,000 veterans and place 2,000 into jobs at an average cost of \$625.00 per veteran. If all \$10 million were available, based on the \$625.00 average, 16,000 veterans could be served.

NATIONAL VETERANS TRAINING INSTITUTE (NVTI)

We are pleased that Congress appropriated \$2 million for FY 1997 for NVTI and the President has requested \$2 million for this program in FY 1998. Based on these amounts it is estimated that 1,400 service providers will receive training in each of fiscal years 1997 and 1998. We believe NVTI needs to continue in order to meet the challenges of the future.

DISABLED VETERANS' OUTREACH PROGRAM (DVOP)

The President's Fiscal Year 1998 budget request significantly decreases the number of Disabled Veterans Outreach Program (DVOP) specialists from FY 1997 levels. The FY 1997 appropriations (\$81,993,000) will support approximately 1,568 DVOP staff. The FY 1998 request (\$80,040,000) will support only 1,494 DVOP positions. This represents a decrease of almost \$2 million and 74 positions.

Section 4103A, title 38, United States Code, states that DOL shall provide enough money to fund 2,040 positions. The budget request supports only 1,494 positions and falls far short of the authorized level.

LOCAL VETERANS' EMPLOYMENT REPRESENTATIVES (LVER)

The President's request for FY 1998 (\$77,078,000) for LVERs is sufficient to staff 1,339 positions. The FY 1997 appropriation (\$75,125,000) is expected to support 1,340 positions.

Section 4104, title 38, United States Code, requires that the DOL shall provide funds for 1,600 full time LVER positions. The Administration has requested 261 fewer LVER positions than required by law. VETS cannot continue to maintain current levels of service with these cuts in the DVOP and LVER programs.

JOB TRAINING PARTNERSHIP ACT (JTPA)

The funding request for Title IV-C of JTPA is \$7.3 million. This is the same amount as authorized for FY 1997. This program is designed to fund local employment and training initiatives for veterans. It is expected that 4,000 veterans will be served by this program in both fiscal years 1997 and 1998.

TRANSITION ASSISTANCE PROGRAM (TAP)

TAP was started in 1988 as a cooperative effort between the Departments of Labor, VA and Defense to provide soon to be separated servicemembers with transition assistance to ease their change from military to civilian life.

This highly successful program is being offered at military bases and is generally provided to separating servicemembers within 180 days of discharge.

Although the Administration has not specified any dollar amounts in the FY 1998 budget request, it is projected that approximately 160,000 separating servicemembers and their spouses will benefit from this program. It is anticipated that the program will assist 164,000 servicemembers in FY 1997. The Department of Defense (DOD) projects more than 250,000 servicemembers will be separated per year through the year 2000. This means that approximately 36% of separating servicemembers will not be served -- and probably many of them will have some disability.

As you know, Congress established the Commission on Servicemembers and Veterans Transition to review these programs and report its findings and recommendations to Congress.

We would also like to offer the following information on the employment situation of Vietnam Era veterans.

The Department of Labor's Bureau of Labor Statistics and the Bureau of the Census conducted a special study as required by law to determine the status of Vietnam era veterans in the labor force. The survey was conducted during August 1995. Highlights of the study follow:

- 10% of Vietnam era veterans had a service-connected disability;
- About 50% of all veterans participated in some special educational or training program;
- During the survey month, there were about 7.9 million male Vietnam era veterans;
- Approximately 86% were between the ages of 35 and 54 -- 9% were African-American and 4% Hispanic;
- Approximately 3.8 million reported they served in Southeast Asia;
- Of those who actually served in the Vietnam theater, 84% had participated in the labor force;
- The unemployment rate for Vietnam theater veterans was 3.9%, but only 2.9% for those who served outside the Vietnam theater (it was 3.6% for those who did not serve in the military);
- Of the 10% who reported having a service-connected disability, about 70% had served in the Vietnam theater;
- 67% of the disabled Vietnam era veterans were in the labor force, while non-disabled Vietnam era veterans had an 89% participation rate; and
- Of those disabled veterans who had a disability rating of 60% or higher, only 33% were in the labor force. Sixty-seven percent had withdrawn totally from seeking or participating in employment.

There were 173,000 female Vietnam era veterans during the survey months, of whom, 15% served in the Vietnam theater. Their labor force participation rate was 82%, compared to 60% for women who did not serve in the armed forces. About 8% of these female veterans reported having a service-connected disability, and their labor force participation rate was 65%.

The results of this survey are not significantly different from earlier surveys, particularly as it relates to those disabled veterans with a service-connected disability rating of 60% or higher. It is encouraging that the unemployment rates for Vietnam era veterans continue to be below the national average. However, the participation rate in the labor force for those disabled veterans 60% or higher remains totally unacceptable. Many factors play a role in this low participation rate including age, retirement, or severity of disability, but we believe many of them have just given up trying to obtain employment because of lack of accessible transportation, and buildings and discrimination against people with disabilities.

All too often, more severely disabled veterans are told at some point by employers or others that because of their disability, they can't work and eventually these veterans begin to believe it and drop out of the labor force. Our efforts must be renewed and efforts by the Department of Labor's Disabled Veterans' Outreach Program Specialists and the VA's Vocational Rehabilitation office need to increase involvement of these more severely disabled veterans into the labor force.

This concludes my testimony. I would be happy to answer any questions you may have.

STATEMENT OF
SIDNEY DANIELS, DIRECTOR
NATIONAL VETERANS EMPLOYMENT ASSISTANCE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES
BEFORE THE
SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
WITH RESPECT TO
**AN ANALYSIS OF VETERANS EMPLOYMENT AND TRAINING SERVICE'S (VETS)
PROGRAMS**

WASHINGTON, D.C.

MAY 7, 1997

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the 2.1 million members of the Veterans of Foreign Wars (VFW), I am pleased to appear before you today to provide our views on programs administered by the Veterans Employment and Training Service (VETS).

Over the past three and one-half years we have had an opportunity to closely observe the activities of VETS as the agency reinvented itself based on recommendations of the National Performance Review and in compliance with President Clinton's September 1993 Memorandum on the subject of streamlining the government. In our view the agency has performed well in restructuring itself and achieving its stated goals. As a result, VETS has been able to eliminate red tape where it existed, achieve targeted reductions in its national office staff without compromising services, and perhaps most importantly, it has improved the efficiency of its operation along with customer satisfaction. In summary, the agency is a much better operation than it was a few years ago. That is not to say that we are not without concerns with the agency. We do have concerns and I will discuss them later in this testimony.

Mr. Chairman, before continuing I would like to extend our thanks and appreciation to General Preston Taylor, the Assistant Secretary of Labor for Veterans Employment and Training, for his service to veterans over the past three and one-half years. General Taylor recently announced his retirement from VETS and on behalf of the VFW we want to thank him for the vision, determination, and resolve he brought to the agency.

**Disabled Veterans Outreach Program (DVOP) and Local Veterans Employment
Representative (LVER) Grants**

Mr. Chairman, over the past 12 months we have had several conversations with State Employment Service Administrators on the LVER/DVOP programs and have participated in four state training conferences for DVOP and LVER personnel. The major lesson we have learned is that there is a significant variation in the operation of the federal grants to the States for the operation of the veterans' program pursuant to Title 38, chapter 41. These variances impact on the effectiveness and efficiency of the program and take the form of wide discrepancies in how vigorously "priority service" to veterans is implemented. Additionally, these variances impact on the range and quality of services provided to veterans by DVOPs and LVERs as well as by non veteran specific staff.

Some states do a very good job and some not such a good job. Many states have wide gaps in the quality of services provided from region to region, or even office to office. The purpose for having the extensive VETS system in place has always been to monitor the implementation of Title 38, to prevent abuses of the program, and hopefully to provide technical assistance and "leadership on the ground" in each state. Most of the personnel who hold these positions are

community for more and better services for veterans, particularly disabled and recently separated veterans. The problem is with a system that is in need of retooling.

The VFW believes that operation of the DVOP and LVER Grant in the states can be significantly improved through the development of more meaningful performance standards for DVOP and LVER personnel as well as for state entities. As it stands now, there are no reliable standards for performance that can be used as benchmarks to compare one state to another. Consequently, states that do not perform well can count on receiving their equitable share of available grant funds while those states that do a superb job cannot be rewarded.

The VFW is committed to seeking ways to change the current system. Accordingly, we recommend the Subcommittee give consideration to authorizing an incentives program through which consistently high performing states can be rewarded for the good work that they do and those states not performing as well would be encouraged to bring their performance levels up so they can qualify for future incentive funds.

FY'98 Budget Request

The Administration's FY'98 Budget requests \$80,040,000 to support 1,494 DVOP positions and \$77,078,000 to support 1,339 LVER positions. Under this funding proposal the Disabled Veterans' Outreach Program (DVOP) is slated to lose \$2 million which means 74 DVOP positions will be eliminated. However, the Local Veterans Employment Representatives (LVER) will see a gain of \$2 million as this sum is shifted over from the DVOP program. This proposed shift is intended to place emphasis on computer and electronic services for all veterans, such as America's Job Bank (AJB).

The VFW disagrees with this funding request. As a result of continuous under funding of the DVOP and LVER programs over the years, vital services to veteran clients have been sacrificed. We urge this Subcommittee to lend its support to funding the DVOP and LVER programs at the statutory mandated level.

Title 38 U.S.C., Section 4103A Disabled Veterans' Outreach Program

With respect to the hiring of DVOP personnel, section 4103A(a)(1) states in part that "Each such specialist shall be a qualified veterans. Preference shall be given in the appointment of such specialists to qualified disabled veterans of the Vietnam Era..."

Mr. Chairman, the language of the above provision of Title 38 makes it very difficult, if not impossible, for any qualified veteran other than those from the Vietnam Era to qualify for employment as a DVOP. Considering that the average age of Vietnam Era veterans is nearly 50 years and that there are many qualified and deserving veterans from military conflicts subsequent to the Vietnam Era, the VFW proposes that the cited provision be amended. We recommend that the change in language read as follows:

Preference shall be given in the appointment of such specialists to qualified disabled veterans of the Vietnam Era and all veterans of conflicts subsequent to the Vietnam Era to whom an expeditionary medal or campaign badge has been awarded.

The suggested language we are offering Mr. Chairman, would make the language in 38 USC, Section 4103A(a)(1), consistent with applicable provisions of the federal Veterans' Preference Act.

National Veterans Training Institute

The Administration's FY'98 request for NVTI is \$2,000,000, which is projected to provide training to over 1,400 service providers. In the few years NVTI has been in operation, it has performed well in meeting its VETS mandate. In our view NVTI has excelled in its course design and effectiveness in teaching. With the anticipated passage of legislation giving increased responsibilities to VETS and with the advent of workforce development and one stop career centers, we envision an increased demand on VETS/NVTI to provide training to DVOPs, LVERs and VETS Administrators and managers.

Based on current demands alone, the Administration's FY'98 request of \$2 million is insufficient. The VFW therefore supports and recommend funding for the NVTI at \$3 million.

Homeless Veterans' Reintegration Project

We extend our thanks to all members of the House Veterans' Affairs Committee for its role in getting the Homeless Veterans' Reintegration Project (HVRP) reauthorized during the 104th Congress. We are disappointed, however, by the Administration's FY'98 request of \$2.5 million, which amount is projected to provide employment services to approximately 4,000 homeless veterans.

Past recipients of HVRP grants have been homeless veterans shelter operators who often operate facilities in our major cities. Most operators offer a full slate of services that are designed to address a variety of problem(s) that many homeless veterans tend to experience. Many of these shelter facilities operate under the "tough love" concept. These operations are unmatched in their dedication and skill in preparing homeless veterans for a return to society as productive, employable citizens.

In order for shelters for homeless veterans to be able to offer continuum of care programs, they must be able to attract operating resources from many different sources. In VFW's view, the HVRP is a major source that should be positioned to work in partnership with veterans' specific homeless program providers. We therefore support funding of the HVRP at the full authorized level of \$10 million.

Mr. Chairman, this concludes the VFW's statement. I shall be pleased to answer any questions you or other Subcommittee members may have.

**STATEMENT BY
KIMO S. HOLLINGSWORTH, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES**

MAY 7, 1997

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to present testimony on the programs administered by the Veterans Employment and Training Service. These programs were created by Congress to assist veterans in their transition from the military to the civilian workforce and are designed to help veterans find employment. In addition, The American Legion would like to briefly express its views regarding the President's Fiscal Year 1998 spending increases for higher education programs. Historically, educational benefits provided by the GI Bill have proven to be one of the best transition programs in this nation's history.

The American Legion is deeply disappointed that the President would propose increases for higher education programs and not include increases in veterans educational benefits. Mr. Chairman, to be eligible for the Montgomery GI Bill, all first-term servicemembers must agree to an eight year military obligation, relinquish personal rights and freedoms, as well as, subject themselves to the Uniformed Code of Military Justice. In addition, servicemembers must maintain certain physical and professional military educational standards and face the reality of frequent deployments into often hostile environments. Active duty members must make a \$1,200 cash contribution to receive benefits while National Guard and reserve members receive less benefits but make no cash contribution.

The American Legion believes that if any group of young Americans should receive an increase in educational spending, it should be veterans. Mr. Chairman and members of this Subcommittee, veterans have earned their educational benefits through time, sweat equity and sometimes blood and bodily injury. I hope this Subcommittee and Congress will consider these points regarding educational spending as the debate on the President's FY 1998 budget proposal moves forward. The American Legion also encourages this Subcommittee to hold hearings on the adequacy of current GI Bill educational benefits.

Mr. Chairman, regarding the Veterans Employment and Training Service (VETS), The American Legion believes this agency serves veterans well. As a result of the Government Performance and Results Act (GPRA), VETS and other federal agencies are now required to formally measure their results. Recent data available indicates that in FY 1996, the money appropriated for Local Veterans Employment Representatives and Disabled Veterans Outreach Program Specialists, has placed over 327,000 veterans into careers. In addition, VETS administers Title IV-C of the Job Training Partnership Act. Recently, The American Legion received a grant from the Assistant Secretary of Labor for Veterans Employment and Training under this program.

Mr. Chairman, the armed forces of the United States are currently releasing about 250,000 veterans from active duty each year. The American Legion believes this trend will continue for the foreseeable future. Historically, these veterans have become some of the more productive members of our society, provided they are given the right opportunities. They are stable, with over 50% married. They know about leadership. They have an excellent work ethic. They show initiative and are very familiar with teamwork. They are certifiably drug free. In short, they are a national resource.

These veterans have attended some of the finest technical and professional training schools in the world. They are graduates with experience in health care, police and investigative work, electronics, computers, engineering, drafting, air traffic control, nuclear power plant operation, mechanics, carpentry, and many other fields. Many of these skills require some type of license or certificate in the civilian workforce. Often, this license or certificate requires schooling which many veterans have already completed at an armed forces training institution. Unfortunately, many agencies which issue the license or certificate for these skills do not recognize military training completed or experience obtained. As an example, a medic who treated gunshot wounds in Operation Desert Storm as a qualified military medic, will not be certified as an emergency medical technician in our nation's cities without additional, redundant schooling.

Another example is that of a former member of the US Air Force who trained at Keesler Air Force Base as an air traffic controller. In 1983 he was pulled from his controller duty at an Air Force airfield tower and sent to a civilian airfield tower to perform the same duty. During his time at the civilian airfield he was recruited by a supervisor from the Federal Aviation Administration to join the FAA as a controller when he left the Air Force. He did so, but only after attending an FAA school, for which he was forced to use his VA educational benefits. His studies at the FAA school duplicated the Air Force training he received. The FAA did not recognize the air traffic control training provided by the Air Force, despite the fact that he performed air traffic control duties with the FAA while serving in the military.

The American Legion believes this problem is large and widespread. In order to determine its size, the Legion has requested the United States Department of Labor to determine which military technical skills are directly applicable to a civilian career for which a license or certificate is required. Once this information is obtained, The American Legion will work with Congress to help relieve transitioning military personnel from the burden of redundant schooling.

The American Legion believes the lack of recognition of skills learned in the armed forces by civilian licensing authorities contributes to the high unemployment rate of recently separated veterans. Young veterans, 20 to 34 years of age, experience one of the highest unemployment rates in the nation. VETS labors to help these young, recently separated veterans with a multitude of integrated services, to prevent their unemployment and ease their transition to careers in the civilian labor market. Both The American Legion and VETS have been working closely to help remove these artificial barriers to employment. To date, the following accomplishments have been achieved:

- preliminary analysis of licensure information received
- re-mailed state licensure survey to non-respondent states
- responded to questions from state authorities regarding the survey
- identified appropriate certification and licensure bodies
- interviewed Air Force officials responsible for certification and licensure

Mr. Chairman, I urge you to follow this issue closely. The twenty four professions identified in the health care related occupations and aircraft maintenance and repair fields hold a promise of good careers for separating service members if the issues surrounding state and federal licensure and certification can be resolved.

There are literally hundreds of professions which require a license or a certificate in the civilian workforce. Some are state or federally mandated and some require participation in a labor union sponsored training program. The Veterans

Employment and Training Service has indicated an interest in continuing to examine the issue on a profession by profession basis. Additional funding for VETS could allow these studies to proceed more quickly.

Mr. Chairman, one of the success stories of the Office of the Assistant Secretary is the Homeless Veterans Reintegration Project (HVRP). Homeless veterans make up a disproportionate number of the homeless population. The HVRP program offers homeless veterans a broad range of help, with an emphasis on finding employment. This program is unique and successful because it allows communities at the local level to address homelessness. In Pittsburgh, Pennsylvania, local Legionnaires and other members from the veterans community established the Cypress Street homeless shelter and have successfully helped numerous veterans rebuild their lives. Mr. Chairman, The American Legion supports funding for this unique program and urges Congress to provide full funding for HVRP.

Another successful program administered by the Veterans Employment and Training Service is the Transition Assistance Program. The TAP program provides jobs for military personnel up to seven weeks earlier than if no assistance were provided. Simply put, the program saves millions of dollars in unemployment claims which were closed earlier than normal because the veteran found employment.

The National Veterans Training Institute (NVTI) is also an important part of the veterans' employment system. NVTI provides standardized training for employees of VETS. As a result, veterans in Pennsylvania receive the same quality of service provided to veterans in Florida or West Virginia. The American Legion believes the funding required to operate the NVTI and provide DVOPS and LVER's appropriate training is a sound investment.

Mr. Chairman, the face of public labor exchange is changing rapidly. In the past, providing priority of service under Title 38 USC to veterans needing employment assistance simply meant allowing veterans to proceed to the front of the line. "One stop shops" now provide resource rooms where one can self-register, file a claim for unemployment compensation, write a resume or search numerous employment databases. Providing priority services to veterans in this new environment presents a new challenge. The American Legion urges this Subcommittee to review this issue to ensure veterans will continue to receive appropriate priority assistance.

Lastly, The American Legion believes that it is time to replace the references in Title 38 which now refer to "veterans of the Vietnam era" to "veterans of a conflict era." These conflict eras are already defined by Congress in the Federal Charters of the veterans service organizations, and are well recognized by the Department of Veterans Affairs and other government agencies for purposes of veterans benefits.

In addition, The American Legion believes Congress should consider reviewing the number of veterans in the federal government who are veterans preference eligible. Federal agencies and the administration regularly tout the number of veterans hired as a way to demonstrate support for veterans and veterans preference. The American Legion believes the number of preference eligible veterans is significantly lower than these statistics represent. The American Legion believes that if federal agencies were required to track and report the number of preference eligible veterans, as opposed to all veterans, the numbers would demonstrate an abysmal record with regards to veterans preference in the federal workforce.

Mr. Chairman, that concludes my testimony. Thank you.

The
American
Legion



For God and Country

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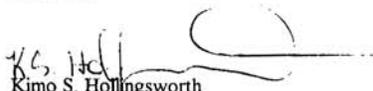
May 7, 1997

Honorable Jack Quinn, Chairman
Subcommittee on Benefits
House Veterans Affairs Committee
335 Cannon House Office Building
Washington, DC 20515

Dear Chairman Quinn:

The American Legion received a federal grant from the U.S. Department of Labor in the amount of \$98,982 in August of 1996. The purpose of this grant is to identify and evaluate military occupational specialties that have application to civilian careers and for which a license or certificate is required.

Sincerely,


Kimo S. Hollingsworth
Deputy Director
National Legislative Commission

**BIOGRAPHICAL SKETCH
OF
KIMO S. HOLLINGSWORTH**

Kimo S. Hollingsworth has been employed by The American Legion since August 1, 1993. He is currently a Deputy Director for The American Legion National Legislative Commission.

Mr. Hollingsworth was born in Honolulu, Hawaii on March 24, 1964. He graduated from Munich American High School in Munich, Germany in June of 1982 and enlisted in the United States Marine Corps Reserve in 1983 as a Communications Center Operator. While serving in the reserves, Kimo attended the Pennsylvania State University in State College, Pennsylvania and later attend the Marine Corps Officer Candidates School in Quantico, Virginia. He graduated from Penn State in January of 1988 with a Bachelor's degree in Administration of Justice and was commissioned in the United States Marine Corps.

On active duty, Kimo received training at The Basic School in Quantico, Virginia and the Field Artillery School in Fort Sill, Oklahoma. and was then assigned to an artillery firing battery with 3D Battalion, 10th Marines in Camp Lejeune, North Carolina. He later served with the 22nd Marine Expeditionary Unit and participated in Operation Sharp Edge, the evacuation of Americans from Liberia, Africa. Kimo also served as an artillery platoon commander in Operation Desert Shield and Storm. After hostilities, Kimo returned to the Persian Gulf as part of the Central Command Landing Force.

Upon completion of his active service, Kimo served as the Commanding Officer of H Battery, 3D Battalion, 14th Marines in Richmond, Virginia. Kimo is currently a Captain in the reserves and serves with the Marine Corps Intelligence Activity in Quantico, Virginia. Kimo's military decorations include: the Navy Commendation Medal, the Navy Achievement Medal, the Combat Action Ribbon, the Navy Unit Commendation Ribbon (2), the Selected Marine Corps Reserve Medal, the National Defense Service Medal, the Marine Corps Expeditionary Medal, the Humanitarian Service Medal, the Armed Forces Reserve Medal, the Southwest Asia Service Medal (3), the Sea Service Deployment Ribbon (3), the Saudi Arabian Kuwaiti Liberation Medal and the Kuwaiti Liberation Medal. Kimo belongs to American Legion Post 576 in Allentown Pennsylvania.

Statement of Chuck Burns, AMVETS National Service Director

Mr. Chairman, we appreciate the opportunity to share our views regarding the Veterans' Employment and Training program. We respectfully request our written testimony be submitted for the record during the hearing to be held May 7, 1997.

We believe that those who serve in defense of their nation should not be penalized with the loss of civilian job seniority, pay and other benefits. The military produces experienced, disciplined people who can follow directions, work as team members and are trainable. Veterans excel once employed. The problem is that they are thrust into the civilian work world, competing with individuals who have 4-6 years of civilian education and/or work experience. The military member must produce a resume that translates the military terms into the civilian work language and learn interviewing skills. In the civilian world, men and women are taught these skills in colleges and universities. We believe the military members should get this much needed training.

Publicly-funded programs were established through the Department of Veterans Affairs, Department of Defense and Department of Labor. Some Departments feel these programs have outlived their need and/or are severely underfunded. We believe there is still a great need for these programs. DoD specifically has indicated to Congress that TAP (Transition Assistance Program) and DTAP (Disabled Transition Assistance Program) can be eliminated because the military downsizing is complete. The fact is that during the height of downsizing 275,000-300,000 military members were separated annually. DoD now projects that between 250,000-275,000 will be separated by the year 2000. This number is still high and these veterans deserve the same assistance. If they don't get this much needed help, we will be funding them through unemployment and homeless assistance. It's your choice; we would rather help them transition back into work and their communities.

Veterans' Employment and Training Services are administered by DOL and are required by Title 38 U.S.C. in Chapter 41. Local Veterans' Employment Representatives (LVERs) are state employees located in state employment service offices to provide assistance to job-seeking veterans. Even though Title 38 U.S.C. 4104 authorizes 1,600 LVERs, Congress only appropriated enough funds to support 1,347 LVERs for FY 1997. As a result, only 166,000 veterans will receive help in obtaining employment. In order to support the congressionally-mandated 1,600 LVERs, \$91.8 million is required. This amount increases to \$98.577million for FY 1998.

Disabled Veterans' Outreach Program (DVOP) specialists' develop job and training opportunities for veterans, with special emphasis on service-connected disabled veterans. DVOP specialists provide direct services to enhance the employability of veterans to allow them to be competitive in the labor market. DVOP staff are appointed on a basis of one for every 6,900 disabled veterans. Based on this formula, there should be 2,040 DVOPs. For FY 1997, Congress only appropriated enough funds for 1,564 specialists, creating a shortfall of close to 500 positions. For FY 1998, \$118.093 million will be needed to support the needed positions.

The Director and Assistant Director of Veterans Employment and Training (DVET and ADVET) were developed through DOL to investigate, resolve and refer for legal prosecution veterans' reemployment rights complaints. They also facilitate and support the implementation of TAP, represent veterans' interests in development of one-stop career centers and manage the Job Training Partnership Act (JTPA), Homeless Veterans Reintegration Programs (HVRP) and LVER and DVOP state grants, as well as other duties. After the enactment of Uniformed Services Employment Reemployment Rights Act (USERRA) in 1994, their investigatory authority was expanded to cover these areas of complaints.

We are not against the advent of the one-stop career centers per se, we believe that this new center just makes the National Veterans' Training Institute (NVTI) more critical than ever before. The NVTI received \$2.672 million in funding for FY 1996. The 1997 administration budget request did not include money for NVTI. However, Congress had the foresight to appropriate \$2 million for the continuation of this worthwhile program. We are asking for NVTI to be funded at \$3.2 million for FY 1998.

We believe that veterans' employment and training programs are a national responsibility. If we are to keep these programs, which Congress and the American people agree are needed, then we must adequately fund them. These programs cannot succeed or accomplish their goals without proper funding. Without it, they are programs in name only.

Again, thank you for the opportunity to express our views on the VETS programs. Mr. Chairman this concludes our written report.

BIO OF CHUCK BURNS, AMVETS NATIONAL SERVICE DIRECTOR

Chuck Burns assumed the duties of AMVETS National Service Director in April of this year. Prior to joining AMVETS, Mr. Burns served as Assistant Legislative Director for The American Legion National Headquarters here in Washington. He is a decorated Marine Corps, Vietnam veteran, having served his country as a helicopter machine gunner/crew chief during one tour in Vietnam.

Mr. Burns brings more than twenty years' public affairs experience to the National Service Director's position. He founded his own public affairs firm in New Orleans in the early 1980's, representing the Charity Hospital system, among other clients, before the State Legislature. On moving to Washington some ten years ago, he joined the public affairs/public relations firm of Burson-Marsteller where he represented several of the country's largest health care companies as well as a veterans service organization.

He is a graduate of the University of Notre Dame with a B.A. in Government and International Relations.

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

**Questions for Honorable Preston Taylor Jr.
Assistant Secretary
Department of Labor
From the Honorable Jack Quinn
Chairman
Subcommittee on Benefits
Hearing of May 7, 1997**

Question 1: Under title 38, United States Code 4107© your agency is required to submit annually a report on the success during the preceding program year in carrying out various employment and training service programs for military veterans. In a letter dated 24 February 1997, your agency reported that "for the past five years, the time frame requirement of USC 4107© has not been met."

The reports for 1994, 1995 and 1996 have yet to be submitted. When can the Committee expect to receive these reports?

Answer: The report for 1994 was sent to the respective Committee Chairmen and Ranking Members by Secretary Herman on June 5, 1997. The reports for 1995 and 1996 are now complete, and we expect to finish obtaining the required clearances to enable the Secretary to transmit them by mid-July.

Question 2: The VETS-100 form is a valuable tool to determine compliance federal contractor priority hiring. However, it is past time that the form be thoroughly reviewed and updated.

What are the necessary data collection items needed to make an accurate report, incorporating employee and contractor data?

Answer: The VETS-100 form requests from subject employers the data required by section 4212 of title 38, United States Code. The form itself was purposely structured to be similar to the EEO-1 form required of Federal contractors, thus easing subject employers' reporting burdens. Together, the EEO-1 and VETS-100 reports provide all of the data your question indicates should be collected. Several months ago, VETS began the process of making the VETS-100 reporting cycle compatible with the EEO-1 cycle, which will enable melding of the data provided in those two reports. Simultaneously with that effort, VETS began the process of creating a new data collection system architecture. Our objective, which we think is achievable by the end of FY 1998, is to establish an electronically accessible database that facilitates the melding of the contractors' hiring and total employment data and will provide accurate portrayals of subject employers' employment of target group veterans.

Question 3: How soon do you anticipate providing a legislative request to update the VETS-100 form?

Answer: We do not plan to send such a request, for the reasons stated above.

Question 4: I am encouraged by the performance measures that include that of job retention or advancement following entry into employment, measures of wage gains compared to the prior four-year's earnings and veteran-specific job development. How will VETS measure these important goals?

Answer: To measure the first goal, it appears that VETS will need to design and fund a survey method that will track individuals following their entry into employment. VETS is in the process of considering a variety of approaches to implementing such a survey and collecting the data. The latter two measures would require data that is not currently available; we are exploring means for developing that data in a cost-effective manner.

Question 5: Can you provide details on your progress implementing the MOU with VA's vocational rehabilitation and counseling (VR&C) program?

Answer: VETS and VA's VR&C staff, at the National, Regional and local levels, have steadily increased our cooperative efforts to better serve Chapter 31 clients since the implementation of the MOU in September of 1995. VETS issued detailed policy guidelines to State Agencies for implementing the provisions of the MOU and continues to provide oversight to ensure these guidelines are fully implemented. In 1996 VETS funded and developed, with the cooperation of VA staff, a Vocational Rehabilitation Placement Specialist training course at the University of Colorado/NVTI. The course is designed to enhance the job development and labor market information skills of DVOP and LVER staff serving Chapter 31 veterans. The course also includes segments relating to use of technologies and accessing the Internet, VA VR&C operating procedures and techniques for serving severely disabled veterans. This course has received accolades from participants (over 300 attendees so far) and was highly praised by the DAV's National Employment Director, Ron Drach.

In addition, VETS has taken steps to ensure, as workload dictates, that DVOP personnel are out-stationed at all VR&C offices and have the equipment and training necessary to link to all the electronic job bank listings available through the Job Service and the Internet.

VETS continues to address technical problems relating to improving communications at the local levels, understanding the roles and responsibilities of the personnel of the three agencies involved in this initiative, and tracking and reporting the types of services provided to disabled veterans enrolled in Chapter 31 programs. In March of this year an "In Process Review" meeting was held to develop solutions to these problems. Differences in terminology, reporting systems and technologies between the agencies are being addressed which will result in more effective means of serving our clients and reporting the results of our efforts. Agency staff are now in the process of developing an "Operations Manual/Technical Assistance Guide" to be jointly issued by VETS and VR&C which will set the parameters necessary to improve the effectiveness and efficiency of our services for these disabled veterans.

In FY 1996, of the 5631 veterans referred to the Job Service agencies by the VA's VR&C program, one-third (1863) were placed in jobs.

Question 6: I view the development of employment opportunities for veterans being a priority of your system, especially for disabled veterans. There appear to be no considerations of this important goal in your strategic plan. Where are your goals, performance measures, and reporting criteria for veterans job creation?

Answer: Apparently our draft Plan was ambiguous with respect to this important goal. We do plan to measure the percentage of registered individuals whose entry into employment resulted from job development contacts made specifically for them. This proposed measure will reinforce our expectation that DVOPs, LVERs and other employer relations staff will contact employers on behalf of specific veterans, e.g., individual disabled veterans, to persuade the employer to hire that specific individual. This job development measure should result in the adoption of highly focused marketing practices in lieu of generalized employer relations and referral approaches. We will apply that measure to disabled and other categories of target group veterans.

Question 7: In reviewing goal 2.4, assisting military personnel making a transition into the civilian workforce, I'm troubled by what appears to be a "through-put" statistical device designed to boost your numbers, as opposed to improving the service delivery to military members. How does "determining the number who completed the Transition Assistance Program workshops," and the "percentage of total annual separating service personnel that participated in TAP workshops," become an important part of the measurable goals of your system?

Answer: VETS has no interest in creating unnecessary or worthless information collection burdens. The number of personnel who complete workshops is the basic output of our Transition

Assistance Program, and likely will be used in a variety of measures that we anticipate will evolve as we continue our stakeholder consultations. For example, combined with another measure we have proposed, we will be able to track the annual percentages of the personnel who complete the TAP program and who enter their first civilian employment without further investment of public agencies' resources. Such a measure might drive up the quality of the job search skills training aspects of the TAP workshops. The other measure you cited is a measure of the potential demand for TAP services, and its value is that it is directly relatable to the resources available.

Question 8: Explain your USERRA strategic measurements under goal 3, Objective 3.2?

Answer: We assume that this question applies to the measure, "percentage of small business entities that receive our reemployment rights program information." VETS wants to help all employers comply with the USERRA requirements, and since the passage of the Small Business Regulatory Enforcement Fairness Act of 1996 (P.L. 104-121), we are compelled to make special efforts to assist small business entities in avoiding violations of the reemployment rights statute. Thus we plan to mount a special public information campaign, and will measure our effectiveness in assisting those customers as indicated. Our assumption is that by making such employers aware of the statute and from whom they may receive specific technical assistance, inadvertent violations of the law will be averted.

Question 9: Also, please explain the reporting measurements in processing case referrals to the Department of Justice.

Answer: VETS resolves through investigation and mediation efforts more than 90 % of all reemployment rights complaints. Those that we cannot settle must be referred to either the Department Of Justice or the Office of Special Counsel (for Federal employees) if the complainant so desires. VETS plans to monitor its timeliness and the quality of its handling of such cases, to ensure that each complainant receives the best service possible from VETS before her or his case is referred for a litigation decision.

Question 10: What are your current measures in these areas?

Answer: Currently, there is no systematic measurement in those areas. We recognize the need, and plan to institute those measures agency-wide for FY 1998.

Question 11: Can you please provide a thorough explanation of the strategic measures used on Goal 5, the Training Objective?

Answer: Our first objective is to ensure that our service providers are competent, so the training courses we invest in must be, and are, competency-based. Taking that as a given, we will enumerate the target population of service providers for each course, and using that as the denominator, determine the percentage that we train annually. Furthermore, we are considering use of pre- and post- training tests to ensure that our training results in improved levels of service providers' knowledge. We also are considering surveying trainees' supervisors to learn if they perceive that their employees' effectiveness was improved or enhanced by the training they received, as another means of measuring the value of the training.

Question 12: How do you propose to measure and evaluate the success of your efforts to meet Goal 2 Employment and Training Assistance? There is no comparison with your competition in the plan you have provided to us.

Answer: As stated in section VIII of our latest (4/30/97) draft Strategic Plan, VETS plans "to conduct customer satisfaction surveys and other appropriate studies...to assess the value that its customers place upon the services offered by the agency and its grantees." Such studies will enable us to learn what our customers--both employers and veterans--value most, by asking them to compare similar programs' features or similar delivery entities' services.

Question 13: Should one outcome be a reduction in the time spent looking for a job? If so, I didn't see any mention of that outcome and the benefits accruing from it. Do you consider that a valid outcome?

Answer: Yes, we do think this is a good suggestion, and our next iteration of the Strategic Plan will include at least one such measure.

Question 14: The VSO's have suggested a set of performance standards as well as an incentive program for states. Would you please comment on their suggestion?

Answer: We concur with the VSOs that there should be performance measures specifically applicable to the LVER and DVOP programs, and we are in the process of incorporating proposed measures into the next iteration of our Strategic Plan. We should not impose standards until we have concurrence on what will be measured, and have had the opportunity to gather sufficient empirical data in those measured areas to establish reasonable standards. Incentives should certainly be tied to performance, once the standards are in place.

Question 15: In title 38, the first duty of a DVOP is job development. Yet in your GPRA plan, job development does not appear. Would you agree that job development is a valid outcome that should be included in your plan?

Answer: As stated in answer to question 6, our Plan does include a specific job development measure. We stated that proposed job development measure as we did to ensure that it would relate directly to the desired outcome, veterans' employment, and not be merely a measure of the number of employer contacts made by DVOPs, LVERs, or other personnel.

Question 16: How do you propose to measure the success of NVTI?

Answer: We will measure the effectiveness of NVTI as we stated in our answer to question 11.

Question 17: One of the measurement tools for enforcing veterans priority hiring by federal contractors is the VETS 100 Report. I think there is general agreement that the data collected on the report is outmoded. Please describe the agency's efforts at revamping the report and when do you envision sending us a recommendation on changing the statutory reporting requirements?

Answer: I believe we addressed this question in answers to question 2 and 3.

Question 18: How does VETS intend to measure wage and job retention objectives?

Answer: I believe our answer to question 4 addressed this question.

Question 19: Please describe how you intend to measure performance of the TAP program?

Answer: In addition to the measures referenced in answer to question 7, VETS intends to begin conducting another program evaluation of the TAP program by the end of this Fiscal Year. Because the last "TAP Impact Evaluation" conducted three years ago was extremely costly (nearly \$1 million) and encountered many impediments, we are currently looking at various alternative and less costly methodologies for the next evaluation.

Aside from an overall program evaluation, VETS continues to gather participant data and feedback regarding the TAP workshops sponsored by VETS. Routine evaluation of this information allows VETS to make any adjustments necessary to maintain the high quality TAP efforts demonstrated over the years. As a result of these efforts VETS plans to rewrite the TAP participant manual updating pertinent parts and adding sections on availability of technologies in job searching (AJB, Talent Bank, Resume Writer) and non-traditional employment opportunities for female veterans.

It is extremely difficult and costly, given the transient nature of the population being served, to track employment outcomes that may be directly attributable to a separating servicemember having attended a TAP workshop and obtaining a job once discharged. VETS continues to explore less costly and simplified methodologies for measuring such outcomes.

Question 20: GAO states that one problem with current VETS performance measures is that they are relative, not absolute. As a result, a state could be judged as performing well merely because veterans numbers were higher than a poor-performing level of service to non-veterans. Could you provide some absolute measures of performance in service to veterans?

Answer: We agree that the GAO has reported one of the facts concerning the current quantitative measures that VETS relies upon. We do compare the rates of service achieved for veterans to the rates of service achieved for non-veterans, and have done so without any "floor level" standards of "acceptable" rates of service since the early 1980's. For four or five fiscal years in the late 70's and early 80's, the agency did impose upon the States varying "floor levels" for services such as job placement, counseling, and enrollments in training, based on empirical performance records. Frankly, the States clamored for elimination of such standards, and given their far greater degree of autonomy today, it seems likely that they will resist the imposition of absolute standards.

Question 21: When can we expect to receive the annual performance reports mandated by law for the years 1994, 95 and 96?

Answer: Please see the answer to question 1.

Question 22: Please describe your progress with VA to determine your Voc rehab outcomes.

Answer: See the response to question 5 above. In addition, both agencies have met to discuss the development of strategic plans mandated by the Results Act. We will be working together over the next several months to develop specific measures related to Chapter 31 clients obtaining suitable employment in the field of training enrolled, duration of employment, and wages at the time employment was obtained.



NCOA

Non Commissioned Officers Association of the United States of America

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Questions for
Mr. Larry Rhea
Deputy Director of Legislative Affairs
Non Commissioned Officers Association
From the Honorable Jack Quinn
Chairman
Subcommittee on Benefits
Hearing of May 7, 1997

Question: An incentive program would reward states that do a good job of putting veterans in jobs. Would you describe how you would structure and fund such a program? Would you consider fencing a small percentage of the total appropriation for such an incentive program?

NCOA Response: NCOA supports the concept and philosophy of an incentives program. It must, however, go beyond simply putting veterans in jobs. An incentives program, in our view, must be structured to emphasize and reward those states that place veterans in good quality, high paying jobs that lead to careers.

NCOA is not opposed to fencing a small percentage of appropriations to fund a properly structured incentives program. An alternative might be to use recaptured DVOP/LVER funds if provision was made to carry these funds over to the next program year. NCOA recognizes though that recaptured funds would vary from year to year and likely would not be a highly reliable funding source. Another possibility would be the use of Federal Unemployment Tax Act money to fund an incentives program. While FUTA would be a reliable source of funds, NCOA believes gaining access would be difficult because of the overlapping jurisdiction of Congressional Committees in this area.

NCOA is willing to work with the Subcommittee staff to explore alternatives and specifics on both structuring and funding of an incentives program.

Question: Do you have opinions on how states charge overhead costs against the LVER/DVOP state grant?

NCOA Response: NCOA recognizes that overhead costs are at considerable variance between the states and many factors influence the differences. The Association's only comment is that perhaps we should look at placing a ceiling on what is paid.

Question: The outcome proposed by VETS for NVTI is to train provider staff. I believe that is not an outcome. To me, the outcome is more veterans placed in jobs, and the effectiveness of NVTI might be measured by comparing the productivity of staff trained by NVTI against those not trained by NVTI. Would you please comment on that?

NCOA Response: In a strict view, training provider staff probably is not an outcome although NCOA believes VETS must continue to measure the training provided. NCOA believes the outcome must encompass more than just job placement. In our view, the outcome should be placements in good quality; high paying jobs that lead to careers. We must recognize though that there are many variables between geographic areas that come into play. If the job market in a particular area is good, job placements will probably be high. Conversely, if the job market is poor, placements will tend to be lower. The outcome must take into account these variables. A simple comparison of productivity of staff trained by NVTI against those not trained by NVTI would not provide a completely accurate assessment.

Question: Would you comment on the pros and cons (if any) of the proposal to standardize qualifications for DVOP/LVER positions?

NCOA response: NCOA is not aware of any proposal to standardize qualifications for DVOP/LVER positions.

RONALD W. DRACH
NATIONAL EMPLOYMENT DIRECTOR
DISABLED AMERICAN VETERANS
RESPONSES TO FOLLOW-UP QUESTIONS
OF MAY 7, 1997 HEARING

1.) An incentive program would reward states that do a good job of putting veterans in jobs. Would you describe how you would structure and fund such a program. Would you consider fencing a small percentage of the total appropriation for such an incentive program?

RESPONSE: We support the concept of an incentive program which would reward states that do a good job of putting veterans in jobs. However, before any final decision would be made on that, consideration must be given to whether or not those states that are already doing a good job would continue to do a good job thus qualifying them for an incentive reward. Additionally, those states who are not doing a good job may continue not doing a good job and the financial reward incentive may not work. Would the incentive award motivate those poor performing states to do better? If such an incentive program were put into place, it should be done on a temporary basis to assess its effectiveness.

I believe the funding could come from several possible sources. We would not be opposed to "fencing a small percentage of the total appropriation." On a regular basis, the Department of Labor recaptures unused Local Veterans' Employment Representatives (LVERs) and Disabled Veterans' Outreach Program specialists' (DVOPs') appropriations and those monies could possibly be used. The negative to that is those monies are usually recaptured late in the fiscal year and would thus not be available, if at all, until the following fiscal year. Authorization would have to be made to carry over those monies to a new fiscal year.

The third alternative would be special funding from the employer tax under the Federal Unemployment Tax Act (FUTA) which is a special tax employers pay to fund unemployment insurance and other employment services.

2.) Do you have opinions on how states charge overhead costs against the LVER/DVOP state grant?

RESPONSE: I have very limited knowledge on the overhead costs that are charged by states. Essentially, a state's grant request factors in overhead costs such as space, light, heat, telephones, etc. I believe it is very similar to the way GSA charges government agencies for space on a square footage basis. For example, California may charge \$20 a square foot while Maine may charge \$12 per square foot. The cost of rental space varies from state to state.

3.) The outcome proposed by VETS for NVTI is to train provider staff. I believe that is not an outcome. To me, the outcome is more veterans placed in jobs, and the effectiveness of NVTI might be measured by comparing the productivity of staff trained by NVTI against those not trained by NVTI. Would you please comment on that?

RESPONSE: I believe it is very difficult to measure outcomes for NVTI. Certainly one quantitative measure is the number of staff who are provided training whether they are LVERs, DVOPs, Office Managers, or other Employment Service personnel. Is that a true outcome or just a measurement of the number of people trained? It becomes even more difficult to quantitatively measure outcomes in terms of NVTI's effectiveness by comparing productivity of staff trained by NVTI against those not trained by NVTI. Certainly, those trained by NVTI should have a higher measure of success in placement outcomes. However, placement is not the only outcome that should be measured. For example, many

veterans seeking help from the Employment Service are not job ready. Some may be referred to and placed in a job training program under the Job Training Partnership Act (JTPA), referred to and enrolled in a vocational rehabilitation program, or receive some other service that may ultimately assist the individual in obtaining career employment. If by being trained by NVTI the service provider becomes more innovative and adept at assisting the job-seeking veteran in a more holistic manner, those are "outcomes" that need to be measured. Additionally, local economies have an impact on placement outcomes. For example, in a location with very low unemployment, placement by both those trained and not trained by NVTI may be very high. In an area of high unemployment, the reverse may be true.

I have watched NVTI grow from an embryonic stage in 1988 to a fully mature program which provides meaningful cost-effective training that is consistent among all states who send their employees, which makes them a better service provider.

4.) Would you comment on the pros and cons (if any) of the proposal to standardize qualifications for DVOP/LVER positions?

RESPONSE: I believe that if possible, standardization of qualifications for DVOP/LVER positions would be very desirable. Some states have academic requirements which are unrelated to the direct performance of the duties. However, because of states' rights, I believe it may be difficult to require all states to use the same qualification standards. Additionally, there are union contract issues that may be an impediment to standardization.

Chairman Quinn to Veterans of Foreign Wars

1. The VFW pointed out the need for an incentive program to reward those states doing a good job of putting veterans in jobs. Would you describe how you would structure and fund such a program? Would you consider fencing a small percentage of the total appropriation for such an incentive program?

Mr. Chairman, the VFW would suggest that there is a "window of opportunity" in that Chapter 41, Title 38 does not merely "authorize" a ceiling for the DVOP and LVER programs, but directs the Secretary of Labor to fund the states to pro-rate the programs at the formula levels. The Administration requested \$16.7 million less than mandated for the LVER programs and \$32.51 million less than mandated for the DVOP program. The VFW would not suggest "fencing off" any significant amount of the Administration request, as this is likely to result in disabled veterans being subject to RIFs by the SESAs. What we do suggest is that 5% of the Administration request be "set aside" and that this be matched on a 2 for 1 basis amount of unrequested, but authorized dollars.

This would create an "Incentive Fund" of just over \$20 million. The OASVET would then be authorized to utilize these funds to provide incentives for the states and the offices that demonstrate the best performance in placing individuals into permanent jobs, with a weighted scoring system giving more emphasis to the highest priority groups as defined in Chapter 41.

The VFW would also provide incentives from this fund to the states that outstation and fully support (i.e., with notebook computers linked to the mainframe job bank) the highest number and proportion of staff at VA Vocational Rehabilitation Centers, VA VET CENTERS, community based organizations that service veterans (particularly those that serve homeless veterans), and other sites. In no case would a state receive an incentive award if the average number of veterans placements fell below 50 veterans per FTEE per year, or 10 DV or SDV per year.

The VFW would further recommend that latitude to reward areas of a state and/or local offices with additional resources is key to promoting better performance. Latitude should, in this regard, be given to the DVETs to act in concert with the Directors of the SESAs in a particular state, based on overall effort as well as statistical criteria.

The VFW would recommend that at least 10% of the incentive funds be utilized for direct cash bonus payment to the most outstanding DVOP and LVERs in the Nation, with the criteria being objective in nature and based on the priorities noted above. All individuals incentive grants should be only with the full concurrence of the DVET in that state.

The VFW would suggest that the OASVET be required to consult with the Secretary's Committee on Veterans Employment and Training, and with the authorizing committees prior to finalizing any mechanisms for such incentives.

2. Do you have opinions on how states charge overhead costs against the LVER/DVOP state grants?

The number of overall staff funded under Wagner-Peyser continues to diminish at a more rapid rate than DVOP/LVER staff FTEE, thereby shifting an increasing proportion of overhead costs for the operation of the SESAs onto the DVOP/LVER programs. Frankly, the "bang for the buck" is becoming difficult to justify in some states. What the VFW strenuously objects to is the instances of states that receive (literally) millions in administrative overhead funds, and then fail to properly support DVOP/LVERs with travel; funds, proper printed materials, etc. It may be necessary at this point to have the "threshold" minimum of basic support set in the grant agreement.

3. The outcome proposed by VETS for NVTI is to train provider staff. I believe that it[s] not an outcome. To me, the outcome is more veterans placed in jobs and the effectiveness of NVTI might be measured by comparing the productivity of staff trained by NVTI against those not trained by NVTI. Would you please comment on that?

-2-

The VFW is very committed to the continued operation of NVTI, as it has done a great deal to improve the level of expertise of veterans staff, and the knowledge and receptivity/commitment to serving veterans on the part of other SESA staff who have had the opportunity to attend. In light of today's constantly changing work environment, an institution such as NVTI is crucial for veterans employment. NVTI keeps DVOPs/LVERs proficient in the latest technology and provides them with up-dated skills and methods to face the continuous challenges posed by an ever-changing work environment. The VFW would be in favor of performance measures based on outcomes of NVTI and every other program at the U.S. Department of Labor.

4. The VFW mentions standardizing qualifications for DVOP/LVER positions. Would you comment on the pros and cons (if any) of that proposal?

The VFW believes that any state that received DVOP/LVER grants, or any other veterans services specific grant should have to demonstrate that there are adequate opportunities for promotion from the DVOP and LVER position to the next highest grade before they could receive any FY 1999 monies. Mere demonstration of a theoretical lack of "barriers" in procedure should not be enough to demonstrate compliance. Rather, an agency or other entity should be able to demonstrate actual pattern and practice that allows the DVOP and LVER positions not be a "dead end" job (i.e., some person(s) must actually get promoted.



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