

# EFFECTIVENESS AND STRATEGIC PLANNING OF VETERANS' EMPLOYMENT AND TRAINING SERV- ICE PROGRAM

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## HEARING BEFORE THE SUBCOMMITTEE OVERSIGHT AND INVESTIGATIONS OF THE COMMITTEE ON VETERANS' AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

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JULY 29, 1999

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# EFFECTIVENESS AND STRATEGIC PLANNING OF VETERANS' EMPLOYMENT AND TRAINING SERVICE PROGRAM

THURSDAY, JULY 29, 1999

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,  
COMMITTEE ON VETERANS' AFFAIRS,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 10 a.m., in room 334 Cannon House Office Building, Hon. Terry Everett (chairman of the subcommittee) presiding.

Present: Representatives Everett, Buyer, Brown, and Udall.  
Also Present: Representatives Evans and Peterson.

## OPENING STATEMENT OF CHAIRMAN EVERETT

Mr. EVERETT. The hearing will come to order. Good morning. The Oversight Investigation Subcommittee hearing will examine the effectiveness and strategic planning of the Veterans' Employment and Training Service Program. This is not the first time a Veterans' Affairs subcommittee has expressed concern about the effectiveness of the Veterans' Employment and Training Service.

In May 1995, Mr. Buyer, then Chairman of the Subcommittee on Education, Training and Employment stated during a similar hearing: "Let me again emphasize that it is not enough just to say that these programs are in place. There must be a constant oversight and improvement of this program to be in the best interest of the veterans."

Well, here we are again, more than 4 years after expressing those same sentiments. VETS has long been on notice about the committee's expectations. As Mr. Buyer said in 1995: "I have no interest in protecting present systems if they do not work effectively." The blue ribbon Congressional Committee on Servicemembers and Veterans Transition Assistance Commission—we are calling it the Transition Commission—conclude that based upon data provided by VETS, only 2 percent of veterans go to State employment services looking for jobs. The Commission also concluded that only 12 percent of those veterans who register with State employment services obtain permanent employment. If I calculate it right, that is one quarter of 1 percent of registered veterans who obtain permanent employment. That is just an awful placement rate.

Furthermore, nine States were able to meet VETS' performance standards while placing fewer than 10 percent of registered veterans. The Commission found this overall performance to be an inad-

equate return on annual costs of the program of \$183 million, and bluntly called this employment and training program "a failed and expensive system with exorbitant overhead.

This subcommittee wants to hear the response of the Assistant Secretary of Veterans Employment and Training to the Commission's report. We review his performance plans under the Results Act to improve this veterans employment program so it gets veterans a lot more jobs and the taxpayers their money's worth.

Our witnesses today will be representatives from the General Accounting Office, Veterans Employment Training Service, Chairman of the Employment Panel of the Transition Commission, and representatives from the veteran service organizations.

Mr. EVERETT. I now recognize our Ranking Democrat, my colleague Ms. Brown, for any opening remarks she may have.

#### OPENING STATEMENT OF HON. CORRINE BROWN

Ms. BROWN. Thank you, Mr. Chairman, and thank you for this opportunity to examine the possibilities of the Veterans' Employment and Training Service. Employment is one of the keys to meeting veterans' needs. Having a job at the end is a real incentive for veterans to go through programs for mental illness, substance abuse and homelessness, to keep their eyes on the prize.

Our greatest concern in Congress is that VETS will concentrate on doing what it is doing now but better. VETS must provide us a vision. VETS must suggest to Congress how we on the Hill can reconstruct the agency and the laws binding it.

I believe veterans will always deserve help from the Federal Government to give them a chance to recover what they have sacrificed by going to the end of the employment line while serving their Nation. Injuries and disability vets must be given serious help through vocational rehab and special employment programs. We need results, not mere progress.

I look forward to your testimony this morning. And thank you again, Mr. Chairman, for holding this hearing.

[The prepared statement of Congresswoman Brown appears on p. 31.]

Mr. EVERETT. Thank you. I would like to welcome all the witnesses testifying today. I would ask each of them to limit their oral testimony to 5 minutes. We will strictly adhere to that rule. The complete written statements will be made part of the hearing record. I would like to welcome and recognize Ms. Carlotta Joyner, Director of Operations, Health, Education, and Human Services Division, General Accounting Office; accompanied by: Dr. Nilsen, Assistant Director, Education and Employment, Health, Education and Human Services Division; and Mr. Appel, Senior Evaluator, Education and Employment, Health, Education, and Human Services Division. We will get an acronym for that.

**STATEMENT OF CARLOTTA C. JOYNER, DIRECTOR OF OPERATIONS, HEALTH, EDUCATION, AND HUMAN SERVICES DIVISION, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY: SIGURD R. NILSEN, PH.D., ASSISTANT DIRECTOR, EDUCATION AND EMPLOYMENT, HEALTH, EDUCATION AND HUMAN SERVICES DIVISION, GENERAL ACCOUNTING OFFICE; AND C. JEFF APPEL, SENIOR EVALUATOR, EDUCATION AND EMPLOYMENT, HEALTH, EDUCATION AND HUMAN SERVICES DIVISION, GENERAL ACCOUNTING OFFICE**

Ms. JOYNER. Mr. Chairman and members of the subcommittee, I am very pleased to be here today with my colleagues to discuss the Department of Labor's Veterans' Employment and Training Service and its planning under the Government Performance and Results Act. As you know, although the Department of Veterans Affairs is responsible for most of the Nation's service for veterans, VETS has the very important responsibility of programs and activities to help them gain employment and training. The Results Act promotes a focus on program results at Labor as well as at other agencies by requiring them first to identify in strategic plans their goals and approaches to achieve them; second, to identify in performance plans how they will measure achievement of those goals; and, third, to report on the degree to which those goals were met.

I will focus today on our observations on VETS' strategic plan for fiscal years 1999 through 2004 and our observations on its fiscal year 2000 performance plan. In summary, while including each of the basic components required by the Results Act, these two plans lack vision and clarity. They do not provide the needed road map clearly identifying where VETS is trying to go and how it is planning to get there. First, VETS' strategic plan needs to convey more clearly what VETS' mission is and how it will be achieved. It has a statement to help veterans, Reservists, and National Guard members in securing employment training and the rights and benefits associated with their military service.

That does state their statutory responsibility, but it does not focus on the outcomes, such as the economic security of veterans that might result, we would hope, from veterans being employed.

Similarly, the three strategic goals in its plan are not clearly articulated or expressed in a way that would allow for future assessment and they are not explained well enough for those who read the plan to understand the rationale for developing and pursuing those particular goals.

Second, the plan's discussion of its strategies to reach its missions is too vague. It needs to better distinguish between goals and strategies. For example, the plan describes four strategies to achieve its goal in providing services that enable veterans to better employment. One of these is to help 276,000 to 350,000 veterans who have been in specific programs find jobs each year. A good goal, but in fact a goal, not a strategy.

Third, the strategic plan's discussion of external factors that can affect achievement of its goals can be improved. It does not clearly explain for the external factors how they would affect their goals and it describes as external some factors that are really internal, such as changes in the States' employment service delivery. They

are actually a part of that service delivery and, in fact, do have some control over that service delivery system.

Let me talk about three weaknesses we saw in their performance plan. First, it provides only a limited picture of intended performance across the agencies. For example, its second strategic goal is to protect veterans' private pension rights, but the plan has no annual performance goals to track progress toward that goal.

Second, the plan provides an incomplete discussion of strategies and resources the agency will use to achieve its goals. For example, it includes no discussion of a strategy for dealing with the move to one-stop career centers that is required by the Workforce Investment Act.

A third weakness in the performance plan is that it provides limited evidence and limited confidence that agency performance information will be credible. According to the plan, VETS will largely rely on its State directors for verifying and validating the performance data and what it describes as "internal control procedures." The plan does not provide enough information, however, for readers to judge whether these procedures are sufficient to ensure that the data will accurately and reliably measure progress toward achieving performance goals.

In conclusion, while VETS' strategic and performance plans address many of the technical elements required by the Results Act, the plans fail to address most of the requirements in a clear, comprehensive, and meaningful manner. Thus, instead of presenting a clear road map of where the agency is headed and how it expects to get there, the plans present a mottled picture of that future. In essence, they miss the main point of the Results Act which is to produce clearly identifiable programmatic results via clearly articulated strategies.

In our view, much more work is needed to demonstrate that the programs are being managed for results, thereby enabling the Congress to assess progress and identify areas needing improvement.

That concludes my prepared statement. We would be glad to answer any questions you might have.

[The prepared statement of Ms. Joyner appears on p. 34.]

Mr. EVERETT. Thank you very much. VETS has stated that their inability to gather performance data is due to budgetary constraints. How would you respond to that statement?

Ms. JOYNER. I think it is incumbent on any agency that as pointed out, receives \$183 million to allocate those resources in a way so they can obtain the data they need to justify what they have done. And I also believe and GAO believes when people ask for more money, they need to be able to describe clearly how that additional amount of funds would improve their data collection efforts.

Mr. EVERETT. You would think that would be self-evident, would you not, if the calculations show that one quarter of 1 percent of registered veterans obtain permanent employment from \$183 million spent? It seems to me that would be self-evident that they would allocate those funds. Would you agree?

Ms. JOYNER. I think they need to work on their data collection system. They believe they need better measures and we believe they need better measures as well.

Mr. EVERETT. You pointed out several problems with the VETS performance plans. Is it particularly disturbing that these plans fail to communicate any level where VETS is headed, or how it will get there?

Ms. JOYNER. Yes, that is very disturbing to us. I think you have a chart that illustrates this in a much better way than I could. I understand this is an enlargement of a briefing chart that was used in a process that they are encouraged and required to go through, which is to communicate with their stakeholders, such as people on the Hill, where they are going.

And I think this chart illustrates very well the lack of vision and clarity that we saw as well in the narrative. As you can see—I think you have a copy—there are lots of colors and squares and lines, but if I look at that to see where they are actually going, I only find one emblem on there that indicates an outcome, and that is to have no homeless vets. That is a very worthy outcome, but I think that is an incomplete outcome that one would hope to obtain from the entire agency's activities, and certainly it shows a lack of clarity on how they would reach that goal.

Mr. EVERETT. I understand this chart has been withdrawn but it was used in at least two staff briefings, I believe. I have to tell you, of all the things I have seen since I have been up here, this is probably the most ridiculous abuse of—it is absolutely—let me use the word, stupid. I have never in my life seen anything so complex and convoluted as this particular chart, and to think that a government employee would be paid money to produce it is just absolutely asinine.

GAO has reviewed many other strategic plans. How does VETS compare to the other plans GAO has reviewed?

Ms. JOYNER. At an agency level, we focused our comparative analysis primarily at the departmental level. For example, we will in the next few weeks be issuing a report comparing the Labor Department with other agencies. We don't typically do that with component agencies such as VETS. The one important point of comparison would be that all the agencies now have had more than one attempt at developing strategic plans and performance plans and we have seen improvement in many, if not most agencies. Our concern is that we do not see the kind of improvement in VETS' strategic plan or in its performance plan, the second of these, that we have seen in many other agencies. There is very little if any improvement, in our judgment, from the first to the revised strategic plan and the first to the second performance plan that they have developed.

Mr. EVERETT. Does it appear to GAO that VETS has taken the Results Act requirements seriously?

Ms. JOYNER. Well, we are concerned about the lack of improvement, and again, to go back to your point about the chart, the chart and the narrative as well, when one reads that, you are left to wonder which of two possible explanations there might be. One would be that the leadership simply doesn't know how to do strategic planning, how to identify where one wants to go and the resources needed and the strategies. And another possibility is that there simply hasn't been enough priority given to it, so that staff are encouraged, in fact required, to produce written documents that can

be used effectively to convey a strategic vision. So that is one possibility: that a lack of priority and emphasis is being given to it.

Mr. EVERETT. Would you have any suggestions about how VETS might improve these plans? Should we be requiring them to take a management objective course or something like that? They call that a road map. That is the most ridiculous road map I have ever seen.

Ms. JOYNER. There are training courses and consultants. GAO, in its support to the Congress and the agencies, has provided a large number of documents that I think would be very useful. We have produced really almost "how-to" documents for agencies on how to develop strategic plans, how to develop performance plans. We have documents that tell the Congress how to help review them, and certainly if we say Congress should look for these specific elements, I think it would not be too hard for an agency to conclude that they should put those elements in their plan and develop them in that way. So I think that is a very valuable resource that any agency, including VETS, could use.

Mr. EVERETT. Thank you. Ms. Brown.

Ms. BROWN. Let me tell you something. I am concerned about the harsh nature of the tone of this report and the comparison between what you say in GAO and what the veterans groups are saying as far as the benefits of the program.

Now, this is one program that I know and maybe it is different in different areas, but I work very closely with VETS in my district, and the goal to get the homeless vets is one of the most important goals that they could have. Now, they may not be familiar with the in-runs on how to do things on Capitol Hill or how to do an adequate planning program. We are going to discuss that later. But \$188 million, to tackle the problems that they have for getting veterans trained and retrained and rehabilitated with mental problems and abuse problems, is no money. That is the first thing. It is no money for the insurmountable amount of the program and the problems that they have, and so I want to know about the human issue when we evaluate this. I don't want to—what is it?—not see the forest for the trees. The key is to get to these veterans and work with them and I don't want them swamped with paperwork. Can you respond to that?

Ms. JOYNER. Yes. Let me clarify that. We did not review the effectiveness of VETS' activities. What we were asked to do here was to look at the effectiveness of their planning effort, how well they seem to have identified how best to use what resources they have to reach the goals that they and you would like them to reach. And I think that is an important distinction.

Ms. BROWN. Mr. Chairman, I think a very important point we need to make is how effective the program is working, dealing with the problems they have, given the meager amount of money that they have to do it. It really disturbs me that one-third of the homeless on the streets are veterans, that bothers me a great deal and I feel that we are not doing our job.

Tell me more about your conclusion that the plans do not suggest with any degree of confidence that the VETS officials have a coherent end in mind? I think we are having problems with the planning and the strategy. How do you recommend correcting it?

Ms. JOYNER. What we have focused on here is that they need to lay out clearly what their mission is and what they are hoping to achieve and that it would be valuable for them to go beyond a statement such as "providing training." What you want to see and what we want to see for the veterans is not that they are just put into a job that they might stay in for a short time or that might be low paying with no future advancement potential, but that they really focus on something like the economic security long term. There is a value of focusing further out toward the ultimate purpose of their activities. That would better shape what they are doing and how they choose one strategy over another.

Ms. BROWN. I am thinking more about the effectiveness of the program in the sense, in some cases, for veterans to just have an entry-level job until they can work through some of the other problems they are having is success in itself. I guess when we look at this, we need to look at the status of the people that we are working with.

Ms. JOYNER. Yes. In fact, they have in some ways in their plan acknowledged that, because they focused on those with greater needs. They have acknowledged that some of the veterans have particular needs; that, overall, whereas veterans are not employed at a lower rate than the population as a whole; there are certain groups of veterans who really need help for example they have drug abuse problems or they are homeless already.

In other ways they have not identified how they are going to focus specifically on those groups, so one is left with a one-size-fits-all approach without specifically focusing on particular needs.

Mr. Nilsen might want to address that a little bit further, too.

Mr. NILSEN. Yes, if I can just add. There is another issue about planning and strategic planning. We are aware that the environment in which the veterans' programs are being carried out is a changing environment at the State and local level with the passage in 1998 of the Workforce Investment Act and the requirement that one-stop career centers be the primary employment training service delivery mechanism at the local level.

We were looking in the plan for VETS to address how they were going to be working in this new environment, how they were going to meet this new challenge to better provide assistance to veterans. That is a challenge that we saw in the future that they didn't address in their plan: that they had a strategy for how they were going to work toward adapting to this new environment.

Ms. BROWN. Thank you. Thank you, Mr. Chairman.

Mr. EVERETT. Thank you. Now let me recognize the chairman of the full—the Ranking Member of the full Veterans' Committee, Lane Evans.

Mr. EVANS. Thank you for the promotion there for a moment.

Mr. EVERETT. We think of you as Chairman.

Mr. EVANS. Thank you. I have an opening statement which I would ask that it be included in the record.

[The prepared statement of Congressman Evans appears on p. 33.]

Mr. EVERETT. Without objection.

Mr. EVANS. Thank you, Mr. Chairman.

Mr. EVERETT. Mr. Peterson?

Mr. PETERSON. No questions.

Mr. EVERETT. Thank you. Let me just add, we want the same results and it is obvious that the funding has not been up to the statutory level required by Congress, but also we want results and we want proof of those results. And I think it is this committee's responsibility to require some proof and a road map of where we are going that can be understood by everybody. It is pretty obvious from the transition committee's report that we will get into later, they couldn't find the proof that this program has been working.

Let me thank this panel, and we will now go to the next panel.

Mr. EVERETT. I would like to recognize and welcome Mr. Borrego, Assistant Secretary for Veterans' Employment and Training, Department of Labor. Mr. Borrego, anytime you are ready, please proceed. I will ask you to hold your comments to 5 minutes and we will strictly enforce that.

**STATEMENT OF ESPIRIDION A. BORREGO, ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR**

Mr. BORREGO. Mr. Chairman and members of the committee, thank you for allowing me to present testimony on two important topics. On the subject of the report of the Transition Commission, VETS submitted a detailed response to each issue raised. The response was submitted on time. The responses were on target, reflecting the best data available and including all our activities.

Our Secretary stated our case clearly and succinctly in a letter to Chairman Stump. VETS is an integral part of the Department of Labor's team that is creating the employment and training system of the 21st century. To create a separate system for veterans housed in another agency wastes taxpayers' dollars and denies veterans access to the best employment services available.

These statements are indicative of the level of support and confidence VETS has within DOL. I believe it is shared within the veterans' community as well. In an employment and training environment, VETS is keeping pace. In many areas we are even a step ahead. I will be glad to respond to specific questions at the conclusion of my statement.

The changing environment and changing legislation makes keeping performance standards up to par a challenging task. Title 38 is our bible. It is a brilliant piece of legislation that has done much for veterans' employment. It gives veterans priority of service in the employment service which is funded by the Labor-HHS Appropriations Subcommittee and also creates and funds LVERs and DVOPs to provide services to veterans. Title 38 clearly places delivery of veterans' employment services in the public or State employment service agencies.

Furthermore, section 4107 requires our Secretary to report on those veterans who register for assistance and to provide a comparison of job placement rate of veterans versus non-veterans as well as other measures. The employment service has put systems in place to provide this data. Clearly when the legislation was written, these were good measures. With the passage of the Government Performance and Results Act, GPRA, and rise of the electronic job market where one does not have to register to use the

employment service, these measures are not as useful as they once were and now do not reflect our agency's total performance.

The law requires that our Secretary provide these reports even though they are not the full measure of what we do. Over the years, all our supporting data and reports have been collected to fulfill this mandate. That mandate has never changed, but the environment has, and new laws have been enacted that often have potentially contradictory mandates.

If you measure VETS only by the reports required under Title 38, you are measuring only the traditional part of the agency's activities, and if you measure VETS only by what you see in the strategic plan, you only see the agency in relation to the Department's overall goals, which is required by GPRA.

Again, this is only a part of what the agency does. Title 38 requires VETS to report using comparative percentages. GPRA wants clearly measurable performance outcomes. How many veterans got jobs through our efforts? The honest answer is it is hard to know. It will be even harder to know as we move further into technologically sophisticated systems of self-service job seeking, automated resume writing, Internet assessment tests, and electronic interviewing. This is a reality in which we work.

VETS is working diligently to comply with its responsibilities through our strategic plan, annual performance plan, and linking both to our annual budget request. We have consulted with stakeholders and work closely with the staff of this committee. Our performance measures are driven by Title 38. It is a law enacted before GPRA and WIA, the Workforce Investment Act, and frankly the reporting requirements of Title 38 are not in sync with many of the mandates of GPRA and WIA, but the anomalies have not been worked out. With our partners, we are trying to do that step by step.

Most of our data comes from the State's employment system through OMB-approved information collection reports. To get what we need requires negotiations with our State partners and other stakeholders. The negotiations usually revolve around resources. Our requests for new work requires new resources to do that work. Some of the data we need is already contained in these reports. Some of it is not. We also rely heavily on data already publicly available, often collected for other purposes.

I won't put my agency in a Catch-22 position of having to divert resources to measurement at the expense of providing important employment services to veterans. If I do that, I will have an accurate measure of a disintegrating program. I cannot in good conscience go there. We have chosen, therefore, to use indicators which are much more cost effective. We cannot be diverted from our primary mission, which is to provide quality employment and training opportunities to America's veterans. Also, much of the data we use precedes GPRA so it measures in terms of activities and outputs and not outcomes. At the moment there is no data available to show how many veterans get jobs through America's job bank, the Department's electronic data network containing more than a million jobs nationwide. That is because, thanks to the Internet and increased computer literacy, some veterans can complete the entire job search from the comfort of their own home computer.

There are many other places in our data network that can be improved and I discuss them in my prepared testimony. We recognize these deficiencies and are working to remedy them while continuing to meet our requirements under Title 38 for comparative percentages. Examples for better data: using reports filed by Federal contractors, using DOD reports to fund employment compensation, working with Social Security to track wage records, to designing longitudinal studies. These initiatives take detailed planning, coordinated implementation, time to evaluate, and resources.

We are also improving our own internal management controls. Two years ago, I instituted a program management report to ensure that we are managing our programs to meet our outcome goals, and instituted management reviews for our regional offices. Clearly, we at VETS stand ready to work with the committee, with our stakeholders, and anyone else who can help us provide better services in a cost-effective manner. I always appreciate good help. Thank you for the opportunity to give you a progress report.

Mr. EVERETT. Does VETS have one national standard for measuring job placement performance for each of the 50 States?

Mr. BORREGO. Title 38 in section 4107 requires the Secretary to—

Mr. EVERETT. Yes or no; do you have it or not?

Mr. BORREGO. A national standard?

Mr. EVERETT. Yes, sir.

Mr. BORREGO. In terms—yes.

Mr. EVERETT. You do?

Mr. BORREGO. Yes.

Mr. EVERETT. How is VETS planning for changes in the delivery of employment services in light of the Workforce Investment Act?

Mr. BORREGO. Title 38 defines the duties of the DVOPs and LVERs. That will continue in the new Workforce Investment Act. It also gives priority in the Wagner-Peyser programs. That will continue in the Workforce Investment Act.

Mr. EVERETT. Describe WIA briefly for us.

Mr. BORREGO. WIA was legislation that was passed that redoes the entire Employment and Training Service. Congress gave to the States and to the local Workforce investment boards the power and flexibility to design the systems to reflect local needs. It includes something like 14 required partners and some optional partners. VETS, and the Employment Service are among those required partners. We know what DVOPs and LVERs are going to be doing, but because Congress gave flexibility to the States, we have to wait until the States design the system. We know what DVOPs and LVERs will be doing. What we need to work out is how do they interact with the other partners, how do we do—

Mr. EVERETT. That would be enough. I just wanted a brief description of what the program was. I didn't need all that.

Let me refer back to the standard. How are States with superior performance recognized and rewarded, and those States that perform poorly sanctioned?

Mr. BORREGO. Clearly, we have in our legislation no way to reward States that are doing well. When States are doing poorly, our State directors go in and find out what the problem is, put them

under a corrective action plan so they monitor that corrective action plan to make sure that they are meeting the goals.

Mr. EVERETT. Have you ever pulled a grant?

Mr. BORREGO. Not a total grant, but when we started our monthly management report, among the first ones that I sent out had instructions on what our agency and what our people needed to do to pull money from a State.

Mr. EVERETT. Does that improve the situation or are those States still performing poorly?

Mr. BORREGO. We use how many people get placed ("entered employment") and we have a percentage factor for that (there was an entered employment rate of about 25 percent)—and some States, for example, the border regions in Texas, have double-digit unemployment.

Mr. EVERETT. Let me get straight to the question I asked. If you monitor States that are doing poorly and you go back a year later and they are doing poorly, what do you do? Do you have States like that?

Mr. BORREGO. We had—I think our biggest problem was in the State of Michigan, which privatized the employment service. That went to court. This took time. The court told them they could not privatize it because the Wagner-Peyser part, which is also responsible for veterans employment. We had problems. They are now back on line. The DVOPs and LVERs continue to work.

Clearly, States that are doing better get more resources, because frequently States ask for more resources.

Mr. EVERETT. I asked you what do you do—have you pulled a grant on a State that you have gone back a year later and they are still performing poorly? What have you done?

Mr. BORREGO. We have not funded many of the parts that States have requested because of performance problems. We have never pulled a whole State's funding, no.

Mr. EVERETT. How does VETS justify nine States' placement of fewer than 10 percent in meeting performance standards?

Mr. BORREGO. Clearly, when you take a look at that, you need to take a look at the local economic conditions, and clearly if they weren't doing—

Mr. EVERETT. In a period of record employment.

Mr. BORREGO. There is, as I said, in South Dakota 2.8 percent unemployment. In the border regions of Texas it is double digit. It will vary by region or locality.

Mr. EVERETT. Are those States directly affected by those employment figures?

Mr. BORREGO. I don't know what States you are talking about.

Mr. EVERETT. I am looking at 9 States that have a performance record of fewer than 10 percent.

Mr. BORREGO. I can go back and take a look at those States and provide a report. I would be delighted to do that, sir.

Mr. EVERETT. I appreciate it.

(See 85.)

Mr. EVERETT. You keep referring to Title 38. Have you any legislation fixes that need to be made to Title 38?

Mr. BORREGO. We have talked to committee staff about areas—for example, one of the measures that you mentioned, permanent

job placement. When an employer listed a job, one of the categories is if it is expected to last more than 150 days, it is considered a permanent job. Most employers don't mark that. It is a meaningless measure. We don't need that. WIA doesn't use that. We can get rid of that. There are some we can get rid of.

We talked about incentive plans to committee staff. We talked about giving LVERs the ability to help people be recruited into the military, so we have had quite a few discussions with committee staff—in the subcommittee, I should say.

Mr. EVERETT. I see that my time has run out.

Mr. Evans?

Mr. EVANS. Mr. Secretary, we have been told that you don't have any vision. Do you have a vision and, if so, what is it?

Mr. BORREGO. Yes, sir. Clearly I start from the point that the best way to get veterans into jobs is to make sure that a qualified veteran who has the skills is one of the first persons that that employer sees. Clearly, in the short term, getting VETS-funded staff integrated into the new Workforce Investment Act, making them a critical part of the one-stops, is part of what we are dealing with in our next 5-year program. Also, taking a look at the future of the digital world which will fully be here in 10 to 15, 20 years. That, clearly, when you currently have a digital economy that is a \$300 billion economy, that jobs pay 78 percent better than others, starting to put in place structures to make sure that people who have been in the military get credit for the skills and training they learned; that they get certified, and that they become first in line for employment in this new digital economy.

And we are putting those pieces in place by working with telecommunication companies—IT companies, Cisco, Microsoft. We were supposed to have a hearing on that yesterday. Unfortunately, it was postponed.

Mr. EVANS. Congress is a resource. How can we in Congress help you accomplish VETS' mission?

Mr. BORREGO. Clearly, I think that Title 38 is a wonderful piece of legislation, one of the best that I have seen. The reporting requirements are outdated. Our Secretary reports comparative measures. It requires data that is no longer meaningful because it is the law and we are mandated to do it. It does not cover the entire range of services, and thus all veterans that we serve.

Title 38 asks us to report only on those veterans who register at the Employment Service. As we move toward self-service, as we move to the America's Job Bank, the Workforce Investment Act will only register people who require training and case management. The number of people that register is getting smaller and smaller; yet that is what we are required to report on. It does not reflect our agency's entire performance.

And people look at those reports and say that we are not doing our work. That is not true. We are reporting what Title 38 asks us to do. It is not a complete picture. That needs to be reworked.

Mr. EVANS. There is going to be legislation before the committee this year incorporating recommendations of the Commission. We can write it with or without the input from VETS. Do you have anything serious to tell us about the recommendations? Anything positive?

Mr. BORREGO. In terms of serious reservations that I have, one of them is that services to veterans not be limited to 4 years. Clearly that hurts veterans. It hurts Vietnam veterans, Persian Gulf veterans, anyone that leaves the military and goes to college, if it takes longer than 4 years, so we clearly oppose this. I think the move to move VETS to the VA was ill-conceived and it was based, as I said, on incomplete data. I think that Title 38 correctly places DVOPs and LVERs as part of a public employment system. To move to contract DVOPS and LVERs I think is an ill-conceived and bad move.

Mr. EVANS. Thank you, Mr. Secretary. I appreciate your time.

Mr. EVERETT. You have anything good to say about it?

Mr. BORREGO. Yes, sir. We agreed with a lot of recommendations and I think—and let me say—they looked at us. The GAO looked at us. Anytime anyone from the outside takes a look at us and raises questions, it gives us an opportunity to rethink. I have incorporated many of the GAO's responses. Much of what they talked about is already being put into our strategic plan. Having people look at us from the outside is a good thing, sir, and I welcome it. It makes us perform better and it improves our performance.

Mr. EVERETT. Mr. Borrego, thank you for your appearance here today. We will tell you that we will have questions for you that we would ask you to submit for the record in a timely manner. We will get those questions to you and we would ask you to respond in the next 45 days.

Mr. BORREGO. Yes, sir. Would be delighted to. Thank you for the opportunity.

(See p. 85.)

Mr. EVERETT. I would like to now recognize Mr. Drach, former Commissioner, Commission on Servicemembers and Veterans Transition Assistance. Mr. Drach, you can, whenever you would like to begin, please do so.

**STATEMENT OF RONALD W. DRACH, FORMER COMMISSIONER,  
COMMISSION ON SERVICEMEMBERS AND VETERANS TRANSITION ASSISTANCE**

Mr. DRACH. Thank you very much, Mr. Chairman. Good morning. It is an honor and pleasure to be invited to testify before this committee this morning to discuss the Department of Labor's response to the Commission's report. By quick way of background, I was one of 12 commissioners appointed to serve on the Commission and once the Commission got started, we broke down into three different panels.

Chairman Principi asked me if I would chair the panel on Employment and Servicemembers Transition. The reason for that, prior to being appointed a commissioner, or actually when I was appointed, I was the current director of employment for Disabled American Veterans and had a 23-year career as their employment director prior to my retirement last summer. After I retired, I continued on as one of the commissioners.

In Secretary Herman's transmittal letter to Congress, she indicates the Commission, quote, "failed to take into account recent improvements in program performance, ignored the impact of new legislation such as the Workforce Investment Act, and based many

of its conclusions on old data," end quote. If I am not mistaken, I think I just heard Assistant Secretary Borrego indicate that they do need better data, and I would like to point out that all the data that the Commission used and had before us was data provided by the agencies that we were looking at, including the Department of Labor.

As for the impact of the Workforce Investment Act, it has not been put into effect yet, so how can we measure an impact of something that has not been put into effect? We are still operating under the Job Training Partnership Act, so it is kind of difficult to project what impact WIA may or may not have.

Mr. Borrego was an ex-officio member of the Commission and had every opportunity at every point in time to correct any misinterpretation that we had or provide us with the correct data. Every document that we provided, we provided in draft form, we sent out to the commissioners, we sent out to the ex-officio members, and they all had an opportunity to review those documents and make comments. So we certainly had the door open to make corrections of any misinterpretations that the Commission may have had.

Apparently one of their (VETS) biggest concerns is who can we provide priority of service to, and they take exception to the Commission's recommendation that we suggested that priority of service be limited to disabled veterans, veterans with barriers to employment, and recently separated veterans, meaning those that had been separated within the previous 4 years. We did this based primarily, Mr. Chairman, on the basis that we concluded that the current system is unable to provide priority of services to all veterans in today's economy. And this is not something new. This is something that has been under discussion with the veterans' service organizations for a number of years.

The Department of Labor is also opposed to transferring VETS to the Department of Veterans Affairs. This is an issue that, when I was the national employment director of the DAV, I and DAV supported since 1978. It should be clarified here that the Commission stopped short of suggesting that it be transferred to the VA. We suggested that it be looked at and that some standards be established and some goals be established and that Congress after 2 years, if those goals and the measurements aren't met, then Congress consider transferring it over to the VA. We in no way suggested that it be transferred to the VA at this present time.

Mr. Borrego also mentioned that they enjoy a great respect within the Department of Labor with the Secretary of Labor, and that indeed is true. But I have been working on employment issues for the better part of 27 years, and for the most part VETS has not enjoyed that relationship with the Secretary of Labor, and there is no guarantee that they are going to enjoy that respect with any succeeding Secretaries of Labor and new administrations.

I should also point out I think there is some misinterpretation of what the Commission was recommending. First of all, we have to clarify that VETS itself is not a delivery system. The delivery system is through the mechanism of the States' employment services, the DVOPs and LVERs. VETS is the monitoring service, the

enforcement mechanism, the funding mechanism. It is not the direct deliverer of services.

And there is a lot of confusion out there on the part of employers. We did a short survey of employers, the Commission did, and we asked employers, quote, "If you wanted to hire a veteran, do you know who to contact?" unquote. Of the employers who responded, 57 percent did not know who to contact. When asked who would you contact, only 25 percent of the employers who knew who to contact would contact job service offices, while 49 percent said they would contact the VA. Their natural thinking is that VA takes care of veterans so that is where they would go to look for veterans.

On a positive side, I think VETS should be commended for a couple of things. Their Web site is very good. Their relationship with companies like Cisco, Microsoft, and some of the things that they are doing with them are very good.

But I do have to ask a question. Since January 1991, 201 separating servicemembers were referred to jobs through the agreement with the Communication Workers of America, but their report does not indicate of that 201 referrals how many were actually placed. So if you refer 10 and place 4, I am very happy. If you refer 201 and place 2, I am not too happy.

This gets back to the data. Let's clarify the data. Let's get the data up front where it belongs. There is also some concern about contracting out DVOPs and LVERs. Right now there is no competition amongst States. It is an automatic thing. As you pointed out, if a State is in non-compliance, some of the money may be taken back, and the Department of Labor is concerned that there would be 53 separate different private systems. There already are. Each State basically runs its own private system even though they are operating under the auspices of Title 38. If this were to be contracted out, they would still be obligated to operate under Title 38, and I should point out that current law in Title 38 says that the employment or the DVOPs and LVERs will be funded by grant or contract. Current law already allows for a contract.

I have much more in my prepared statement for the record, Mr. Chairman, and I would be happy to answer any questions. Thank you.

[The prepared statement of Mr. Drach appears on p. 61.]

Mr. EVERETT. Well, thank you very much and, sir, and let me first say thank you for the service you have given this country—

Mr. DRACH. Thank you.

Mr. EVERETT (continuing). As a war veteran, and also the many years you spent handling employment issues at DAV. I want you to know that this subcommittee appreciates that very much.

Mr. DRACH. Thank you, sir.

Mr. EVERETT. If you will, please summarize the Transmission Commission's recommendations regarding VETS and give the rationale behind each recommendation of the Commission.

Mr. DRACH. One of the recommendations was to establish an employment and training service priority for veterans who, as I said, of three categories: the disabled, those who face employment barriers, and the recently separated. One of the interesting arguments about those who face employment barriers is that we, the Commission, did not try to define who faces employment barriers. So that

would be left up either to Congress or to the administration to develop guidelines, regulations, and policies as to what constitutes an employment barrier.

In the Secretary's response, I believe there is a very high percentage of veterans in upper ages, I think 50 to 54, who were unemployed and needing help. Certainly that would indicate to me a barrier to employment. They have an age issue. They may have a technological issue. They were employed and they are now laid off. So there is a lot of flexibility in determining that. And it is also interesting that that age group is primarily Vietnam-era veterans; that unemployment for Vietnam-era veterans is relatively low today, yet they make up a very high percentage of those who are going to the job service.

Again, the numbers. You know, whose numbers do we believe? Do we believe BLS, or can we believe the reporting system. This needs clarification! And again our rationale basically was because we believe that there are too many veterans out there and there are not enough resources to provide the services to every category of veteran on a priority basis for the rest of his or her life.

We also suggest replacing the current DVOP and LVER program with a veterans' case manager program and a veterans' employment facilitator who would again work very, very closely with the veterans most in need and needing most of the services.

And I should point out, too, Mr. Chairman, that there was some discussion about the Commission's recommendation along those lines of abolishing the number of positions mostly held by DVOPs and LVERs, and a lot of them are disabled veterans. As long as I can remember—I am going to go back to probably about 1984 or 1985—I can't remember any administration requesting adequate funding or the mandated funding for LVERs and DVOPs.

I know there is some criticism that Congress doesn't appropriate enough money. If the administration doesn't request enough money, you know, it is a two-way street. If I ask you for \$100,000 and it is \$200,000 the legislation says I need, and you give me \$99,000, who is to blame, you or me? We have to ask for it. If you don't ask for it, you are certainly not going to get it.

Given the fact that so few employers know where to go looking for veterans, as evidenced by the study that the Commission did, we recommended that a separate independent organization be set up to do marketing to employers of this country. And the analogy that we used in our discussion, although it is not really in the report, is that this type of a body would be modeled after the Committee on Employer Support for the Guard and Reserve, and their mission would be to go out and promote employment opportunities and to market the availability of veterans and the benefits that veterans bring to the marketplace. We wanted to target electronic employment assistance.

Now, again, I think the Department of Labor is to be commended for what they have been doing with some of the electronic assistance, but we are not sure that that goes far enough. Again, if an employer doesn't know where to go, and you go into somewhere like the America's Job Bank and you don't really know what you are looking for and you don't really know how to access the veterans' component of it, even though there are supposed to be priority of

service in those programs how will veterans benefit? Mr. Chairman, I am not sure that the DVOPs and LVERs even have access to computers.

Several years ago, myself and another individual representing another of the VSOs was promised by the Department of Labor that within a year or two, every DVOP and LVER would have access to a computer. And what I heard in the Commission's roundtable discussions last year with DVOPs and LVERs, they don't have access to computers and sometimes when they do have access to computers, they don't have access to the Internet. So how is that an effective tool if you can't access the information that is there?

Another thing to the Department of Labor's credit is the credentialing barriers and opportunities. That was started by the Department of Labor, and the Commission picked up on that issue and did a supplemental study. The Department of Labor's initial study focused in on very specific job areas under FAA and health care issues. The Commission thought that was a little too narrow—and that is not a criticism—it is just the way it was done. We thought it needed to be a little bit broader, so we contracted with the same group and asked for more information on the credentialing issues, and they are moving ahead on that.

We wanted to see more access to all Federal training programs so that veterans would receive priority in every training program, not just those designed for veterans. We wanted to provide incentives for Federal contractors to hire veterans. Federal contractors don't hire veterans. If they do, it is by accident for the most part. I discuss that in my prepared statement in more detail.

I used the Department of Labor's data. I didn't make these up. I didn't pull them out of the sky. They are very defensive of their data. It is their data. What else can I say?

And we also recommended, as I recall, they agreed to our recommendation that GAO immediately conduct an organizational and programmatic audit of DOL VETS to establish a basis for future measurement of the agency's effectiveness in supporting employment services for veterans through DOL programs, and I would encourage you to do that, sir.

Thank you.

Mr. EVERETT. Mr. Udall, our colleague has joined us.

Mr. UDALL. Thank you, Mr. Chairman.

Mr. Drach, the Transition Commission gave us a great opportunity to take a fresh look at programs and services for newly transitioning veterans. However, the same programs serve other veterans as well. I wonder why the Commission wanted to deny services to Vietnam-era veterans and veterans with a lesser degree of disabilities and give them to veterans who left service within the past 4 years?

Mr. DRACH. Basically, sir, the charge of the Commission was to look at transitioning services for those separating from military service now, not those who separated 15, 20, 25 years ago. We did, as I stated, talk about providing services to those with significant employment barriers. Certainly I would state that the Commission agreed that within that Vietnam veteran population, there are many, many Vietnam veterans that continue to have significant employment barriers.

The high percentage of homeless veterans, more than a third—I am sorry, more than half of homeless veterans are Vietnam-era veterans. Certainly they have significant employment barriers and certainly under the rationale of the Commission, they would have significant employment barriers and would be eligible to receive services.

Mr. UDALL. Thank you. Thank you, Mr. Chairman.

Mr. EVERETT. The chair will recess the hearing. We apparently have a vote underway, and we would ask you to remain in the room and we will convene probably in about 15 minutes.

Mr. DRACH. Thank you, sir. I will be here.

Mr. EVERETT. The hearing is recessed.

[Recess.]

Mr. EVERETT. The hearing will resume.

Should VETS try to be all things to all veterans in providing employment services to them?

Mr. DRACH. Mr. Chairman, I wish I could say yes. I think you have to look at not only what VETS does and is supposed to do, but what the mandate is for the entire employment service. You heard the comment on the Wagner-Peyser positions. The DVOPs and LVERs are only one component of a very major network of a delivery system to provide services to veterans. I remember several years ago, a relatively high-ranking Department of Labor official told me that he was very proud of the fact that 82 percent of all veterans placed in his State were placed by DVOPs and LVERs. That is great, I said, but only 18 percent were placed by the rest of the employment service. The law says that the employment service has to give priority of services to veterans, not just DVOPs and LVERs.

So if you focus your existing limited resources, your DVOPs and your LVERs or your VCMs or VEFs, whatever they may be called sometime in the future, and you focus them on the ones that need the services most, that need intensive case management, and allow the rest of the veterans to be served by the rest of the Wagner-Peyser Act people, and make sure that they are held accountable for their delivery of those services, I think they can provide services to all veterans. But again, given the top priority to those most in need and as defined by the Commission, we believe it is disabled vets, those with barriers to employment, and recently separated.

Mr. EVERETT. If VETS were moved to the VA, do you agree that a separate duplicate system of employment services would be created by veterans? Isn't VETS basically a grant program and not actually a service delivery program?

Mr. DRACH. They certainly are not a delivery system. They do a couple of things. They provide the grants to the States for DVOPs and LVERs. They do the unemployment act—I am sorry, the Reemployment Rights Act investigations and complaints. They are currently getting geared up to do the investigations on veterans preference discrimination complaints and they do—the USERRA, to my knowledge, they have never been criticized on reemployment rights. They have always done a good job on that. But that is not part of a delivery system that we are talking about here. That is part of a complaint system that can be done from anywhere—whether they are housed at 810 Vermont Avenue or 200 Constitu-

tion Avenue makes no difference. They could do it just as well. They would not be a separate delivery system because the delivery system would still be at the State level.

Whether it is by grant or by contract, whether it is by DVOPs and LVERs or by veterans' case managers and veterans' employment facilitators, it would still be done at the local level through that network.

Mr. EVERETT. Do you have any idea what the overhead is to serve this limited number of veterans?

Mr. DRACH. Well, I can't break it down for you. I know that in some States it is as high as 26 percent, so 26 percent of their grant goes for administrative overhead. Other States, it is much lower.

Mr. EVERETT. Does that include the overhead at DOL?

Mr. DRACH. I don't believe so, sir. I am not really sure. I think that is only for the States. I am not sure what the overhead at DOL, whether that is incorporated in there or not. I don't believe it is.

Mr. EVERETT. Is there any way we can get that figure to see how many dollars actually get down to help the vets?

Mr. DRACH. I think the Department of Labor would have to provide that to you, sir. I certainly don't have it.

Mr. EVERETT. Lots of luck.

Mr. DRACH. Make sure it is accurate data.

Mr. EVERETT. As I say, lots of luck.

Mr. DRACH. It has no room for interpretation.

Mr. EVERETT. Would you like to see a proactive outreach to employers by VETS as a part of the program?

Mr. DRACH. Absolutely. I think, you know, again, one of the jobs of the DVOPs and LVERs is job development. Job development to me means going out and developing jobs with employers, contacting employers. That certainly should be done at the local level. On a larger scale the Commission recommended a national body to do this marketing plan and go out and try to recruit employers. VETS has a relatively limited staff. Whether or not they would be the exact component that could or should do that, I am not sure. But I think they could be and should be much more proactive and it shouldn't be restricted just to the high-tech companies, even though high-tech companies are offering a lot of good opportunities. I think it goes much beyond that. Not all veterans coming out of the service today have high-tech skills and high-tech backgrounds.

Mr. EVERETT. Thank you very much. Let me again—I don't want to embarrass you, but this member—and I know this subcommittee—we appreciate the service you have rendered to this country and also the service of many, many years specializing in employment for the DAV. We appreciate that very much. You have been of great service not only to your country but to the veterans of this country.

Mr. DRACH. Thank you very much, Mr. Chairman. I am very happy to do it.

Mr. EVERETT. I would now like to welcome and recognize Mr. Hubbard, Director, National Economic Commission, the American Legion; Mr. Baskerville, Deputy National Service Director for Employment, DAV; Mr. Magill, Director of National Employment Policy, Veterans of Foreign Wars; Calvin Gross, Chairman of the Em-

ployment Training and Business Opportunities Committee, Director of Government Relations, Vietnam Veterans of America.

I have been advised that the bells were a mistake. Thank goodness. Mr. Hubbard, if you would begin, please.

**STATEMENTS OF JAMES B. HUBBARD, DIRECTOR, NATIONAL ECONOMICS COMMISSION, THE AMERICAN LEGION; ANTHONY L. BASKERVILLE, DEPUTY NATIONAL SERVICE DIRECTOR FOR EMPLOYMENT, DISABLED AMERICAN VETERANS; JAMES N. MAGILL, DIRECTOR, NATIONAL EMPLOYMENT POLICY, VETERANS OF FOREIGN WARS; AND CALVIN GROSS, CHAIR OF EMPLOYMENT TRAINING AND BUSINESS OPPORTUNITIES COMMITTEE, DIRECTOR OF GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA**

**STATEMENT OF JAMES B. HUBBARD**

Mr. HUBBARD. Thank you, Mr. Chairman. We appreciate somebody's mistake.

It is an honor for us to be here this morning and particularly for me to comment on the program effectiveness and strategic plan of DOL VETS.

In the past 6 years, VETS has endeavored to reinvent itself within the confines of severe funding constraints while faced with major changes to the Employment Training Service made under the Workforce Investment Act. VETS makes up about 15 percent of the system operated in the States by the Employment and Training Administration. Their strategic plan is part of a Department plan and it must fit within the constraints of that Department plan.

At the same time this reinvention has been taking place, appropriations for the agency declined by 11 percent in real terms, and the money made available does not support the statutory levels of DVOPs and LVERs provided for in Title 38. Given these circumstances, the American Legion believes VETS continues to perform reasonably well.

The development of the current plan began in 1994. The plan follows the requirements of the Government Performance and Results Act passed by the Congress, which is intended to make Federal departments and agencies more accountable for results and, as I said before, it fits within the plan, the overall plan of the Department of Labor.

Since VETS-funded LVERs and DVOPs operate within this larger public employment and training system, its plan must mesh with the overall strategic plan of DOL. To that end, VETS concentrates on several items: transition assistance, insuring applicable military training is relevant to civilian life in order to provide economic security, credentialing of people trained in the military by civilian licensing and certification agencies, providing needs-based services to veterans requiring special assistance, and working with employers to convince them that veterans make excellent employees.

It has three key goals: Help 300,000 veterans obtain career employment; ensure that of those 300,000, at least 10,000 are special disabled veterans; ensure that of the 300,000, at least 1,850 are homeless veterans. These goals are relatively ambitious. We

also think they are realistic, they are measurable, and they are achievable.

These goals are linked with the funding request for VETS through the appropriations process. Earlier we mentioned that funding for this agency has declined in real terms by 11 percent over a past decade. As a result, the number of people providing direct services to veterans continues to decrease. Training has suffered. Future funding must be linked towards achieving the strategic plan.

Proper measurement of some veterans who use the system but don't register is difficult and expensive. Out-of-State-placement veterans are not counted. Many veterans are underemployed and still actively seeking meaningful employment. A veteran who finds a job 90 days or more after receiving services is not counted. Veterans who find jobs through America's job bank are not counted. Veterans hired by Federal contractors or through the veterans preference statutes are not counted. It is not that these people can't be counted. They can, but it is very expensive.

Funding for these measurements must come from the same place as funding for DVOPs and LVERs. Given a choice between measuring achievements and hiring people to assist veterans, VETS has chosen to do the hiring. This is a proper choice in the view of the American Legion.

Resources for this agency are at an all-time low point. The only bright spot in this environment is the ongoing improvement and cooperation with the Vocation Rehabilitation Counseling Service at the Department of Veterans Affairs. Measurements here are accurate, since all these veterans receive intensive case management from the time they apply for training until they finally find a job.

Mr. Chairman, we are pleased to put our stamp of approval on the strategic plan for VETS. Now we believe that Congress must step up and provide the proper funding for VETS to succeed. They have been trying to squeeze blood out of the proverbial turnip for far too long. You fund them properly, cut them loose, they will succeed.

Thank you for the opportunity to appear this morning.

[The prepared statement of Mr. Hubbard appears on p. 68.]

Mr. EVERETT. Mr. Baskerville.

#### STATEMENT OF ANTHONY L. BASKERVILLE

Mr. BASKERVILLE. Thank you, sir. Mr. Chairman, on behalf of the Disabled American Veterans and its Women's Auxiliary, I am privileged to appear before you today to present the organization's views on the effectiveness of the strategic planning of the Department of Labor's Veteran Employment and Training Service.

The overall mission of VETS is to help veterans, Reservists and National Guard members in securing employment, training, and employment rights and benefits associated with their military service. As an organization of more than 1 million men and women disabled in our Nation's defense, the DAV is dedicated to one single purpose: building better lives for all our Nation's disabled veterans and their families.

DAV is interested in the transition of our separating veterans into the civilian workforce and the availability of meaningful em-

ployment opportunities for service-connected disabled veterans and veterans with critical barriers to employment.

We are pleased with the advocacy of VETS and its approach in helping veterans. This mission has been accomplished through their development of oversight and training programs through grants to States and nonprofit organizations. VETS further serve the employment and retraining needs of veterans by establishing and enforcing job referral control mechanisms imposed on State employment service agencies as well as investigating complaints of violations of reemployment rights against employers.

Mr. Chairman, separating servicemembers face many barriers to employment and reemployment in the civilian job market. This is because civilian credentialing requirements do not recognize their military training and experience, although many of the qualifications and skills are the same or similar.

This inability to meet Federal, State, and private sector civilian job requirements or standards have precluded separating servicemembers from realizing the full benefit of their military training and experience.

Mr. Chairman, in its report, the Congressional Commission on Servicemembers and Veterans Transitional Assistance assert that Congress must provide transitioning servicemembers with the means and the opportunity to succeed in their civilian lives and to invest their talents and ability in the American economy. In April 1998, the Department of Labor and the Department of Veterans Affairs formed a Task Force on Certification and Licensing of Transitioning Military Personnel. This task force is representative of departments and agencies of the Federal Government, including the Department of Defense and all military branches. The task force has helped members learn about the licensing activities of these agencies and has created initiatives between agencies to assist active duty personnel and veterans to more easily acquire licenses needed in the civilian employment.

The task force has established State pilot programs on certification and licensing in Ohio, Georgia, Colorado, Maryland, and South Carolina for occupations such as health care, law enforcement, commercial drivers, metalworking, power plant operators, emergency medical technicians, and building trades.

Mr. Chairman, we believe VETS should be commended for its participation in this area and we would hope this committee would join us in applauding its efforts. DAV also supports VETS' efforts with the Microskills 2000 Military Information Technology Career Initiative introduced in February of 1999. This program leads interested servicemembers with knowledge of and aptitude for computers through a special program designed for transitioning servicemembers which, include classes which lead to Skill 2000 certificates in several different information technology fields. This appears to be an excellent program which will only strengthen VETS' strategic goals.

Mr. Chairman, Congress has determined our Nation has a responsibility to meet the employment and training needs of veterans. To accomplish these goals, the Assistant Secretary of Labor for Veterans Employment and Training is authorized to implement training and employment programs for veterans. The ASVET is

also responsible for ensuring the availability of sufficient funds for use in the support of appropriate programs such as the Disabled Veterans Outreach Program, local veteran employment representatives, the Joint Training Partnership Act, the National Veterans Training Institute, the Homeless Veterans Reintegration Program and others. However, VETS' budget provides funds to support 1,431 DVOP positions, 688 below the congressionally mandated levels, and 1,306 LVERs positions, 294 below mandated levels.

Several years ago, someone coined the term "voodoo economics." when reading the budget information provided by the Department of Labor for VETS for fiscal year 2000 in the category of LVERs and DVOPs and upon funding additional information, the term "voodoo economics" comes to mind.

Mr. Chairman, although we support VETS' mission and its strategic plan, we question whether under its proposed budget VETS will have the resources necessary to fulfill its existing and future goals.

Mr. Chairman, I again thank you for the opportunity on behalf of DAV to present our views.

[The prepared statement of Mr. Baskerville appears on p. 71.]

Mr. EVERETT. Please continue.

#### STATEMENT OF JAMES N. MAGILL

Mr. MAGILL. Thank you for the opportunity to present the views of the Veterans of Foreign Wars on the strategic plan of the Veterans' Employment and Training Service.

The mission of VETS, as we have heard, is in securing employment, training, and the rights and benefits associated with military service. The key elements of VETS' mission are enforcement, veterans preference, employment, and training assistance, public information, interagency liaison and training.

In reviewing the strategic plan of VETS, we see a commitment that reflects the Department's strategic goals, a prepared workforce, a secure workforce, and a quality workforce. What may very well be the cornerstone of the strategic plan is ensuring that veterans get the maximum employment and training opportunities within the workforce.

We do not believe the system is perfect at this time and there are areas that can be improved upon. One of the areas that the Congress addressed and we think is a step in the right direction was the repeal of the requirement that DVOPs be Vietnam veterans. We believe that the wisdom in enacting this legislation gave VETS the flexibility in that area.

We look forward to working with VETS to improve the work that they do and we would encourage the Congress to do the same.

The VFW commends VETS for a strategic plan that will improve veterans' employment opportunities to the level that they have earned and certainly deserve. However, as the name implies, this is a plan. We expect VETS to implement this plan to the fullest extent and recognize that VETS must be held accountable for its success. We also hold accountable the Congress to provide VETS with the necessary funds to ensure their success. Past administrations have not proposed adequate budgets to support the DVOP and LVERs and at the same time, the Congress has not appropriated

the necessary funds to support these crucial programs. Without the support of the administration and Congress, veterans will be the ultimate ones that will come out on the bottom.

Mr. Chairman, again, I thank you and I will be happy to respond to any questions you may have.

[The prepared statement of Mr. Magill appears on p. 74.]

Mr. EVERETT. Thank you. Please continue.

#### STATEMENT OF CALVIN GROSS

Mr. GROSS. Mr. Chairman and members of the subcommittee, Vietnam Veterans of America appreciates the opportunity to express their views and concerns regarding the Veterans Employment and Training Service strategic plan for fiscal—for the future fiscal years. VVA believes that VETS has a most crucial role in helping veterans transition from military to the civilian job market, and it is helping disabled veterans to be part of a strong economy.

In light of this important mission and in light of this rapidly changing economy and marketplace, we believe that it is imperative for VETS to have a cognitive, defined, and cogent plan for the future. Unfortunately, upon reviewing this strategic plan, we cannot conclude that VETS has clearly stated nor does it appear that VETS truly knows where it is heading.

The mission statement contained in section 1 of the plan is redundant. Furthermore, it says nothing about placing veterans into high-quality jobs, which should be the primary mission of VETS.

Today's problems come from yesterday's solutions. The DVOPs and LVERs within VETS are still using outdated methods to assist veterans in their job searches. DVOPs and LVERs need the flexibility to implement reform at the local level. The way the current VETS system is designed, when a DVOP or LVERs pushes for reform, he or she is only pushed back further. They need to be able to fully engage the local business community and sell their veteran clients. The strategic plan does not go any further or in any depth regarding the individual DVOP or LVERs' role in the future. It simply talks of need for more DVOPs and LVERs.

The VETS performance goals contained in the report are all goals that we certainly support. Again, however, these goals are part of VETS' mandated job. Of course, resolving the USERRA compliant cases expeditiously while maintaining high-quality case handling procedures should be a goal. Of course, better enforcement of Federal contracting and regulations regarding veterans and a better enforcement of veterans preference law should be a goal.

At this point, these problems that these goals address have been largely created by an ineffective VETS, and this strategy plan says nothing about how VETS is going to rule out deficiencies within its own structure. The VETS' strategic plan is not precise, not to the point, and not attainable, is not a living document but merely a list of goals without any clarification how these goals will be met.

I say all that because I think we haven't done a separation. We have thrown the baby out with the bath water. I have worked with the people in VETS for 6 years. They are people of integrity. They are people who want to do well but the requirement to make a

strategic plan is too long a time period. The world changes way too fast.

I will give you an example. I live in New Jersey. In the town next to mine, Motorola is opening up a technical center. They are advertising on all the New York and New Jersey radio stations during drive time. The requirement is to register on the Internet for the job, then show up—if they respond to you—with a resume. The critical path is asked on the Internet of what your skills are.

So how I see things are going, happening, is that we haven't kept up. There is not a system thinking within the Department of Labor that concerns VETS. It doesn't do any good to move VETS from Department of Labor to the VA. They both are in disarray. There should be a coalition. There should be some cooperation. But when it comes to the employment of my brethren and my comrades, the measure of success is sabotaged before you start. So when a vet, no matter what the skill level is, they can have a degree in electrical engineering, they could be referred to Arby's to make hamburgers and that counts in a system.

So I am suggesting something more than just slashing and burning. I have had people up here who really have hammered VETS and not looked at the methodology and procedures that they must operate within, the framework. The rules of the game have to change. If they don't change, then we are just in a death spiral. It doesn't matter where VETS resides, the Department of Labor, the VA, or an autonomous group. As far as States go, each State has their own way of trying to bully our people, the LVERs and DVOPs, and the performance measurements are cooked before you start.

So my suggestion is that after a year of noncompliance—you were asking for an answer to your question—and the question is have they ever stopped money to a State that was noncompliant more than once? Well, then you should take control of that particular State, take the money out and if it calls for maybe a VSO or a privatized organization to take it over, that measure should be a consideration. For whatever reason, veterans have been not appreciated and it continues in this system not to be appreciated.

Thank you.

[The prepared statement of Mr. Gross appears on p. 76.]

Mr. EVERETT. Thank you very much for that testimony. Let me start with a general comment and then I have questions for each member of the panel.

I think it is a little ridiculous for someone at DOL to come over here and say they need more money when they never requested more money. This committee, which is the authorizing committee, is on record for the last few years under the Republican administration and Democratic administration, criticizing on the record those administrations for not asking for money to the statutory level. When the administration doesn't—and I am including Republican and Democrat. When those administrations don't request those levels, then it cuts us off at the knees in trying to deal with the appropriators.

So I think there may be a chicken and egg thing here and I didn't hear much criticism at the level of the administration that they ought to step up to the plate and Congress ought to step up

to the plate. It is difficult for Congress to step up to the plate if the administration doesn't go along and step up to the plate either.

Again, let me point out that this committee and this veterans' committee, the authorizing committee, on a bipartisan level, criticized both Republican and Democrat administrations. Of course they haven't done that.

Let me ask, beginning with Mr. Hubbard, would you please comment on the Transition Commission's recommendations with regards to VETS? We don't need a point-by-point, but just overall general impressions.

Mr. HUBBARD. In general, Mr. Chairman, we don't disagree with the comments made by the Assistant Secretary with respect to the Transition Commission recommendations. I will be pleased to make the American Legion response to chapter 2, which is the employment and training chapter, available to the subcommittee if the subcommittee would like to see our response. In general, they parallel what the Assistant Secretary and DOL VETS has said with respect to the Transition Commission. We don't have any major differences with them.

Mr. EVERETT. Thank you, Mr. Baskerville.

Mr. BASKERVILLE. DAV has not publicized its comments as of yet with regards to the Transition Commission's report. However, in reviewing it and the recommendations contained therein, one comes to mind that we have received a number of calls from our constituents concerning it, and that is to transfer the VETS program over to the Department of Veterans Affairs. That has been a critical plan or thought and supported by my predecessor for a number of years, and we believe that programs that involve veterans should be a part of the Department of Veterans Affairs. However, VA—

Mr. EVERETT. Who is your predecessor?

Mr. BASKERVILLE. Mr. Drach.

Mr. EVERETT. I wanted to get it on the record.

Mr. BASKERVILLE. Mr. Chairman, although we can support that thought, we must realize that the VA is not taking care of its own programs right now. Their funding level is far below that needed to support the hospital system that they have. VETS, I can say it is not a Cadillac but it is not a Yugo either. They are trying to do for veterans with what they have, and I am afraid that if you were to move that program to the Department of Veterans Affairs, it would be lost. They wouldn't know what to do with it. They would probably put funding somewhere, and the unfortunate part, they can't put funding someplace else if they don't have the funding to run the programs that they have. And I am quite sure that if VETS was to move to the Department of Veterans Affairs, the funds utilized now to support that program are not going to be transferred to the Department of Veterans Affairs.

Mr. EVERETT. Mr. Magill.

Mr. MAGILL. What I would like to do is just add a comment to what Mr. Baskerville commented about moving. The recommendation was in the report that after a 2-year period if VETS does not show marked improvement, that the recommendation would be to move it over to VA, and specifically, I believe, the Vocational Rehabilitation Department. What has not been mentioned is that in that

same report, the Transition Commission was equally critical of the voc rehab program. They also were given a 2-year period to show improvement, so I question what is the rationale for taking one program at DOL and moving it to another program that they were equally critical of.

Mr. EVERETT. Mr. Baskerville, the comments between my colleague and I were the fact that we disagree a little bit on where this program were to end up. We were making points with each other on each other's suggestion about it, and we both have open minds about it, but it is well taken. Your comments have been well taken.

Mr. Gross, your testimony is different from the other VSOs. Why?

Mr. GROSS. I can't—I am friends with all these gentlemen and my approach—I work for Lucent Technologies and I am a volunteer. I spent most of my life since 9 years old advocating for human beings. So when I take a look at a plan, I see human beings. And I didn't see where the strategic plan was taking care of my comrades. It was just answering a requirement.

Mr. EVERETT. My time is up. I will yield to Ms. Brown.

Ms. BROWN. Thank you, Mr. Chairman. I want to say again this is a real bipartisan subcommittee and we agree on everything. The key is that we agree that we want to make the program better, and I am open to however we can make it better. I really don't think transferring it from one agency to the other is going to make it any better, because basically the program operates at the program level and then they have to request the money from DOL or from OMB and if OMB says no, nothing happens. This plan doesn't evaluate how well the program is working; and that, to me, is very important.

Maybe they don't understand, whoever is in charge, the jargon, the Hill jargon or the plan jargon, and we need to get that correct. But the key for me is how is the program working for the veterans, and the veterans organizations' input is just always so valuable to me. You represent the ears of our customers when we evaluate the veterans' programs. Most of you feel well supported by what VETS has been doing. All of you, however, are concerned about the level of jobs availability. Please say more about that and what you would recommend and what is your vision for the VETS program. Anyone can answer.

Mr. HUBBARD. I believe this plan was written in response to a requirement from the Secretary of Labor to do something which fits into the overall strategic plan for the Department of Labor. I have yet to see a DOL critique of the entire DOL plan, and so I'm not sure it is quite fair to single out this particular agency, although I understand it is within the purview of this subcommittee to do so. Nevertheless, the subcommittee should recognize that this plan is part of a much larger plan.

As far as vision is concerned, it is pretty tough to have vision if you don't have money to fund the vision. Now, I am aware that every administration since I took over this job 10 years ago and every administration prior to that has underfunded this agency through its budget request. I am also aware that Congress has control of the purse strings, and I am also aware that through the ap-

appropriations process, if they so choose, based on information provided by people like me and the others at this table, Congress can fund that program at whatever level it wants.

So to say it wasn't requested and therefore wasn't appropriated is circular reasoning in my view, with all due respect, because this Congress can do with the money what it chooses to do. So it is pretty tough to see a vision when you don't have the money to fund it. Thank you.

Mr. GROSS. I have two parts to a vision. A vision to me is you have to have a mental vision of where you want to be. You have to talk with other people. You have to get some collaborative information and you get a mental image of what you want to do. And then there is a shared vision, and that shared vision would be with folks like us sitting at your table here and that is how you know you would be done. It is not a vision statement. It is not statement platitudes. It is how do you make it done.

If you didn't have a mental image and a mental image of we are going to employ  $x$  amount of vets, that is not forward-looking. You have to say that our mission may be to employ vets but what does it look like and how do we know when we are done, and that is short-term and long-term goals. So that is how I see it.

Mr. MAGILL. I would like to see VETS, and I think it is possible, to be the agency of choice for veterans when they seek employment and training. I think that VETS, given the mandated staffing levels and the funding—and I have to agree with you, sir, that it is a combination of things. You do have to request the money and then Congress has the responsibility to appropriate it. I believe that VETS, given those two things will and can be the choice for veterans.

Ms. BROWN. I have a follow-up question for you, sir. You said something about Vietnam. What do you think of the Commission's recommendation to drop the Vietnam veterans from eligibility? I didn't quite get your comment on that.

Mr. MAGILL. If you are referring to the 4-year entitlement, is that the recommendation? That the benefits are only for—will be available for 4 years? My comment on the DVOPs—and that has already been enacted into law, previous law—stated that they had to be Vietnam veterans. I am a Vietnam veteran and I am certainly not looking for a new career. After I retire, I may want to come into a part-time job, but certainly not start a whole new 20-year career. So it was suggested and it was put into bill form that that requirement be repealed and that has occurred, I believe, last year. And I believe that this is an important step because it gives a lot more latitude in who they can hire.

Ms. BROWN. Last question. What do you think of the Commission's recommendation to cut the number of field personnel?

Mr. HUBBARD. That is a non-starter, Ms. Brown. That doesn't do veterans out there in the field who are searching for work any good whatsoever. It degrades the ability of the agency to provide counseling, heavy-duty counseling, case management type counseling, to those people who need the agency's help the most.

Ms. BROWN. One comment. Someone passed me a note. Former Congressman Natcher routinely added additional monies to the

DOL appropriation subcommittee for VETS' programs. So Congress can add additional monies if it is not requested.

Mr. BASKERVILLE. I agree with that, but my argument with VETS—and I have had a number of conversations with Mr. Borrego about it—if you want something, you need to ask for it. If you know the level of funding necessary to support your program, you need to ask for. To straight-line your budget request for 3 to 5 years is ludicrous, and I can assure you that DAV will continue to press the Department of Labor and VETS to ask for adequate funding in the future.

Ms. BROWN. Just in closing, you are absolutely right, but one of the problems is that if the Secretary or OMB doesn't recommend it, then that recommendation doesn't get to us; and that is why your positions are so important, because you can go over their recommendations and come directly to Congress and let us know how you feel about the funding levels. I think you all do a good job, and especially when you talk to us back in the district. We hear you. Thank you for the role that you play. And thank you, Mr. Chairman.

Mr. EVERETT. Thank you. I would just simply say to my colleague, they can also go to the administration.

Ms. BROWN. That is right.

Mr. EVERETT. I want to thank all our witnesses today for giving the subcommittee the benefit of their testimony. From what I have heard today and from the record of the hearing 4 years ago, I can only conclude little has changed with the Veterans' Employment and Training Service at the Department of Labor. This program spends a lot of money to help only a few veterans. It seems to have no vision, no real plan for the future, even though there is a revolution going on in employment services in the 50 States.

Let me state my vision for the future. I am going to recommend Chairman Quinn of the Subcommittee on Benefits who has legislative jurisdiction over these matters, that he consider giving VETS a time certain along the lines of the Transmission Commission's suggestions, and that is 2 years, plenty of time, to greatly improve its performance and planning.

If it does not show improvement and produce a satisfactory road map to the future after this period, the program should be drastically overhauled. Veterans deserve much better service than this program has been delivering. Business as usual should be over. Without objection, members will have 5 legislative days to submit statements and questions for the record.

This hearing is adjourned. Thank you all.

[Whereupon, at 12 noon, the subcommittee was adjourned.]



## **A P P E N D I X**

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### **REMARKS of HON. CORRINE BROWN V.E.T.S. Hearing *Thursday, July 29, 1999***

Mr. Chairman and Mr. Evans, I want to thank you for this opportunity to examine the possibilities for the Veterans Employment and Training Service (VETS). Employment is one of the keys to meeting veterans needs. Having a job at the end is a real incentive for disabled veterans to go through VA's Vocational Rehabilitation programs, as it is for veterans who have problems with mental illness, substance abuse and homelessness to keep their eyes on the prize during the challenging work they must undertake to turn their lives around.

In the past few years, the Department of Labor (DOL) has begun to get serious about addressing the specific employment needs of veterans, as it is required to do by Title 38 U.S.C., which mandates priority of service for veterans in federal employment programs. Yet the job service upon which VETS relies is a jerry-built structure, paid for by federal funds through grants but operated by state governments. The opportunities for inefficiency and ineffectiveness are considerable.

Today we are here to examine VETS' program effectiveness and strategic planning. The Veterans Benefits Subcommittee envisions writing significant legislation yet this year that would take advantage of the testimony of this hearing to help develop a picture of needed changes. This committee's staff has been working for several months with VETS staff to develop topics most worth reviewing at this hearing.

Strategic planning – as envisioned by the Government Performance and Results Act (GPRA) – calls for a ruthless look at where an agency is, and a clear-eyed vision of where it needs to go, with an understanding of what steps are necessary in between. Employment services have changed drastically in the past several years. The old model of the job service is giving way to more federal-state grant programs as power devolves to the states. This is a mixed blessing at best. Privatization is part of the mix, as are the rapidly expanding uses of high-tech cyberspace information highway opportunities.

Our greatest concern in Congress is that VETS will concentrate on doing what it does now, but better. VETS must provide us a vision. VETS must suggest to Congress how we on the Hill can restructure the agency and the laws binding it. To do this, it must give us the light of a coherent visualization of what VETS needs to do differently five years from now, and what the path of its transformation needs to be. If it cannot -- or will not -- then I am concerned for its future. We are operating in an atmosphere I believe to be less and less interested in the needs of veterans. Without showing us the whys and the hows and the useful results to our Nation, those of us who believe there is a real need for veterans employment programs will be fighting unarmed.

I believe veterans will always deserve help from the federal government to give them a chance to recover the position they have relinquished by going to the end of the employment line while serving their Nation. Even more, those injured and disabled in that service must be given genuine, serious help through both vocational rehabilitation efforts and special employment programs. The priority of service promised in Title 38 is not a give-away, nor was it meant to be. What the Results Act envisions throughout the federal government is especially important in veterans employment. We need results, not mere process.

We have asked the General Accounting Office (GAO) to evaluate VETS' strategic and performance plans. Their testimony is highly critical. Assistant Secretary Al Borrego, no stranger to the House Committee on Veterans' Affairs, will speak for VETS. In addition, we will hear this morning from Ron Drach, a former member of the recent Congressional Commission on Servicemembers and Veterans Transition Assistance and a well-respected authority on veterans employment issues. Finally, I look forward to hearing from the spokespersons for the veterans service organizations, also knowledgeable on these topics from a consumer point of view.

I look forward to your testimony this morning. Thank you, Mr. Chairman.

**Remarks of the Honorable Lane Evans**  
**VETS Hearing**  
**July 29, 1999**

The G.I. Bill of Rights at the end of World War II recognized the importance of having a decent job for veterans returning from service to their Nation. That goal was later codified in Title 38, United States Code, which says in the current version of Chapter 41: "As long as unemployment and underemployment continue as serious problems among disabled and Vietnam-era veterans, alleviating unemployment and underemployment among such veterans is a national responsibility."

The Veterans Employment and Training Service (VETS) has long been our arm against unemployment and underemployment among veterans. Former Assistant Secretary Preston Taylor and current Assistant Secretary Al Borrego have significantly advanced VETS' position within the Department of Labor (DOL), and have introduced innovations and stakeholder input as regular features of the agency's operations.

Today we are concerned with results – what "bang for the buck" is America getting from VETS? Two years ago, I said before a hearing on VETS and the Government Performance and Results Act (GPRA) that the GPRA requires consultation with Congress. "Meaningful consultation on veteran employment and training issues is critically important," I said.

I am concerned with the level of consultation the House Committee on Veterans' Affairs has had with VETS. I believe that preparing for hearings is not sufficient. GPRA envisions a real working relationship. I am concerned about the extent to which VETS has been a closed shop, solving its own problems and telling Congress it has done so, without asking us to be a resource.

I share the concern of other Members here today that much may be inadequate and off-the-mark in VETS' strategic and performance planning. It is disturbing to read an analysis that says VETS is either in disarray with neither a sense of direction nor much idea how to deal with future challenges, or simply incapable of conveying to Congress its vision and the steps we must help them take into the future.

Thank you, Mr. Chairman. I want to thank our witnesses for coming this morning. As always, I look forward to hearing from both Al Borrego and the veterans service organizations. It is good to see Ron Drach here, to comment on the recommendations of the Congressional Commission on Servicemembers and Veterans Transition Assistance. I respect, as always, the work of the General Accounting Office, and I welcome Carlotta Joyner back before a Veterans Affairs Committee hearing. I appreciate your testimony, and I look forward to your presentations.

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**GAO**

United States General Accounting Office  
Testimony

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Before the Subcommittee on Oversight and  
Investigations, Committee on Veterans' Affairs, House of  
Representatives

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For Release on Delivery  
Expected at 10:00 a.m.  
Thursday, July 29, 1999

## **VETERANS' EMPLOYMENT AND TRAINING SERVICE**

### **Strategic and Performance Plans Lack Vision and Clarity**

Statement of Carlotta C. Joyner  
Director of Operations  
Health, Education, and Human Services Division



Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss the Veterans' Employment and Training Service (VETS) and its planning activities under the Government Performance and Results Act of 1993.

The Congress has made it clear that alleviating unemployment and underemployment among veterans 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 VETS and other programs and activities designed to help veterans obtain employment and training. Recently, policymakers have focused increased attention on VETS and its programs. For example, in January 1999, the Congressional Commission on Servicemembers and Veterans Transition Assistance issued a report that raised serious concerns about the performance and effectiveness of VETS' programs.<sup>1</sup> The Commission's report made a number of recommendations, including that the Congress establish effective operational outcome measures for VETS. The Congress has also been interested in addressing the employment needs of the entire American workforce, including veterans. For example, to streamline the delivery of services of the nation's workforce development systems, the Congress passed the Workforce Investment Act of 1998 (WIA). By establishing one-stop career centers, among other actions, WIA will affect how VETS will serve veterans in the future.

My comments today will focus on (1) our observations on VETS' strategic plan for fiscal years 1999 through 2004 and (2) our observations on VETS' fiscal year 2000 performance plan. My testimony is based on our review of VETS' most current strategic plan (revised as of May 1999) and VETS' fiscal year 2000 annual performance plan, discussions with agency officials about those plans, our review of VETS' fiscal year 1999 performance plan,<sup>2</sup> and our comprehensive 1997 report on VETS' grant programs.<sup>3</sup>

In summary, while including each of the basic components required by the Results Act, VETS' May 1999 revised strategic plan and its fiscal year 2000 performance plan lack vision and clarity and do not clearly identify what the program is to achieve and the direction the agency intends to take. For example, the strategic plan includes a mission statement and associated strategic goals; yet neither are clearly conveyed, making it difficult to understand where VETS is trying to go and how it is planning to get there. Similarly, we found that VETS' annual performance plan provides only a limited picture of the agency's intended performance for fiscal year 2000. The planning and communication framework established by the Results Act gives VETS an opportunity to discuss its responsibilities and how it intends to fulfill them, describe areas for improvement, and discuss steps it will take to improve its performance. But VETS has not taken full advantage of this opportunity. Its strategic and performance plans fail to address how it will help shape the way employment services are delivered to veterans and,

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<sup>1</sup>The Commission, established as part of the Veterans' Benefits Improvement Act of 1996, was directed by the Congress to review programs that provide benefits and services to veterans and service members making the transition to civilian life. Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance (Arlington, Va.: Jan. 14, 1999).

<sup>2</sup>Veterans' Employment and Training Service: Assessment of the Fiscal Year 1999 Performance Plan (GAO/HEHS-98-240R, Sept. 30, 1998).

<sup>3</sup>Veterans' Employment and Training: Services Provided by Labor Department Programs (GAO/HEHS-98-7, Oct. 17, 1997).

in particular, how it will adapt to the new employment training environment being created by technological changes and WIA.

### BACKGROUND

VETS administers national programs intended to ensure that veterans receive priority in employment and training opportunities. VETS assists 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' services include enforcement of veterans' preference and reemployment rights, employment and training assistance, public information services, interagency liaison, and training for those assisting veterans. VETS' programs are included among those affected by the recent passage of WIA. In addition, the agency has prepared plans in accordance with the requirements of the Results Act.

### VETS Programs

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 Veteran's 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. States' employment service systems were established by the Wagner-Peyser Act of 1933. Under the act, funds are allocated to each state to plan and administer a labor exchange program that meets the needs of the states' employers and job seekers. Labor's Employment and Training Administration (ETA) provides general direction, funding, and oversight of states' employment service systems. The total fiscal year 1999 appropriation for VETS was about \$183 million, including \$80 million for DVOP specialists and \$77 million for LVER staff. These funds are expected to pay for about 1,300 LVER positions and 1,400 DVOP positions. The appropriation also included about \$24 million for administrative costs and \$2 million for the National Veterans' Training Institute, which trains DVOPs, LVERs, and others.

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

- developing jobs for veterans,
- networking in the community for employment and training programs,
- providing labor exchange services to veterans,
- making referrals to support services, and
- providing case management.

The DVOP and LVER programs provide employment and training opportunities specifically for veterans, giving priority to the needs of disabled veterans and veterans who served during the Vietnam era (generally August 5, 1964, to May 7, 1975). States are expected to give

priority to veterans over nonveterans for services in their state employment service systems. In the simplest terms, this means that local employment offices are to offer or provide all services to veterans before offering or providing those services to nonveterans. To monitor the programs, VETS has established and used for several years internal performance standards to determine state compliance with requirements to give employment services to veterans. These standards of performance evaluate states in five service categories: (1) veterans placed in or obtaining employment,<sup>4</sup> (2) Vietnam-era veterans and special disabled veterans<sup>5</sup> placed in jobs on the Federal Contractor Job Listing, (3) veterans counseled, (4) veterans placed in training, and (5) veterans who received some reportable service, such as job referrals. To ensure priority service to veterans, VETS expects veteran applicants to be served at a rate exceeding the service to nonveteran applicants. According to VETS' internal performance standards, veterans and other eligible people<sup>6</sup> should be served at a rate 15-percent higher than nonveterans, Vietnam-era veterans at a rate 20-percent higher, and disabled veterans at a rate 25-percent higher; and the placement rates for special disabled veterans in jobs listed by federal contractors should also be 25-percent higher than the rate for nonveterans. Thus, if a state's placement rate for nonveterans is 10 percent, the placement rate for veterans should be 11.5, or 15-percent higher than the nonveteran placement rate.

In our past reviews of VETS' programs, we have pointed out that the use of such standards results in states with poor levels of service to nonveterans being held to lower standards for service to veterans than states with better overall performance. In addition, while the first two of the five performance standards are results-oriented, they do not require information about the quality of job placements, such as wages and benefits, or whether jobs are permanent—that is, employment expected to last longer than 150 days. The remaining three 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.

#### Workforce Investment Act

VETS' will be affected by WIA, which streamlines the delivery of workforce preparation and employment services. Under the act, each local area will be required to establish, by July 1, 2000, a one-stop career center that includes access to services provided under multiple programs. These one-stop career centers are intended to provide customers convenient access to employment, education, training, and information services that, in the past, have often been provided at separate locations and were based on customer characteristics such as income or employment status. Because DVOP and LVER staff are a part of the employment services, VETS' current service delivery methods will be affected. In establishing these one-stop centers,

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<sup>4</sup>Labor defines "placed in employment" as the hiring by the employer of veterans referred by a state employment office, and "obtained employment" is defined as individuals who secure employment within 90 days of receiving services from the state employment offices.

<sup>5</sup>A 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, as defined in title 38 of the United States Code.

<sup>6</sup>Certain nonveterans who are dependents of veterans are also eligible for priority service, as provided for in title 38 of the United States Code.

some states are adopting universal service delivery approaches that involve assigning a single center staff member to provide services offered under multiple programs to center customers. Because DVOP and LVER staff can only provide assistance to veterans, and because their roles in one-stop centers were not specifically addressed in WIA, it is unclear how they will function with regard to new one-stop career centers.

### Managing for Results

The Results Act seeks to improve the efficiency, effectiveness, and public accountability of federal agencies as well as to improve congressional decisionmaking. It aims to do so by promoting a focus on program results and providing the Congress with more objective information on the achievement of statutory goals than was previously available. The act outlines a series of steps whereby agencies are required to identify their goals, measure performance, and report on the degree to which those goals were met. Accordingly, executive branch agencies were required to submit the first of their strategic plans to the Office of Management and Budget (OMB) and the Congress in September 1997 and their first annual performance plans in the spring of 1998. Agencies have recently submitted their second annual performance plans. Starting in March 2000, each agency is to submit a report comparing its performance for the previous fiscal year with the goals in its annual performance plan. Although not required by the Results Act, Labor's component agencies, such as VETS, also have prepared strategic and performance plans at the direction of the Secretary of Labor.

The Results Act required agencies to submit the first of their strategic plans to the Congress in September 1997. The strategic plans are to provide a long-term view (5 years) of the direction an agency is planning to take. To help delineate this direction, the strategic plans are expected to contain six key elements: (1) a comprehensive agency mission statement, (2) strategic goals and objectives for all major functions and operations, (3) approaches or strategies and the resources needed to achieve the goals and objectives, (4) a description of the relationship between the long-term goals and objectives and the annual performance goals, (5) an identification of key factors external to the agency and beyond its control that could significantly affect the achievement of the strategic goals, and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations.

The Results Act also required that agencies, building upon the decisions made as part of the strategic planning process, develop annual performance plans covering each program activity set forth in their budgets. The objective of this requirement was to establish a connection between the long-term strategic goals outlined in the strategic plans and the day-to-day activities of managers and staff. Performance plans are to include annual performance 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 then to report each year on the extent to which they met these goals, provide an explanation if they did not meet these goals, and present the actions needed to meet any unmet goals.

### VETS' REVISED STRATEGIC PLAN ADDRESSES STATUTORY REQUIREMENTS BUT COULD BETTER CONVEY ITS MISSION AND HOW IT WILL BE ACHIEVED

VETS' May 1999 revised strategic plan included the basic components required by the Results Act, but it is not well organized, and important information included in the plan is not clearly articulated. Such drawbacks make it difficult to understand what the agency hopes to achieve over the 5-

year period. For example, while the revised plan includes strategies intended to achieve goals, many of the strategies presented do not describe the steps VETS will take and the needed resources and technology.

#### Comprehensive Mission Statement and Strategic Goals Need Improvement

In its revised plan, VETS includes a mission statement that reflects its major statutory responsibilities and presents related strategic goals, which are aligned with Labor's departmentwide strategic goals.<sup>7</sup> However, both its mission statement and its strategic goals could be improved in important ways. While VETS' mission statement, "to help veterans, reservists, and National Guard members in securing employment, training, and the rights and benefits associated with their military service," describes its significant statutory responsibilities, the statement itself does not convey the specific outcomes or results associated with accomplishing VETS' mission. For example, VETS officials recently briefed congressional staff on their revised plan and noted that, among other things, the agency intends to promote the economic security of veterans. Such an outcome--once economic security is further defined--is more results-oriented, and the agency's mission statement could be improved by incorporating this and other such outcomes. By broadening its mission statement in this way, VETS would better communicate what it hopes to accomplish. VETS could also improve its mission statement by including information that would describe how its mission is different from other agencies with similar missions or activities--that is, what makes VETS' employment, enforcement, and other activities unique.

To help guide the agency toward accomplishing its mission, VETS presents three strategic goals in its plan:

1. Give veterans maximum employment and training opportunities within the workforce.
2. Assist veterans, reservists, and National Guard members so that they do not lose private (non-VA) pension rights or benefits because of military service or required training.
3. Reduce discrimination toward veterans in the workplace arising from military service, service-connected disability, or National Guard and reserve training.

In general, VETS' three strategic goals (1) are not clearly articulated or expressed in a manner that allows for future assessment and (2) are not sufficiently explained so that plan readers can understand VETS' rationale for developing and pursuing them. For example, with respect to the first strategic goal, the plan does not elaborate on how VETS would measure and quantify maximum opportunities in the workforce.

VETS' second strategic goal--protecting veterans' private pension rights--appears to be addressing an underlying problem or issue, but it is unclear what the problem is and how prevalent it may be. VETS' plan does not discuss why the agency has developed this goal, nor does it clearly convey the general course of action VETS is taking to ameliorate the problem. Moreover, this goal does not reflect the importance of the employer population and its role and needed support. If the goal was broadened and stated more positively, for example, "to increase veterans' awareness and

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<sup>7</sup>Labor's three strategic goals are (1) A Prepared Workforce: Enhance opportunities for America's workforce, (2) A Secure Workforce: Promote the economic security of workers and families, and (3) Quality Workplaces: Foster quality workplaces that are safe, healthy, and fair.

understanding of their nonmilitary pension rights and to increase employers' understanding and support of these rights," then the reader might more easily understand what VETS is trying to achieve.

Similarly, VETS' third strategic goal--relating to reducing discrimination toward veterans--while being results-oriented and measurable in some form, is not accompanied by any additional information needed to understand the extent of the problem. An accompanying discussion would help the reader link the strategic goal to VETS' mission statement as well as understand the extent of the problem.

#### Discussion on Strategies to Achieve Goals Is Vague

For each strategic goal, VETS lists related performance goals and strategies describing how the agency will accomplish its goals. In many cases, however, VETS appears to confuse goals with strategies--that is, it confuses where it wants to go with how it will get there. For example, under its first strategic goal, VETS has a performance goal to "implement a Life Long Learning system to ensure individuals entering military service acquire or develop the knowledge, skills and abilities necessary to achieve economic security that eliminates new homelessness or economically disadvantaged veterans." First, it is not clear whether this responsibility even falls within VETS' purview; it is also not clear whether this is actually a goal or a means to achieve a goal.

In addition, a discussion of VETS' relationships with other Department of Labor agencies is largely missing from the plan, even though, in some cases, VETS relies on them or could work with them in achieving its goals. For example, ETA provides much of the data VETS needs to measure program performance, but the plan includes little information on how VETS plans to work with ETA to obtain these data. Another Labor agency, the Pension and Welfare Benefits Administration (PWBA), should be a stakeholder and included in VETS' strategic plan, especially in light of VETS' strategic goal to ensure veterans' pension rights. PWBA has oversight responsibilities for the nation's private pension plans, and we believe that recognition of PWBA's responsibilities and potential for collaboration should be discussed in the plan. Developing an effective working relationship with PWBA would likely further VETS' goal of protecting veterans' private pension rights.

#### Key External Factors That May Affect Agency Performance Are Not Clearly Explained

Agencies are required to state in their plans external factors that are beyond their control, in this way identifying, in advance, possible reasons it may be difficult to achieve some strategic goals and helping agencies devise approaches for overcoming them. However, the plan does not clearly explain for many of the factors how they could affect VETS' ability to meet its goals. In addition, VETS lists as external some factors that are internal and over which the agency has some control. For example, "continuing changes at the state level of the employment delivery system will make it difficult for VETS to effectively predict or plan for specific outcomes for veterans" is described as an external factor beyond the agency's control. It would be helpful, however, to acknowledge that these changes are to some extent within the agency's control, to detail the kinds of changes expected, and to explain what the effects of these changes might be. Because VETS' own programs are a part of this very delivery system, it is surprising to see such a statement cited in a list of factors beyond agency control. In fact, planning for outcomes while changes continue to occur in the state employment delivery system is critical; we believe this is an area that should be addressed more fully in the plan's goals and strategies.

### Purpose of Program Evaluations Is Unclear

VETS' section on program evaluations--which include assessments of the implementation and results of programs, operating policies, and practices--is not clearly presented and does not include a schedule outlining future evaluations. It is difficult to discern from the discussion what VETS is trying to achieve with its evaluations and what it plans to do in the future. For example, VETS states that "to address the issue of job stability or advancement over time, VETS will investigate more efficient ways of collecting baseline data and measuring results over time. By fiscal year 2000, the means to obtain this information, whether through survey or other approach, should be in place to provide the longitudinal information sought." It would be helpful if the description more clearly addressed what the issue is, what the purpose of the data would be, who would conduct the evaluation, and when it would actually occur.

### VETS' ANNUAL PERFORMANCE PLAN COULD BE SIGNIFICANTLY IMPROVED

VETS' fiscal year 2000 performance plan is the agency's second such plan prepared under the Results Act. While the plan shows improvement in some ways over VETS' first such plan, the fiscal year 2000 plan could still be improved significantly. Among the plan's strengths are that its annual performance goals are aligned with the agency's mission and with Labor's departmentwide strategic goals. For example, its annual performance goal of assisting 300,000 veterans to find jobs is aligned with its mission, which includes providing veterans with employment and training assistance. But like VETS' first performance plan, the fiscal year 2000 plan provides (1) only a limited picture of intended performance across the agency, (2) an incomplete discussion of strategies and resources VETS will use to achieve its goals, and (3) limited confidence that agency performance information will be credible. For example, although the plan indirectly states that VETS' strategic goals include helping young, minority, and women veterans to get jobs, the plan does not include any annual performance goals related to this effort. The plan's major strengths and key weaknesses are the following.

#### Major Strengths:

- Agency's goals are aligned with Labor's departmentwide goals.
- Performance goals are aligned with agency's mission.

#### Key Weaknesses:

- Performance goals are inadequate to ensure progress toward achieving strategic goals.
- Performance indicators will not adequately measure progress toward some goals.
- Plan provides no or few details concerning strategies for achieving performance goals.
- Plan provides limited confidence that performance information will be credible.

### VETS' Performance Plan Provides a Limited Picture of Intended Performance Across the Agency

While VETS' performance plan includes goals designed to address critical program areas, overall the plan does not give a clear picture of intended performance across the agency or its programs. VETS' plan includes seven

performance goals that are mission-related and linked to two of VETS' three strategic goals; in turn, these performance goals are linked to a departmentwide strategic goal. Four of the seven performance goals are intended to track progress toward VETS' first strategic goal of helping veterans to find jobs. One goal, for example, is to "assist 300,000 veterans to find jobs; 9,000 will be service-connected disabled veterans, and 3,500 will be veterans who are homeless." The goal, which is linked to VETS' first strategic goal, is also linked to Labor's departmentwide strategic goal of enhancing opportunities for America's workforce. But despite an explanation in the plan that this strategic goal includes helping those veterans with disproportionately high unemployment rates--young, minority, and women veterans in particular--none of the four performance goals aligned with this strategic goal focuses on these veterans. As a result, VETS' plan does not encourage program performance that leads to achieving this aspect of its strategic goal. Of the plan's seven goals, the three remaining performance goals are all linked to VETS' third strategic goal and are, in turn, similarly linked to a departmentwide strategic goal. However, a major plan deficiency is that it does not contain any annual performance goals to track progress toward VETS' second strategic goal, thus there is no indication of how VETS will assess its performance of ensuring that private pension rights are protected.

While VETS has identified performance measures for each of its performance goals--an improvement from its fiscal year 1999 plan--some of the performance measures will not adequately indicate progress toward achieving VETS' goals. For example, one performance goal linked to VETS' third strategic goal is to "increase veteran and federal agency awareness of federal veterans' preference rights." VETS plans to measure progress toward meeting this goal by the number of contacts made with federal agencies. While the number of contacts made with federal agencies may be a reasonable measure for indicating the extent of agencies' awareness, it may not adequately measure any progress toward increasing employees' own awareness of their rights. In addition, unlike its first plan, VETS' fiscal year 2000 performance plan does not discuss any of the performance measurement challenges it faces as a result of states' increasing use of technology. VETS prior plan noted that many job-ready applicants are increasingly able to conduct electronic job searches at state employment service agencies, or remotely via the Internet, without first registering. Without registering users, states and VETS are unable to easily determine the number of veterans who are assisted in finding jobs. While VETS stated in its first plan that it may need to explore alternative performance measures in light of this change, the fiscal year 2000 performance plan does not, nor does the plan include any revised or new performance goals or measures that recognize such challenges.

VETS' Performance Plan Provides a Limited Discussion of Strategies and Resources the Agency Will Use to Achieve Its Performance Goals

Similar to our observations about its first plan, VETS' fiscal year 2000 plan (1) gives few or no details on its strategies for achieving VETS' goals and (2) does not explain how Results Act goals will be integrated with the performance standards VETS has traditionally set for states. As a result, the plan does not clearly convey how VETS will achieve its goals. For example, throughout its plan, VETS labels several statements as strategies that are not strategies--that is, the operational processes, skills, technology, and resources that it will use to achieve its goals. One such statement is: "The Disabled Veterans' Outreach Program is a grants-to-State program authorized by Section 4103A of Title 38, United States Code." Obviously, this is not a strategy. In other cases, VETS' plan contains no discussion of strategies for dealing with significant changes to its operating environment, such as those now under way as a result of WIA. While VETS' plan acknowledges that one-stop career centers will become much more prevalent

during fiscal year 2000, it provides no strategies for dealing with the potential consequences. One such consequence includes increasing constraints on state agencies' staffing resources. For example, because one-stop career centers consolidate multiple workforce development programs, including unemployment insurance and employment services, some state agencies are cross-training their staffs to administer multiple programs. However, the statutory provisions do not allow VETS-funded DVOP and LVER staff from performing other than specified duties and serving people other than veterans. VETS' plan does not discuss such constraints or present any strategies for dealing with them, such as working with the Congress to determine whether legislative or regulatory changes are needed to better serve veterans.

In addition, VETS' fiscal year 2000 plan does not discuss any strategies for integrating or reconciling VETS' Results Act performance goals with the performance standards it sets for states. The current activity- and volume-driven nature of its state performance standards, in addition to becoming increasingly difficult to measure, may serve as a disincentive for states to assist those veterans who require more intensive services. At the same time, some of VETS' Results Act performance goals consist of outcomes for hard-to-serve veterans, such as the goal to help 3,500 veterans each year who are homeless find jobs that lead to careers. Without a detailed strategy for addressing how it plans to hold states accountable for meeting multiple and potentially conflicting performance standards and goals, VETS may be unable to realize its own intended outcomes.

In some cases, VETS' fiscal year 2000 plan provides more detailed discussions of strategies VETS plans to pursue to achieve its goals than did its fiscal year 1999 plan. For example, in discussing its fiscal year 2000 budget priorities, VETS describes a strategy of developing a database containing the names of federal contractors and other employers along with other information such as the employers' standard industrial classification codes, recent hiring activity, and human resource personnel. This strategy, according to the plan, will allow DVOP and LVER staff to better identify potential employers for veterans by, among other things, making it easier to match veterans' skills to those required by local employers. VETS could improve its performance plan by presenting its other strategies in a similar manner--that is, by providing enough information for readers to understand what the agency plans to do, how it will do it, and how this will help achieve VETS' goals.

#### VETS' Performance Plan Does Not Promote Confidence That Agency Performance Information Will Be Credible

Overall, VETS' fiscal year 2000 performance plan offers little confidence that the agency's performance information will be credible, a problem we also noted in assessing its fiscal year 1999 plan. According to the performance plan, VETS will largely rely on its state directors for verifying and validating performance data. The plan also states that "VETS will utilize internal control procedures to verify and validate data." The plan gives no further information, however, that would allow readers to judge whether such procedures are sufficient to ensure that VETS' data will accurately or reliably measure progress toward achieving performance goals. Additional information, such as a description of the information systems from which VETS will obtain its performance data, as well as clarifying what VETS' internal control procedures are, would assist plan readers in rendering a judgment.

#### CONCLUSION

While VETS' strategic and performance plans address many of the technical elements required by the Results Act, the plans fail to address most of the

requirements in a clear, comprehensive, and meaningful manner. Thus, instead of presenting a road map of where the agency is headed and how it expects to get there, the plans present a muddled picture of its future direction. In essence, the plans miss the main point of the Results Act, which is to produce clearly identified programmatic results via detailed strategies. As written, the plans do not suggest with any degree of confidence that VETS officials have a coherent end result in mind. In our view, much more work is needed to demonstrate that the programs are being managed for results, thereby enabling the Congress to assess progress and identify areas needing improvement.

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

**RELATED GAO PRODUCTS**

**Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers** (GAO/GGD/AIMD-99-69, Feb. 26, 1999).

**Veterans' Employment and Training Service: Assessment of the Fiscal Year 1999 Performance Plan** (GAO/HEHS-98-240R, Sept. 30, 1998).

**Results Act: Observations on Labor's Fiscal Year 1999 Performance Plan** (GAO/HEHS-98-175R, June 4, 1998).

**Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking** (GAO/GGD/AIMD-10.1.18, Feb. 1998).

**Managing For Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges** (GAO/GGD-98-44, Jan. 30, 1998).

**Veteran's Employment and Training: Services Provided by Labor Department Programs** (GAO/HEHS-98-7, Oct. 17, 1997).

**Veterans' Employment and Training Service: Focusing on Program Results to Improve Agency Performance** (GAO/T-HEHS-97-129, May 7, 1997).

**Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review** (GAO/GGD-10.1.16, May 1997).

Testimony of  
Espiridion 'AJ' Borrego  
Assistant Secretary for Veterans' Employment and Training  
U.S. Department of Labor  
before the  
Oversight and Investigations Subcommittee of  
the Veterans Affairs Committee  
U.S. House of Representatives

July 29, 1999

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to address the subcommittee on two important issues, the Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance (Transition Commission) and the Veterans' Employment and Training Service's (VETS) strategic plan, its goals and strategies.

**Transition Commission**

The Congressional Commission on Servicemembers and Veterans Transition Assistance performed a long overdue service -- a review of the Federally-funded benefits provided to our Nation's veterans. The Veterans' Employment and Training Service (VETS) of the United States Department of Labor (DOL) appreciates Congress' interest in recognizing and improving servicemembers' and veterans' programs. I ask that our full response to the report be made a part of the record of this hearing.

In our response, you will find that we support many of the objectives of the Commission's recommendations. We believe that America's veterans deserve the best benefits this Nation can provide and VETS' services need to be effective and delivered efficiently to make the best use of available resources. Where we disagree with specific recommendations, it is largely because we have better ways of meeting the same objective. We believe that the breadth of the Commission's mandate and the short period of time it had to carry it out has led to recommendations that 1) in many cases fail to take into account recent improvements in programs, 2) ignore the impact of new legislation such as the Workforce Investment Act of 1998 (WIA), or 3) lack the research necessary to fully evaluate the problems inherent in the proposed solutions. As a result, we believe that the Commission failed to acknowledge VETS' integral role in the Department of Labor's employment and training programs, and how veterans need VETS to continue being an active DOL component in order to effectively

develop programs and policies which will govern the nation's employment and training system of the 21st century.

One of the most troubling recommendations of the Commission, contained among the recommendations contained in the report under ISSUE II.B, changes the priorities among veterans for job search and placement services in the Employment Service system. We cannot support this proposal because it has the effect of excluding most veterans from priority for services. Under current law, more than 15 million men and women who served honorably in the armed forces of the United States are entitled to priority in Wagner-Peyser funded employment services. The Commission recommends reducing the population of eligible veterans to those who are disabled or who have barriers to employment, but limits all other veterans to those separated within four years. A generous estimate would result in a reduced eligible group of about 2 million veterans. The Commission argues that this group includes those most in need "because of the high unemployment rate among recently separated personnel."

But this argument ignores the BLS average 1998 unemployment numbers showing that 46.6% of all unemployed veterans are aged 45-64, and that this large group of veterans will feel the brunt of any such service restrictions. If veterans aged 35 and over are added to this affected group the percentage grows to 69.6% of unemployed veterans bearing the brunt of this Commission recommendation. This recommendation also raises concerns about the millions of veterans who have been out for more than four years: Vietnam-era and Persian Gulf veterans, and those who are getting out of college. It would deny priority to older working veterans who face corporate downsizing, plant closings, or technological displacement. In this era of incredible technological change, when the average worker will change jobs many times in a lifetime, when millions work in jobs not even thought of ten years ago, the denial of priority for reemployment services would be harmful and unfair.

A second troubling point is the long-term recommendation of the Commission to move VETS into the Department of Veterans Affairs (VA). While we share the Commission's goal of improving performance and providing effective services across the Nation, we believe that

moving VETS into the VA will not serve the job-seeking veterans. The Commission makes these recommendations at a time when VETS' position within DOL has never been stronger and its working partnerships with other agencies never more productive. It also does so a year after Congress passed historic employment and training legislation -- the Workforce Investment Act (WIA) - which streamlined access to many programs under the umbrella of One-Stop Centers, the implementation of which will be overseen by DOL -- VETS' "home." VETS representatives, to make sure that veterans' rights are recognized and protected in the new system, actively participated with staff from the Employment and Training Administration (ETA) of DOL in promulgating interim final regulations published in April 1999 and developing planning guides and training to help States and localities implement WIA. While delivering veteran's employment services in the traditional venue of the state employment office is dramatically changing under the WIA, we believe that being part of DOL and the WIA program will further assist veterans and is crucial for such an effective role.

Furthermore, creating a separate, smaller, duplicate system with limited services to serve only veterans would jeopardize veterans' ability to access more than a dozen customer-friendly services provided under this one-stop system umbrella, and endanger their well-earned right to priority of service in the Wagner-Peyser funded employment service. Setting up a separate employment system for veterans does neither veterans nor the taxpayers any favors. Employers have told the Department of Labor that they want to deal with one employment entity. The new WIA system is designed to be business-led, and we expect that employer use of One-Stop Center services will exceed the current use of Employment Service offices. This represents a great opportunity for veteran "customers" of One-Stops - an opportunity that would be lost if VETS' programs were removed from the workforce system and placed at a separate location. Also, in such a duplicate system, priority of service would be difficult, if not impossible, to enforce. All the benefits of the One-Stop center would be lost to veterans, while available to the balance of the workforce. Veterans' employment and training needs are better served in an organization whose primary function is to develop and provide employment and training programs.

At the same time, the Commission recommends that over 2,700 veterans, many of whom are disabled, and who serve as Disabled Veterans Outreach Program specialists (DVOPs) and Local Veterans Employment Representatives (LVER), be replaced by other entities. Specifically, the Commission proposes to eliminate of 1,400 DVOPs and 1,500 LVERs -- all of whom are veterans -- and replace them with 1,610 Veterans Case Managers (VCM) and 552 Veterans Employment Facilitators (VEF) -- potentially non-veterans hired by private contractors. Our concern is both over the privatization of these employment services now provided to veterans in light of the Department's long-standing position that employment services must be provided by merit-system staff and over the reduced availability of services from the smaller number of dedicated staff. Furthermore, if the new staffing configuration is operated by a non-DOL program, we believe that veterans will not benefit from less dedicated staff, operating a duplicative system, separated from the growing number of One-Stop offices around the country, with fewer services to offer. To benefit from all employment services available, veterans would have to make 'two stops' to be assisted, rather than the 'one-stop' available to others. While the Commission's recommendation could result in a lower initial cost for VEFs and VCMs, VETS maintains that savings alone should not outweigh the quality of services for veterans.

Employment and training services for veterans are undergoing revolutionary changes. VETS is responding to the challenges of change and positioning itself to address the employment and training issues veterans will encounter in the 21st century. Thus, our last main issue is that the Commission did not address these developments. Since this information is key to understanding the valuable contributions of VETS independently and as a component of DOL, we present more details in our response to Issue II.E (Identify Credentialing Barriers and Opportunities) recommendations and summarize that information here.

First, VETS has developed a Military Resume Writer which will become an important part of America's Career Network. This is an on-line tool for DVOPs and LVERs to use when helping veterans translate their military experiences into civilian skills, and ensures some degree of universality and quality control. VETS is working with the Employment and Training Administration to test 2 pilot programs in 6 states to ensure veterans are receiving

priority of service. These include early access to jobs listed by Federal contractors and the automatic referrals of veteran resumes to posted jobs for which they are qualified.

Second, VETS has made great strides in the area of certification and licensing through its Interagency Task Force on Certification and Licensing of Transitioning Military Personnel (Task Force) and through pilot programs and other projects. The certification and licensing effort has been a departmental effort for over a year. In fact, the Task Force published an interim report two months before the Transition Commission's own report.

Third, in addition to the Task Force, VETS is working with leading companies and unions to help veterans use the skills they acquired in the military to move quickly into career building jobs in growth industries like information technology (IT) and telecommunications. Companies like Cisco, Microsoft, Lucent Technologies, U.S. West, Pacific Bell and PowerComm, and unions like the Communications Workers of America and the International Brotherhood of Electrical Workers are coming to VETS seeking assistance in filling their employment needs.

Fourth, as part of its work on certification and licensing, VETS is developing an Internet-accessible database of all Federal, state, and private licensing, certification, and accreditation requirements which will become part of the Department of Labor's extensive job and training Internet sites. This website will provide service members and others with a one-stop center for learning how military skills relate to the requirements of the civilian economy.

The process VETS and these organizations have developed to help qualified veterans obtain quality jobs is one that, once tested and perfected, could be employed to help other groups in society -- dislocated workers, disadvantaged youth, older workers, young people disaffected with traditional education, welfare recipients, and others, thus supplying the skilled workers needed to continue the growth of American business. Again, VETS not only serves veterans in innovative ways but also contributes to the overall aims of DOL.

Finally, an area of VETS' work not adequately reflected in the Commission's report is current data of the Vocational Rehabilitation & Counseling program. The Commission reported outdated figures, which fail to include the significant improvements in the program accomplished by the Departments of Veterans Affairs and Labor through increased cooperation and coordination. For example, the entered employment rate for Chapter 31 veterans increased from 33% in FY 1996 to 64% in FY 1998. In the first quarter of FY 1999, VETS and VA have further refined the data representation of this joint effort by excluding from the base of Vocational Rehabilitation Graduates those that have been terminated from the program either by voluntarily withdrawing or by the VA for other reasons. When these individuals are deducted from the ready for employment group, the VETS entered employment rate increased to 92%. Section II.I of our response to the Commission gives many more examples of the excellent improvement in this program.

This is the true picture of the Veterans' Employment and Training Service on the eve of the 21st century. We acknowledge and salute Congress' desire to ensure that the employment and training services for veterans provided by the Federal government keep pace with the exploding changes occurring in the economic environment at the turn of the century. We believe our response shows that VETS, as an integral part of the Department of Labor, is keeping pace, and perhaps is even a step ahead of these changes.

**Strategic Plan, its goals and strategies**

Performance standards are part of the way VETS makes sure that we are maintaining our obligations to veterans. VETS has been held accountable since 1972 under Title 38, Section 4107 – Administrative Controls and Annual Report (a)(3): "The Secretary of Labor shall establish definitive performance standards for determining compliance by the State public employment service agencies with the provisions of this chapter." Also within Title 38 Section 4101 (7) defines "the term 'local employment service office' means a service delivery point which has an intrinsic management structure and at which employment services are offered in accordance with the Wagner-Peyser Act". The task given to VETS under Title 38 is contained in Section 4102:

"The Congress declares as its intent and purpose that there shall be an effective (1) job and job training counseling service program, (2) employment placement service

program, and (3) job training placement service program for eligible veterans and eligible persons and that, to this end policies and regulations shall be promulgated and administered by an Assistant Secretary of Labor for Veterans' Employment and Training, established by section 4102A of this title, through a Veterans' Employment and Training Service within the Department of Labor, so as to provide such veterans and persons the maximum of employment and training opportunities, with priority given to the needs of disabled veterans and veterans of the Vietnam era through existing programs, coordination and merger of programs and implementation of new programs".

The terms to provide such veterans and persons the maximum of employment opportunities provide the basis for giving priority of service to veterans through the Wagner-Peyser Act.

The primary goal is set by "Section 4107 (2) a comparison of the job placement rate for each of the categories of veterans and persons described in clause (1) of this subsection with the job placement rate for nonveterans of the same age groups registered for assistance with the public employment system in each State". The primary delivery system for meeting this goal by providing priority is the Disabled Veterans Outreach Program specialists (DVOPs) and Local Veterans Employment Representatives (LVER) addressed earlier.

This obligation of VETS and the supporting data preceded the Government Performance and Results Act of 1993 (GPRA or the Act).

GPRA added other elements to Section 4107 which include Strategic Planning and Annual Performance Plans and GPRA was applied government wide. To paraphrase, the Act noted as its purposes: to improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results; to initiate program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress; improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction; to help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality; to improve congressional decision-making by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending; and to improve the internal management of the Federal Government.

The Act required agencies to engage in strategic planning, and by September 30, 1997 to submit a strategic plan for program activities, which would include a mission statement, general goals and objectives, including outcome-related goals and objectives, a description of how the goals and objectives would be met, a description of how the performance goals were related to the overall goals, identification of key factors affecting the achievement of goals, the use of program evaluations used in revising general goals and objectives, and a schedule of future program evaluations. The Act also required the preparation of an annual performance plan that would identify and define the level of performance to be achieved by program activities; express goals in a quantifiable and measurable form; establish performance indicators and provide a basis for comparison of performance with established performance goals. The Act also addressed resources, human capital, and improved management of program activity and means of addressing these.

VETS has taken its GPRA responsibilities seriously, and has involved its management staff at all levels in the development and implementation of its strategic plan. VETS started working on a strategic plan as early as 1994. Program evaluations were conducted by VETS staff formed into work groups and by contractors. Their recommendations became a base for further planning and decisions on how to improve our programs. By 1997, building on what had been done, VETS developed a five-year strategic plan. Each year, an Annual Performance Plan (APP) outlined the goals, strategies, outcomes and the measures for outcomes and outputs that reflected annual progress toward or achievement of goals. The APPs are based on resources and are tied to the Agency's budget request. Changes in the environment, including the enactment of the Workforce Investment Act, have recently led to the preparation of a new version of the strategic plan to address the rapid change in the labor market and the Departmental systems that deliver employment and training services.

VETS has been involved in updating our strategic plan since last year. VETS held a conference in Washington, D.C. last March to look at new strategies, impact and outcomes related to our strategic plan. VETS invited stakeholders, employees, resource individuals and speakers to the conference for comment, which resulted in recommendations from four work groups that addressed TAP; DVOP, LVER and the One Stop System; Workforce Investment

Act; and USERRA issues. The workgroups' recommendations were then folded into an outline from which our FY 1999 - 2004 proposed Strategic Plan was developed. VETS went back to its stakeholders with the proposed plan -- veteran service organizations, congressional staff, employer groups, State Employment Security Agency (SESA) representatives, and staff from other agencies. Their combined input is helping us to redraft a new strategic plan that will guide us through the next five years. In addition, VETS also incorporated new concepts into the Strategic Plan. Some of these surfaced as a result of General Accounting Office's surveys and reviews, such as the study done during the summer of 1998.

We have faced delays in implementing some of our performance measures. We further anticipate data collection problems to occur in the implementation of the Workforce Investment Act (WIA). WIA's different data collection and performance measures' requirements will affect VETS performance measures. The WIA merges the state employment system we have traditionally used with the Job Training and Partnership Act (JTPA) programs and other programs from the Department of Education. Most of our data, and the data upon which our measurement of priority of services is based, comes from the State's employment system through a quarterly OMB-approved information collection (ETA 9002, VETS-200 and VETS-300 reports).

Full implementation of the strategic plan requires the use of the data currently collected by the States, and the collection of additional data necessary to implement planned strategies and ensure that we can manage progress so as to achieve the outcomes intended. With this in mind, and realizing that getting the outcomes we want depends on efforts by the States, VETS has been exploring what can be done to have more effective State and local level performance standards. A preliminary discussion summary was placed in our Internet home page for comments and suggestions, and once we have a final product, we will share it with you and pursue implementation of better tools to measure local and State performance, measures that include accountability and take into consideration the many factors that influence the labor market locally.

VETS is also concerned that resources devoted to developing outcome measurements can only come from VETS' normal funding. This creates a problem, in that resources devoted to measurement come from the same funding available to serve veterans. Thus, the more VETS measures how well we do, the fewer services to veterans we can render, and thus there are fewer outcomes to measure. Because of this, VETS believes the most cost-effective way is using as many measurements as possible that do not require taking away resources from serving our clients, and rely on these existing measurements as indicators of how well we are doing. Our key concern is to make sure we have goals that we can measure, and that we have appropriate baselines from which we can measure progress and achievements.

VETS relies heavily on public data to do its planning, such as the decennial Census of Population and the Current Population Survey. VA, SESA and grantee data are regularly reviewed looking both for trends and the actual status of veterans. VETS plans relate to funding streams and resources, and our annual performance targets reflect this. Our annual performance target for FY 1999 is to help 300,000 veterans get jobs (this goal does not include the direct veteran support provided by the Wagner-Peyser Act but which is overseen by VETS state staff and the VETS grant funded DVOP/LVER staff which results in approximately 200,000 more veteran placements), and this number includes 10,000 special disabled veterans and 2,100 homeless veterans. VETS monitors these targets each quarter and compares reported numbers to the performance goals. Many of the strategies in our plan are designed to address how veterans fare in the civilian labor force, and because of that, our plan includes the overall baseline -- the unemployment rates and number of unemployed veterans from the subgroups that are targeted in our plan. Our strategies and planned measures will address the income and earning potential of veterans that we help into jobs, as well as our statutory purpose within the public employment and training system, making sure that veterans get maximum employment and training opportunities.

VETS tracks these, and other goals, from reports obtained from our partners and grantees. VETS gets the ETA 9002 report each quarter, which reports on the number of veterans and non veterans that register for services with the public employment service system, the services they receive, and the number that enter employment (get jobs), in each State. This report

measures how well priority of services to veterans is being provided by the States. VETS also gets quarterly reports on the services provided by DVOP and LVER staff, i.e., how many veterans entered employment as a result of their efforts. The 300,000 noted above relates only to the DVOP and LVER staff's direct efforts, including those served under the HVRP and JTPA IV-C grantees. But VETS also measures the relative rates at which registered veterans and non-veterans enter employment through the public employment service system, each SESA, and as many local employment offices as we can, to determine whether veterans get priority of services, because that is our charter in title 38.

VETS also gets data from federal contractors. Each year, they are required to submit a report noting how many Vietnam era and service-connected disabled veterans they employ, and how many they brought in as new hires during a year. VETS also tracks the Bureau of Labor Statistics' Current Population Survey for the labor force, which provides monthly trend information on the number of veterans that are employed, seeking work (unemployed) and not in the labor force.

Many of the data we use precede GPRA, these requirements were established under Title 38, Section 4107, and thus have a different thrust than outcome measures, often related to outputs and inputs, although they do include some outcome information. The data we collect from States also preceded the WIA, and its mandates for performance measurements. There is no definitive, comprehensive data collection system that counts all the veterans that we -- the Department, VETS and our grantees -- help to get jobs, or that get jobs because of VETS' activities only. Again citing Section 4107, in this case "(c) Not later than February 1 of each year, the Secretary shall report to the Committees on Veterans' Affairs of the Senate and the House of Representatives on the success during the preceding program year of the Department of Labor and its affiliated State employment service agencies in carrying out the provisions of this chapter and programs for the provision of employment and training services to meet the needs of eligible veterans and eligible persons". Our reporting system, representing much of VETS performance data, is based on the State employment service.

There are many veterans that get jobs because of our efforts on behalf of federal agency compliance with veterans' preference laws or employers' compliance with USERRA, and there is no cost effective way to count them. Our VETS-100 reports show that 14,161 special disabled veterans and 109,715 Vietnam Era Veterans are hired by federal contractors each year, but our ETA 9002 reports only show 2,609 special disabled veterans and 16,281 Vietnam Era Veterans hired through referral to employment service Federal Contractor Job Listings each year. This appears inconsistent, but it is not. Although federal contractors list their vacancies with the Employment Service, it does not mean that their affirmative action efforts to hire veterans are restricted to listing their jobs with the Employment Service. Similarly, our marketing efforts and other special efforts to promote veterans may result in employers hiring veterans, but there is no way VETS can count these veteran hires. Further, veterans may be referred to an existing job opening, but hired several months later after the job order is closed at the employment office.

Also, and particularly now and in the years to come, an increasing number of veterans will get jobs through the electronic tools provided through the Internet. A veteran can go to America's Job Bank to apply for jobs, get help preparing a resume because of the Military Resume Writer, or place their resume into America's Talent Bank or learn enough about job searches through our Transition Assistance Program (TAP) to get jobs without coming to the job service. This applies to about 130,000 men and women who attend TAP prior to separation from the military each year. At this moment, there is no data available to show how many veterans get jobs through the AJB/ATB.

Similarly, although VETS' State Directors work with SESAs to have DVOP staff stationed at VA, HUD, JTPA and other providers serving homeless veterans, and ensure they get employment assistance, we do not currently have a means of counting how many homeless veterans we help or get jobs for with the exception of our Homeless Veterans Reintegration Project reports.

Finally, our own reports are not able to count some of the veterans that get jobs through the public employment service system. If a veteran gets a job across State lines, the local office

cannot take credit. If the help a veteran received preparing a job search plan, resume, and employer contact effort pays off 91 days after the last contact with the DVOP or LVER that helped him, the local office does not get credit for the veteran getting a job. Additionally, many veterans are referred to federal job openings but may not be hired until well after the job order has been closed. Indeed, these data limitations apply to the larger non-veteran population as well.

We recognize these weaknesses in securing data but we are able to use other reliable indicators to evaluate how well we are doing our job. For example, the VETS-100 from federal contractors and its new hire data are an indicator; the year to year amounts that Department of Defense pays for unemployment compensation for ex-service members is an indicator of how effective TAP is; and the Annual Calendar Year data on veterans from the Bureau of Labor Statistics is an indicator of how effective certain targeted efforts have been (for example, for two years we targeted young recently separated veterans and their unemployment rate dropped below two digits). Because we monitor changes in the unemployment of veterans and implement strategies accordingly, the number and rate of unemployment of the different veteran subgroups are effective indicators of our performance. VETS intends to rely on this information more and more as a means of determining whether strategies implemented are indeed working as intended.

Some of the other mechanisms that we are looking at to evaluate whether we are meeting our performance goals include: 1) working with the Social Security Administration to track and compare the wage records of veterans who have received certain services versus control groups that did not. This mechanism may be particularly helpful in gaining an indication on wage increases and retention in employment. 2) We expect to collaborate with ETA in the design of longitudinal studies on WIA participants and press for the inclusion of statistically valid groups of veterans. Such surveys would also give us wage and retention information.

Each year, using the strategic plan as a launching point, VETS prepares an Annual Performance Plan that in its initial draft stages is tied to the budget process and assumes sufficient resources to meet the annual targets or milestones in the strategic plan. The Annual

Performance Plan is modified based on appropriations received, and then made part of the agency's management plan for the year, which drives managers' performance standards, operational processes, grant awards, and other activities that relate to the plan's implementation.

VETS has developed a management control process that ensures that strategies and outcomes are communicated to our staff and stakeholders, our partners and others. Two years ago VETS instituted a VETS' Operations and Programs Activity Report (VOPAR) that ensures that Regional Administrators and State Directors report on progress toward outcomes and strategies and identify issues or problems related to the plan's implementation on a monthly basis. Managers' performance standards and appraisals take into consideration their contribution to the outcomes and strategies in the VETS Strategic and Annual Performance Plans. Regional budgets are developed and submitted based on the workloads necessary to reach the Plan's desired outcomes, and they are approved taking contribution to overall plan achievement into consideration. We conduct Management Control Reviews of the Regions and the processes they have in place to reach the outcomes desired and overall management of the staff and activities. We do quality assurance reviews of USERRA claims to ensure that there are both timely and quality investigations. We further have a "Red Flag" system to identify problems while they are still small.

Finally, our own internal management controls and systems have value relative to performance measurement. Having a problem either identified in conjunction with a drop in the numbers or preceding a drop in the numbers validates the existence of a problem, enables the establishment of a corrective action plan, and its implementation can be identified from quarterly improvements in the data submitted. This process was stressed at a recent VETS managers' working group session and process review where performance data was analyzed in detail and expectations for corrective action planning and implementation clearly laid out.

It is important to realize that ideas and concepts have to be tested, and must be doable. Many ideas and concepts surface, but it is best to pilot test these to make sure they actually work or

show promise before full implementation of what might turn out to be a better idea in concept only or have unintended consequences.

As we do our work and with the authorities you have vested in VETS, we will continue to work for America's veterans who deserve the best benefits this Nation can provide. They have earned each and every one of these benefits through their service. Veterans are a Federal responsibility and, as such, VETS is determined to continue its efforts to ensure each veteran has a fair chance to reap the full measure of opportunity that our democratic society offers.

Thank you very much for this opportunity to address the Transition Commission report and our strategic and performance plans. I will be glad to answer any questions you may have.

**STATEMENT OF**  
**RONALD W. DRACH**  
 before the  
**SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS**  
**COMMITTEE ON VETERANS AFFAIRS**  
**U.S. HOUSE OF REPRESENTATIVES**  
**July 29, 1999**

Mr. Chairman and members of the Subcommittee:

It is an honor and pleasure to be invited before you today to discuss the Department of Labor's (DOL) Veterans Employment and Training Service's (VETS) response to the report of the *Commission on Servicemembers and Veterans Transition Assistance* (Commission).

By way of background, I was one of twelve Commissioners appointed by Congress to review and report on the adequacy and efficiency of current veterans benefits and programs as they affect today's separating servicemembers. The Commission established three "Panels" and I was asked to chair the Panel on Employment and Servicemembers Transition Services. Additionally, I retired from the Disabled American Veterans (DAV) in June, 1998 following almost twenty-eight years of service. The last twenty-three years with the DAV, I was their National Employment Director involved in all aspects of veterans' employment and training issues.

I have reviewed the Department of Labor's response to the Commission's report and offer the following comments.

In Secretary Herman's transmittal letter she indicates the Commission "...failed to take into account recent improvements in program performance, ignored the impact of new legislation such as the Workforce Investment Act, and based many of its conclusions on old data".

**The Commission based its recommendations on information and data provided by the Department of Labor.** The Assistant Secretary for Veterans Employment and Training was an ex-officio member and had every opportunity to bring to our attention that we weren't using current information and data. We had to base our findings on what they gave us. As for the "impact of ... the Workforce Investment Act" - the impact has yet to be learned as the legislation is currently in its early implementation stages.

One of DOL/VETS' biggest concerns appears in their EXECUTIVE SUMMARY and deals with the Commission's recommendation on changing the categories of veterans to receive "priority of service". The Commission recommends that "priority of service" be limited to disabled veterans, veterans with barriers to employment, and recently separated veterans (within four years following discharge). The Commission had considerable discussion on this issue. We concluded the current system is unable to provide priority to all veterans and often those most in need don't get served at all. The "creaming affect" kicks in and all too often those who really don't need help or need a minimum of assistance get help at the expense of those most in need.

DOL/VETS cites that 48.1% of all unemployed veterans are aged 45-64. Since the Commission did not attempt to define "barriers to employment" DOL/VETS would retain that authority to develop such a definition unless Congress would legislate such a definition. If DOL/VETS has this major concern for this group of deserving veterans, the question must be asked what is being done to work with these individuals now?

DOL is opposed to transferring VETS to the Department of Veterans Affairs. I should point out that the Commission stopped short of such a recommendation and this issue created quite a lengthy discussion. I discuss this in greater detail later in this testimony.

VETS has not always enjoyed high visibility or respect within DOL. They certainly enjoy a new found respect and status in the current administration -- a respect they did not have in prior administrations dating back at least to 1973. There is no guarantee this respect will continue in future administrations. There is nothing that VETS currently does in DOL that they couldn't do in the Department of Veterans Affairs. The role of VETS is not one of service delivery as DOL would have you believe.

The Commission's recommendation regarding VETS would not create a separate, duplicate system to serve veterans as alleged by DOL because VETS is not a delivery system. DOL also alleges that such a "separate, duplicate" system would "...endanger their [veterans] well-earned right to priority of service in the Wagner-Peyser funded employment service". **WHY????**

DOL/VETS states "Employers have told the Department of Labor that they want to deal with one employment entity". How did employers convey this message -- through focus groups, a survey, interviews with employers or what mechanism? The Commission did a survey of employers. One of the questions asked was, "If you wanted to hire a veteran, do you know who to contact"? Of the employers who responded 57% did not know who to contact. When asked, "Who would you contact"?, only 25% of thje employers who "knew who to contact" would contact job service offices, while 49% said they would contact the VA.

On page 4 of the EXECUTIVE SUMMARY DOL/VETS states "...VETS is working with leading companies and unions to help veterans use the skills they acquired in the military to move quickly into career building jobs in growth industries like information technology (IT) and telecommunications. Companies like Cisco, Microsoft, Lucent Technologies, U.S. West, Pacific Bell and PowerComm, and unions like the Communications Workers of America [CWA] and the International Brotherhood of Electrical Workers are coming to VETS seeking assistance in filling their employment needs". (VETS has been so pleased with the work of the CWA that they were honored with the Sonny Montgomery Award at last year's Salute to America's Veterans). As of January 1999, 201 separating servicemembers were referred to jobs through the CWA project but it is not reported how many were placed into career employment.

VETS is to be applauded for their ability to include such prestigious companies. However, their statement begs the question -- **how many veterans have been placed in these companies and not just referred and how many disabled veterans through vocational rehabilitation have been placed by these companies?**

Overall, DOL/VETS' response raises more questions as to its own performance as it defends against the recommendations of the Commission. On page 5, DOL/VETS cautions that if Congress removes VETS from DOL and turns the DVOP/LVER system into a separate, private system run by 53 different organizations it will have dire consequences. Remember again that VETS does not deliver services, it matters little where it is housed. The DVOP/LVER system is already run by 53 different organizations. In a competitive system as the Commission recommends, the states will be able to compete. They may not win the competition based on past performance, but they can compete.

Also on page 5 the DOL/VETS states that certain labor-exchange related services include "...vocational guidance, job counseling, job seeking skills, and intensive services generally using a case manager approach..." This statement leads one to infer these services are available on request. This subcommittee should ask DOL/VETS to provide data on how many veterans by category received each of these services.

Current law states and DOL/VETS admits "Implicit throughout Chapter 41 of Title 38 is the requirement that SESAs provide the maximum opportunity for jobs and job training to the job-seeking veterans in their respective States". Yet the DOL/VETS performance standards say that a State only have to provide services to veterans at a rate higher than non veterans. Therefore, if a State places 12% of its non veterans in jobs, it need only place 12.1% veterans in jobs to meet the compliance indicators for that category. Not very stringent standards and certainly falls short of the Congressional intent of "maximum". The Commission offered the following comment **"The Commission is outraged by the fact that, according to DOL's 1997 Annual Report, nine states meet DOL performance standards while placing fewer than 10 per cent of veteran registrants"**.

The DOL/VETS disputes data reported by the Commission as being misleading. **If, in fact the data are misleading then the Commission was misled by the data provided by DOL/VETS.** At no time did the Assistant Secretary, an ex officio member of the Commission offer to provide us clarifying data that were not misleading. Additionally, DOL/VETS' exception to their own data begs for a new system of data collection that all users can understand and leaves no room for interpretation.

Further evidence of data defense by DOL/VETS is contained on page 8 of their response. The section dealing with federal contractor job listing for Program Year 1997 reveals that federal contractors reported hiring 123,876 targeted veterans. The local employment offices referred 121,949 targeted veterans to these federal contractor but only 18,901 of these referred veterans were hired by these contractors. This means that only 15% of the referred veterans obtained jobs with federal contractors. Why were so few hired? DOL/VETS' explanation is "It **appears** that due to timing and interstate problems in hiring verification, many of those veterans referred were hired by Federal contractors but **not reported by the SESA reporting system**" (emphasis mine). Perhaps another explanation is that federal contractors don't use the employment service very much.

DOL/VETS opposes the idea of providing a competitive process for funding either the Commission recommended positions of Veterans Case Manager (VCM) and Veterans Employment Facilitator (VEF) or DVOP/LVER. They say competing the process "raises a host of equity issues". Equity issues already exist. First, states are going to be funded regardless of their performance. Second, some states charge as much as 26% of their grant to administrative overhead and other states are much lower. That should be an "equity issue" of paramount concern to DOL/VETS.

They also express concern that "...private vendors who would have profit motives to work primarily with the more employable veterans, potentially ignoring the hardest to serve clients that need more intensive services". That problem currently exists in many states and DOL as much as admits it when they mention on page 12 that they want to provide financial incentives by "...establishing an incentive fund...to be used to reward exceptional local offices, managers and DVOPs/LVERs and **poorly performing states that make dramatic improvements**" (emphasis mine). This potential problem among private vendors can be avoided by "weighting" placements and other services provided to those most in need.

DOL/VETS agrees that the performance measures need updating. They state "Nothing in the statute precludes VETS from establishing new prototype outcome and process measures for DVOP and LVER. Therefore, we believe that the Commission's recommendation for legislation is unnecessary." When can we expect DOL/VETS to develop such outcome and process measures?

I would like to commend VETS on the development of their web page on the Internet. I have reviewed it and found it to be very informative. What is VETS doing to assure that job seeking veterans know about the web site?

VETS is also to be commended for its progress on electronic employment assistance. The question still must be asked, however, how does VETS get the web site information to the veteran. I am also concerned that many DVOPs/LVERs do not have dedicated computer support and some have no access to the Internet. All the electronic assistance is no good unless it reaches the intended audience -- job seeking veterans.

DOL/VETS' response indicates that "...Federal contractor jobs currently are flagged for initial exclusive viewing by DVOPs and LVERs". How many DVOPs/LVERs have access to these jobs?

In responding to the Commission's recommendations on the Job Training Partnership Act (JTPA), DOL/VETS states the Commission "misinterpreted" the data. Again, this was data provided by them, and as an ex officio member, the Assistant Secretary had every opportunity to correct any of our "misinterpretations". Every one of our documents was prepared in draft format, circulated among all the Commissioners and ex officio members for comment (some of these drafts even reached the hands of VETS field staff) and yet VETS never offered insight into our "misinterpretations" until they responded to Congress.

During my 23 years as National Employment Director for the Disabled American Veterans (DAV) I monitored data for federal contractors. The federal contractor affirmative action program was never effective and never enforced. The contractors are required to file annual reports (VETS-100) on their accomplishments. While the reports may not have required all the necessary data for assessing contractor's compliance, they do contain sufficient data to track employer and industry trends. To my knowledge the VETS-100 report was never used to trigger a compliance review of a federal contractor's compliance. DOL/VETS reports that for Program Year (PY) 1997 "local employment offices reported that 51,895 veterans were placed [by federal contractors]. Of this number, 16,259 were Vietnam era and 2,642 were special disabled veterans". This means that of all veterans placed only a little more than one-third were veterans targeted for affirmative action. (see my earlier comments on this subject on page 3).

DOL/VETS reports to Congress that "10,930 Federal contractors did not file the required VETS-100 report", and that information was passed on to the DOL's Office of Federal Contractor Compliance. By not filing this report, these contractors have violated federal law. What has been done to enforce this law?

DOL/VETS opposes the Commission's recommendation to amend the current affirmative action requirements to delete Vietnam veterans, change special disabled veteran to disabled veteran, and add recently separated veterans. They do not provide any rationale for their opposition to changing special disabled to all disabled. Congress should ask them why they oppose that. I believe Congress should also ask for clarification of their position on recently separated veterans to avoid any "misinterpretations" by Congress or the readers of their response to the Commission's report. Specifically, DOL states **"...amending section 4212 of Title 38 to extend coverage to 'recently separated veterans' would assist these transitioning service personnel into the civilian workforce"** (emphasis mine). They go on to say **"...it is unclear what is meant by 'recently separated veterans'"** (emphasis mine). **Why then would they support the change if they don't know what they're supporting.** Additionally, for as long as I can remember "recently separated veterans" means someone who was discharged or released from military service within the last four years.

On page 35 of DOL/VETS' response they state "It appears that the Commission has concluded that an entire agency (VETS) ... should be moved ... because it believes that the one program jointly served by VETS and VA, ... is unsuccessful". Perhaps DOL/VETS has **"misinterpreted"** the Commission's recommendation. We did not recommend that VETS be immediately transferred.

The Commission's recommendations start on page 85 of the Commission's report. The reason for suggesting that VETS maybe should be transferred at a later date is found in the "Analysis" section on page 84 of the Commission's report -- "The Commission is especially concerned with the low percentage of vocational rehabilitation program participants being placed in suitable employment and the low percentage of veterans registering for jobs at state employment service offices who are placed through the assistance of DOL-funded employment specialists. The Commission also has serious concerns about the effectiveness and efficiency of program administration and oversight at DOL/VETS. DOL/VETS' leadership, however, says that improvements will occur and has prepared a *Strategic Plan for Fiscal Year 1997-2002*. The Commission has reservations about whether DOL/VETS, through its plan, will be able to effect significant changes in the employment services it administers and oversees. The plan does not address the precipitous drop in state-grant program performance from PY 1996 to 1997". Further, if this transfer were to take place, the Commission envisions a new system of employment and vocational rehabilitation consolidating existing programs and responsibilities into one program under the jurisdiction of the Undersecretary for Benefits.

Thank you again for allowing me to participate in these hearings today. That concludes my statement and I would be happy to answer any questions.

**RONALD W. DRACH****President****R.W. Drach Consulting**

P.O. Box 60209

Potomac, MD 20859-0209

Phone: (301)765-1943

Fax (301)765-1944

email [consultrwd@aol.com](mailto:consultrwd@aol.com)**EMPLOYMENT***June 1998-Present*

President, R.W. Drach Consulting, Potomac MD, a consulting business specializing in disability, veterans, vocational rehabilitation, employment and training issues and Social Security. Clients include Brown and Associates; *MAXIMUS*; and the Office of Personnel Management (OPM).

*Feb. 1975-July 1998*

National Employment Director, Disabled American Veterans, Washington DC. Responsible for all of DAV's employment, training, vocational rehabilitation, disability, accessibility, homeless and other socio-economic issues. Served as principal representative on these issues before the White House, Congress, Department of Labor, Office of Personnel Management, US Postal Service, Small Business Administration, President's Committee on Employment of People with Disabilities, and other private and not for profit organizations. Worked closely with the Department of Veterans Affairs on several issues with special emphasis on Vocational Rehabilitation. Appeared on behalf of the DAV before various Congressional committees eight to ten times a year. Established a program and provided technical support to a nationwide network of DAV National Service Officers who provided representation to disabled veterans seeking Social Security disability benefits. Designed and implemented a nationwide outreach treatment program for Vietnam veterans suffering from Post Traumatic Stress Disorder. The VA's current Readjustment Counseling Service is modeled after this highly successful effort.

*Oct. 1972-Feb. 1975*

Administrative Assistant to the National Director of Employment, Disabled American Veterans, Washington, DC. Provided support to the Employment Director, responded to letters and phone calls from disabled veterans seeking information on their employment rights and Social Security benefits. Provided individual representation to disabled veterans for Social Security benefits before Administrative Law Judges and the Appeals Council.

*Aug. 1970-Oct. 1972*

National Service Officer, Disabled American Veterans, Pittsburgh, PA and Washington, DC. Assisted disabled veterans and their dependents in the preparation of their benefit claims before the VA and Social Security Administration.

*Feb. 1968-July, 1970*

Receptionist, Department of Veterans Affairs, Pittsburgh, PA. Met disabled veterans and other members of the public and directed them to the correct individual or office best suited to assist them. Answered the main phone line and directed the calls as appropriate.

**ORGANIZATIONS AND AFFILIATIONS***Dec. 1996-Feb. 1999*

Appointed by Senator John "Jay" Rockefeller (D-W.Va.) as one of twelve people to the Commission on Servicemembers and Veterans Transition. The Commission is charged by Congress to review programs, services and benefits being provided to separating military servicemembers to determine their adequacy, effectiveness, and timeliness. The Commission is required to report its findings and recommendations to Congress.

*March 1996-July 1997*

Member, VA's Steering Committee on the Redesign of Vocational Rehabilitation. Was part of a group of experts brought together to oversee efforts of the VA's Vocational Rehabilitation and Counseling Service to refocus on how it does business with its clients - America's disabled veterans. This effort was in direct response to criticism from Congress, GAO, and veterans service organizations.

- May 1995-Present* Appointed by President Clinton as Vice-chair, President's Committee on Employment of People with Disabilities as one of six Vice-chairs. Serve at the pleasure of the President on a committee established by executive order and act as co-chair of the Task Group on the Budget. Advise the Chairman on employment issues as they relate to people with disabilities and disabled veterans.
- May, 1994-Dec. 1997* Appointed by Secretary of Labor Robert Reich as first Chairman, Secretary of Labor's Advisory Committee on Veterans Employment and Training. Committee was established by law to make recommendations to the Secretary of Labor on employment and training issues for veterans.
- Aug. 1986-Aug. 1989* Appointed by Social Security Commissioner to the Disability Advisory Council, Social Security Administration. The Council was charged with reviewing Social Security disability law, regulation and policy as they related to work disincentives experienced by Social Security disability beneficiaries (SSDI and SSI). This involved a series of meetings in Washington, Baltimore and around the country to obtain first hand knowledge of these disincentives and recommendations to remove or mitigate them in order for beneficiaries to return to work. The Council heard from beneficiaries, their representatives and advocates, private attorneys, Social Security officials, and other experts in the fields of social insurance and vocational rehabilitation.
- Aug. 1985-May 1999* Chairman, Veterans Advisory Committee on Rehabilitation. Committee was established by law to advise the Secretary of Veterans Affairs on rehabilitation issues affecting disabled veterans around the country. The committee reviews laws, regulations and policies of the VA and makes recommendations to the Secretary.
- Military Service* US Army, August, 1965 - November, 1967. Sergeant E-5. Retired for disability resulting from wounds received while serving in combat in the Republic of South Vietnam.

In complying with Committee requirements I offer the following information. I do not and have not for the two previous fiscal years had any contract or grant with any agency or department regarding the subject matter of this testimony. While a member of the Commission on Servicemembers and Veterans Transition I received pay from the Department of Defense as an employee. That pay started after my retirement from the Disabled American Veterans. At no time during my tenure that I was employed by the DAV did I receive money from DOD for pay, travel or per diem.

STATEMENT OF  
JAMES B. HUBBARD, DIRECTOR  
NATIONAL ECONOMICS COMMISSION  
THE AMERICAN LEGION  
BEFORE THE  
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS  
COMMITTEE ON VETERANS' AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
ON  
VETERANS' EMPLOYMENT AND TRAINING SERVICE (VETS)

July 29, 1999

Thank you Mr. Chairman and Members of the Subcommittee, for the opportunity to comment on the program effectiveness and the strategic plan of the Department of Labor's Veterans' Employment and Training Service (VETS).

***Program Effectiveness***

In the past six years, the VETS has endeavored to reinvent itself within the confines of funding constraints, while faced with major changes to the Employment and Training Service (ETS) made under the Workforce Investment Act. VETS makes up about 15 percent of the system operated in the states by the Employment Training Administration (ETA).

At the same time, several of the states were in the process of reinventing the public labor exchange using funds made available by the Department of Labor (DOL). Even though DOL retained approval authority of any changes made, veterans were suppose to be protected under provisions of Title 38 United States Code. Now it seemed that services for veterans, which are supposed to be provided on a priority basis, were left behind. In one case, the Secretary of Labor even withheld a major portion of the ETA grant until the state complied with department regulations. When told that veterans' funds might also be withheld, the governor's representative said "*So what!*"

At the same time, appropriations for the agency declined 11 percent in real terms and the money made available does not support the statutory levels of the Disabled Veterans Outreach Program Specialists (DVOPs) and Local Veterans' Employment Representatives (LVERS) provided for in Title 38.

Given these circumstances, The American Legion believes VETS continues to perform reasonably well. When VETS implemented performance measures for the states, they discovered some anomalies and immediately revised the performance standards. VETS prepared a strategic plan, which fits into the strategic plan adopted by the DOL.

***Strategic Planning***

The development of the current strategic plan for VETS began in 1994. The plan follows the requirements of the Government Performance and Results Act passed by Congress and is intended to make Federal agencies more accountable for results.

VETS declares its mission to be one of helping veterans and members of the National Guard and Reserve in finding employment; training for employment (when necessary); and ensuring the rights and benefits associated with military service. VETS aims to provide consistent service, which is flexible enough to meet the changing needs of employers and veterans eligible for the service.

The plan is more specific when it comes to declaring goals, with economic security being the overall objective. Other goals are to ensure the unemployment rate for veterans is less than that of non-veterans with veterans also maintaining higher income levels. VETS concentrates on those veterans with employment barriers and sub-populations of veterans with higher

unemployment rates. The American Legion believes that all of these goals and objectives are worthy, measurable, and achievable.

Since VETS-funded LVERs and DVOPs operate within the larger public employment and training system, its plan must mesh with the overall strategic plan of the DOL. To that end, VETS plan concentrates on several items:

- *Transition Assistance (teaching veterans how to find meaningful employment)*
- *Ensuring applicable military training is relevant to civilian life in order to provide economic security for veterans and their families*
- *Credentialing of people trained in the military by civilian licensing and certifying agencies*
- *Providing needs-based services to veterans requiring special assistance*
- *Working with employers to convince them that veterans make excellent employees*

The strategic planning process is affected by major changes during its course. Congress passed the Workforce Investment Act in 1998, an act which brings major changes and consolidation to ETS. VETS has had to integrate its mission and the mandates in Title 38 USC into this new environment. Throughout the process, VETS has sought the advice of its stakeholders including employers, the Interstate Conference of Employment Security Agencies (ICESA), the veterans service organizations and ETA through face-to-face interaction in meetings and conferences.

Briefly the current strategic plan has three key goals:

- Help 300,000 veterans obtain career employment.
- Ensure that of those 300,000, at least 10,000 are special disabled veterans.
- Ensure that of the 300,000, at least 1,850 are homeless veterans.

These goals are ambitious, but realistic, measurable and clearly, achievable. The American Legion accepts them and applauds VETS for its initiative and "Putting Veterans First" attitude.

These goals are linked with the funding request for VETS through the appropriations process. Earlier we mentioned that funding for VETS has declined in real terms by 11 percent over the past decade. As a result, the number of people providing direct services to veterans continues to decrease and training has suffered. Future funding must be linked towards achieving their strategic plan.

There are several issues associated with this plan as VETS looks to its implementation. The Workforce Investment Act will have a major impact. With the advent of automated systems in one-stop career centers, registrations will invariably decrease. There is an old adage: *Give a man a fish and he will eat today; teach a man to fish and he will eat for the rest of his life.* Since its inception VETS has tried to teach proven job finding skills and techniques. Over the years, the effectiveness of this effort has paid big dividends in that many veterans are able to successfully find employment without the close supervision of VETS. But in periods of low unemployment, finding a job is not as challenging as during prolonged periods of high unemployment when job vacancies are at a premium. Where does a veteran turn in those desperate moments?

Proper measurement of some veterans who use the system, but don't register, is difficult and expensive. For example, out-of-state placements of veterans are not counted. Many veterans are underemployed and still actively seeking meaningful employment. A veteran who finds a job 90 days or more after receiving services is not counted. Veterans who find jobs through America's Job Bank are not counted. Veterans hired by Federal contractors or through the veterans' preference statutes are not counted. It is not that these people can't be counted. They can, but it is very expensive. Funding for these measurements must come from the same place as funding for DVOPs and LVERs. Given a choice between measuring achievements and hiring people to assist veterans, VETS has chosen to do the hiring. This is a proper choice in the view of The American Legion.

Resources for this agency are at an all time low point. VETS' budget remained essentially flat-lined for the past several years. Such inadequate funding allows no growth in the numbers of those veterans employment specialists providing actual services. Inadequate funding means no growth in the Federal staff overseeing the grants and the operations of the agency. When federal employees get an annual payraise, it really equates to termination of employees and reduction in services. The only bright spot in this dismal environment is the ongoing improvement in cooperation with the Vocational Rehabilitation and Counseling Service at the Department of Veterans Affairs (VA). The measurements here are accurate since all these veterans receive intensive case management from the time they apply for training until they finally find a job.

The American Legion believes this plan allows for enough flexibility for VETS to attempt new approaches. The Workforce Investment Act will result in each state implementing its own system of running the public labor exchange. VETS will continue to pilot new ideas in each of the 2,500 planned one-stop career centers. Needs-based services will be the norm with those who are job-ready, while having facilitated services available, reserving case management, and time-intensive services for those veterans with significant employment barriers. Some veterans will only be shown how to use the automated services. As these pilots are implemented and best practices are developed, strategies which work will be replicated across the system.

According to the plan, VETS will continue to work with large employers and employee organizations to meet the special needs of this group. This is important since employers as a group are just coming to understand the excellent skills and attitude veterans bring to the workplace.

Mr. Chairman, The American Legion is pleased to put our stamp of approval on this strategic plan for VETS. Now, we believe that Congress must step up to the plate and provide the proper funding for VETS to succeed. They have been trying to squeeze blood out of the proverbial turnip for far too long. Fund them properly, cut them loose, and they will succeed.

Thank you for the opportunity to appear this morning.

**STATEMENT OF**  
**ANTHONY L. BASKERVILLE**  
**DEPUTY NATIONAL SERVICE DIRECTOR**  
**FOR EMPLOYMENT**  
**DISABLED AMERICAN VETERANS**  
**BEFORE THE**  
**SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS**  
**HOUSE VETERANS' AFFAIRS COMMITTEE**  
**JULY 29, 1999**

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the Disabled American Veterans (DAV) and its women's auxiliary, I am privileged to appear before you today to present the organization's views on the effectiveness and strategic planning of the Department of Labor's (DoL's) Veterans Employment and Training Service (VETS).

The overall mission of VETS is to help veterans, reservists, and national guard members in securing employment, training, and the employment rights and benefits associated with their military service. Some key elements of their mission include:

- **Enforcement:** resolution of claims by veterans, reservists, and national guard members under the Uniformed Services' Employment and Reemployment Rights Act (USERRA).
- **Veterans' Preference:** with the enactment of Public Law 105-339, the responsibility for investigating veterans' preference complaints under title 5, United States Code, was transferred from the Office of Personnel Management (OPM) to VETS.
- **Employment and Training Assistance:** the provision of services to eligible veterans and transitioning service members in accordance with grant agreements with states, mainly State Employment Service Administrators (SESAs), local governments, and non-profit agencies.
- **Public Information Services:** the compilation, synthesis, and provision of information regarding the rights and obligations of employers and protected individuals, the employment and training program services available, and results achieved by VETS internal and external customers and service delivery partners.
- **Interagency Liason:** The establishment and maintenance of effective service delivery networks involving other agencies and organizations in the public, private and non-profit sectors.
- **Training:** the development and delivery by the National Veterans' Training Institute (NVTI) of specific professional skills and program-oriented curricula to service providers' staffs and managers.

As an organization of more than one million men and women disabled in our Nation's defense, the DAV is dedicated to one, single purpose: building better lives for all our Nation's disabled veterans and their families. DAV is interested in the transition of our separating veterans into the civilian workforce, and the availability of meaningful employment opportunities for service-connected disabled veterans, and veterans with critical barriers to employment. We are pleased with the advocacy of VETS in its approach to helping veterans. This mission has been accomplished through the development and oversight of training programs through grants to states and non-profit organizations. VETS further serves the employment and retraining needs of veterans by establishing and enforcing job referral control mechanisms imposed on state employment service agencies, as well as investigating complaints of violation of reemployment rights against employers.

Mr. Chairman, separating servicemembers face many barriers to employment and re-employment in the civilian job market. This is because civilian credentialing requirements do not recognize their military training and experience although many of the qualifications and skills are the same or similar. This inability to meet federal, state, or private sector civilian job requirements or standards has precluded separating servicemembers from realizing the full benefits of their military training and experience.

Mr. Chairman, in its report, the Congressional Commission on Servicemembers and Veterans Transition Assistance asserts the Congress must provide transitioning servicemembers with the means and opportunity to succeed in their civilian lives and to invest their talent and ability in the American economy. In April 1998, the DoL and Department of Veterans Affairs (VA) formed a Task Force on Certification and Licensing of Transitioning Military Personnel. This task force is representative of departments and agencies of the Federal government, including the Department of Defense and all military branches. The Task Force has helped members learn about the licensing activities of these agencies and has created initiatives between agencies to assist active duty personnel and veterans to more easily acquire licenses needed for civilian employment (such as FAA licenses needed for aircraft and airframe mechanics).

The Task Force has established state pilot programs on certification and licensing in Ohio, Georgia, Colorado, Maryland, and South Carolina for occupations such as health care, law enforcement, commercial drivers, metalworking, power plant operators, emergency medical technicians, and building trades.

Mr. Chairman, we believe VETS should be commended for its participation in this area and would hope this committee would join us in applauding its efforts.

DAV also supports VETS' efforts with the Microsoft Skills 2000 Military Information Technology career initiative introduced in February 1999. This program leads interested service members with knowledge of and aptitude for computers through a special program designed for transitioning servicemembers, which includes classes that lead to Skills 2000 Certificates in several different information technology fields. This appears to be an excellent program which will only strengthen VETS strategic goals.

Mr. Chairman, Congress has determined that our Nation has a responsibility to meet the employment and training needs of veterans. To accomplish these goals, the Assistant Secretary of Labor for Veterans' Employment and Training (ASVET) is authorized to implement training and employment programs for veterans. The ASVET is also responsible for ensuring the availability of sufficient funds for use in each state to support the appointment of Disabled Veteran Outreach Program Specialists (DVOPs) and Local Veteran Employment Representatives (LVERs), the Joint Training Partnership Act (JTPA), the National Veterans Training Institute (NVTI), the Homeless Veterans Reintegration Program, and other programs.

VETS' budget provides funds to support 1,431 DVOP positions, 688 below the congressionally-mandated level and 1,306 LVER positions, 294 below mandated levels. Several years ago someone coined the term "voodoo economics." On reading the budget information provided by the Department of Labor for VETS for fiscal year (FY) 2000 in the categories of LVER and DVOP and upon finding additional information, the term "voodoo economics" comes to mind.

Mr. Chairman, although we support VETS' mission and its strategic plan, we question whether, under its proposed budget, if VETS will have the resources necessary to fulfill its existing and future goals.

Mr. Chairman, I again want to thank you and Committee for the opportunity to present the views of DAV.



**DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS**

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received \$55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received \$8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.

STATEMENT OF  
**JAMES N. MAGILL, DIRECTOR**  
**NATIONAL EMPLOYMENT POLICY**  
**VETERANS OF FOREIGN WARS OF THE UNITED STATES**

**BEFORE THE**

**SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS**  
**UNITED STATES HOUSE OF REPRESENTATIVES**

**WITH RESPECT TO**  
**EFFECTIVENESS AND STRATEGIC PLANNING OF THE**  
**VETERANS EMPLOYMENT AND TRAINING SERVICE**

Washington DC

July 29, 1999

Mr. Chairman and Members of the Subcommittee:

On behalf of the 1.9 million men and women of the Veterans of Foreign Wars of the United States, I appreciate the opportunity to participate in today's hearing to evaluate the U.S. Department of Labor's Veterans Employment and Training Service's effectiveness and strategic planning.

The relationship between veterans, disabled veterans, and employment is vital to public policy and today's environment. Veterans, and particularly disabled veterans, often encounter barriers to their entry into the workforce. Many have difficulty obtaining appropriate training, education, and job skills. These in turn contribute to low income levels, low labor force participation rates and high levels of reliance on public benefits.

The stated mission of the Veterans Employment and Training Service (VETS) is to help veterans, reservists, and National Guard Members in securing employment, training, and the rights and benefits associated with their military service. The key elements of VETS' mission are Enforcement; Veterans Preference; Employment and Training Assistance; Public Information Service; Inter Agency Liaison, and Training. In reviewing the strategic plan of VETS we see a commitment that reflects the Department's Strategic Goals: a Prepared Workforce; a Secure Workforce; and Quality Workforce.

What may very well be the cornerstone of the strategic plan is ensuring that Veterans get the maximum employment and training opportunities within the workforce. This effort should extend beyond the priority of services provided by the federal public employment service system and the efforts of the Disabled Veterans Outreach Program and Local Veterans Employment Representatives staffs. Efforts to identify federal contractors and subcontractors, the Transition Assistance Program, marketing to employers, ensuring that veterans preference is given for federal jobs, and facilitating use of knowledge, skills and abilities of separating service members in the civilian labor market do not show in traditional Departmental information collections. Thus vets under the plan will strive to continue interventions that result in progress showing in Bureau of Labor Statistics civilian labor force data and has set objectives to match the interventions planned.

VETS goal for a Secure Workforce will strive to assist veterans, reservists and National Guard member so that they do not lose private (non-VA) pension rights or benefits because of military service or required training. VETS also will strive to provide quality workplaces by reducing discrimination towards veterans because of military service, service-connected disability or National Guard and reserve training.

Mr. Chairman, the VFW commends VETS for a strategic plan that will improve veterans employment opportunities to the level they deserve and have earned; however, as the name implies this is a "plan." We expect VETS to implement this plan to the fullest extent as VETS must be held accountable for its success.

We also hold accountable the Congress to provide VETS with the necessary funding to ensure VETS success. Past administrations have not proposed adequate budgets to support the Disabled Veterans Outreach Program Specialists and the Local Veterans Employment Representatives. Likewise, the Congress has not appropriated the

necessary dollars to fully fund these crucial programs. Without the support of the Administration and Congress, the veterans will be the ultimate losers.

Mr. Chairman, again I want to thank you and the subcommittee for the opportunity to express our vision.



***Vietnam Veterans of America, Inc.***

1224 M Street, NW, Washington, DC 20005-5183 • Telephone (202) 628-2700

Faxes: Main (202) 628-5880 • Advocacy (202) 628-6997 • Communications (202) 783-4962 • Finance (202) 628-5881

World Wide Web: <http://www.vva.org> • E-mail [71154.702@compuserve.com](mailto:71154.702@compuserve.com)

*A Not-For-Profit Veterans Service Organization Chartered by the United States Congress*

**Statement of**

**VIETNAM VETERANS OF AMERICA**

**Submitted by**

**Calvin Gross,  
VVA Chairman, Employment Training and Business  
Opportunities Committee**

**Before the  
House Subcommittee on Oversight and Investigations**

**July 29, 1999**

Mr. Chairman and members of the subcommittee, Vietnam Veterans of America (VVA) appreciates this opportunity to express our views and concerns regarding the Veterans' Employment and Training Service (VETS) Strategic Plan for future fiscal years. VVA believes that VETS has a most crucial role in helping veterans transition from the military to the civilian job market and in helping disabled veterans be a part of this strong economy. In light of this important mission, and in light of this rapidly changing economy and market place, we believe it is imperative for VETS to have a cognitive, defined, and cogent plan for the future.

Unfortunately, upon reviewing this Strategic Plan, we cannot conclude that VETS has clearly stated, nor does it appear that VETS truly knows, where it is headed.

Since its inception, VETS has been an agency fixated on numbers. The emphasis has always been on the number of veterans placed into jobs. The emphasis has not been on the kind of jobs that veterans are placed in. VVA believes strongly that the veterans of the U.S. armed forces are highly qualified, capable individuals who have the potential to be real assets to employers. We believe that VETS should be designing itself to place veterans into high quality jobs where veterans' full potential can be realized. This Strategic Plan does not emphasize this nearly enough. It should be emphasized somewhere in the plan that there is a real need for "data integrity." The "obtained employment" statistics that VETS currently uses gives a misguided view of the achievements or lack thereof by VETS. A veteran with a degree in electrical engineering who is placed into a job at Arby's will be counted simply as "obtained employment" with no marker to indicate that the veteran is dreadfully underemployed. We believe that the data VETS uses should fall more in line with the Government Performance and Results Act (GPRA) and reflect true accountability for its performance.

The mission statement contained in Section 1 of the plan is redundant. Furthermore, it says nothing of placing veterans into high quality jobs, which should be the primary mission of VETS.

The language describing the "vision" of VETS is vague and lacks substance. It talks of how VETS will help those veterans who can help themselves "access to new resources." It talks of "person-to-person interaction to ensure delivery of services to all those who are in need." It talks of "advocating that veterans have the requisite value-added skills and abilities that are demanded by the quality driven economy of the 21st Century." VVA wholeheartedly supports such sentiments, yet we do not see this as a "Vision." The aforementioned language has in theory always been the goal of VETS. In sum, the Vision says nothing new. It does not come close to specifically defining how VETS is going to achieve the goals it has stated in the Vision statement.

Today's problems come from yesterday's solutions. The DVOPS and LVERs within VETS are still using outdated methods to assist veterans in their job searches. DVOPS and LVERs need the flexibility to implement reform at the local level. The way the current VETS system is designed, when a DVOP or LVER pushes for reform, he or she is only pushed back further. They need to be able to fully engage the local business community and "sell" their veteran clients. The strategic plan does not

go into any depth regarding the individual DVOP or LVER's role in the future. It simply talks of the need for more DVOPs and LVERs.

The VETS Performance Goals contained in the report are all goals that we certainly support. Again, however, these "goals" are part of VETS's mandated job. Of course "resolving USERRA complaint cases expeditiously while maintaining high quality case handling procedures" should be a goal. Of course a better enforcement of federal contracting regulations regarding veterans and a better enforcement of veterans' preference law should be a goal. The point is, these problems that these goals address have been largely created by an ineffective VETS. This strategy plan says nothing about how VETS is going to root out deficiencies within its own structure.

The VETS Strategic Plan is not precise, not to the point, and not attainable. It is not a "living" document, but merely a list of goals without any clarification on how these goals will be met. VVA believes that the solution for a more effective VETS lays not in just asking for more DVOPS and LVERs and more money. A "system" approach needs to be incorporated within VETS where those employees in the field, the DVOPs and LVERs become an integral component and catalyst of change.

VVA believes this plan needs to be tweaked and fine-tuned in many areas before it becomes doctrine. Thank you for the opportunity to appear this morning.



## *Vietnam Veterans of America, Inc.*

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Faxes: Main (202) 628-5880 • Advocacy (202) 628-6997 • Communications (202) 783-4942 • Finance (202) 628-5881

World Wide Web: <http://www.vva.org> • E-mail [71154.702@compuserve.com](mailto:71154.702@compuserve.com)

*A Not-For-Profit Veterans Service Organization Chartered by the United States Congress*

### **VIETNAM VETERANS OF AMERICA**

#### **Funding Statement**

**July 29, 1999**

The national organization Vietnam Veterans of America (VVA) is a non-profit veterans membership organization registered as a 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

VVA is not currently in receipt of any federal grant or contract, other than the routine allocation of office space and associated resources in VA Regional Offices for outreach and direct services through its Veterans Benefits Program (Service Representatives). This is also true of the previous two fiscal years.

For Further Information, Contact:  
 Director of Government Relations  
 Vietnam Veterans of America.  
 (202) 628-2700, extension 127



**WRITTEN  
STATEMENT FOR THE RECORD**

Peter Gaytan  
AMVETS Legislative Director

**S**  
SERVING  
WITH  
PRIDE

for the  
House Veterans Affairs  
Subcommittee on  
Oversight and Investigations

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Veterans' Employment and Training Service

Thursday, July 29, 1999  
334 Cannon



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**A M V E T S**

NATIONAL  
HEADQUARTERS  
4647 Forbes Boulevard  
Lanham, Maryland  
20706-4380  
TELEPHONE: 301-460-9600  
FAX: 301-460-7924  
E-MAIL: [amvets@amvets.org](mailto:amvets@amvets.org)

Mr. Chairman, I am Peter Gaytan, National Legislative Director for AMVETS. We appreciate the opportunity to provide written testimony in support of your oversight efforts on the budget for Veterans' Employment and Training (VETS) for Fiscal Year 2000. My comments will be brief. Neither AMVETS nor I have been the recipient of any federal grants or contracts during fiscal year 1999 or the previous two years.

At a time in our history when unemployment is approaching record lows, the economy is strong, and, for the first time in several decades the national debate seems increasingly focused on what to do with budget surpluses rather than how to deal with deficits, Americans generally may be content with their economic circumstances. One can reasonably argue that indeed times are good. They are - unless you happen to be a veteran facing separation or retirement from military service and are looking for a job.

We believe that America's commitment to its veterans, codified and consistently reaffirmed by federal statutes throughout our history, is not being satisfied to the degree Congress intended. Indeed, the perception among America's veteran population is reaching similar conclusions. Increasingly they sense that a "grateful nation", may not be - that other priorities now consume the nation's consciousness - that veterans' issues are no longer important.

With regard to employment issues, a dichotomy exists. Hardly a day passes without an article appearing in a newspaper or other periodical commenting on corporate America's urgent need for skilled employees. Concurrently, DoD projects that it will separate between 250,000 to 275,000 service members during each of the next several years. The dichotomy is that generally employers are not aware of the advantages this veterans population, and those who preceded them, bring to the employment market place. And, for their part, most veterans do not know how to effectively access the employment opportunities for which they may offer clear and timely solutions.

Mr. Chairman, you and your Subcommittee, together with the House Committee on Veterans Affairs have aggressively fought to support veterans programs. Indeed, many of the initiatives you have fought for are currently in place. Unfortunately, in too many instances we believe they are not working as efficiently as you intended. And, in the process, veterans are being left behind.

In its recently published report, the Congressional Commission on Servicemembers and Veterans Transition Assistance commented extensively on a series of problems with current veteran's employment and training initiatives. Representative among its findings and recommendations the Commission reported the following:

#### FINDINGS

- That veterans continue to need the special job training services that the Job Training Partnership Act (JTPA IV-C) funds.
- That the current process for allocating veterans job training funding excludes 81 percent of the veterans in the civilian labor

force from access to JTPA IV-C funded job training, the primary purpose for veteran-specific job training.

- That DOL estimates that more than 80,000 veterans who need training to become gainfully employed are precluded from receiving training under the current funding process.
- That veterans would have more equitable access to job training if funding were allocated on a national basis to veterans, rather than to geographic jurisdictions and then to program providers.

## RECOMMENDATIONS

- That Congress appropriates sufficient funds (approximately \$32 million) to enable a viable national veterans training program.
- That DOL make JTPA IV-C/VWIP training funds equitably available to all eligible veterans through a competitively selected executive agent, either a federal, state, or nonprofit organization with ability to disperse funds nationally. Under this system, veterans' service providers in all states (currently DVOP and LVER staff) would write training contracts for individual veterans until the pool of funds was exhausted. Training providers would submit their invoices for payment to the executive agent administering the funding pool.

Separately, AMVETS, in partnership with the Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars, recently published its thirteenth edition of the Independent Budget – Fiscal Year 2000. It also addresses veterans' employment and training issues. Representative findings include the following:

- Servicemembers are not adequately served by the Transition Assistance Program and Disabled Transition Assistance Program (TAP/DTAP).
- The National Veterans Training Institute (NVTI) administers training programs unavailable elsewhere and should be funded at a level adequate to ensure training is continued within a constantly changing veterans environment.
- Discrepancies at the State Employment Service Agency (SESA) level affect the services veterans receive. The Department of Labor (DOL) needs to review the current structure and process for the delivery of employment services to veterans to ensure successful outcomes rather than process are rewarded.
- Within the VETS system, performance standards are inconsistent and inadequate. There is no system in place through which comparisons can be drawn between state programs so that successful programs can be rewarded. VETS must develop meaningful performance standards in order to ensure limited fiscal resources are applied only where successful outcomes are consistently achieved.
- Inadequate funding within both the DVOP and LVER programs makes full compliance with federal statutes extremely difficult, if not impossible. For example, there is a shortfall of \$32.5 million between the mandated level of funding for DVOP and LVER programs which only Congress can remedy.

Mr. Chairman, it seems to us that, notwithstanding the commitment to supporting veterans' employment initiatives, and the well intentioned efforts

of both federal and state agencies to effectively implement congressional mandates in this area, veterans continue to be under served. Part of the challenge which confronts us today may well be to overcome bureaucratic inertia – an inability to recognize the changing dynamics associated with veterans employment issues today; a hesitancy to adjust programs to accommodate to these changes; and a failure to establish clear standards through which program implementation is measured in term of outcomes rather than process.

We have the Department of Defense, the Department of Veterans Affairs, and the Department of Labor (DOLVETS) all tasked with responsibility for implementing various Congressional mandates for and on behalf of veterans. For its part DoD certainly knows which servicemembers are scheduled for separation/retirement. They know who they are, where they are, and when they will be available for transition/employment assistance.

DVA is currently in the process of establishing offices at major military separation facilities across the nation and, by next year, they intend to establish an overseas presence in both Asia and Europe. These initiatives serve several vital purposes including the ability to provide outreach to veterans at their time of separation.

And, DOLVETS knows the labor marketplace. They know better than anyone else, where the jobs are.

There is a natural partnership in the offering here. Each of these agencies has as part of its congressional mandate a responsibility for assisting veterans. And each, in its efforts to comply, has invoked various policies and procedures focused on satisfying this congressional direction. In the process, however, there may be duplicative efforts which work at cross purposes. When you are dealing programmatically with these issues, it is very difficult to think in units of one – one veteran, seeking help in his or her efforts to find post military employment. We believe we need to examine ways to better focus on the special needs of veterans by applying the strengths each of these agencies brings to the table. We need a coordinated, results-oriented approach, which solves employment issues, one veteran at a time.

The companion piece to such an initiative is a renewed outreach effort to potential employers nationwide describing the real benefits to them of hiring veterans. The Commission's report pointed out that in its "National Survey of Employers Concerning the Hiring and Job Performance of Veterans of the United States Military", the Gallup Organization learned that:

- 74% of all employers surveyed reported they had employed veterans.
- Only 26% of employers actively recruited veterans.
- When employers were asked why they did not actively recruit veterans, 29% said they did not gear recruiting to a specific group and 21% reported they had never considered recruiting veterans.
- When employers were asked if they wanted to hire a veteran, did they know whom to contact, 42% said they did however of

those who said they did, 48% incorrectly identified the VA and 25% cited the local job service office in their state.

Mr. Chairman, in summary, we believe the issues surrounding veterans' employment and training are clearly solvable. To do so will require a continued congressional commitment to fully fund those programs mandated by law. However, there may also be fiscal savings achieved by refocusing the combined efforts of DoD, DOLVETS and DVA in a renewed goal and outcome oriented partnership. And, we need to renew our outreach efforts to potential employers. In employment terms, veterans continue to be a national treasure. We simply need to do a better job introducing them to employers.

Mr. Chairman, this concludes my testimony.

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES  
CHAIRMAN EVERETT TO DEPARTMENT OF LABOR

**Questions submitted for the record by  
Chairman Terry Everett**

*1. You stated during the hearing on July 29 that VETS has one national standard for measuring job placement performance for each of the 50 states. Describe that standard.*

Section 4107(b) of Title 38, U.S.C. requires that VETS establish definitive performance standards to annually determine if State public employment agencies have complied to the provisions of Chapter 41 and Chapter 42. VETS has set forth these standards in 20 CFR 1001.120. Source: 49 FR 12919, Mar. 30, 1984. Redesignated at 54 FR 39353, Sept. 26, 1989.

There are five service categories which compare rates of service achieved for veterans versus rates of service for non-veterans. They are as follows: 1) placed/obtained employment (entered employment); 2) the placement of special disabled and Vietnam-era veterans into jobs with Federal contractors; 3) counseled; 4) placed in training; and 5) received some reportable service. Each of the five categories, except for the Federal contractor standard, is sub-divided into veterans and other eligibles, Vietnam-era veterans and disabled veterans.

This breakout provides for 14 performance benchmarks. To achieve compliance a State agency must achieve all 14 benchmarks at a rate for veterans and other eligibles of 15% higher than non-veterans; for Vietnam veterans 20% higher than non-veterans; for disabled veterans 25% higher than non-veterans and for special disabled 25% higher than non-veterans (relative to federal contractor jobs).

Unless a good cause explanation for failing to achieve the standards is provided by a State agency and is accepted by VETS a corrective action plan is required. Good cause explanations may include data anomalies, participation in pilot programs, data system failures etc.

As indicated in the testimony before the July 29 Subcommittee hearing VETS has taken performance measurement seriously and initiated several projects in conjunction with States to develop effective performance standards that are outcome measures rather than relative measures. These initiatives have particular significance as the traditional data collection system is transformed from the State employment system to the new Workforce Investment system.

In addition, VETS has revised its Strategic Plan and is moving towards absolute performance standards. We are in the process of developing new standards which use absolute instead of relative measures of performance and have recently introduced them to the Employment and Training community for comments. These measures are consistent with the Workforce Investment Act (WIA) and the recommendations made by the General Accounting Office (GAO). We expect these standards to be developed with FY 2000 being the transition year, followed by implementation beginning FY 2001.

However, Section 4107 still requires VETS to report activity and service comparisons -- an expensive and questionable reporting requirement under WIA. The WIA performance reporting requirements are considerably different from traditional employment system reporting requirements. These changes will affect the recording of the number of applicants who get a job through the One-Stop and therefore our capability to compare veteran and non veteran entered employment rates. VETS funded staff will continue within the WIA and we are planning to record as much data as possible by working with our many new partners and Workforce Investment Boards as established under the Workforce Investment Act.

*2. "List the nine states that had an employment placement rate of less than ten percent, yet still met the VETS performance standard."*

The standard that VETS uses for States' performance measures is "entered employment." Entered employment is also the measure that is required under the WIA. Using the ETA Form 9002 for PY 1996, which is the year the Transition Commission used, we could find only one

State with an entered employment rate less than ten percent which still met VETS' entered employment performance standard (Title 38, Section 4107(b)): Rhode Island, with an entered employment rate of 8.9% for veterans, and 4.2% for non-veterans.

As we reported in our response to the Transition Commission report (page 7), "...these [entered employment] figures fail to capture all the veterans who found employment as a result of assistance from the Job Service. Many States track their 'entered employment' data by using unemployment insurance employer wage records. However, this means of measurement fails to include veterans who are referred to a job and hired in another state." Rhode Island is a very small State, making it very likely that many of its residents get jobs in surrounding State(s).

Title 38, Section 4107(c) (which mandates VETS' reporting requirements) requires VETS to report on a category called "job placement rate." The job placement rate measure has not been in wide use since PY 1993, except to fulfill our Title 38 reporting requirement. Title 38 clearly needs to be updated to meet the requirements of the Government Performance and Results Act (GPRA) and WIA. We provide suggested Title 38, Section 4107(c) changes in response to Congresswoman Brown's question 5.

We looked at PY 1996 ETA Form 9002 data to determine how the Transition Commission might have arrived at nine States under ten percent and still met our entered employment performance standard. The only instance that we could find nine States was by using the job placement rate for veterans ages 22 to 44 -- which is not a VETS performance standard. We have concluded that this is likely how the Commission got the nine State total that fit the referenced criteria. This is another example of how the Transition Commission misinterpreted the data provided. "Job placement rate" has not been used since PY 1993, and our standard does not use this category (ages 22 to 44).

For your information, we believe the nine States cited on the Transition Commission's report "that had an employment placement rate of less than ten percent [for veterans ages 22 to 44]" were Connecticut, Delaware, District of Columbia, Hawaii, Michigan, Ohio, Rhode Island, Virginia and Wisconsin. The ETA 9002 provides information for Veterans Ages 22-44.

*"Explain how a placement rate of less than ten percent still met the standard set by VETS."*

For many years, VETS has required a relative performance standard that the States must meet. That standard is that entered employment rates should be at least 15% higher for veterans, 20% higher for Vietnam-era veterans, and 25% higher for disabled veterans -- all in comparison to non-veterans -- which we believe follows the intent of Title 38. Therefore, a State could have a job placement rate of less than ten percent and still meet VETS' entered employment standard by being 15%, 20%, or 25% higher than that State's entered employment rate for non-veterans in the measured categories.

**3. "Provide the Subcommittee with the costs of administrative overhead at DOL/VETS headquarters as well as the program administrative costs in each state."**

The Department of Labor does not have an "administrative overhead" category in its financial system. We do have a category, the Working Capital Fund, that defines our Departmental support. This includes charges for Departmental support for budget, financial, information technology, personnel, procurement, strategic planning, and other centralized support from the Department. This Departmental support cost VETS \$2,055,448 in FY 1998.

For the latter half of this question, a table providing the States' administrative costs in FY 1998 is attached as Chart 1.

**4. Describe the information systems VETS will use to obtain its performance data. What are the internal control procedures in place within VETS to ensure the accuracy of this data?**

The performance data for veterans' services is collected for State Employment Security Agencies (SESAs) and the DVOP/LVER programs using the Employment and Training Administration's (ETA) Office of Management and Budget (OMB) approved reporting system.

The reports produced include the ETA Form 9002 (services, activities and characteristics of all applicants registered with the public labor exchange), VETS 200DVOP (services, activities and characteristics of veterans which were provided assistance by DVOPs), VETS 200LVER (services, activities and characteristics of veterans which were provided assistance by LVERs), VETS 300 (financial reporting for both DVOP and LVER programs) and Veterans Measures of Services. In addition, VETS State Directors and Assistant State Directors use local office performance evaluations to validate the information and data produced by these Management Information Systems (MIS) and to identify program deficiencies. They review all MIS reports; conduct personal interviews with SESA staff, employers, and registrants; and, check local office source data to validate the Form 9002 and VETS 200 data. There have been a number of instances where VETS analysis of data found inaccuracies with State MIS systems and the grantees corrected the data collection problems uncovered by VETS' review.

*5. You stated in your testimony that employees have told the Department of Labor that they want to deal with one employment entity. Yet, when the Transition Commission conducted a Gallup poll, and asked employers, if they wanted to hire a veteran, did they know who to contact, 57 percent responded that they did not know who to contact. When asked who would they contact, 49 percent responded the VA.*

*Does VETS have a formal plan drafted to systematically contact prospective employers in order to promote veteran hires? Name the employers that have been contacted by VETS for this purpose. What is the specific timeline for contacting employers?*

*Is an employer contact program currently part of your strategic plan?*

We do not have a separate, formal plan to systematically contact prospective employers. However, in VETS' revised strategic plan, the first goal is "Enhance employment opportunities for veterans,...by delivering services on a priority basis as they seek, secure, maintain, change or improve their job(s)." One of the strategies to achieve that goal is to "Improve and increase marketing efforts to employers, marketing veterans as a 'bottom line' asset to employers hiring them for career building jobs, and marketing to employers veterans who are on public assistance. Design and implement a national marketing campaign directed at the needs of targeted veterans' groups." The design of this marketing campaign will be developed in FY 2000, with implementation beginning in FY 2001.

The ongoing marketing that VETS has been doing is:

#### VETS' State Directors (DVETs)

DVETs are involved in job development, assist with job fairs, encourage the hiring of veterans while informing employers of the obligations of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), and foster the hiring of veterans at meetings of organizations such as the Chamber of Commerce and the Rotary Club.

#### Disabled Veterans' Outreach Program (DVOP)

DVOPs develop job and job-training opportunities for veterans through contacts with employers, and work with Department of Veterans Affairs staff to locate employers to work with graduates of the Vocational Rehabilitation and Counseling program for disabled veterans.

#### Local Veterans Employment Representatives (LVER)

LVERs maintain regular contact with employers to keep them advised of the pool of veterans available for employment and otherwise encourage employers to hire veterans.

### Federal Contractor Program (FCP)

Any federal contractor receiving a contract of over \$25,000 is required to list their job openings with the Employment Service. This has resulted in over 600,000 jobs a year being listed with the Employment Service.

Federal contractors are also required to file a VETS-100 form with VETS showing how many Vietnam-era veterans and special disabled veterans have been hired. For PY 1997, reports show federal contractors hiring 109,715 Vietnam-era veterans, and 14,161 special disabled veterans.

Earlier this year, VETS' National Office sent letters to 60,000 Federal contractors (at 180,000 different employer hiring sites), reminding them of their obligations with respect to veterans, and letting them know where they need to post their job openings and how to locate a pool of veterans seeking employment. VETS can supply the Subcommittee with the names of these employers if it wishes.

One of our Regional Administrators recently spoke to approximately 100 human resource personnel representing Federal contractors at an Office of Federal Contract Compliance Programs conference. He told the group about the DVOPs and LVERs available to them locally to help them locate the right veterans for their jobs.

### Other Marketing Activities

- The Assistant Secretary of VETS (ASVET) recently gave awards to several companies in the El Paso area for hiring veterans, and National Office staff attend ceremonies at the Department of Defense sponsored by the National Committee for Employer Support of the Guard and Reserve, which salutes employers who hire reservists and National Guard members despite the inconvenience of call-ups and training to which these employees are subject.
- **CompTIA** The ASVET has met with CompTIA, the Computing Technologies Industry Association, which consists of 7,500 information technology companies around the Nation. VETS is now working with CompTIA on a pilot program to help transitioning service members obtain certifications necessary to work in certain computer fields. The ASVET and the Deputy Assistant Secretary have also met with executives of Lucent Technologies to encourage hiring of veterans. In addition, Cisco Systems has joined with the Communications Workers of America in a project which leads veterans to employment in the telecommunications industry with companies such as AT&T, US West, Pacific Bell, and others.
- **ProVet** At the end of last year, VETS began a pilot program known as ProVet (Promoting Reemployment Opportunities for Veterans). This program matches employers in a given geographical region with similar job skill needs with groups of transitioning military personnel who have those skills. A marketing campaign is an integral part of the program. The marketing campaign includes Transition Assistance Program (TAP) participant guides (which describes the program and its advantages), a ProVet participant application form, and a list of ProVet contacts at the employment service. A ProVet power point presentation guides the TAP facilitator through an explanation of the program. Employers participating in ProVet receive an employer toolkit, consisting of a letter from a celebrity supporting ProVet (the governor in Tennessee), an explanation of the program's mission, an employer-interest form, and a list of ProVet contacts. These materials are enclosed in an attractive folder which has room for additional informational material. In Tennessee, a set of public service print ads were prepared and distributed to each daily and weekly newspaper in Tennessee, accompanied by a cover letter from the Secretary of Labor; a poster is being prepared for display in local employment offices, and an informational brochure will be available for mass distribution. VETS is planning to expand ProVet into more States, accompanied by a similar marketing component, in FY 2000.

- **Licensing and Certification** Staff who lead the certification and licensing work of the Interagency Task Force on the Certification and Licensing of Transitioning Military Personnel have been meeting the human resource personnel at various Federal departments to educate them on the education, training and experience of military personnel, and the work of the Task Force in helping military personnel obtain the certifications or licenses the departments may require from prospective employees. All the departments have asked that the veteran-specific website being created by VETS be linked to the job opening pages of their departments' websites.
- **Job Fairs** National Office and field staff regularly visit job fairs to speak to employers and to ensure that they are aware of the trained, responsible pool of available veteran workers.
- **TAP** As part of the Transition Assistance Program workshops (TAP) provided at over 170 military installations around the country, local employers are invited to attend to tell the transitioning service members about the opportunities at their respective businesses.
- **Women Veterans** VETS is also co-sponsoring a poster contest with other Department of Labor agencies with the theme - "Hire a vet: she's a model employee." The winning poster, which must be created by a veteran, will be unveiled by Secretary Herman at the Department's Annual Salute to All American Veterans on November 10, 1999 and will be distributed to employment offices throughout the country, veterans service organizations and any other location where we believe it will foster increased interest in hiring women veterans.
- **VETS' Internet Web Page** VETS' site on the Internet serves as a source of information for employers and veterans on VETS' programs, initiatives, and staff. Linked to the VETS' web page are "e-laws" systems which assist employers, veterans, reservists, and National Guard members by providing information on the Uniformed Services Employment and Reemployment Rights Act (USERRA) and veterans' preference.

All of these efforts are on-going year round, other than the poster contest.

We are gratified that all of these efforts contribute to the unemployment rate for veterans continuing to be a percentage point below that of non-veterans.

*6. In your testimony, you state, "VETS is responding to the challenges and positioning itself to address the employment and training issues veterans will encounter in the 21<sup>st</sup> century." Name specific examples of: 1) how VETS is responding to the challenges of change veterans will encounter in the 21<sup>st</sup> century, and 2) how VETS is positioning itself to address the employment and training issues in the 21<sup>st</sup> century.*

#### WIA

The passage of the Workforce Investment Act of 1998 means a sea change in the way job placement and training is offered to all Americans looking for work, including veterans. VETS is educating its field staff on the implications of WIA, and seeing that our State Directors are doing all they can to involve the veterans community in the local workforce development boards. Outstanding field staff well-versed in the State employment system are being detailed to the National Office to work as VETS' liaison with the Employment and Training Administration on the regulations and guidance being issued that will impact the One-Stop Centers and employment and training programs for years to come. In this way, VETS is ensuring that veterans concerns are being addressed.

#### Military Resume Writer

To remedy the problem many veterans face when trying to explain their military training, skills, knowledge and ability to civilian hiring personnel, VETS has created the Military Resume

Writer, which is available on the Internet. The Military Resume Writer automatically describes in civilian terms the skills and experience acquired in the military based on the user's military occupation. This on-line tool will be linked to America's Talent Bank, thus simplifying the user's task of creating a resume that can be accessed and understandable to employers.

#### Electronic Filing of VETS-100 Forms

VETS now allows Federal contractors to file their VETS-100 forms electronically, thus making this legal obligation less burdensome. Thousands more Federal contractors are now filing their VETS-100 forms, meaning that DVOPs and LVERs have a larger pool of job openings for eager veterans looking for the higher-paying, challenging jobs usually offered by Federal contractors.

#### Certifications and Licensing

When an employer wants to hire veterans, we want to be sure the veteran is job-ready. More and more of these employers are requiring some kind of certification or license as evidence of the minimum amount of education, training, experience and skills necessary for employment. To be sure that veterans are not caught short by this growing trend, VETS is attacking this problem on three levels.

- **Federal level** With the Department of Veterans Affairs, the Department of Labor, led by VETS, has created the Interagency Task Force on Certification and Licensing of Transitioning Military Personnel. The Task Force met for the first time in June 1998 and has been meeting regularly since. Members include representatives of the Department of Defense, all five military branches, and representatives from other Federal departments and agencies. The Task Force is studying how the process of obtaining Federal licenses can be eased for transitioning military personnel and veterans. For example, if all military personnel trained as motor vehicle operators were able to leave the military with Commercial Drivers Licenses (CDL), they would more easily obtain one of the 80,000 positions for truck drivers available each year. Having the CDL would save thousands of dollars in tuition fees for truck driving school and the hundreds of dollars it costs to rent a truck for the driving test. If military personnel trained and experienced in aircraft repair and maintenance obtained their Federal Aviation Administration airframe and power plant mechanics licenses while still on active duty, they could immediately obtain career employment with the ever-growing airline industry and delivery service business.
- **State level** VETS also has certification and licensing programs in States, which often require credentials for jobs in health care, law enforcement, building trades and other occupations. VETS has funded veteran employment representatives in States who are working with the relevant State agencies to ensure that veterans receive credit for their military training and experience when determining qualifications for necessary credentials.
- **Private Industry** Additionally, VETS is working with private industry and unions, which have created proprietary certifications accepted nationally as evidence of the holder's competence in computer-related fields, construction and the trades, automobile mechanics, trainers, and many more occupational fields.

VETS' programs are described in the answer to Question 7 below.

*7. Please name specifically the pilot programs that re referenced in your testimony. When was each program inaugurated? How long is the duration of each pilot program?*

#### Microsoft Initiative

The Microsoft Skills 2000 Military IT Career Initiative began in May 1997. This pilot program was offered initially at Transition Assistance Program (TAP) workshops at four military installations - Ft. Lewis Army Base, San Diego Naval Base, Langley Air Force Base, and Norfolk

Naval Base. This pilot program offered separating military personnel, their spouses, dependants and veterans with some computer skills the opportunity to pursue information technology training, loan assistance, and job placement services. After only a few months, Microsoft was so satisfied with the results (in a brief survey, 35% of 400 participants stated that the training had helped them get a job in the information technology field), Microsoft made the program available at all TAP sites. Microsoft has received no funding for this program, and they have placed no end date on the program. In the Spring of 1999, Microsoft agreed to offer this program on a pilot basis to veterans utilizing DVOP/LVER services in Maryland and Pennsylvania. In Maryland, veterans are able to obtain Job Training Partnership Act IV-C grants to help defray the costs of the technology courses leading to software certifications. The State-based version of the Microsoft program is scheduled to end no later than April 2000.

#### Telecommunications Industry

- **CWA** The Communications Workers of America (CWA) Military to Work pilot project began in November 1997 and was scheduled to run through November 9, 1998. A 'no cost' extension was granted to extend the final date to March 31, 1999. Separating military personnel and veterans with communications training or aptitude receive an assessment of their current skills and knowledge, and are then scheduled for further training or referred to job openings at telecommunication companies such as Lucent Technologies, AT & T, PacBell and US West. This program is continuing without additional funding. In June 1999, Cisco Systems joined with CWA and VETS to create the Workforce Transition Project, the second phase of the CWA project. The second phase is scheduled to end on June 29, 2000. Cisco Systems is creating a more sophisticated on-line assessment tool than was initially used for the Military to Work project. The goal of this new project is to provide quality skill assessment and evaluation that leads to personalized training, certification and job placement. In conjunction with the Arizona State University, three on-line, fully accredited personalized training courses will be offered to veterans, which will teach them how to design, build and maintain small to medium-sized computer networks. Successful completion of the courses will provide the opportunity to enter the workforce in the computer-networking field.
- **PowerComm** On May 17, 1999, VETS funded a training grant to the PowerComm Foundation in Boston. Partnering with the International Brotherhood of Electrical Workers (IBEW), separating service members and homeless veterans who served in combat arms in the military will be trained at an IBEW training center and be certified as electricians, journeyman linemen and telecommunications installers. This pilot program is scheduled to conclude on May 16, 2000.

#### State Certification and Licensing Initiative

The State certification and licensing pilot program began in September 1998. The States of Ohio, Maryland, Georgia, Colorado and South Carolina were given additional DVOP funding to hire a DVOP specialist to work exclusively on licensing and certification. Each State chose one or two occupations affected by State credentialing requirements to study. Occupations chosen included health care, law enforcement, commercial drivers, and several trades. The pilot programs are scheduled to end September 30, 1999. Ohio and Maryland will continue their work for another year. Although Colorado's work resulted in service members being permitted to take State licensing tests for which they did not otherwise qualify, the State decided that credentialing was not a barrier in the State. South Carolina is completing a comprehensive 'gap analysis' in the field of law enforcement. South Carolina compared the training, skills and experience of law enforcement-related military occupations with the requirements of State and local law enforcement entities, detailing the gaps that exist between the two. Use of this gap analysis will make separating service members and veterans interested in entering the law enforcement field aware of additional training they need to acquire before they can successfully seek employment in this occupation, which includes not only police officers, but also private security guards, prison guards, bailiffs and similar positions. Georgia is completing a technical assistance guide, or TAG, in the fields of law enforcement and emergency medical technician (EMT). This TAG will include basic information about military training and experience for military personnel in

those fields, credentialing requirements adversely impacting those wishing to work in those occupations generally existing in other States, and procedures States can take to lower the barriers faced by separating service members and veterans desiring to enter employment in those occupations. These TAGs will be offered to all interested States.

Using what has been learned during the first year of this pilot program, new States will be selected this Fall to participate in this pilot program in 1999-2000.

### ProVet

Promoting Reemployment Opportunities for Veterans (ProVet) began in late 1998 and early 1999 in Tennessee and North Carolina. The goal of ProVet is to match separating service members with a certain set of skills with a group of employers in a limited geographical area seeking employees with those skills. VETS funds State staff hired specifically to work with ProVet participants and ProVet employers. Transitioning military personnel attending Transition Assistance Program (TAP) workshops in the participating States who are willing to work in the State and have the skills sought are signed up to participate in ProVet. The ProVet staff contact works to match the soon-to-be-veterans with employers who have agreed to participate in the program.

ProVet has a marketing element as a vital part of the program. Some of the marketing material includes a TAP participant guide to ProVet, a power point presentation that helps the TAP facilitator describe the program to the workshop attendees, an employer toolkit explaining the mission of the program, and, in Tennessee, a set of public service print ads which have been distributed to newspapers throughout the State. A poster has been created which will be displayed in local employment offices.

As the first year of the program winds down, VETS is in the process of selecting new States to join Tennessee as 'ProVet States.'

*8. You have identified data collection under WIA to be a problem for VETS. Please list steps VETS is taking to address the way in which VETS will collect data under WIA. What alternatives and new systems of collection are being discussed within VETS?*

The Workforce Investment Act (WIA) requires the following data: entered employment rate; earnings received in unsubsidized employment six months after entry into employment; and, retention in unsubsidized employment six months after entry into employment. This data is provided for those people who are required to register (those who receive certain core services and/or intensive services). For USERRA and veterans' preference, we have internal data collection systems. Additionally, we have goals that will require surveys and outside evaluations.

In addition, we have been regularly meeting with ETA as part of their accountability measurement team that is developing performance measures and data collection methodology for the Workforce Investment system. Our efforts are focused on capturing data that is required to measure performance accurately in order to ensure that priority of services to veterans is being provided.

*9. How many "corrective action plans," mentioned in your testimony, have been implemented?*

- a. Describe each corrective action plan and the reason for the implementation.*
- b. For each corrective action plan, state placement rate before and after implementation of the plan.*

Corrective action plans (CAP) are typically implemented at the local office level, making a summary of them more time-consuming than what the deadline for this response permits. Thus,

we are only able to provide at this point a sampling of CAPs from several States, indicating the reason for implementation of the CAP and the results. Should the Chairman still desire a detailed report, we can request such information from the local offices and provide a comprehensive summary in the style below, with more time permitting.

<b>SAMPLE SUMMARY OF RECENT CORRECTIVE ACTIONS TAKEN</b>				
<b>State</b>	<b>Description of CAP Issues</b>	<b>Corrected Y/N</b>	<b>Placement Rate Prior</b>	<b>Placement Rate After</b>
MA	Late Reporting	Y	*	*
CT	Outstatingion of DVOP	Y	*	*
MD	Failed to meet Performance Standards	Y	10.0%	22.9%
MD	Failure to provide priority job referral	Y	16.0%	30.2%
MD	No service beyond initial application.	Y	13.0%	15.5%
WV	IMS Data incorrect	Y	*	*
IN	Failed to meet Performance Standards	Y	*	*
MI	Failed to meet Performance Standards	Y	*	*
MI	Failed to meet Performance Standards	Y	*	*
OH	Failed to meet Performance Standards	Voluntarily took CAP although under hold harmless for alternate performance measures		
AZ	Failed to meet Performance Standards	Y	10.3%	16.3%
AZ	Failed to meet Performance Standards	Y	17.6%	34.6%
CA	Failed to meet Performance Standards	Y	33.0%	40.0%

**\*Problem corrected / No effect on placement rate**

In reading the above summary, please note that each CAP is unique to the issues involved. For example, the way a CAP works is shown by the Massachusetts CAP shown above. Massachusetts' late reporting had to be corrected before the next scheduled report was due. For the Connecticut CAP in the chart, Connecticut failed to meet its outstationing requirement, and was required to outstation more DVOPs before its next scheduled report. The remainder of the examples in the chart are similar and fairly self-explanatory, except that Ohio presents an unusual example. Ohio placed itself on a CAP, even though this was not required because it was a pilot State testing alternative measures of performance.

10. *It is my understanding that the Department of Labor competes its services under the Title IV-C program, the Homeless Veterans' Reintegration Program (HVRP), and the National Veterans Training Institute (NVTI) program. Is that correct?*

Yes.

11. *The HVRP is known as one of the more cost effective programs in the federal arena, in that community-based organizations across America have a good record of placing homeless veterans in jobs in a cost effective way. Do you agree?*

Yes.

12. *Also, the National Veterans Training Institute that provides training to DVOPs and LVERs, among others, is run by one of the universities in Colorado rather than by the Labor Department or the Office of Personnel Management, for example. Is that correct?*

Yes.

13. *What is your assessment of your organization having competed HVRP and NVTI services - for example, are you getting reliable service providers through this approach? Are they accountable?*

VETS' assessment is the following:

#### NVTI

NVTI is providing exceptional training, and we have a Contracting Officer's Technical Representative (COTR) on VETS' staff, who is responsible for assuring that the contractor is held accountable.

#### HVRP

HVRP is an excellent program. Our State Directors are the Grant Officer's Technical Representatives (GOTR) for each HVRP grant, responsible for assuring that HVRP grantees are held accountable.

14. *If you could wave a magic wand and provide current NVTI services and HVRP services through some organization of the federal or state government, would you do so, or would you continue to compete such services?*

We would continue to compete NVTI and HVRP. Where it makes programmatic sense, such as for NVTI and HVRP, we should and will continue the current practice which is to compete these services. NVTI is operated by the University of Colorado, a State entity, and HVRP grants are given to States, local governments, and community-based organizations. We can compete NVTI and HVRP because they are self-contained programs.

15. *Given the relative success that DOL seems to be having in competing some of its programs, and given that competing of public services is one of the themes of Vice President Gore's on-going National Performance Review and Reinventing Government initiatives, would you favor competing veterans' employment and training services in states that do not make demonstrable improvements within two years, for example?*

No.

*a) If not, why not? Why is two years not a fair amount of time for a state to make improvement in its employment and training services for veterans?*

The issue is not competition, nor privatization. DVOP and LVER operations are not self-contained programs, but rather are part of, and dependent upon, the State public labor exchange system. The State employment system is approximately a \$1 billion system that is one of the required partners under WIA. The job listings and Federal Contractor job listings go to this State employment system. It is this system that contains the labor exchange infrastructure. This is funded by the Department of Labor using Federal Unemployment Trust Account (FUTA) monies. Furthermore, VETS is unique in that we have split committees: Labor, Education, and Health and Human Services for appropriations, and Veterans' Affairs for authorization.

Title 38 authorizes that veterans are provided priority of services in the public labor exchange system. Title 38 further authorizes funds to hire veterans who serve as DVOPs and LVERs - who are required to work in the public labor exchange system - to augment the services to veterans provided by that system. Currently, of the approximately 500,000 jobs obtained for veterans through the public labor exchange system, one-third are by the employment system (not DVOPs and LVERs), one-third are by DVOPs, and one-third are by LVERs.

If we compete the DVOP and LVER programs, we would lose veterans' priority of service in the entire Workforce Investment system. Title 38 gives to the LVER the job of oversight of

veterans' priority of services in the entire public labor exchange system. We would have to pull out of the Workforce Investment system all of the people that Title 38 authorizes to augment services for veterans. The labor exchange infrastructure would remain with the Workforce Investment system under the jurisdiction of the Labor committees. A duplicate labor exchange infrastructure (e.g., a separate management structure; buildings; equipment; hardware; software systems; reporting systems; etc.) would have to be developed for veterans. In addition, Title 38 would have to be fundamentally changed to allow DVOPs and LVERs to work outside the public labor exchange system. Employment system staff are required by law to be public employees. Bringing in an outside, private sector individual to be part of a public employment system staffed by public employees would create its own set of problems. As currently structured under Title 38, competing the DVOP and LVER programs outside the public labor exchange system is unworkable.

Two years is sufficient time for a State to make improvement in its employment and training services for veterans. In recognition of this, we have recently revised our Strategic Plan. We invited the GAO to assist VETS' staff (senior DVETs, Regional Administrators, and National Office staff) as we drafted this revised Plan, and GAO input was invaluable in this process. We are moving from relative measures to absolute standards of acceptable performance. As part of our new approach, we will develop an incentive, rewards, and sanctions process for DVOP and LVER grantees. Nationwide standards of minimally acceptable performance levels applicable to each State will be set. We hope to fully implement this plan for FY 2001, using FY 2000 as a transition year.

*16. How would the Congress truly know the capability of a private sector employment and training placement initiative for veterans if we do not at least pilot test such a concept?*

Clearly, use of pilot testing for new concepts has merit. The mission of VETS as directed under the law is to provide maximum employment and training opportunities to all veterans regardless of barriers. Today VETS provides a national program to meet this mandate at a cost of about \$600 per placement.

The mission and clientele of private sector employment firms is clearly very different from VETS' mission to serve all veterans. Private sector employment firms typically provide referrals to companies for specialized or very high level positions. Many of the people that they refer are already employed. Companies looking for employees in general still use the newspaper and electronic job banks. Private sector employment firms, once a position is filled, generally provide no further assistance to those who did not get the job.

Given the differences between the private and public employment systems, designing a pilot to evaluate privatization of DVOP and LVER services is difficult because most private firms do not have experience working with the full range of veterans including those who are disabled, or who have other barriers to employment. It is often difficult to ensure against creaming in any privatization pilot, which is a traditional problem in the training area. Clearly any pilot test would have to include controls for all variables, to ensure that comparisons are valid.

*17. "The Transition Commission reports that only two percent of veterans use State Job Service offices now. Couldn't we do better than that by using private sector job placement firms for veterans?"*

The Transition Commission's claim that only 2 percent of veterans use the Job Service is another instance where the Commission has misinterpreted data that was provided to them. Data (from ETA's Form 9002) for PY 1996 (which is the Program Year the Commission used) indicates that 2,035,000 Veterans and Other Eligibles were registered with the public labor exchange system. The BLS forecast for calendar year 1997 (which includes half of PY 1996) reflected that there were 14,250,000 veterans in the civilian workforce. Thus, approximately more than 14 percent of the veterans in the workforce used the public labor exchange system in PY 1996. It is clear that most of the veterans seeking employment use the State Job Service offices.

As pointed out in question 16, the mission of private sector employment firms is different than our public labor exchange system. On September 9<sup>th</sup>, the Subcommittee on Benefits of the Veterans' Affairs Committee held a hearing on licensing and certification. The Subcommittee invited representatives of Hire Quality, a private sector employment firm which assists only veterans, to testify. The Hire Quality representatives testified that of the veterans that use their services, 65% are referred to employers. They further testified they thought about one-third of those referred get jobs, although they reported that they had no hard data to support this estimate. This means that less than 22% of the veterans that seek Hire Quality's services get jobs. In comparison, for program year 1997, over 25% of all veterans registered at the State Job Service offices got jobs, including those harder to serve veterans, such as the special disabled, homeless veterans, and other veterans with barriers to employment. In addition, many other veterans were referred to training and other supportive services that will make them job-ready in the future.

**Questions submitted for the record by  
Congresswoman Corinne Brown**

*1. What sort of help does VETS need with planning? If the House Committee on Veterans' Affairs were to arrange for a GAO team to work with VETS on strategic plans, performance goals and performance plans for internal use, would it be helpful and would there be any barriers to such aid?*

I have recently instituted a Strategic Planning Team composed of senior VETS State Directors, Regional Administrators and National Office staff that will perform Strategic and Annual Performance Plan development and planning for the agency. This team should be able to address most of our planning needs. Also, we are making increased use of the planning resources available to us within the Department. We hope to soon participate in a Departmental contract that will provide planning and performance measurement support from recognized private sector experts, such as John Mercer.

We have found GAO's assistance in the past on planning to be helpful. GAO was invited to work with our newly instituted Strategic Planning Team, and provided input at its first meeting. We used GAO's assistance to revise our Strategic Plan. GAO has advised that the Plan is moving in the right direction. GAO's assistance was useful in addressing the conflicting mandates of Title 38, the WIA, and the GPRA. We would use any such future assistance if it were offered. There would be no barriers to VETS working with GAO.

*2. Two years ago, when Preston Taylor testified before a similar hearing on GPRA, he told the subcommittee he had institutionalized "a senior management position devoted to strategic planning." Every time we have seen the VETS organizational chart since, that position has been vacant.*

This position was filled in March, 1997 as part of a reorganization. However, the individual that originally filled the position subsequently retired. Another senior staff member was assigned to the position, but accepted a detail that lasted more than a year. He has since taken a job with another agency.

*Was there money for that position, and if there was, what became of it?*

During the last two years the little savings available as a result of the detail were used to increase the travel funds available to field staff to conduct local office evaluations.

*Don't you need badly to fill it? What are the barriers to filling that position?*

We do not feel the need to fill it at this time because we have addressed the need through the creation of the Strategic Planning Team discussed above. We are restructuring our Strategic

Planning function. We have recently established a Strategic Planning Team. A VETS senior management official chairs this team, comprised of VETS' State Directors, Regional Administrators, and National Office staff. This team will coordinate its efforts with the Department's Strategic Management Team to meet the strategic planning needs of the Department and the Secretary. By utilizing field staff on this team, we have included those who monitor State performance and validate performance data.

*3. As Mr. Evans said during the hearing, there will be legislation before the Veterans' Affairs Committee this year incorporating recommendations of the Transition Commission. We would like to have useful input from VETS.*

*Do you have anything positive to tell us about their recommendations? Can you be more specific than merely approving their intentions? Was there a single workable idea with regard to veterans employment?*

As we stated in the Department of Labor's (the Department) response to the report of the Transition Commission, we believe that the Congressional Commission performed a long overdue service – a review of Federally-funded benefits to our Nation's veterans. While we agree with the general recommendations on the subjects that follow, we believe our method of attacking the issues will ultimately bring more positive results.

#### Transition Assistance Program

The Transition Commission recommends that the Department of Labor's Transition Assistance Program (TAP) workshops be offered to service members as soon as one year before the anticipated date of separation or two years before the anticipated date of retirement, but no less than 90 days before the anticipated date of separation or retirement. The Department has long supported the idea of offering TAP one year from separation or retirement. Focus group participants have told us that TAP alerts them to many issues with which they have to deal prior to separation and which they will face for the first time immediately after separation, and they could use more time between TAP and the end of their military service to handle these issues. TAP is also one avenue VETS uses to get the word out on the credentialing requirements of many civilian jobs. If the TAP participants are lacking an educational course, a test result or the like before they will be able to enter the civilian occupation for which they had planned, there is insufficient time for them to acquire these things, resulting in unemployment, underemployment, and additional financial expenditures. Separating and retiring service members will make a smoother transition to civilian life if they are able to attend the Department's TAP workshops earlier.

#### Measurements

The Transition Commission correctly states that many of the measurements that VETS has used are now outdated. We agree with their recommendation that new outcome measures be established that more accurately reflect the results of VETS' programs in the new employment environment which includes the Workforce Investment Act and One-Stop Centers. VETS is already working on establishing these new measures. VETS has completed surveys, focus groups and has engaged in individual discussions to determine new measures. VETS has also authorized the Alternative Measures Pilot Program in several States. Each State has independently selected a set of measures and has applied them toward the identification of a set of portable outcome-based and process measures that may be institutionalized in a fair and consistent manner. VETS continues to work on formulating and instituting new measures that will more accurately reflect the outcome of VETS' programs.

#### Marketing

The Department also agrees that veterans should be marketed to employers looking for

responsible, dependable, hard-working, dedicated, skilled workers. We agree that the Department should facilitate the employment of transitioning service members and veterans through the Department's America's Career Kit website. We do not agree that a commission costing the taxpayers millions of dollars a year should be established to direct the marketing activities. VETS believes that the best way to market veterans is on a retail level - to include marketing efforts in our pilot programs as we are doing with ProVet, for example. VETS actively seeks opportunities to speak to employer audiences - most recently in September in Seattle at a convention of hundreds of Federal contractors, sponsored by the Office of Federal Contract Compliance Programs. The Assistant Secretary has met with Microsoft Corporation representatives, Lucent Technology human resource personnel, and with Cisco Systems officials about the benefits of hiring veterans. The Assistant Secretary and staff have met with CompTIA, a group of 7,500 information technology companies, and the parties are developing a pilot program that will lead transitioning service members into employment with member companies. Publicity gained from an event announcing a grant to the PowerComm Foundation in Boston, supported by PowerComm, a leading utility company in the Northeast, has led several other utility companies in the area to call VETS and ask how they can hire qualified veterans.

The Department believes that in this era of tight budgets, the best use of marketing money is direct support of programs, rather than a new, costly marketing commission and blanket advertising. The fact that the U.S. Army is having trouble recruiting despite millions of dollars in advertising is evidence that a more targeted approach is more effective.

#### Electronic Employment Assistance

While the Department is pleased that the Transition Commission generally supports the development of electronic employment assistance for veterans, we believe that the establishment of a Veterans and Servicemembers Internet Site (VASIS) will duplicate what is already being done by the Employment and Training Administration (ETA) and VETS on behalf of transitioning military personnel and veterans. ETA has created several distinct websites under the umbrella of America's Career Kit that provides all Americans, including veterans, with invaluable employment information. America's Job Bank, America's Talent Bank, and America's Career Information Network (ACINet) list millions of jobs and information on educational and training opportunities. A website with information on Federal, State and proprietary certification and licensing information is being developed. ETA has agreed to include all the information gathered by VETS on Federal licensing on the website.

#### Certification and Licensing Website for Veterans

As mentioned above, VETS is creating a veteran-specific website, which will be linked to ETA's sites, VETS' home page, the Military Resume Writer and other appropriate sites. This website will include detail on the training and experience gained by military personnel in the 25 occupations that represent the largest number of separatees and that have civilian counterpart occupations that require some sort of credentialing. For those 25 occupations, the user will be advised of any 'gap' that exists between the user's military training and experience and the training and experience needed to qualify for the civilian credential. For less common military occupations, information will be provided on credentialing needed for the related civilian occupation. If credentials are needed, information on how to obtain the credential and the applicable Federal, State or proprietary credential contact person will be listed. Beginning January 1, 2000, the website will be available to the public. It will initially include general information about certification and licensing, as well as the results of the gap analysis for at least half of the targeted 25 occupations. By March 31, 2000, the remaining occupations targeted for gap analysis will be added to the website.

The veterans website is also going to include a section for employers seeking access to a credentialed labor pool and a section for credentialing board officials who may need to access military training and experience for its comparability to the board's requirements. Once a date is set for the public availability of the site, VETS will engage in a marketing campaign to spread the word on the availability and benefits of the website.

### Licensing and Certification

The Transition Commission recommended that the Department increase the availability of credentialing information on ETA's websites and that the Department work with the Departments of Defense and Veterans Affairs (VA) to determine the extent to which credentialing requirements present employment barriers. As stated earlier, ETA is developing a certification and licensing website, and VETS is creating a veterans-specific website which will be linked to ETA's site. The Interagency Task Force on Certification and Licensing for Transitioning Military Personnel was jointly established by the Departments of Labor and VA in April 1998, has been meeting regularly since June 1998, and includes representatives of the Department of Defense and the Army, Navy, Air Force, Marines and Coast Guard.

### Job Training

The Transition Commission acknowledges the need of many veterans to receive job training. VETS certainly agrees that as many veterans as need training to prepare them for the jobs of the 21<sup>st</sup> century should have access to such training, and we appreciate their support in this effort. VETS does all it can to facilitate job training opportunities for veterans, and we hope that these efforts are even more successful under the Workforce Investment Act and the One-Stop system.

### Federal Contractor Program

The Transition Commission makes several recommendations to increase the hiring of veterans by Federal contractors. Obviously, VETS and the Department support the bottom line of the Transition Commission's recommendations - more jobs for more veterans. However, we do not support the methods the Transition Commission suggests for reaching this goal, which include setting quotas for Federal contractors and burdening Federal contractors with additional reporting duties. We believe that several steps have already been taken which ultimately will lead to more veterans finding good jobs with Federal contractors.

Congress itself took the most important step last year by passing the Veterans Employment Opportunities Act of 1998 (VEOA). This legislation prohibits a Federal contractor from obtaining a new Federal contract if the contractor has failed to file the required VETS-100 form due as a result of prior Federal contracts. VEOA has had an immediate impact on the Federal Contractor Program (FCP). From April-August 1998, the FCP received an average of 8.8 contracting officer inquiries per month. From April-August 1999, the FCP received an average of 105.6 inquiries per month. In 1997, the FCP received 22,500 VETS-100 forms electronically. After an outreach campaign to contractors, 47,000 VETS-100 forms were electronically filed. There has been an increase in phone calls and emails inquiring about the FCP of 263% from March of 1998 to July of 1999. All of the new employers and additional hiring locations are added to VETS database of Federal contractors, which DVOPs and LVERs use for job development. While we will not have the numbers for another six months, we do believe that VEOA and the increased awareness of Federal contractors' human resource personnel of their obligations to veterans will result in increased hiring of veterans by Federal contractors. VETS will continue to work to improve the effectiveness of the FCP.

### Vocational Rehabilitation and Counseling

The Transition Commission's recommendations with regard to the Vocational Rehabilitation & Counseling program (VR&C) are directed at the Department of Veterans Affairs (VA). Since VETS works with VA on the VR&C program, we wish to be on the record that VETS certainly agrees that VA and VETS need to work continually and consistently to improve this program. We believe that the facts show that great strides are being made in VR&C. For example, the entered employment rate of graduates has increased from 33% in FY 1996 to 64% in FY 1998. In fact, by the end of the third quarter of FY 1999, if the number of persons terminated or discontinued in the program by VA are discounted, 92% of the graduates entered employment. VETS staff is dedicated to work with VA staff to continue this record of improvement.

### Homeless Veterans

Lastly, we appreciate the support shown for the Homeless Veterans Reintegration Program (HVRP), which is a highly successful, cost-effective homeless program. VETS is committed to using the funding granted by Congress to increase the number of homeless veterans who receive training and employment placement services through HVRP's service providers, leading these men and women back into gainful employment and reintegration into American society.

4. *"When was the executive branch's last recommendation for change in veterans employment programs?"*

The last clear formal recommendation for change was shared with Congress shortly after VETS assumed the authority to conduct the DVOP and LVER grants. That recommendation by the executive branch resulted in a House bill that was eventually passed and enacted on May 20, 1988 as the Veterans' Employment, Training and Counseling Amendments of 1988 (P.L. 100-323). In the last decade, VETS has continued to work closely with the Committees on many proposed changes to Title 38.

Specifically, the Administration, through the VETS, has worked with both the House and Senate Veterans Affairs Committees to continuously enhance the law to meet the overall goals of Title 38. Recent improvements have been in USERRA, Veterans Preference Investigations, and the Federal Contractor Program. VETS has further taken the initiative in the use of pilots within the authority of Title 38 which have or will result in furthering the ultimate mission of Title 38 which is "to provide maximum employment and training opportunities" to veterans.

5. *How relevant are the reporting requirements of Title 38, Section 4107? Should they be updated? What should they include?*

Some of the existing reporting requirements are no longer relevant because of the systemic changes in the public labor exchange system and the implementation of the Workforce Investment Act, which made obsolete many of the reporting requirements of Title 38, Section 4107(c). When Title 38 was last revised in 1988, the State Job Service office was the primary deliverer of employment and training services to veterans. Veterans who used the system registered at the local office. Now, veterans get jobs through electronic job banks (like America's Job Bank), transition assistance programs, Federal contractors, etc., and do not necessarily register with the local Job Service office. Title 38, Section 4107 mandates that VETS report on veterans who register and receive services at the local Job Service office.

In addition, many of the definitions of service no longer exist within the SESA system as they once did. An example is counseling. Most of the States no longer have counselors and these functions are being accomplished by the LVERs and DVOPs through case management. Additionally, several of the placement standards no longer reflect the requirements of WIA.

*Should they be updated?*

Yes.

*What should they include?*

We should report all areas where veterans get jobs due to the assistance of VETS-funded staff, not limited to the local Job Service offices -- for example, America's Job Bank (AJB), the Transition Assistance Program (TAP), the Federal Contractor Program (FCP), and all special job initiatives. Currently we do not have measurement systems that can measure all veterans who get jobs through these sources, but we should at least discuss what we are doing in each of these areas.

In addition, we need new performance measures that reflect the reality of WIA and the new employment and training system. For example, we need the new measurements required by WIA (entered employment, earnings gains, and job retention), as well as pilot testing other measures of performance, such as minimum performance levels and incentive programs.

*6. Explain the relationship of the VETS Strategic Plan to the Department of Labor*

*Should VETS have internal working documents for strategic and performance planning? What would be the barriers to creating such working documents?*

A DOL plan is required under the GPRA to be developed and submitted to Congress. There is no requirement in the GPRA for individual agencies (such as VETS) within the Department to develop and submit Strategic Plans.

The Secretary of Labor, as part of the Department's strategic management effort, made the decision to have VETS and other agencies within the Department develop Strategic Plans. VETS Strategic Plan essentially takes the strategic goals expressed by the Secretary in the Department's Strategic Plan, and translates them into performance goals for veterans. Key goals and components from individual agency Strategic Plans are integrated into the Department's Strategic Plan by a Departmental Strategic Planning Work Group. VETS is represented on this work group.

VETS has internal working documents for strategic and performance planning, and performance measurement issues. Also, as part of the consultation process that the Strategic Planning Team will be conducting there will be working documents as input is reconciled.

There are no barriers to the creation of such working documents.

*7. How important are accurate measurements as an indicator of VETS' effectiveness in carrying out veterans employment programs?*

*Who should pay for accurate measurements? Would it be useful to ask GAO to make such a study?*

Accurate measurements are very important, because without accurate measurements, standards are meaningless. When new performance standards are developed, they require new measurement systems and systematic methods to collect the required information.

New performance measurements and data collection systems are very costly. Consequently, their value must be weighed against their cost. VETS' position is that the most cost effective way to measure the new performance standards is using several indicators, especially those that are publicly available such as those provided by the Bureau of Labor Statistics (BLS). Since measurements have been paid for with program dollars, we believe that it is most prudent to use the least costly measures that still provide accurate information. We must find the balance between the need for accurate data and the level of services we provide to veterans.

We would be delighted to continue to work with GAO, as we have done in revising our Strategic Plan.

*8. How much would it cost more than is now in the budget to fully fund the DVOP/LVER program, as requested by the Secretary of Labor?*

For FY 2000, the additional funding (more than the requested FY 2000 budget level) needed to fully fund the DVOP program would be \$42,042,000, while the additional funding to fully fund the LVER program would be \$24,377,000.

*How do you calculate that?*

First the previous year's total expenses for salaries and benefits are computed on a per staff position basis, together with the administrative overhead and per capita capital expenditures. These costs are increased to account for inflation and salary increases, and multiplied by the number of DVOP staff that would result from application of the statutory formula, and 1,600 LVER. To this total centralized costs for postage, travel to NVTI, and the system used to transfer monies to the States are added. Also, the cost of providing each newly appointed DVOP or LVER a personal computer is added in. This gives the total costs of supporting the statutory levels of DVOP and LVER staff.

*9. In the age of One-Stop, what impact would full funding have?*

Full funding for the DVOP and LVER program would better ensure that quality services are provided to our Nation's veterans by all staff, and that the unique needs of veterans who are disadvantaged in the local work force are being met by trained professionals. DVOP/LVER specialists could be stationed in all One-Stop centers, and would be available to provide case management services to all those who need it; to facilitate TAP workshops and provide more job search assistance to TAP participants who need it; to increase outreach to Federal contractors, including marketing; to conduct more job search workshops; to outstation more DVOPs at homeless shelters, as funding for such shelters have increased; to increasing our licensing and certification efforts to all States; etc.

Full funding of DVOP/LVER at the States' request level beginning in PY 2000 would permit the staffing of approximately 2,119 DVOP specialists and 1,600 LVER staff at virtually every One-Stop Career Center. There are currently 1,884 locations recognized as One-Stop Career Centers by their respective States, 253 of which are satellite offices, educational institution locations or other related access points. The Workforce Investment Act of 1998 requires all public labor exchange to be delivered through One-Stop Career Centers. By July 2000, all labor exchange services should be operating from one-stop centers, and are projected to number up to 2,600 centers.

There is a clear need for Local Veterans' Employment Representatives, whose main function is to provide functional supervision to ensure that all office staff are equipped to serve veterans in compliance with the State procedures developed from guidance supplied by the Department based upon statutory and regulatory requirements. Unless we can ensure that staff are assigned to such centers, we would have to rely on State's compliance with 38 U.S.C. 4104(a)(2)(B) and the intent to have public sector, service delivery point (office) managers supervising and ensuring priority services to veterans even if no DVOP specialists or LVER are assigned.

State	DVOP OVERHEAD	LVER OVERHEAD
AK	\$ 62,483	\$ 109,206
AL	\$ 255,525	\$ 252,379
AR	\$ 148,800	\$ 320,542
AZ	\$ 374,604	\$ 306,576
CA	\$ 3,339,327	\$ 1,857,621
CO	\$ 469,456	\$ 289,501
CT	\$ 384,787	\$ 470,322
DC	\$ 119,259	\$ 178,454
DE	\$ 75,962	\$ 58,310
FL	\$ 909,927	\$ 838,735
GA	\$ 572,473	\$ 453,354
HI	\$ 97,445	\$ 88,078
IA	\$ 295,637	\$ 391,323
ID	\$ 106,714	\$ 214,807
IL	\$ 984,000	\$ 1,068,000
IN	\$ 456,139	\$ 552,897
KS	\$ 169,122	\$ 246,603
KY	\$ 185,511	\$ 189,051
LA	\$ 237,140	\$ 207,113
MA	\$ 625,898	\$ 452,313
MD	\$ 382,904	\$ 290,967
ME	\$ 95,482	\$ 76,425
MI	\$ 781,975	\$ 651,751
MN	\$ 463,489	\$ 504,549
MO	\$ 342,458	\$ 450,440
MS	\$ 152,990	\$ 265,696
MT	\$ 88,550	\$ 157,397
NC	\$ 484,081	\$ 680,018
ND	\$ 41,910	\$ 124,994
NE	\$ 72,306	\$ 137,317
NH	\$ 153,056	\$ 152,359
NJ	\$ 359,052	\$ 245,515
NM	\$ 170,543	\$ 201,909
NV	\$ 134,075	\$ 143,309
NY	\$ 1,584,316	\$ 1,285,243
OH	\$ 1,313,463	\$ 1,136,421
OK	\$ 192,546	\$ 357,333
OR	\$ 320,014	\$ 298,775
PA	\$ 912,572	\$ 938,357
PR	\$ 101,043	\$ 110,195
RI	\$ 83,600	\$ 72,884
SC	\$ 586,755	\$ 354,286
SD	\$ 67,152	\$ 101,152
TN	\$ 324,854	\$ 381,881
TX	\$ 1,146,922	\$ 1,220,230
UT	\$ 133,295	\$ 240,375
VA	\$ 377,934	\$ 203,174
VI		\$ 6,359
VT	\$ 60,669	\$ 147,274
WA	\$ 882,270	\$ 549,535
WI	\$ 679,606	\$ 661,106
WV	\$ 111,287	\$ 157,920
WY	\$ 66,675	\$ 126,871

Congresswoman Brown to U.S. General Accounting Office

Questions submitted for the record by  
Congresswoman Corrine Brown

1. Question: I agree with GAO's evaluation that, in essence, everything in a strategic plan or a performance plan needs to be explained and justified as if it were being read by strangers to the topic. Such explanatory material is frequently missing in the VETS strategic and performance plan under review.

What concerns me in your testimony is that GAO likes to see every *T* crossed and every *I* dotted. That isn't easy for a service-providing agency. I am remembering that in the Subcommittee on Oversight and Investigations hearing on Y2K readiness, GAO wanted all the medical devices taken apart and tested, though the manufacturers warned against doing so, and even though such actions would void all the warranties.

In this case, GAO's evaluation team indicated to subcommittee staff it was more familiar with strategic and performance plans than with veterans employment programs. That is an arcane world, full of hard-to-understand terms and reasons, many of which were absent from the reviewed VETS plans. Yet witnesses and staff who were familiar with veterans employment found the plans less incoherent than GAO's team did.

Is it possible that, rather than lacking "a coherent end result," these plans were more undecipherable to a skilled team of outsiders than to the initiated and that what they reveal is not muddled thinking but unclear writing?

Answer: One of the many challenges in completing strategic and performance plans is writing them so that they are easily understood by as wide an audience as is envisioned by the Results Act. Potential plan readers include, for example, Members of Congress, department and agency personnel, state, local, and other officials responsible for pertinent programs, program beneficiaries, taxpayers and the general public. Plans need to include sufficient information to allow readers to understand an agency's rationale in developing its plans yet at the same time avoid overwhelming readers—a difficult task to be sure. But what plans need to do, at a very basic level, is to communicate what an agency hopes to achieve, how it is going to achieve it, and on what basis it will judge whether or not it has achieved what it set out to do. The VETS plans that we reviewed prior to the hearing did not clearly or concisely communicate this information. Since that time, VETS has been revising its strategic plan and we have seen improvements, including clearer writing.

2. Question: In light of testimony suggesting that the plans GAO evaluated were the work of DOL and OMB with input from VETS, rather than plans produced by VETS with the approval of DOL and OMB, how much does GAO's criticism apply to VETS, and how fair is it?

Is the truth that VETS needs the authority to do some sort of internal working papers that amount to their own plans?

Answer: Our critiques of the plans are of the plans themselves rather than critiques of who completed them. As we mentioned in our statement, VETS' plans are aligned with Labor's departmentwide plans; more specifically, VETS's strategic and performance goals are related to the Department's three overarching strategic goals, which are (1) A Prepared Workforce: Enhance opportunities for America's workforce, (2) A Secure Workforce: Promote the economic security of workers and families, and (3) Quality Workplaces: Foster quality workplaces that are safe, healthy, and fair. These broad goals reflect the Department's wide-ranging roles and responsibilities, including those performed by VETS and Labor's other component agencies. While VETS' plans are aligned with the Department's three strategic goals, the goals are broad enough to provide ample flexibility to VETS to further define and clarify

its own mission and goals in its own plans. Although not required by the Results Act, Labor's component agencies, such as VETS, have prepared strategic and performance plans at the direction of the Secretary of Labor. Both OMB and GAO have developed guidance for agencies to use in developing their plans. OMB's guidance, among other things, explains the Results Act's requirements, lays out timelines for when plans are required to be completed, and defines and clarifies special terms used in the Results Act. GAO, in its support to the Congress and the agencies, has provided a large number of documents, including evaluation criteria, useful to agencies in developing strategic and performance plans. In reviewing VETS' plans, we applied the same criteria used to review Labor's departmentwide plans and those of other federal agencies. Because we are not aware of anything that prohibits VETS officials from completing any internal working papers on their own, we do not believe VETS needs any additional or special authority to do so.

3. Question: I am struck by your conclusion that VETS' plans "do not suggest with any degree of confidence that VETS officials have a coherent end in mind." Are VETS officials simply telling us how they will do their job better, without examining whether the job itself needs changing?

Again, is this because DOL rather than VETS is writing the plans?

Answer: It is unclear from our analysis of VETS' plans what direction the agency is headed or how it plans to get there. The plans provide the agency an opportunity to discuss not only how it plans on doing the things it currently does better but also an opportunity to discuss whether the agency would like to do anything differently than it currently does. As written, the plans do not provide enough information in this regard. By developing and presenting a clear mission, vision, and related strategic and performance goals, agencies can use the framework of the Results Act to engage in a thoughtful analysis of what strategies agencies should pursue to achieve their goals. Such an analysis could include both changing and improving current processes and programs, or developing completely new approaches. And, while the departmentwide strategic goals developed by Labor serve to guide the activities of all its component agencies, the goals are broad enough to allow VETS flexibility in tailoring its own mission and goals.

4. Question: How important are accurate measurements as an indicator of VETS' effectiveness in carrying out veterans employment programs?

Answer: Accurately measuring program performance is critical to ensuring program effectiveness and accountability.

5. Question: Who should pay for accurate measurements? Would it be useful to ask GAO to make such a study?

Answer: As I mentioned earlier, I think it is incumbent on any agency that receives almost \$200 million to allocate those resources in a way so that they can obtain the data they need to describe what they have accomplished, that is, to describe what they have done and what has resulted from their activities. In addition, without knowing how successful current strategies are in pursuing program objectives an agency cannot be sure that it is effectively or efficiently meeting the needs of its clients. Under the Results Act, agencies are given the opportunity to decide for themselves how best to measure their own performance. In their strategic and performance plans, agencies also have the opportunity to discuss what their performance measurement challenges are and explain their rationale for the choices they make.

*Ronald W. Drach  
7600 River Falls Drive  
Potomac, MD 20854*

September 9, 1999

The Honorable Terry Everett, Chairman  
Subcommittee on Oversight and Investigations  
Committee on Veterans' Affairs  
U.S. House of Representatives  
335 Cannon House Office Building  
Washington, DC 20515

Dear Chairman Everett:

I received your letter enclosing a list of questions from Congresswoman Corrine Brown as a follow up to the hearings conducted on July 29, 1999. I am happy to provide my responses to those questions at this time.

Questions submitted for the record by  
Congresswoman Corrine Brown

Because you are one of the leading experts, as noted by Chairman Everett, on veterans employment programs, please answer all follow-up questions from your own perspective. Where your comments would differ from the recommendations of the Transition Commission, please spell out the differences.

1. The Transition Commission was tasked to look at programs and services for newly transitioning veterans. However, the same programs serve other veterans as well. The Commission wanted to change eligibility for services to Vietnam-era veterans and veterans with a lesser degree of disabilities, and give them to veterans who left the service within the past 4 years.

Could you explain why a young veteran who spent four years as a radar technician in New Jersey is more deserving of employment services than a 50-year-old former Marine who came home from Vietnam without a disability, and has suffered corporate downsizing with 2 children in college?

**Response:** The Transition Commission did not recommend any changes to eligibility for disabled veterans. The Commission's recommendation included all disabled veterans to be eligible for priority of employment services for their lifetime. Throughout my whole career with the Disabled American Veterans, I advocated that all disabled veterans should be eligible for all employment services and programs based on the fact that they are disabled. I did not then, nor do I now, believe that a lesser disabled veteran should receive lesser employment related benefits than a more severely disabled veteran. I have argued since 1974 that all disabled veterans, not just those who are rated 30% or more should be eligible for affirmative action coverage with federal contractors. I have also consistently argued that lesser disabled veterans who could show they had a severe employment handicap should be eligible for vocational rehabilitation services through the VA.

With regard to your example of the former Marine, it is possible that he could be served on a priority basis as an individual with a "barrier to employment" (see response to question 3 below).

The Commission's recommendation only would change eligibility for "priority of service" but would not change eligibility for veterans to receive services through the employment service system. All veterans are equally eligible for all employment services. The question is which veterans should receive priority services from VETS funded staff, i.e., DVOPs and LVERs.

I would like to point out that the Department of Labor's VETS, veterans service organizations (VSO) and congressional staff have grappled with the definition of "priority of service" for many years. It is my personal belief that "priority of service" exists in name only in many local offices.

Title 38, USC doesn't define "priority of service". It simply states that veterans should be served at a rate greater than non-veteran applicants. Thus, many states that place fewer than 10% of non-veterans are seen as providing veterans priority simply because they place 1% more of veterans, e.g., 4% non-veterans and 5% veterans.

2. Bureau Of Labor Statistics figures show nearly half our unemployed veterans are Vietnam-era veterans. How was it decided that employment programs were a one-shot affair, to be used or lost within a short time after leaving active duty?

Response: First, I find it incredible and disgraceful that half of all unemployed veterans re Vietnam-era. That tells me that the system has failed that population and I have no confidence that the existing system will address their problems. If we are to solve the unemployment problems of Vietnam-era veterans, I believe a totally new system needs to be designed. The last troops were withdrawn from Vietnam in 1973, and the era was declared over in 1975 by then President Ford. More than 2 million veterans seek employment services through the network of employment service offices annually. Are they the same veterans being recycled because the system has failed to adequately serve their needs?

Employment services for these veterans would not be a "one-shot affair" under the Commission's recommendation. All veterans would continue to be eligible to receive employment service throughout their lifetimes. It is only the definition of who would be eligible for "priority of service" that the Commission has addressed.

I can't remember the last time an Administration requested full funding for the Disabled Veterans Outreach Program (DVOP) or the Local Veterans Employment Representative (LVER) program. Nor can I remember when Congress provided full funding for these programs. The Commission concluded that an annual decline in resources could not continue to absorb the high work loads under current eligibility. The VSOs and congressional staff have not for several years trying to find a solution to the problem. I believe this recommendation at least starts the dialogue to get the issue out in the open and resolved.

If Congress decides to pursue this legislative initiative, they could certainly "start the four year clock" effective the date of enactment. If that were the case and such legislation were passed today, the average age of Vietnam-era veterans will be approximately 57 years. I regret to say that we have, for the most part, missed the opportunity to adequately and effectively serve the Vietnam-era veteran.

3. You seem to believe we can smooth over the problems of the Commission's recommendations by entitling veterans with "barriers to employment" and letting VETS decide what the phrase "barriers to employment" means.

If it is an umbrella for everybody, I am concerned that it will make Congress unhappy. I also worry that a veteran who receives help for having a "barrier to employment" will have to explain to an employer what that is. If it will include sex, race, age and so on, VETS could be treading on thin ice.

How do you see "barriers to employment"?

Response: Currently, VETS has a working program definition of "barriers to employment" in its case management directives. The nature and type of barriers may change over time. VETS should have latitude to change with changing times. "Barriers to employment" is only used to determine which veterans receive "priority of service". A referral to an employer is the same regardless of how or why the applicant came to the employment service for assistance. In other words, "barriers to employment" isn't a reason for referral, it's a reason for special services which lead to a referral.

If new legislation were enacted and the Assistant Secretary for VETS was charged with defining "barriers to employment", he could ask the Secretary's Advisory Committee on Veterans Employment and Training (ACVET) to provide some parameters. ACVET is comprised of VSO representatives and other experts in employment and other disciplines who are well qualified to address this issue. The former Marine in question I could possibly have a "barrier to employment".

I believe the intent of the Commission was to give latitude to the Congress or the Administration to develop guidelines and a definition. Some examples I believe should be included are: homeless veterans; veterans who lack certain skills and education to compete with their non-veteran counterpart; veterans who have lost or are in danger of losing their job because changing technology has left them behind; and someone who has been unable to obtain employment in a certain time frame (perhaps about half way through their unemployment compensation eligibility). This is by no means all inclusive.

Having a "barrier to employment" should not carry any negative stigma nor should it be something that needs to be disclosed to the employer. In referring such veterans to an employer, the employer need only know that the individual is qualified and has been referred from the employment service. If an employer uses the employment service (this is a separate issue that needs resolved) they need only know they are getting a qualified veteran. Race, age and sex are characteristics that are self evident. Although laws exist protecting against discrimination on these bases, discrimination still exists. I would not blanketly include age, race or sex as a "barrier to employment".

4. There is a good deal of support for legislation incorporating some recommendations of the Transition Commission. However, I do not see Congress going as far as the Commission did with regard to DVOPs and LVERs. We might want very well to change their job descriptions to fit a new vision, but I cannot imagine cutting VETS field personnel by one-quarter, especially with current funding paying for about three-fourths as many as are called for by statute.

How do you see the proposed new positions?

Where did you get the numbers, by cutting out the Vietnam veterans?

**Response:** I am afraid that if we stay the current course, "VETS field personnel" will be cut by one-quarter over the next few years. Even with the current budget surplus I don't see any desire to provide full funding or even increased funding in the foreseeable future. If there is agreement that the present system isn't serving veterans well then the question must be asked - WHY? What incentive does a state have to serve veterans well if their grant check is in the mail every year regardless of their performance? The Commission's recommendation make it a competitive process in which the states can compete.

I see the positions as defined in the Commission's report. They were developed based on the Commission's perception of the services veterans need.

An employment facilitator would work with the Transition Assistance Program teaching job search skills to servicemembers as they separate. They would also work with employers through a local marketing effort.

A case manager would work with the veteran once separated from active duty providing job development and referral services. A full description of the Commissions definition can be found at page 58 and 59 of the full Commission report.

Thank you for allowing me to provide responses to these questions. Should additional questions arise, please do not hesitate to contact me.

Sincerely,



Ronald W. Drach

## THE AMERICAN LEGION RESPONSE

To

Questions submitted for the record by

Congresswoman Corrine Brown

1. *There was not enough time for adequate answers to this question, so I will ask it again: What is your vision for VETS?*

The American Legion vision for the Veterans Employment and Training Service is very simple. We wish to see the agency fully funded, fully staffed, and able to fulfill the functions outlined for it in Chapters 41, 42, and 43 of Title 38, USC. This will mean use of some of the budget surplus to increase appropriations for the LVER and DVOP program to at least \$220 million so as to assign the proper number of LVER and DVOP staff to each of the states. It will mean increasing the funds available under Section 168 of the Workforce Investment Act to at least \$30 million. And, it will mean increasing the money available for training at the National Veterans Training Institute to at least \$10 million in order to train the additional staff.

In addition, the agency must learn how to "market" veterans to employers. In too many cases, employers offering good career positions do not know of the virtues and skills which veterans bring to a job. Veterans will have a "leg up" in the employment field if companies offering careers come to know of the benefits which come from hiring veterans. Private employment companies "sell" their services to business. VETS must be proactive and aggressive in employer development. When an employer has an opening and wants qualified applicants, VETS should be the first, not last, resource they turn to for candidates. This reputation must be earned, just like in the private sector.

2. *What do you think of the Transition Commission's recommendations to cut the numbers of field personnel by a quarter?*

This is not a good idea. The time when LVER and DVOP staff are most needed to provide intensive services to those veterans who are the hardest to place, a time consuming effort for all staff, is surely not the time to recommend cuts to that staff. This is related to the business cycle. When times are good and the unemployment rate is low, LVERs and DVOPs will have an easier time placing qualified veterans in jobs, thereby leaving time available to do intensive case work on those veterans who are hard to place or are not job ready. It also provides an excellent opportunity for employer development. That means getting out from behind the desk and the office to "sell" their product and services to employers and hiring personnel.

In bad economic times, all veterans need help. In addition, to cut staff at a time when a major marketing effort is needed to help employers understand the benefits of hiring veterans, makes no sense whatsoever.

3. *What do you think of the Commission's recommendations to change the job descriptions for DVOPs and LVERs?*

It is easy to rename the positions, but that doesn't solve the problems of the agency, which has lost 11% of its budget in real terms over the past decade. Unless proper funding is provided, the people now called LVERs and DVOPs cannot keep up with the workload of hard to place veterans. That being the case, it doesn't matter what one calls them.

The American Legion would appreciate participating in an oversight hearing to focus on the job description of LVERs and DVOPs. However, I think you will be surprised as to how much of their duties and responsibilities are not being accomplished because of limited funding and current workloads.

4. *What do you think of the Commission's recommendations to drop Vietnam-era veterans from eligibility?*

There may be some merit to dropping "Vietnam era veterans" from eligibility based on the perception that not many of them are still in the workforce. However, it absolutely should not be done until adequate data is collected which shows unequivocally that "Vietnam era veterans" are no longer in need of the services provided by the LVER and DVOP staff in the field.

The American Legion advocates a statute to recognize all veterans who served during periods of armed conflict as eligible for services. Conflict-era veterans would cover those veterans who answered the Nation's call to arms.

Congresswoman Brown to Vietnam Veterans of America

**ANSWERS SUBMITTED FOR THE RECORD BY CALVIN GROSS  
IN REFERENCE TO SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS  
HEARING ON JULY 29, 1999**

**SUMMARY:**

VVA believes that VETS has a critical role in helping veterans transition from the military to the civilian job force. The VETS program also has a role in helping disabled veterans be a part of the economy. VVA cannot support keeping DOL VETS operating the way it does today. In order to be effective, VETS needs to be fully funded by Congress. Currently, VETS is a system that is broken; it cannot support veterans of any era in their search for employment.

Reinventing VETS is not a huge task. However, a hands-off approach toward the individual states' DOLs is not the answer but the problem. Monetary incentives and sanctions based on job performance must be part of any system that will allow DVOPs and LVERs to do their jobs. Teaching and giving new assessment tools to the DVOPs and LVERs, as well as systematizing their means of approaching today's marketplace, are parts of the solution to helping all veterans obtain and sustain meaningful employment.

**QUESTION #1.**

*There was not enough time for adequate answers to this question, so I will ask it again: What is your vision for VETS?* The vision for VETS is to be an effective resource for veterans so they may acquire knowledge of the current marketplace and its requirements and gain meaningful employment. VETS must be a leading-edge resource with a clear mission for US employers so they may draw on disabled veterans and other veteran employees for available, high-quality jobs.

**QUESTION #2.**

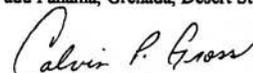
*What do you think of the Transition Commissions's recommendations to cut the numbers of field personnel by a quarter?* This question cannot be answered until VETS is reformed to meet its full potential. Cutting field personnel is not an answer.

**QUESTION #3.**

*What do you think of the Commissions's recommendations to change the job descriptions for DVOPs and LVERs?* Changing job descriptions for DVOPs & LVERs is not an answer. In light of this important question and in light of this highly critical report by the Transition Commission, VVA believes it is imperative that there be a defined and cogent plan for the future of VETS. Slashing and burning will only give veterans the perception that the government is against them.

**QUESTION #4.**

*What do you think of the Commissions's recommendations to drop Vietnam-era veterans from eligibility?* The Congress should not drop Vietnam-era veterans from eligibility for job requirement as recommended by the Commission, rather we strongly urge Congress to add Panama, Grenada, Desert Storm, Somalia and other War Time or Combat Theater Veterans.



CALVIN P. GROSS

Chairman

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