DEPARTMENT OF LABOR'S VETERANS' EMPLOYMENT AND TRAINING SERVICE

HEARING

BEFORE THE

SUBCOMMITTEE OVERSIGHT AND INVESTIGATIONS

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

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DEPARTMENT OF LABOR'S VETERANS' EMPLOYMENT AND TRAINING SERVICE

WEDNESDAY, SEPTEMBER 27, 2000

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

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 340, Cannon House Office Building, Hon. Terry Everett (chairman of the subcommittee), presiding.

Present: Representatives Everett, Brown, and Udall.

OPENING STATEMENT OF CHAIRMAN EVERETT

Mr. EVERETT. Good morning. This Oversight and Investigations Subcommittee hearing will examine the effectiveness and strategic planning of the Veterans' Employment and Training Service program. Today's hearing is a follow-up to this subcommittee's hearing last July. As I stated at last summer's hearing, this is not the first time a Veterans' Affairs subcommittee has expressed concern about the effectiveness of the Veterans' Employment and Training Service. Last year, I quoted Mr. Buyer's 1995 statement, and today I will quote him again. He said at 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 consistent oversight and improvement"—I added the emphasis there—"for this program to be in the best interests of the veterans."

Well, I do not like to repeat myself, but it appears necessary. VETS has long been on notice about the committee's expectations. GAO will testify today that VETS has made some progress and improvements with regard to its planning and performance plans. Frankly, I would expect greater progress than just "some," since VETS hired an outside contractor at a cost of several hundred thousand dollars to write those plans.

However, those plans are only as good as their implementation. I am skeptical about the quality of implementation where an organization is unable to efficiently and coherently communicate their mission in a written document without paying a private contractor to do so for them. More importantly, it is useless to implement a plan where, in GAO's opinion, there is no vision for the future.

The mission of VETS, as stated in their current plan, is to minimize unemployment and underemployment among veterans. Their accomplishment of this objective has been not only inadequate, but woefully inadequate. The VETS plan has not even articulated how it would integrate with the Workforce Investment Act, and Con-

gress passed this act 2 years ago. It is inconceivable at this date that VETS still does not have a plan to integrate with this act.

Sadly, the void is nothing new. It has been par for the course for the VETS organization. Therefore, it is my hope that the other witnesses called to this hearing will provide this committee with more innovative techniques to fill the void VETS leaves. Our veterans and taxpayers deserve much better.

Our witnesses today will be representatives from the General Accounting Office, the Veterans' Employment and Training Service, the Social Security Administration, the Wisconsin Secretary of Veterans' Affairs, and the American Association of Community Colleges, the CEO of VetJobs.com, and representatives from the veterans' service organizations.

I would like to enter into the record Mr. Ron Drach's testimony from our July 1999 hearing, and do so without objection.

[The statement of Mr. Drach follows:]

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 percent 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 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.

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 percent of its non veterans in jobs, it need only place 12.1 percent 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 percent 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 percent 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 exits 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 FY 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.

Mr. EVERETT. At this point, I welcome all our witnesses. We will allow Ms. Brown to make her opening statement later, or insert it into the record, at her discretion.

I ask each witness to limit their testimony to 5 minutes. Your complete written testimony will be made a part of the official record. I ask that we hold our questions, or the panel will hold its questions, until each panel has testified.

I would now like to welcome and recognize Dr. Sigurd Nilsen, the Associate Director of Education and Employment, Health, Education and Human Services Division, General Accounting Office, accompanied by Mr. Appel, Assistant Director, Education and Employment, Health, Education and Human Services Division. Would you please remain standing and raise your right hand? For purposes of this hearing, all panels will be sworn in today.

[Witnesses sworn.]

Mr. EVERETT. If you will, Doctor, begin your testimony, I would appreciate it.

TESTIMONY OF SIGURD R. NILSEN, ASSOCIATE DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY C. JEFF APPEL, ASSISTANT DIRECTOR

Mr. NILSEN. Thank you, Mr. Chairman. I'm pleased to be here today to discuss the Veterans' Employment and Training Service and its planning activities under the Government Performance and Results Act. As you know, the Veterans' Employment and Training Service, as part of the Department of Labor, administers programs and activities designed to help veterans obtain employment and training assistance. My comments today will focus on, first, our observations on VETS' strategic plan for fiscal years 2000 through 2005, and its fiscal year 2001 performance plan; second, the adequacy of these plans to address, among other things, how VETS will operate in the one-stop environment; and third, issues related to quality of VETS' performance data.

In summary, VETS has made improvements to its strategic and performance plans, yet VETS is still not adequately describing the direction it intends to take. In general, it appears that VETS is taking a reactive rather than a proactive approach to managing its programs. In addition, the quality of some of VETS' program management data is questionable, and therefore it is unlikely VETS can accurately assess its performance and know whether it is improving from year to year.

First, as you've stated and may recall, we reported last year to the committee on VETS' then-current strategic and performance plans. We observed that while those plans addressed many of the technical elements required by GPRA, the plans failed to address the requirements in a clear, comprehensive and meaningful manner. Instead of presenting a road map of where VETS intended to go, and how it expected to get there, the plans presented a muddled picture of its future direction.

This year, VETS' plans have improved. We found that the revised strategic and performance plans included a mission statement and a set of related strategic and annual performance goals that are presented in a more coherent fashion. The revised mission statement and strategic goals address VETS' key statutory responsibilities, and provide more focus on helping veterans get jobs. Also, the revised mission statement better reflects the desired outcomes of achieving VETS' mission—namely, promoting the economic security of America's veterans by minimizing unemployment and underemployment.

Another improvement in VETS' plans is the addition of goals that specify a certain percentage of veterans registered with State ES offices that are expected to enter employment. In the past, we pointed out that VETS' traditional relative standards results in States with poor levels of service to non-veterans being held to a lower standard of service to veterans, when you compare them to States with higher overall performance.

Next, with regard to how well VETS' plans lay out a clear direction for how it will operate in the environment created by WIA and one-stop centers, we find the plans lacking. VETS has not established clear priorities, such as determining which veterans it should be targeting for assistance. For example, while VETS notes

in its strategic plan that women, minority, and young veterans have higher than average rates of unemployment, and that it intends to target these veterans, none of its strategic or performance goals specifically address such veterans. Moreover, the agreements it negotiates with States target yet other groups of veterans, such as those of the Vietnam era. As a result of appearing to target some, and all veterans at once, VETS does not communicate a consistent, more coherent message in terms of who it actually intends to help.

Despite the significant challenges it faces, such as the implementation of one-stop centers, VETS has not developed adequate plans or strategies to address how its programs can best serve veterans in such centers. Labor began awarding one-stop planning and implementation grants in 1994, to help States integrate employment training services for Labor-funded programs. Rather than use this opportunity to understand what problems States and localities have had in integrating VETS programs into one-stop centers, VETS' strategy to address this challenge has consisted primarily of waiting for States to decide how they will be integrating. By not addressing this challenge more fully, VETS is taking a reactive rather than a proactive approach to how its programs will provide assistance to veterans in the future.

Finally, data quality concerns will make it difficult to judge VETS' performance in the future. A significant challenge for VETS is that one of its critical reporting systems, known as the ETA 9002 system, appears to be inadequate to judge VETS' performance at the national level, because of measurement inconsistencies among States. VETS uses these data as the basis for measuring performance for about a quarter of its critical and strategic performance goals.

Concern about these data is raised by the variation in state-reported results. For example, in 1998, entered employment rates for veterans varied dramatically across States, from nearly 70 percent in Tennessee to under four percent in California. Substantial variation has occurred for years, and indicates the need to determine whether the data reflect differences in performance, or whether the data are unusable for performance measurement purposes.

Moreover, data limitations impede VETS' ability to compare program performance from one year to another. The case of California illustrates one reason for this. Over the last 3 years, the reported entered employment rate for California has dropped from over 18 percent to less than four percent. In our discussions with California officials, they noted that they have changed the source of data used to track employment outcomes. The State is now using employer-reported wage data for this purpose. However, the State cannot obtain and submit these data in time to be included in the 9002 data. As a result, the data do not reflect California's actual performance. Other changes currently taking place relating to who are provided assistance in one-stops, and how they are counted, will also affect the 9002 data the VETS uses.

Mr. Chairman, this concludes my prepared statement. I'll be happy to answer any questions you or members of the subcommittee may have at this time.

[The prepared statement of Mr. Nilsen appears on p. 46.]

Mr. EVERETT. Thank you. Before I begin the questioning, at this point let me welcome my colleague, who has been caught up in traffic, and allow her to give her opening statement at this point.

OPENING STATEMENT OF HON. CORRINE BROWN

Ms. BROWN. Thank you, Mr. Chairman. One thing, I like being on the Transportation Committee also. (Laughter.)

I want to thank you for this opportunity to follow up on last year's subcommittee hearing on the Department of Labor's Veterans' Employment and Training Service. At that hearing, the veterans' service organizations and other witnesses said VETS is performing well. And I want to thank you. And I work very, very closely with the organizations in my district, and I can testify that they are really doing a good job.

Since then, the General Accounting Office has helped VETS with its plans. We will hear from them today—and this has already started—what legislation is needed to authorize the Department of Labor to set standards and conduct audits? How will VETS require States to take corrective action with veterans who need the most help with employment: our disabled veterans, new veterans, minority veterans, women veterans, and of course the homeless veterans—and I do know that we've started some programs working with the homeless veterans, and, you know, that is to be commended—and older veterans who want to work?

We have a lot of witnesses today. I want to learn what progress we've made since last year, and what we still need to do to make life better for people that have already paid their dues, and deserve our support and attention. And thank you, Mr. Chairman, for holding this hearing.

[The prepared statement of Hon. Corrine Brown appears on p. 36.]

Mr. EVERETT. Thank you. Like you, I find the VETS program in Alabama working very well. I wish I could say that about, you know, the rest of the Nation.

Before I ask you any questions, I must say that in reading the testimony of both the GAO and Assistant Secretary Borrego, I have a difficult time reconciling the two statements. You've discussed the data quality problem at VETS, and how the lack of reliable data affects adequate performance measures, and therefore program evaluation. Is the problem with data quality a recent or a new problem?

Mr. NILSEN. Well, we've seen—we started doing work on the Veterans Employment Training Service back in 1996. And when we issued our report in 1997, we noted that there were wide variations in performance then—that was the data from 1995 that we had found varied widely. For example—Rhode Island, I believe, had a placement rate of about 3 percent; other States—Oklahoma, Tennessee—had placement rates of 30 to 40 percent and higher.

This has been a consistent issue over the last several years with VETS and the reported data. There is significant interstate variation. And as I said before in my statement, without analyzing individually what's going on in the States, we don't know if that's truly variations in performance, or just a major data problem.

Mr. EVERETT. How can an organization create a strategic plan, develop performance measures, and evaluate a program effectively—how effective it is—if it's doing so with unreliable data?

Mr. NILSEN. Mr. Chairman, the Government Performance and Results Act provides a structure for laying out strategic plans, annual plans. And data—good, reliable data—is important, is essential, in order to analyze and assess whether or not a program is meeting its goals—where it has problems, where it needs to improve. The issue of providing good, accurate, reliable information is one that many programs face. But as we pointed out, VETS is certainly one that needs to improve its data.

Mr. EVERETT. Is it safe for me to say that without this data, that any evaluation performed would be unreliable?

Mr. NILSEN. Certainly you could not base any kind of evaluation of this program, based on that data. You'd need to understand what's really being achieved.

Mr. EVERETT. You mentioned that VETS had improved their plans since last year. Do the plans now communicate a vision for the future?

Mr. NILSEN. As we said, and as you reiterated, the plans have improved markedly. The mission statement and the goals are much improved. It's easier to understand what VETS is saying it needs to focus on, and what it's doing.

The major weakness in the plan still remains the strategies, and not adequately acknowledging the changing environment within which the program is operating. Certainly the passage of WIA 2 years ago, and the establishment of one-stops, is a major event that's going to affect how services are provided. The other programs that are mandatory partners in the one-stop centers are working together, and there's a lot more flexibility allowed for those programs. To understand how VETS is going to work within this environment is critical. And that's an aspect of the plan that we found lacking.

Mr. EVERETT. Can you illustrate the differences between the manner offices register veterans and their placement rates? Or the differences? Can you give me an illustration, please?

Mr. NILSEN. Different offices will be counting, under WIA and one-stops, the people that come in for services differently. Some States and some local offices will continue to try to count everyone who comes through the door. Other offices will only count those who receive relatively more intensive services. Many of these centers now have self-help centers, so that those people in some offices won't be counted.

If you have, for example, 100 veterans coming into two offices, one which counts everyone, another—which, even though in both offices, say, 20 people get self-help, and overall, if 40 people get placed—in one office, because they're counting everybody who comes through the door—say, the 100—and 40 get placed, there will be a 40 percent placement rate. In the other office—where you have 100 people coming through the door, but only 80 are counted, because they're the only ones who go in and get face-to-face services, and you get 40 placements—you're going to have a 50 percent placement rate. So you're going to have a 40 percent placement

rate in one, a 50 percent placement rate in the other. But in fact, the performance is the same.

Mr. EVERETT. Thank you, Ms. Brown.

Ms. BROWN. Thank you. I guess you were just trying to answer that question: how can we measure productivity without having to prove that veteran got a job? Because like you say, you're using different services. So how are you all evaluating that? I mean——

Mr. NILSEN. I think that's an important issue for VETS to face, that is, to determine to do some program evaluation work, and to see how its services are being used to assist veterans. And what are the best services? What are the populations that it is performing better for? And which ones are being served adequately by other personnel in the Employment Service offices, or the one-stops?

Ms. BROWN. And how can we determine which veterans have the worst barriers to employment, and give them the most help?

Mr. NILSEN. That again is through program evaluation. You need to know who you're serving, what their characteristics are, and what are the results?

Ms. BROWN. I am very impressed with this program, and I know it works well in my area because I work with them all the time. But I am very concerned that our State, the State of Florida, and some other States are moving to try to contract out, or privatize, the Department of Labor. And I'm just wondering, what will happen to our veterans if this goes forward? Because this program, we give this money directly to the State, right?

Mr. NILSEN. Right.

Ms. BROWN. You know, I'm just concerned that maybe we need additional legislation, or some manner, to deal with the States on this subject area.

Mr. NILSEN. Well, this is an issue that many States and localities are facing as they're implementing WIA, the Workforce Investment Act, and establishing one-stop centers, because some States are starting to contract out services for other groups as well, and having contractors provide the assistance.

The important thing, I think, for these offices is, again, to have performance data, so that you know what's being achieved, so that you identify the populations that you want to be serving, and you make sure your policies are being carried out. And you can only do that with good reporting data and information.

Ms. BROWN. But just a follow-up to this: what could happen in the process is that we could do away with all the VETS staff.

Mr. NILSEN. Yes, I don't know exactly what States are doing right now, and what could be the result. We haven't looked at that.

Ms. BROWN. Okay. I'm going to have other questions on that, Mr. Chairman.

Mr. EVERETT. Would you like to submit it for the record, or——

Ms. BROWN. Yes, I would.

Mr. EVERETT. Okay. I'd like to thank this panel for your good work, as usual. And we'll ask you to step down, and at this time, I'd like to recognize Mr. Kenneth McGill, Associate Commissioner, Employment Service Program, Social Security Administration.

Mr. McGill, will you remain standing and raise your right hand?

[Witness sworn.]

Mr. EVERETT. If you will, sir, if you'll limit your oral testimony to 5 minutes. Your complete testimony will be made a part of the record. And you may proceed at this point.

TESTIMONY OF KENNETH MCGILL, ASSOCIATE COMMISSIONER, EMPLOYMENT SUPPORT PROGRAM, SOCIAL SECURITY ADMINISTRATION

Mr. MCGILL. Certainly. Mr. Chairman, and members of the subcommittee, thank you for inviting me today to discuss ways to encourage individuals with disabilities to return to work. I am Associate Commissioner for Employment Support Programs at Social Security, and I have been with Social Security for 27 years. Incidentally, Mr. Chairman, I have to say I am originally from Montgomery; I moved away quite a number of years ago, but I still have family there. And I'm very pleased to be here discussing this with you today.

I ask that my written testimony be included in the record, and will focus my oral testimony on our current vocational rehabilitation program, and one part of the Ticket to Work and Work Incentives Improvement Act of 1999, the Ticket program.

In addition to providing other incentives to work, we at Social Security also refer disabled beneficiaries to their State vocational rehabilitation, or VR, agency, or to other service providers in the public and private sector who try to help beneficiaries return to work. During the initial Social Security field office interview, each applicant, with certain exceptions, is given information about rehabilitation services which may be available, and the person's rights and responsibilities under the law. Each case that's forwarded to the State disability determination service for disability determination is also screened for referral to a State VR agency. Those individuals identified as likely to benefit from State VR services are those who are referred.

The Social Security Act and regulations authorize the Commissioner to use the Social Security trust funds and general revenues of the Treasury to reimburse State VR agencies for the reasonable and necessary costs of VR services provided respectively to disabled Social Security and SSI beneficiaries. We also, in some cases, reimburse alternate VR providers. However, neither the States nor the alternate providers are reimbursed for the services furnished to a beneficiary until he or she has performed substantial gainful activity for a continuous period of 9 months. In 2000, a non-blind disabled beneficiary earning more than $700 per month, and a blind beneficiary earning more than $1,170 per month, are generally considered to be performing substantial gainful activity, or SGA, as we call it. SGA is a measure of whether a person meets our disability eligibility criteria.

In fiscal year 1999, Social Security referred approximately 122,000 individuals to State VR agencies. That same year, SSA approved approximately 11,000 VR reimbursement claims, at a cost of approximately $120 million. Most, if not all, of those claims reimbursed in 1999 had been referred for services prior to 1999. Although this was a record year for our reimbursements, we look forward to greater progress in this area.

In 1997, the administration first proposed its "Ticket to Independence," which was later included in the President's fiscal year 1999 budget. President Clinton signed the Ticket to Work and Work Incentives Improvement Act of 1999 on December 17, 1999. A major provision of that legislation is the Ticket to Work and Self-Sufficiency Program, which is based on the fundamental principles of customer choice and paying for outcomes. The Ticket Program is scheduled to be phased in nationally over a 3-year period starting early in 2001. Most Social Security and SSI disability beneficiaries will receive a ticket that they may use to obtain vocational rehabilitation and other employment support services from an approved provider of their choice, called an Employment Network. The program is voluntary; beneficiaries who choose to participate will take their ticket to Employment Networks. The beneficiary and the Employment Network will jointly develop a plan of services leading to employment.

Employment Networks will serve under agreements with Social Security, and can be any qualified agency, local government, or private entity that assumes responsibility for the coordination and delivery of services under the Ticket to Work program. An Employment Network can be a one-stop delivery system established under the Workforce Investment Act of 1998; a State vocational rehabilitation agency; a single provider of services; or a group of providers organized to combine their resources into a single entity. Employment Networks can provide services directly or by entering into agreements with other organizations or individuals to provide the appropriate services. Employment Networks will only be paid based on their success in assisting beneficiaries to get and maintain employment, and move off the SSI and SSDI beneficiary rolls.

We have begun to build the infrastructures needed to implement the Ticket program, as mandated by the new legislation. We will begin recruiting Employment Networks later this year, and send the first tickets to beneficiaries in early 2001. Therefore, we have no real experience to report at this time. We will provide the information we gain from our evaluation of the Ticket program at a later date.

Mr. Chairman, as a nation we are best served when all of our citizens have the opportunity to contribute their talents, ideas and energy to the work force. We think the Ticket program will be an effective means to further this goal, and we look forward to sharing the results of the program with Congress.

I will be happy to answer any questions you may have.

[The prepared statement of Mr. McGill appears on p. 57.]

Mr. EVERETT. Thank you very much for your testimony. The Ticket to Work and Work Incentives Improvement Act of 1999 was signed into law by President Clinton on December 17, 1999. This had wide bipartisan support, including Senators Jeffords and Kennedy over on the other side of the house. What took it so long? How long did it take?

Mr. MCGILL. The version of the Ticket to Work and Work Incentives Improvement Act worked its way through Congress all through 1999. There were earlier bills that had different pieces of what ended up in the legislation, and other provisions that were dropped.

Mr. EVERETT. I believe it took, all total, about 5 years, did it not?

Mr. MCGILL. Yes.

Mr. EVERETT. Was there any particular reason that we can pinpoint?

Mr. MCGILL. I don't have any——

Mr. EVERETT. Given the bipartisan support it has? No?

What inspired Social Security to break the Federal–State government monopoly and open to competition the vocational rehabilitation employment-related services?

Mr. MCGILL. We believe that the Ticket program will actually build on the foundation that we have with the State vocational rehabilitation agencies, and other agencies at the State level that work with us. This is a question of building further capacity for our beneficiaries who are severely disabled.

Mr. EVERETT. The Work Incentives Improvement Act is "based on the fundamental principles of customer choice and paying for outcomes," is it not?

Mr. MCGILL. Yes.

Mr. EVERETT. Okay. Thank you. Ms. Brown.

Ms. BROWN. Thank you, Mr. Chairman. Mr. McGill, I want you to know, I think the Ticket to Work program will work. It sounds good. It could provide even more for helping disabled veterans find good jobs. What I appreciate is that Social Security had the vision to seek change, and to make it.

I want to say on a personal note, recently I had a team of people from Social Security down in Florida, and we had a series of town meetings and workshops with the people from the area that really had so many questions about Social Security. And I think that's so good, that you all continue to get in the field and explain to the people that need the services how to access those services. And so I just want to thank you.

Mr. EVERETT. Mr. Udall.

Mr. UDALL. I don't have any questions. Thank you, Mr. Chairman.

Mr. EVERETT. Thank you. Sir, I appreciate your attendance here today, and you're willing to share with us what's gone on over at the Social Security Administration. And you're welcome back to Montgomery, AL, any time you'd like to. (Laughter.)

As you know, we have the Nation's finest Shakespeare festival there, spent $23 million on it, a gift from Mr.—who gave that money?

(Laughter.)

Mr. EVERETT. Former Postmaster General—Blount, Mr. Blount. But thank you for your attendance here today.

Mr. MCGILL. Thank you.

Mr. EVERETT. I would now like to recognize Mr. Rick Weidman, Director of Government Relations, Vietnam Veterans of America; Mr. Anthony Eiland, Special Assistant for Veterans Employment, Veterans of Foreign Wars; Mr. Theodore Daywalt, President and CEO of VetJobs.com; Mr. George Boggs, President, American Association of Community Colleges; and Mr. Ray Boland, Secretary of Wisconsin Department of Veterans Affairs and Legislative Chairman, National Association of State Directors of Veterans Affairs.

Gentlemen, if you all will stand for a moment, let's swear you in, here.

[Witnesses sworn.]

Mr. EVERETT. Before I get started, I was visiting with a friend—I address this to you, Mr. Daywalt—I was visiting with a friend who was visiting his grandmother. And she told her in no uncertain terms that she was tired of hearing about these dot-coms, that she didn't want to hear anything else on television about dot-coms.

If you will, please start your testimony. We'll start with you, Mr. Weidman.

TESTIMONY OF RICK WEIDMAN, DIRECTOR, GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA; ANTHONY EILAND, SPECIAL ASSISTANT FOR VETERANS EMPLOYMENT, VETERANS OF FOREIGN WARS; THEODORE DAYWALT, PRESIDENT AND CEO, VETJOBS.COM; GEORGE BOGGS, PRESIDENT, AMERICAN ASSOCIATION OF COMMUNITY COLLEGES; AND RAY BOLAND, SECRETARY, WISCONSIN DEPARTMENT OF VETERANS AFFAIRS AND LEGISLATIVE CHAIRMAN, NATIONAL ASSOCIATION OF STATE DIRECTORS OF VETERANS AFFAIRS

TESTIMONY OF RICK WEIDMAN

Mr. WEIDMAN. Good morning, Mr. Chairman, and thank you very much for allowing us to appear here today. Since this may be the last opportunity we have to appear before you in the 106th Congress, Vietnam Veterans of America wants to take this opportunity to thank you and the gentlelady from Florida for your extraordinary leadership and the active manner in which you have approached the duties of this subcommittee in the 106th Congress. You've surely made an extraordinary difference, and things have come out of here that have led to legislation that has materially helped veterans and their families across America. So thank you for your diligence and for staking out such a large claim in the 106th Congress. And the two of you are truly friends of veterans.

I wish that, on behalf of Vietnam Veterans of America, that we could say that—offer the same kind of thanks to what has happened at the Office of the Assistant Secretary for Veterans' Employment and Training at the U.S. Department of Labor. But we cannot, over the last 2 years.

What we see is essentially a failure of leadership that is profound and disturbing, not just in a policy sense, but in a moral sense, because the mission after all is central. And that is to assist veterans to obtain and sustain meaningful employment at a decent living wage, which is in fact the central event of rehabilitation, restoration, education, et cetera. We spend billions of dollars to help make people physically well, on the GI Bill, on voc rehab, on VETS centers, et cetera. But if you can't help that person get and keep a job, it's all going to come unwound. And so it is, in fact, a central part of the veterans service matrix.

We find the plan lacking. We find the goals amorphous. And we find the measures meaningless. And the failure to adhere, or even make a consistent effort over the last couple of years to be in accordance with the Government Performance and Results Act, we

find breathtaking—breathtaking—in terms of the failure of that leadership.

For 20 years, Mr. Chairman, Vietnam Veterans of America has worked with people who want to own or enter into self-employment, or own their small business. And the two things we always say to them is, one, don't necessarily look for an SBA loan, because you've got to figure out what business you're in first—number one. And number two, do not go out and pay somebody to write your business plan, because you're not going to be able to pick it up and work it.

And that essentially is what VETS has finally done—because they were incapable of doing it themselves—is get somebody else to write a business plan that sounds good, but is not integral, and is not drawn forth from its own people, and therefore is going to be useless in terms of actually implementing it to make sure that we make the very best federal effort, federally funded effort, to assist disabled veterans, all veterans, and recently separated veterans, to obtain and sustain meaningful employment. We just find that to be unacceptable behavior, and as I said before, a profound, profound failure of leadership.

It unfortunately, however, goes beyond that. There has been a pattern and practice that at least borders on, and should be looked into, of abuse and misuse of power and position in that office over the last several years. That includes the use of private firms and meetings with veterans organizations that take place—and that's not, incidentally, a slam on the individual contractor and lobbying firm; they're just doing their job. They're out in the private sector and doing what they should do and do well. But to have to find out about programs by journeying to a private lobbyist's office for the veterans service organizations is simply not the way in which we should do business.

There has been a failure to carry messages to the Secretary. As an example, one of the statutorily mandated—Secretary's Committee on Veterans Employment and Training, the recommendation to the Secretary of Labor, Ms. Herman, that discretionary funds be used as an incentive to be able to use Workforce Incentive Act monies on the State level, for those States who are making the best effort for veterans, particularly disabled veterans—we believe that Secretary Herman never saw that.

In regard to that, once it became clear that the Secretary's Committee would no longer be a total rubber stamp for whatever the policy was of the current occupant of the Office of Assistant Secretary in Labor, they have cancelled every meeting. There hasn't been a meeting of that statutorily mandated committee for over a year. And that is not what the Congress envisioned. It is not what the law says. And frankly, it's unacceptable behavior, and is part and parcel of what we're talking about in terms of a pattern and practice.

There have also been ad hominem attacks on character of members of this body; on veterans organizations; of claiming that folks are somehow anti-disabled vet, or anti-DVOP, because we were talking about, how can we make this system better? How can we make it more in conformance with GPRA? And how can we all do, together, a better job for disabled veterans and their families

across this country in every sector of this society, in all geographic regions?

That is simply—our organization finds unacceptable. One example of that, if I may interject at this point, Mr. Chairman, was—the request was to go over our Chairman of Employment and Training in Business Opportunity Committee's head and my head to our quote-unquote "bosses," because they didn't like what VVA's position was on the legislation that has been worked on now for some 2 years in this body.

And so we set up a forum with our President, National President and Vice President, in order to do that. And they said, well, we want to go over George Duggins' head. We pointed out that our national president, duly elected by our delegates—if you want to go over his head, you're going to have to go to God or to Blanche Duggins, because he is our highest elected official.

But that effort of interfering with VSO business in order to change our stance on pending legislation is most extraordinary. We have never seen that before by a federal official, that interference in organizational business. And threats and denials of grants, we believe, is something that may in fact have taken place. Threats did take place, implicit and explicit. And a consistent failure to come into accordance overall with GPRA in the awarding of grants to the best possible mission.

I know I'm over time. I just want to say, Mr. Chairman, in terms of the focus of this hearing on strategic planning for the future, is that we would hope that the Congress, once again in a bipartisan way as you have in the 106th, both in this subcommittee and in the Subcommittee on Benefits, take a look at, what can we do to fulfill that obligation to help veterans obtain and sustain meaningful employment? If it's not through VETS and through the State employment security agency system, where is it? Where should we be concentrating our very scarce and valuable resources? It may be at Labor, with the President's Committee on Employment of Persons with Disabilities moving into Labor as a new Department. Perhaps we'll find more fertile ground there.

One last point I wish to make—and just to set the record straight, Vietnam Veterans of America is deeply committed to the men and women, disabled veterans themselves, who serve as DVOPs and LVERs across this country, and that there are many fine people who are State veteran program administrators within those State agencies. And our quarrel is not with them. Our quarrels is that we need a system as good as those men and women are who work outside of hours on their own to try and help veterans have the opportunity to earn their piece of the American dream. We need leadership that is as good as the troops, Mr. Chairman.

I thank you for allowing us to appear here today, and would be happy to answer any questions. Thank you.

Mr. EVERETT. Thank you. Mr. Ireland? Mr. Eiland, I'm sorry.

Mr. EILAND. That's all right, sir.

TESTIMONY OF ANTHONY EILAND

Mr. EILAND. Mr. Chairman and members, I'd like to start off by saying thank you so much for your service and dedication that you've given to veterans. It's greatly appreciated and is noted.

On behalf of the 1.9 million members of the Veterans of Foreign Wars of the United States, I appreciate the opportunity to participate in today's oversight hearing, in which we were asked to describe our role in addressing veterans' employment issues and initiatives.

Mr. Chairman, many veterans, when they separate from the armed services, are forced to deal with the reality of apprehensions and doubts concerning the possibilities of their future employment options. In leaving an environment that provides stability and security, exiting service members enter into a job market in which they are not always adequately prepared. The Veterans of Foreign Wars sees the importance of assisting these veterans in achieving not only gainful employment, but also ensuring the peace of mind that comes from providing a secure atmosphere for their family members.

In light of this, the Veterans of Foreign Wars has seen the importance of developing an initiative that would make reaching these people and addressing their needs a priority. The VFW understands that there is a need for an outreach activity that would execute such a function. Consequently, the Military Assistance Program—MAP is what we like to call it at the VFW—was developed to provide this important service that would satisfy an existing void.

The role of the Military Assistance Program is to establish and deliver a comprehensive program to enhance the quality of life for active duty service members of the armed forces and their family members. In addition to this, it is to provide assistance to those service members transitioning into civilian life. An important product that has developed from this program was the creation of the partnership between the VFW and VetJobs.com.

This partnership agreement is not intended to supplant the activities and responsibilities of the Veterans' Employment and Training Service within the Department of Labor. Rather, we see our relationship with VetJobs.com as an enhancement which provides another valuable option for the soon-to-be-released service member to utilize in their job search.

With the extensive amount of dollars that are being spent to educate and train the members of the armed forces today, veterans are a valuable resource that has not been fully utilized to its maximum potential by the private sector. They leadership skills and team building experiences that they have been exposed to throughout the military service of these members should make them highly desirable as potential employees.

Mr. Chairman, through companies like VetJobs.com, the needs of service members who are located in isolated areas of operation and are at a direct disadvantage in their job searching abilities are now able to benefit. They will not be denied the same rich opportunities that are available to service members that are located within the borders of the United States or in areas that have access to other conventional sources.

The motivating factor that caused the VFW to become involved with, and in turn enter into this partnership with, VetJobs.com was the service that they could offer veterans. The VFW wanted to find an operation that would provide a meaningful opportunity

that would be supplied at no cost to the veteran. In addition, it was paramount to us that this service would supply a valuable resource and reliable assistance to all service members, ranging from the most junior enlisted to the most senior officer.

I would like to also add, this is the first time in the history of the VFW that we have ever gone outside of our own sources to find assistance. We are breaking new ground with VetJobs.com that I never thought would happen.

Mr. Chairman, the relationship between the VFW and VetJobs.com has been proactive and dynamic. The VFW is currently working in conjunction with VetJobs.com to enhance employment opportunities to those service members that are exiting military service as early as possible. The vision of making a career change as painless as possible while still allowing the maximum possibility for success is the result that the VFW desires.

This concludes my statement. I'm more than happy to answer any questions you may have for me at this time.

[The prepared statement of Mr. Eiland appears on p. 96.]

Mr. EVERETT. Thank you very much, we appreciate it. Mr. Daywalt.

TESTIMONY OF THEODORE DAYWALT

Mr. DAYWALT. Chairman Everett and distinguished members of the subcommittee, I am Ted Daywalt, CEO and President of VetJobs.com. My partner, Keith D. Baker, and co-founder of the company, is also here with me. It is an honor and a distinct pleasure for us to be here this morning.

VetJobs is a company owned by veterans. Our primary mission is to assist veterans, their spouses, and their dependents. Since we launched last Veterans Day, we have grown to be the largest resume database and job developing and posting site for military veterans on the Internet. All of our many services are free to the veterans of the U.S. Air Force, Army, Coast Guard, Marine Corps, the Merchant Marine, Navy, National Guard, plus their spouses and their dependents.

We are proud and honored to call the Veterans of Foreign Wars of the United States our friend and partner. The VFW owns 10 percent of VetJobs. We work with them on a daily basis in their Military Assistance Program, and in many other initiatives to help America's veterans.

Today we have more than 400 military-friendly companies who have posted jobs at VetJobs. They include large corporations like General Dynamics, US Filter, Intel, Oracle; small companies like PE Systems of Charleston, SC, and the University Alliance of BISK.com in Tampa, Florida. Some members of the public sector have also received the message that military veterans are special people. Our public sector customers include the U.S. Customs Service, the U.S. Postal Service, the Wyoming Highway Patrol, the Phoenix, Arizona, Police Department—we keep going on.

Let me tell you a short story. I spoke recently to the operations manager of a Georgia consumer products shipping firm. He told me on a recent Friday night, the backlog of orders was horrendous, and he had asked for volunteers from his 12-man crew to work overnight to give the next shift a fighting chance of getting through

the weekend. He told me that all three of the military veterans volunteered immediately, without hesitation, because they understood what mission failure was all about. The others said, sorry, I've got plans, and they left.

Ladies and gentlemen, it is that can-do spirit—the reliability, the discipline and the mission-oriented work ethic, combined with the incredible technology that our veterans possess—is what makes them highly employable in the civilian and the public sectors.

Sadly, however, that is simply not what is happening here in the United States today. In this economic boom time, the unemployment rate for our military veterans is substantially higher than the national average, and we at VetJobs are committed to doing something about that—as well as further educating employers so that veterans are not underemployed when they go to a job.

Many corporate job recruiters never consider military veterans for employment because they have unfortunately had no exposure to America's armed forces. We have had a volunteer military for more than 30 years, the draft is a distant memory and the last war was a decade ago. Consider the following: after World War II, one out of every ten Americans was either a veteran or on active duty in the United States. Today, that number has shrunk to one veteran for every 147 Americans.

In past years, American heroes like Daniel Joseph Daly, Smedley Butler, Alvin York, Eddie Rickenbacker, Bull Halsey, George Patton, Lloyd Burke and Chesty Puller were chronicled in the news media and known in ever household in America. Today, probably the best-known veteran in America is an actor who never served, Tom Hanks, who played the U.S. Army Captain John Miller in the Academy Award-winning film, "Saving Private Ryan."

What has resulted from all this? According to the Federal Bureau of Labor Statistics of July 2000, the unemployment rate for male military veterans discharged since 1994 is seven percent, compared to an overall U.S. unemployment rate of 4.5 percent. Among black and Hispanic veterans, the unemployment rate is 6.8 percent and 8.1 percent, respectively. The unemployment rate for female veterans is 5.9 percent.

Our armed forces are no longer soldiers in foxholes and sailors aboard gunboats, as depicted in Hollywood movies. We have a high-tech military billeted by men and women who are superbly trained in state-of-the-art technology, leadership and teamwork. For example, did you know that more than 92 percent of the active duty military personnel use in their regular daily job personal computers, compared to barely 25 percent in the civilian sector? And over 51 percent can set up and run a LAN system, versus five percent in the civilian sector. All major military operating systems—command and control, administration, logistics, intelligence and weapons—are highly computerized and require superbly trained and motivated people to operate them.

At VetJobs, we firmly believe that message needs to find its way to America's corporate boardrooms. And if I may be permitted to use a military term, VetJobs is scope-locked on that mission.

Here are some of the things we are doing. We have developed the most comprehensive veterans job board on the Internet, with multiple services to help veterans, disabled veterans and employers to

understand each other's needs, language, and their work environments.

Often, veterans and civilian employers speak a different language. An example, a retiring senior chief petty officer from the U.S. Navy forwarded her resume to one of our corporate customers. During her 20-year career, she had worked as a detailer in the Bureau of Naval Personnel, in charge of the career paths of thousands of sailors, and working a position which in the civilian world would have been a senior management level. Yet the employer thought that she washed cars, because she was called a detailer.

We offer our services free to all veterans, their spouses and dependents. We offer and market our services to both officers and enlisted men and women, because for ever officer there are 20 enlisted personnel, and the senior enlisted are the backbone of our military. We put together a board of advisors that includes retired E–10s from each of the services, and a group of flag officers that includes a Medal of Honor winner; another was the first African-American to command a U.S. Army infantry division.

We offer veterans assistance in resume preparation, job interview techniques, career planning, and information on how to effectively approach the job market. We are educating human resources personnel, recruiters and employers on why they should hire veterans. In your packet, you should have a sheet where we provide the employers 12 good reasons to hire veterans.

We now have more than 15,000 veterans posting resumes on our site, and have helped more than 530 veterans find jobs. And we did this with a staff of nine full-timers and one part-timer. Our top employer through August is Combined Insurance Companies of America, headquartered in Chicago, who in the last 10 months has hired more than 60 veterans. Premier Technology Group, located nearby, hired 12 in the first couple months on the site.

We publish two monthly newsletters, one for veterans and one for employers. And the newsletters are one of our best vehicles for bringing veterans and employers together. Through these newsletters, plus our advertising and public relations campaigns, we are trying to educate employers and veterans that in the 21st century economy, the Internet is fast replacing newspapers and want ads—so much so that last year over 90 percent of the Fortune Global 500 companies were actively recruiting on the Internet.

We work closely with the military transition offices around the world to ensure that transitioning veterans are aware of our services. To assist veteran spouses and dependents, we just launched a brand new service where the same services are offered to the spouses and the dependents.

But just as important, VetJobs is dedicated to supporting the mission of America's active duty military——

Mr. EVERETT. Mr. Daywalt, I'm going to ask you to submit the rest of your testimony for the record.

Mr. DAYWALT. Yes, sir.

Mr. EVERETT. I know that may seem strange to you, but we're sandwiched between other meetings and having to be called to the floor for votes. But I do appreciate your testimony, and the entire testimony will be made a part of the record.

[The prepared statement of Mr. Daywalt appears on p. 62.]

Mr. EVERETT. Dr. Boggs.

TESTIMONY OF GEORGE BOGGS

Mr. BOGGS. Good morning, Mr. Chair and members of the subcommittee. My name is George Boggs, and I am the President of the American Association of Community Colleges. AACC represents over 1,100 regionally accredited public and private associate degree-granting institutions of higher education. I am pleased to appear today before the Oversight and Investigations Subcommittee on the role of community colleges in providing job placement and related services to veterans.

There is no such thing as a typical community college. They are large and small, urban, rural and suburban, and focused on a tremendous variety of educational, training and related objectives that are responsive to the local communities they serve. They provide access to higher education and training opportunities to over 10 million students each term.

Today I would like to highlight some of the many activities that community colleges across the country are undertaking to place veterans into good jobs. For years, community colleges have been intimately involved in providing placement and related job-finding services to America's veterans. In addition, community colleges assist veterans in filing Montgomery GI Bill claims, and in guiding them toward education and training programs to help them realize their career goals.

The federal role in job training changed dramatically with the August 1998 enactment of the Workforce Investment Act. Development of the new WIA system will have enormous implications for community colleges in the areas of education, career counseling and job placement, and hence will greatly impact the services provided to veterans.

The WIA system presents both challenges and opportunities for our colleges. Some of the problems our Association hears are listed in my written testimony. The overlay of a whole new federal system with complex, statutorily mandated partners has created complications for our colleges. Nevertheless, they are strongly committed to making the system work.

Here are just some examples of what community colleges across the country are doing to help veterans. North Essex Community College in Haverhill, MA, offers opportunities for students to test particular career fields in job shadows or cooperative educational programs that allow participants to work in at least three fields each term so that they can gather career experience. At Fayetteville Technical Community College in Fayetteville, NC, the veterans service office provides educational, vocational and personal counseling in addition to evaluating veterans' interests, abilities and skills. Springfield Technical College in Springfield, MA, maintains an extensive referral network of agencies that provide a wide range of assistance to veterans, including job placement.

At Central Piedmont Community College in Charlotte, NC, the Career Center offers specialized assistance with veterans' resumes. The goal is to revise resumes to emphasize transferable skills, so that veterans can make the transition into corporations or nonprofit organizations. The Career Center web site also has a section

devoted to the military, to connect veterans with employers. Trident Technical College in Charleston, SC, works closely with the Transition Assistance Program at the Charleston Naval Weapons Station. A college representative makes presentations to military personnel about to be discharged. The college also maintains office hours at the Weapons Station.

A veteran from California writes, "My name is Jeff Boles and this is my story of how I have made the adjustment coming from the Army, being disabled and not knowing what I was going to do to support my family. I could no longer work in the construction trade, so I asked the VA if they could help me get retrained through their rehabilitation program. When I got to Grossmont College, I knew very little about computers and networks. With the help of the instructors and staff, I was able to retain enough knowledge about networks and computers at Grossmont's Leadership and Economic Development Institute to help me get a job in this field. When I got my job here at Ward North America, I started at an entry-level Technical Support position, and over the last 2 years my responsibilities have grown. I now have the title of Network Manager."

As the above descriptions demonstrate, community colleges help veterans locate good jobs, and provide many related services. Our institutions are committed to these individuals, and we stand ready to work with the subcommittee in devising ways to be even more effective in helping them.

Thank you for this opportunity to testify before you today.

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

Mr. EVERETT. And thank you. Mr. Boland? Slide that mike over please, sir.

TESTIMONY OF RAY BOLAND

Mr. BOLAND. Good morning, Mr. Chairman, members of the committee. I want to thank you for this opportunity to testify. I also want to thank you for the commitment this committee has made to trying to improve the situation regarding employment for our veterans.

I want to say thanks, also, for adding the voice of State government to this process. We've noticed in previous hearings and testimonies that many comments have been made about State governments, even some who feel that State government may be the obstacle to improving veterans employment services. We certainly don't feel that way, and I want to make some specific comments——

Mr. EVERETT. I will quickly point out, in Alabama it's certainly not that way. As a matter of fact, it may be the other way around. And I would get the idea that Ms. Brown feels the same way about Florida.

Ms. BROWN. I think Florida is a problem? Is that what you said?

Mr. EVERETT. On the State level, I think that they——

Ms. BROWN. The problem.

Mr. EVERETT. Well—proceed.

Mr. BOLAND. I am here today as Secretary of Veterans' Affairs for the State of Wisconsin, also as vice president for the National Association of State Directors of Veterans Affairs, and legislative

chairman for that organization. I'm also vice president of the National Coalition for Homeless Veterans, and during the past 6 years I've been directly involved in the process of placing at-risk veterans into the work force. And so it was with all of that background that I speak to you today.

With respect to the role of State government, I want to emphasize the fact that we in State veterans agencies are involved in the full spectrum of providing services to veterans. In fact the employment function may be the only one that we are not directly involved in. We are today the largest provider of long-term care for veterans; we have a growing role in providing cemetery facilities. We are the largest provider of benefits counseling assistance to veterans. So we are a major player in this, and that's why we have such a big interest in employment services.

We don't advocate doing away with the current workforce that we have in the field to perform its function. What we want to do is work with them to help them do their job and help carry out the mission that we think they're supposed to do. We're all looking very hard now at the Workforce Investment Act, and frankly, we have some concerns that we may have some disconnects between the provisions of the Workforce Investment Act and Title 38 of the U.S. Code. If there are not legal disconnects—and there may be some—then we think there's at least philosophical disconnects between the two.

The intent of WIA, of course, is to create one-stop service job centers in our States, give significant responsibility to the governors to create a State plan, who in turn designates local areas for this, and significant responsibility to the local level to carry out the mission. The point is that the Workforce Investment Act has within its parameters great flexibility to enable program implementation, execution, administration to be vested at the local level. This allows for program content and delivery to be tailored to maximize the benefits.

On the other hand, we see the control and program parameters of VETS being highly centralized and too rigid. The current USDOL practice of centralized administration of VETS at the federal level, while at the same time diverse agencies are administering other employment and training programs at the local level, seems to create a disconnect in function, creativity and flexibility.

We strongly recognize the very special and important place in government for benefits and programs intended solely for veterans, and we fully support that. However, we also recognize the need to work collaboratively with other agencies and entities to maximize the total array of benefits to which veterans are concerned.

The philosophy of WIA is collaboration, inclusion and execution at the local level. The VETS program, on the other hand, is designed for federal control, hidden under the cloak of providing and preserving exclusive veterans benefits, but in reality only preserving the status quo—and this has been pointed out by many other witnesses in past testimony.

Earlier this year in my home State of Wisconsin, we attempted to have the management and administration of the DVOPs and LVERs program transferred to the State Department of Veterans Affairs—and this is an effort that was undertaken a long time ago,

consistent with what we saw evolving with the Workforce Investment Act. My governor has appointed me to the State work force development board. He expects me to be the coordinator of these matters statewide, working with the local areas as well.

So we asked to make this change to put me, the total provider of benefits services, into the mainstream of the job function. We were told by USDOL that such efforts would be inconsistent with federal law. We went back and clarified—and we're not really trying to get the grant necessarily. This wasn't about money, trying to improve the function. We tried to process an agreement for operational control, and again were told that this would be inconsistent with federal law.

We think we know how best to coordinate services for our veterans in the State of Wisconsin, and how these services can be merged into a seamless system at the local level. And my goal is to create not just a one-stop service capability for employment, but for all veterans services. It makes no sense to have the employment function separated from the rest of the benefits that veterans see. Many veterans seeking employment have medical issues that need to be addressed. We have to get them coordinated into the VA medical system.

We think that the various approaches to service delivery could be demonstrated at the State level. We were very excited about the pilot provision that was in the proposed legislation to give us a chance to do that. We think that we can deliver some best practices to really contribute to this overall question. This is not inconsistent with other Federal and State collaborations that are flourishing. We think it's the natural progression.

Our ultimate recommendation is for Congress to allow each governor to be able to have the flexibility to do this. I want to point out that just 2 months ago the National Governors' Association, at its annual meeting in Pennsylvania, adopted its first-ever policy agenda for veterans issues. Veterans employment was addressed, and the governors have recommended that they be given more flexibility to provide this service. And I have respectfully requested a copy of the NGA resolution to be entered into the record, sir.

Mr. EVERETT. Without objection.

(See p. 42.)

Mr. BOLAND. Mr. Chairman, State government is not the problem with veterans employment services. In fact, we strongly believe that State government can be a very important part of the solution in providing service to our veterans. Any action that can build on and create Federal and State partnerships to achieve the best results for our veterans that is cost-effective is a path that has to be taken.

I thank you, sir, and members of the Committee, very much for including State government in this hearing.

[The prepared statement of Mr. Boland, with attachment, appears on p. 39.]

Mr. EVERETT. I thank you very much for all the testimony you've given here today. And before I get started with my questioning, let me point out that I, too, have some serious problems with the leadership over at the Department of Labor.

I have publicly stated my admiration for Secretary Herman, both personally to her and to members of the media. She is from Mobile, AL, and we think the world of her. But this member has had Department of Labor—it has just recently come to my attention—has had Department of Labor personnel lobby against this bill in his district, and also say some pretty unkind words about the Chairman, and whether or not he cared much for veterans.

I'll talk about that more later. We will be asking the IG to take a look at that. And I will personally contact the Secretary about it.

I also have been called partisan, because of my strong feelings against this in the last July hearing. And I can assure you that my feelings are no stronger than that of my colleague Ms. Brown about protecting the veterans and not protecting bureaucrats. And I think it boils down to that; there's a wider problem here, and that problem is: do overzealous bureaucrats run this government, or do duly elected Members of Congress run this government?

I refer to the statute that you referred to, Mr. Weidman, where congressional statutes have not been followed. So I have, for—those who know me well know that when I am pushed, I have a tendency to push back. I don't give in too well. I don't much care for pressure. I'm not a career politician; I don't intend to be. So that gives me great flexibility in being able to do and say what I want to. And I don't much care for the way business is done in Washington, where you have people testify before you and say, yes, sir, and no, sir, and they go out the door and do everything they can to disrupt what the Congress has asked to be done. But I'll say more about that later.

Mr. Boland, is my understanding correct—according to your testimony, if you attempt to improve performance and service to veterans through innovation in the spirit of the Workforce Investment Act, VETS had told you that your State grant would be rescinded? Even if you maintained the status quo and had poor or mediocre performance and placed fewer veterans in employment, your State grant is then safe?

Mr. BOLAND. Yes, sir, that's my understanding. I'd like to be very specific, however, that I have attempted to negotiate with our State labor agency to arrive at a coordinated effort as I described. They in turn have talked to USDOL about these proposals. And we have memorandums from our own State labor people that have told us that our grant would be jeopardized if we made the kinds of modifications that I have proposed.

Mr. EVERETT. Mr. Eiland, I would like to commend VFW for the, I feel, bold step the organization took to partner with VetJobs.com. The Nation's veterans are better served as a result, I think, of VFW's leadership in this area. How did the VFW find out about VetJobs.com, and why did the organization choose to form a partnership with VetJobs instead of other companies engaged in similar work?

Mr. EILAND. Mr. Chairman, what we initially did, we searched out approximately 60 companies to find out what would best serve a minimum set criteria that we wanted. We narrowed it down to four, and then the clear choice was VetJobs.com after we looked at the cost to the veteran, which was nothing, and the benefit to the

veteran, which was everything. Also, we looked at the expanded service, how it went all the way from E–1 all the way to O–10. Any time you have that large a parameter that can serve more people, that's clearly what you want to use.

And we knew this also would benefit not only our members, but benefit veterans that are not even part of the VFW. So we're fully inclusive.

Mr. EVERETT. To you, this is a win-win situation?

Mr. EILAND. Yes, sir.

Mr. EVERETT. Mr. Daywalt, first of all let me congratulate you on your business success, and apologize again for not allowing you to put the entire oral testimony in the record. But we get pushed awfully hard around here, and your complete testimony will be made a part of the record.

I think it's fair to say, though, that your business success would not have occurred except for the void created by VETS—which then leads me to question whether taxpayer dollars are being spent effectively and properly. If you can attain the success you have in a very short time, 10 months, why hasn't VETS been able to show any like improvement in 8 years? Do you have an opinion on that?

Mr. DAYWALT. No, sir, I don't have an opinion on that. I'm not real familiar with the VETS program. But I know that at VetJobs we have a bunch of dedicated staff that are working to help the veterans as much as we can.

Mr. EVERETT. Thank you. Mr. Weidman, did you think it necessary to have a VETS-type organization to assist veterans looking for employment, given the success and results produced by companies like VetJobs? And also, the involvement of community colleges? In other words, given VETS' inability, or refusal to change, improve, or enter the 21st century, would our veterans be better served through a different delivery system?

Mr. WEIDMAN. I think at this point we certainly have to consider that, Mr. Chairman. We've spent 2 years, now, going through a process that involved virtually all the players in trying to achieve a consensus reform of this system, only to have one player not play in good faith, if you will, with all of the other partners.

The key fact is that we are failing our veterans in the central event of the readjustment process, whether they be recently separated veterans, homeless veterans, or profoundly disabled veterans who are still trying to get into the job market at 50 having been wounded in Vietnam. And we know that that's the case. We are told everything is okay, and when the measures are inadequate, they now try and change those measures to make them even more amorphous.

And so at this point we've got to look at other mechanisms. If we can't reform the VETS—and I say that with some sadness, because I think there's some terrific, talented, dedicated, wonderful people within VETS in the States across this country—then we have to look for, where can we get the proof in the pudding? If that is through the community colleges, then so be it. If that is through private sector, then so be it.

And VetJobs, I have looked at your web site, and recommended it to a lot of our member through the Vietnam Veterans of America newspaper. It is most extraordinary. And maybe that's the way we

are going to have to go. But one way or another, this mission is too central, too important and too sacred to be stultified by bureaucratic ineptitude or resistance, including—not even counting some of the other excesses that I talked about.

I feel the need publicly to apologize to my grandmother, who raised me to believe that you always acted, if you can't say anything nice, don't say anything at all. We have been accused, and I personally have been accused, of being partisan in some of the strong critique of the behaviors and of the policies as evidenced by the Assistant Secretary's office.

Our organization also has great admiration for Secretary Herman and this President, because we do believe that they're committed to work force preparation. But we're not getting a fair shake for veterans, particularly veterans at risk, on the street, or recently separated veterans, simply does not serve—and frankly, we don't believe that they know that that's the case. And that message is being stultified before it ever gets to the good people at the top in the leadership. And we do not find that acceptable.

So that may in fact be a systemic failure. It is certainly a failure of leadership in the veterans component at this time. And we look to other mechanisms, because the bottom line is helping that vet get and keep a job.

Mr. EVERETT. "VVA strongly urges this subcommittee to fully and thoroughly investigate recent actions of VETS in regards to H.R. 4765." Would you like to talk about that?

Mr. WEIDMAN. Well, the—I mentioned some of those, some of the absolutely extraordinary actions. Incidentally, we welcomed that, and we invited Representatives, we invited the Assistant Secretary himself to come to our national board meeting and to our Employment Training and Business Opportunities Committee. I am not easily intimidated, sir, and I can assure you that Mr. Calvin Gross, who's a 6'5" disabled Vietnam vet, ain't intimidated by anything except by Joan Gross, who's a sitting judge in the State of New Jersey, or by sickness of one of his children. Those things intimidate him, but not anybody else.

We did invite them, and our president and vice president sat in a 3-hour, up-and-down, rough-and-tumble session where they basically tried to split our organization and say, you guys are out of compliance with your own resolutions. We were not. And there was general agreement—and a report was made to the board and to the Government Affairs Committee. And the positions that have been taken before this body in both the informal, the semi-formal and the formal sessions that have taken place over the last 2 years, in fact have been reaffirmed by our duly elected officials within Vietnam Veterans of America.

But the fact that the attempt was made is astonishing. We've never seen that, sir. The fact that not-so-veiled threats, that bringing in other players at the last minute to thwart the bipartisan will of this body in moving that bill forward, and submarining the process when it wasn't enough time left in the 106th Congress to bring it to fruition—we think at minimum, it's improper behavior, and frankly something that the IG should consider, whether any federally appropriated, programmatic dollars were spent in the effort to thwart the work of this body.

Mr. EVERETT. I thank you very much. Ms. Brown.

Ms. BROWN. Thank you, Mr. Chairman. I don't know a subject area that I feel more strongly about, and know more about.

First, Dr. Boggs, I worked 16 years at Florida Community College. So I am a community college lover. And I absolutely know the role that the community colleges play working with veterans and first-time students and others in making life better. And so I want to commend the community colleges for their service, because that is an example of some of the investments we have not made in education, we've been able to turn those students over to the community college and come out with a product that we can all be proud of. And I understand the outreach programs that we've had in the community working with the veterans. So I want to thank you for that.

Let me just say that also, before, in my real life, I had spent 10 years at the State legislative level. So I'm very familiar with State government and the role of State government. I have a real grave concern about what's going on, as far as the Department of Labor and some of the roles, Mr. Boland, that the governors, that your governor—and my governor in particular, are playing because that's what I know, Florida—they want flexibility in handling veterans employment.

Governor Bush wants to contract out the veterans service to the cheapest bidder. I don't support that at all. I have written a letter to Secretary Herman saying, pull the funds if they do that. It has to have accountability. I feel that the veterans are our responsibility. We need to make sure that we have partnerships that we—the veterans are our responsibility in Congress. We are the ones that called them into service, and we should be the ones that have the oversight in making sure that they have the service delivered to them. I'm not willing to pass it off to a State, and then we're going to contract services out to the cheapest bidder. That does not work.

We used them in their prime, and we have a responsibility to make sure they're taken care of when they need us. And that is just not talk with me; it's the way I feel. I am prepared to make sure that they do not destroy this program in the State of Florida. I have asked for an investigation. We are not going to just contract out the veterans programs to agencies and then have no accountability. And you know, that's my position on that. I'm willing to bring it to the Congress. I think the debate and the discussion and the dialogue need to go on up here, in Congress. It's our responsibility.

If the State was going to do it—and most States are not even prepared to do it—they would be doing it. They're not doing it. And if it wasn't for the Department of Labor, nothing would be taking place in the States as far as veterans are concerned. Certainly we need to improve the programs. But I cannot say we need to just hand it off to the States. Veterans would not be their priority. It's hard enough trying to make them the priority up here. And you could——

Mr. BOLAND. May I respond?

Ms. BROWN. Yes.

Mr. BOLAND. Thank you. First of all, there's been no discussion in our State, or by my governor, with regards to interest in contracting out veterans employment services.

However, I have made very successful use of contracting in the process of serving veterans in Wisconsin. I think there's a difference. Specifically, we have contracted with community-based providers in our State to provide transitional housing for homeless veterans—an appropriate thing to do. Government can't do that very well, especially Federal Government.

I have managed to network the appropriate State players with these local community organizations to make the whole thing work. I've done that; State government. Nobody else could do it.

So, I don't say that this is a one-size-fits-all, we're going to contract everything out. But contracting has its place. It played an important role in some of our welfare-to-work programs. In dealing with all the issues that people have to deal with when they're trying to get employed—it's not just the job. There are many other issues.

So I'm kind of on both sides of that. But certainly we would not advocate a wholesale abdication of our responsibility to serve our veterans.

Ms. BROWN. Well, thank you. Thank you, Mr. Chairman. I feel strongly about this.

Mr. EVERETT. Let me just briefly say to you that we'll have additional questions for the panel, and that I appreciate your testimony here today. And as you can tell, from myself and Ms. Brown, we feel strongly about the issue. And I appreciate your openness and what you've had to say to us today, and also for what all of you do for our veterans. So thank you.

At this point I'd call our next panel. I'd like to recognize Mr. Borrego, Assistant Secretary for Veterans' Employment and Training, Department of Labor.

[Witness sworn.]

Mr. EVERETT. Mr. Borrego, before you begin, I want to state a growing concern of mine, because of press reports and other allegations that have come to me recently.

It appeared to me for some months that the Veterans' Employment and Training Service has been orchestrating active opposition to H.R. 4765, the committee's bill to reform and improve VETS. Press reports that you pressured Ms. Linda Boone, the Executive Director of the National Coalition for Homeless Veterans, to oppose H.R. 4765 seem to fit a pattern.

I'm not satisfied that these matters have been independently and objectively investigated. Moreover, I am also concerned about Secretary Herman's response to your actions. Secretary Herman wrote my colleague, Chairman Jack Quinn, "in retrospect, it appears to me that not enough planning went into this call." I would hope that the Secretary of Labor would recognize not only the impropriety of the call, but also the violation of law.

At issue is an attempt of a political appointee of the executive branch to influence the testimony of a witness called by a congressional committee. I view that as extremely serious. This is a serious obstruction to the Congress doing its business, and it brings into question who's going to run this country, duly elected Mem-

bers of Congress and the President of the United States, or overzealous bureaucrats who want things done their way?

And I have to tell you, I personally resent the lobbying in my district against this bill, and also the remarks made by a DOL employee concerning this chairman. They were inappropriate, and I believe that those remarks, if not directed from Washington, were influenced by the tone set here in Washington.

I have one other matter. I have asked the Department of Labor's Inspector General to do some investigation to see if the reports are true, and if there have been any violations of law or any other improper conduct. My letter went over to the Department on Monday.

I also have one other matter. Your written statement was due to this subcommittee on Friday, September the 22nd, by close of business. It did not arrive until yesterday evening at 7 p.m. My staff requested a draft copy in advance of the final and was refused because of Department policy. My subcommittee receives draft testimony as a matter of course from every other federal agency coming before me, including VA, DOD, GAO, and various inspector generals.

In fact, the reason for your tardiness of your statement was because you did not submit the document to OMB until the day it was due to this subcommittee. You have known about this hearing for months. You even requested this hearing to be rescheduled from July. I acted reasonably and accommodated that request. Yet in turn, you did not have the common courtesy to accommodate me or my staff with a timely submission of your testimony.

At this point, you may proceed with your testimony. Please hold it to 5 minutes.

TESTIMONY OF ESPIRIDION (AL) BORREGO, ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR

Mr. BORREGO. Sir, before I get into my testimony, I would like to respond to what you said.

Regarding the Ms. French matter, as you know, there was an internal review which concluded that there was no attempt to have Ms. French advocate any particular——

Mr. EVERETT. Sir, would you please pull the microphone up?

Mr. BORREGO. Excuse me. I'm fighting a sinus infection, my apologies, sir.

As you know, there was an internal review that was done by the Department, which concluded that there was no effort to have Ms. French advocate any particular position in her testimony.

Mr. EVERETT. I understand that, sir. I am asking for an independent investigation of that through the IG.

Mr. BORREGO. Yes, sir. Regarding the lateness of the testimony, my apologies, sir. It goes through a lot of clearances. Clearly, we should do better. We have two hearings at the same time; the other one cleared on Friday. And again, my sincere apologies for not getting it to you on time.

Mr. Chairman, Congresswoman Brown, my testimony, submitted for the record, contains the progress VETS has made to clarify our strategic plan, strengthen our program oversight, and improve our performance measures. I would like to give you the highlights.

First, VETS has made considerable refinements to both our annual and strategic plan. We got a lot of good input from stakeholders, from the GAO, and from this committee's staff. Our 2000 to 2005 strategic plan and 2001 annual performance plan directly relate to VETS governing legislation and the new employment and training environment created by the Workforce Investment Act. I believe we have created a blueprint for success for the agency. More importantly, I believe we are creating a process that will help 21st century veterans achieve success in our vibrant economy.

Secondly, I think there has been unanimous agreement that we need better statistics to measure our performance. We are looking at using unemployment wage records, as well as several other measures, to get more accurate and up-to-date information. Tests in Maryland and California and other States show that this is a favorable approach to take. Interestingly enough, both studies show that DVOPs and LVERs are not getting full credit for the number of veterans they get jobs.

Finally, performance outcomes. The Workforce Investment Act is requiring most States to revise their reporting system. VETS is working with the States to develop new performance outcome measures, as well as to collect reliable data on services provided to our Nation's veterans.

I realize there is much work to do, and my time to do it is short. I plan to use these last months to continue to transform the agency into a performance-based organization, and to improve our programs and services to veterans and employers. And I would be pleased to answer any questions that you may have.

[The prepared statement of Mr. Borrego, with attachment, appears on p. 77.]

Mr. EVERETT. Before I get to my questions, I want to summarize GAO's testimony. GAO found the following: despite the statements to the contrary in your testimony, VETS has no strategy in place regarding its operational changes due to the implementation of WIA; it is unclear how VETS will function with regard to the new one-stop centers; VETS' strategy has consisted primarily of waiting for States to decide how they would do the integration.

VETS has no reliable data. VETS has not clearly established a direction for the agency by establishing clear priorities. As a result of appearing to target some or all veterans at once, VETS does not communicate a consistent or coherent message in terms of who it actually intends to help.

VETS planning has been encumbered because it has not adequately identified and analyzed the characteristics of underemployed or unemployed veterans overall in comparison to those who typically use the agency's programs. VETS is not adequately planning for how it can best serve veterans by understanding what problems the veterans face in finding jobs.

And finally, the Assistant Secretary has recently testified that the duties of DVOP and LVER staff need to be revisited. Yet the agency has not developed any plans or specific legislation or programmatic strategies to do so.

In your statement, you mentioned that a basic strategy of VETS is to use the one-stop philosophy of the new Workforce Investment

Act. If that is true, why have you rejected the approach presented by the State of Wisconsin?

Mr. BORREGO. Sir, regarding the State of Wisconsin, I had a series of conversations with Gene Kussart, who at that time was special assistant to Governor Thompson; I think he's now Deputy Secretary of the Department of Transportation in Wisconsin. He asked me, could the State of Wisconsin move DVOPs and LVERs over to the Veterans' Affairs office?

I said that DVOPs and LVERs are State employees; they can move them wherever they want. The problem is that Title 38 places them in the public employment service, and that it was not clear that if they did that, that we could pay for them.

Later he came back and said, could Secretary Boland run the DVOPs and LVERs from his position as Secretary of Veterans' Affairs? I told him that I did not know that answer, that I would have to check with the solicitors. We set up a teleconference call that included myself, a member of the Solicitors' Office, and Gene Kussart, who was at that time Special Assistant.

During this, the solicitors told him that as they read the legislation, that they thought that this was not possible—that it was not possible because of our legislation. Later he called me and asked if we would provide him a written opinion, which we did.

Mr. EVERETT. What has VETS been doing in regard to one-stop shops?

Mr. BORREGO. Sir, the Workforce Investment Act devolved a lot of power to the States. And that was part of that devolution of power to the States. And when you see in our strategic plan that we say that that power has been devolved to the States, where they have that power and authority, clearly they get to go first. That was part of local control.

Within that framework, we have been very proactive. We have worked very closely with our sister agency, the Employment and Training Agency, in developing planning guidance for the States. When the States put in their State plans to ETA, we took a look at those and commented on the veterans services in those plans. In addition, all the States have a Secretary's agreement, signed by the governor or the governor's designee (and the Secretary of Labor) saying how they're going to deal with veterans services in the Workforce Investment Act and one-stops.

Mr. EVERETT. All the activities involved in WIA, are these activities in your plan also? If not, why not?

Mr. BORREGO. Sir, in putting this plan together, one of the things that I was very conscious of was the criticisms from the GAO about lack of clarity and vision. When we deal with a document—and it's a fairly thick document as it sits now—there's always a judgment call about how much you put in a strategic plan. Too much, it doesn't become clear.

I made a judgment call that we had that information, it was sent to stakeholders. If it is information that needs to be included, I'd be glad to do it. But we certainly are proactively involved in dealing with WIA.

Mr. EVERETT. I have additional questions for the record, and I would appreciate you responding to those questions within 2 weeks.

Mr. BORREGO. Yes, sir.

Ms. BROWN. Thank you, Mr. Chairman. I am pleased to see that GAO has said that there is some indication that progress has been made as far as planning is concerned. And for that I want to thank you.

You noted that VETS exceeded the 1999 performance goal for assisting special disabled veterans, service-connected disabled veterans, and homeless vets. I gather there is significant overlap in all of these three areas; help one, help all three. What was the percentage of increase in those three goals from the previous year?

Mr. BORREGO. In the goals for?

Ms. BROWN. Nineteen ninety-nine.

Mr. BORREGO. Nineteen ninety-nine, let me see if I have those.

Ms. BROWN. Okay——

Mr. BORREGO. For VETS grantees, the performance goal was that VETS grantees help 1,850 veterans who are homeless find jobs. They actually found jobs for 1,993. When it came to voc rehab and employment, that program that we have with the VA, we had a goal of 4,368. We actually found jobs for 4,567. So in those areas, we've made significant improvements, and I'd be glad to give you more information as well, in writing.

Ms. BROWN. And given the current VA estimate that there are 350,000 homeless veterans, and your record of placing about 2,000 each year, what is your strategy to end this homeless veterans population? What resources would you need? And—you know, what are your recommendations?

And I know that this is not the Department of Labor alone's problem. I think we've got to have a partnership. This is where we need the partnerships in the State. I know the Federal Government plays a role; when we did de-institutionalize the mental hospitals, we didn't put the resources in the community to assist. We need somebody, some agency, to take some leadership on this problem.

Mr. BORREGO. Yes, ma'am. What we have been doing with the homeless program, this year, we requested for this fiscal year $10 million. We got $9.6 million. We have——

Ms. BROWN. That's pretty close, for us.

Mr. BORREGO. That's—and we have awarded $9.5 million of that $9.6 million in competitive awards to homeless providers. What we do in the solicitation for grant awards is encourage them to have linkages with other programs in the community—through HUD for housing, the VA for services—so they can concentrate on giving them the employment services. We encourage them to make full use of the DVOPs and LVERs, and even will have them visit the homeless shelters to help them get jobs.

For this next fiscal year, the administration has requested $15 million for homeless veterans programs. So the increase in funding has gone from the $3 million to the $9.6, and we have a request for $15 million.

Ms. BROWN. For this, this——

Mr. BORREGO. For this coming fiscal year.

Ms. BROWN. My last question—and you can get back with me on this—I want to know, what is the Department's position as far as the VETS centers, particularly in my State of Florida—and under the bill that was passed in the Florida House of Representatives,

they would be privatized or contracted out—how will we be able to hold you all accountable for the results? Somebody's got to be accountable.

Mr. BORREGO. Yes, ma'am. Our authorizing legislation, Title 38, places the DVOPs and LVERs as part of the public employment service, and that's public employment service. So clearly whatever a State does to receive that funding, they have to be a part of the public employment service, because of our authorizing legislation. And that is something that we have communicated to the States.

Ms. BROWN. What happens if the State doesn't have a Department of Labor? I mean, what if the State just says, we're not having a Department of Labor, period. We're going to farm out these services. What happens then to our money?

Mr. BORREGO. That being a new question, I don't know. But it's something that we would look at and work with the rest of the Department, to see how we would deal with that situation. I'm not aware of any particular situation——

Ms. BROWN. Well, we have a particular situation.

Mr. BORREGO. Yes.

Ms. BROWN. In Florida.

Mr. BORREGO. Yes, ma'am. I'm aware of that.

If a State clearly refuses to accept our money, we have no—no choice. But——

Ms. BROWN. No, no. They want your money. It's not a——

(Laughter.)

Ms. BROWN. We've just got to have some accountability in what they do with it, and making sure that our goals are carried out.

Mr. BORREGO. Please, Congresswoman Brown, let me do this. Let me check, let me go back, check with the Solicitors' Office, and give you a more thoughtful, deliberate response in writing.

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

Mr. EVERETT. I thank my colleague. Let me also state for the record that the gentleman who heads the program for the State of Alabama recently testified before Chairman Quinn's subcommittee, and is recognized as one of the top people in the Nation in making the program work. My concerns are not with people on the State level; they're the people employed by the Department of Labor.

I want to thank all our witnesses today for giving the subcommittee the benefit of their testimony. Very little has changed, at best, since this subcommittee's hearing last year. The performance plans have been improved somewhat in format, but at the cost of hundreds of thousands of dollars for a consultant to do the work. This program continues to spend a lot of money to help only a few veterans nationwide.

VETS still has no vision and no real plan and substance for the future. There's a revolution going on in employment services in the 50 States, and VETS is sorely missing the action.

Last year, I recommended giving VETS a time certain to greatly improve its performance and planning, and if no improvement was shown, the program should be drastically overhauled. I have not changed my opinion. VETS has still not shown significant improvement. The program continues to be in desperate need of drastic overhaul, and perhaps new leadership.

We have heard today from individuals representing private companies and organizations, and governmental institutions. Each witness offered exciting ideas and new approaches to the common goal of helping this Nation's veterans get good jobs. The committee has also offered an alternative to the status quo in the form of bipartisan legislation, H.R. 4765. Anthony Principi, Chairman of the Transition Commission, testified in July 2000 at the Benefits Subcommittee hearing on that legislation and stated, "the bill is nothing short of visionary. A new nationwide delivery system that I believe will unleash both worldwide and world-class service for service members and veterans. A well-spring of growth and change. A bill that unleashes State and local innovations and energy in service delivery—rather than suppressing energy by outdated, process-oriented rules—and equal funding for equal performance."

Veterans deserve much better service than this program has been delivering, and the time for change is now. Let me also say that pending the outcome of the investigation by the IG over at the Department of Labor, of the results of the letter I have sent to him Monday, that I am going to hold open the possibility of an out-of-session hearing in November concerning this matter.

This hearing is adjourned.

[Whereupon, at 11:55 a.m., the subcommittee was adjourned.]

APPENDIX

REMARKS of HON. CORRINE BROWN
Subcommittee on Oversight and Investigations
Strategic Planning of the
Veterans Employment and Training Service
September 27, 2000

Mr. Chairman and Mr. Evans, I want to thank you for this opportunity to follow up on last year's subcommittee hearing on the Department of Labor's Veterans Employment and Training Service (VETS) strategic planning. That was one of the more disharmonious hearings of a productive year, Mr. Chairman. While nobody doubted the importance of sound strategic planning in the carrying out of VETS' mission, there was considerable testimony from veterans service organizations (VSOs) and other witnesses that VETS was performing reasonably well.

Still, there was also a sense that VETS strategic planning was muddled, that its data integrity was questionable, and that DOL strategic planning might be creating a strategic plan for VETS that did not fit VETS' needs. Nobody could agree on how many veterans VETS was serving, what services it was rendering, or how directly those services led to employment. Some felt the VETS strategic plan lacked clarity and offered inadequate vision for the future.

Since then, a great deal has been done to improve VETS strategic planning. The General Accounting Office (GAO) has been actively involved in supporting this process. GAO will discuss at today's hearing its assessment of how effectively VETS is reinventing and implementing a revised strategic plan. Additionally, we will examine what VETS is doing to adapt how it performs its statutory mission to place veterans in sustained employment, in the environment of the Workforce Investment Act.

A number of questions have emerged from this process, among them:

- What legislation is needed in Title 38 and in the Workforce Investment Act to authorize the Education and Training Administration and VETS to define uniform data collection standards and conduct audits?
- How can VETS require states with inadequate data to pursue corrective action plans that VETS assigns?

- How can we measure VETS' productivity – and the productivity of state agencies – without being able to determine causality, or creating measuring systems that cost more than the benefits themselves?

Not all veterans need help with employment, Mr. Chairman, but those who do call on Congress to provide them real support. Those most at risk are:

- the disabled
- those just emerging from the military
- minority veterans
- women veterans
- homeless veterans and
- those older veterans still in search of work.

We have quite a few witnesses today. I am eager to learn what progress we have made since last year, and what still needs to be done.

Remarks of Honorable Lane Evans
Ranking Democratic Member
House Committee on Veterans Affairs
Before the
Subcommittee on Oversight and Investigations Hearing
Strategic Planning of the
Veterans Employment and Training Service
September 27, 2000

Mr. Chairman and Ranking Member Brown, I want to thank you for holding this hearing. Last year this subcommittee held a hearing on the Department of Labor's Veterans Employment and Training Service (VETS) strategic planning which left a number of questions unresolved.

Today at this hearing of the Subcommittee on Oversight and Investigations, we are concerned with results. What "bang for the buck" is America getting from VETS? I have cautioned repeatedly that the Government Performance and Results Act (GPRA) requires consultation with Congress. Meaningful consultation between VETS and Congress on veteran employment and training issues is critically important.

GPRA envisions a real working relationship. This year, VETS has begun working in earnest with congressional staff, as well as the General Accounting Office (GAO). The briefings and - more to the point, the real working meetings - have in my opinion sharpened the strategic planning efforts VETS has made this year. Mr. Chairman, I think VETS understood our message last year. Today I hope we will see how much progress has been made.

Mr. Chairman and Ranking Member Brown, today's hearing will necessarily focus on data. We will be hearing about the Federal Data Corporation's *Internal Controls and Data Capacity Assessment* report, which contained a number of far-reaching recommendations. We face some questions:

1. How can VETS move to performing "triage" for those with more barriers to employment?
2. In a mostly self-service environment, can VETS information sources capture sufficient data to support performance reporting?
3. Where raw data on individuals is lacking, how strong is VETS data integrity?

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." That vision still deserves the best service.

Thank you, Mr. Chairman. I want to thank our witnesses for coming this morning. As always, I look forward to hearing from all of the witnesses here today. I respect, as always, the work of the General Accounting Office. I appreciate your testimony, and I look forward to your presentations.

STATEMENT BY

RAYMOND G. BOLAND

SECRETARY

WISCONSIN DEPARTMENT OF VETERANS AFFAIRS

AND

LEGISLATIVE CHAIRMAN

NATIONAL ASSOCIATION OF STATE DIRECTORS
OF VETERANS AFFAIRS

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION

WASHINGTON, D.C.

SEPTEMBER 27, 2000

Mr. Chairman, members of the Subcommittee, I thank you for this opportunity to testify concerning the evaluation of the Veterans Employment and Training Service (VETS) program effectiveness and strategic planning.

As I have mentioned in previous testimony, we support any funding from the federal government that supports employment and training programs for our nation's veterans. However, as was pointed out by the Congressional Commission on Service Members and Veterans Transition Assistance, the delivery of services under the VETS is deemed to be inefficient. We agree with that finding and have witnessed no changes in the intervening two years since the Commission presented their findings that would change our minds.

In fact, we have extensively studied other federal employment and training laws, in particular the Workforce Investment Act (WIA), and have found that while that law and the provisions of Title 38 relating to VETS may be implemented simultaneously, there exists a philosophical disconnect between the two.

The intent of the WIA is to create a network of One Stop Job Centers in every state and to establish a governmental structure for policy development and guidance. Much authority and control is vested in the governor who develops the state plan. The law allows the governor to determine which state agency will administer the plan. Next, the plan calls for the creation of workforce development areas and associated workforce development boards. A county could be a local board if the plan allows it. The point is, WIA has within its parameters a lot of flexibility to enable program implementation, execution and administration to be vested at the local level. This allows for program content and delivery to be tailored in order to maximize the benefit. On the other hand, control and program parameters of VETS are highly centralized and rigid.

Currently, the USDOL practice of centralized administration of VETS at the federal level, while diverse agencies are administering other employment and training programs at the local level, creates a disconnect in function, creativity, and flexibility. We well recognize the special place in government for the provision of benefits intended solely for veterans and we fully support this purpose. However, we also recognize the need to work collaboratively with other agencies and entities to maximize the total array of benefits to which veterans are entitled. This is also a recognition of the need to maximize the use of limited resources and tax dollars.

Mr. Chairman, succinctly stated, the philosophy of the WIA is one of collaboration, inclusion and execution at the local level. The VETS program on the other hand, is designed for federal control hidden under the cloak of providing and preserving exclusive veterans benefits, but in reality only preserves the status quo; and, as previously identified by the Commission, the status quo is not working.

In fact, earlier this year my home state, Wisconsin, attempted to have the management and administration of the Disabled Veterans Outreach Program (DVOP) and the Local Veterans Employment Representatives (LVER) program, transferred to the state department of veterans affairs. The intent was solely for enhancement of coordination and service delivery. Yet, we received correspondence from the USDOL stating that, 'Given the intrinsic role of the State employment service offices with respect to DVOP and LVER programs, as dictated by the requirements of the statute, it would be *inconsistent* with Federal law requirements to permit Wisconsin to delegate the operational control to Wisconsin's State Department of Veterans Affairs." (Emphasis added). Mr. Chairman, we believe we know best how to coordinate services for veterans in Wisconsin and how these services should be merged into a seamless system.

The organizations that I represent believe we should have a veterans employment and training program that is outcome based and not process driven. We strongly believe that various approaches to service delivery can be demonstrated at the state level and that a "best practice" will emerge. This approach is not inconsistent with other federal and state collaborations that are flourishing. It is a natural progression and makes sense. Our ultimate recommendation is for Congress to allow each governor to decide where veterans employment services are located, how they operate, and who supervises them – while being accountable for USDOL performance standards.

I want to point out that just two months ago, the National Governors' Association at its annual meeting held in State College, PA adopted its first ever policy agenda for veterans issues. Veterans employment was addressed and the governors have recommended they be given more flexibility to provide this service. I respectfully request that a copy of the NGA position be entered into the record.

Working with community-based organizations and employers, the states have achieved a remarkable record in placing former welfare recipients in the workforce. They were given the waivers and flexibility they needed and made extensive use of contracting these services. Why should we not be able to do as well or better for veterans? The answer is that we can.

Mr. Chairman, state government is not the problem with veterans employment services – in fact we strongly believe that state government should be an important part of the solution in improving service to our veterans. Any action that will build on, or create, federal and state partnerships to achieve the best results for veterans and that is cost effective, is the path to be taken.

I thank you again for including state government in this hearing.

EXHIBIT 1

NATIONAL GOVERNORS' ASSOCIATION

POLICY ON VETERANS AFFAIRS

(HUMAN RESOURCES COMMITTEE POLICY 9)

HR-9

ADOPTED AT THE NATIONAL GOVERNORS' ASSOCIATION ANNUAL SUMMER MEETING IN STATE COLLEGE, PA, DURING THE PLENARY SESSION ON JULY 11, 2000. (BY UNANIMOUS VOTE)

HR-9. Veterans Affairs

9.1 Preamble

America's veterans provided a unique and vital service to the nation as a whole in the preservation of freedom and liberty enjoyed by all who reside within our borders. In return, a grateful nation provides a wide array of benefits and services to those veterans to recompense their sacrifice. The delivery of those benefits and services to veterans and their families falls largely on state and county governments, with the assistance of veterans' service organizations. However, within the provision of benefits and services to veterans there is wide variance among states in their delivery--even though these federal benefits should be equally available to all veterans. These benefits and services include service-connected disability compensation and disability pensions, access to long-term care, burial, employment assistance, services to homeless veterans, primary health care, and home loan guarantees.

9.2 Programs for Veterans

9.2.1 Service-Connected Disability Compensation and Disability Pension. The U.S. Department of Veterans Affairs (USDVA) has the third largest budget of all federal agencies. The amount spent on benefits, health care and administration exceeds $45 billion annually. Yet, the USDVA does not have a standardized delivery system that ensures veterans living in different states receive the service-connected disability compensation and disability pension benefits to which they are entitled. The USDVA depends on a mix of national service organizations, state departments of veterans affairs and county veterans service offices to deliver these services to veterans. Currently, large variances exist in outcomes. No federal funds are expended on this delivery system to ensure outcomes or accountability for those outcomes. Large backlogs of claims and lengthy processing times continue to frustrate veterans. The Governors believe an independent study should be commissioned to review USDVA service delivery systems and make recommendations on how they might be improved.

9.2.2 State Construction Grants for Veterans' Care Facilities. This grant program is one of the most cost-efficient programs operated by the USDVA. The long-term nursing care facilities and domiciliaries that are created provide a much-needed benefit for our aging veterans' population. State veterans' homes are now the largest providers of long-term care to veterans in the United States. As of February 2000, there were ninety-seven state veterans' homes in forty-four states. These state homes provide more than 24,000 beds. Currently, more than one-third of all veterans are over age 65. State response to the Construction Grant Program, where USDVA pays up to 65 percent of the cost of construction, and the state pays 35 percent, has been so strong that it has become underfunded and states compete with each other in an annual prioritization system that determines which of the nation's veterans will receive care. Approximately $150 million of priority-one projects (those with committed state matching funds) are backlogged. USDVA also pays a daily per diem to assist in the cost of providing the care. For accountability, each state home is aligned with a USDVA facility that annually inspects the home to monitor and evaluate performance. The Governors recommend that USDVA fully fund the projects they have approved and make their 65 percent contribution available to state projects.

9.2.3 State Cemetery Grant Program. The USDVA currently operates and maintains 115 national cemeteries in thirty-nine states and Puerto Rico. It also supports the State Cemetery Grant Program, a mutually supporting initiative between the federal government and state governments that was created to augment the demand for veterans' burials by establishing state veterans' cemeteries. As national cemeteries continue to close and the demand from the aging veterans' population continues to increase, the USDVA should resolve to meet this demand through the construction of national and state cemeteries strategically located in and around major population centers. While USDVA now pays 100 percent of the construction costs for state veterans' cemeteries, the states continue to incur significant operational costs. The governors recommend an increase in the burial plot allowance from $150 to $500 to help families and states offset the cost of burial operations and long-term maintenance.

9.2.4 Disabled Veterans Outreach Program (DVOP) and Local Veterans' Employment Representatives (LVER). Each state, through their departments of labor (or equivalent) administers job-service offices. Within these job-service offices there are federally funded state employees called DVOP/LVERs. Their mission is to assist veterans seeking employment. This arrangement, with DVOP/LVERs working for each state's department of labor (or its equivalent) was judged to be in need of improvement by the Congressional Commission on Service Members and Veterans Transition Assistance (The Principi Commission). The Governors recommend that future legislation preserve funding for these services, but give states the flexibility to determine how best to provide these services and the extent to which state veterans' agencies should be involved.

9.2.5 Homelessness. Homelessness among veterans has been called a national disgrace. During the past five years, great strides in dealing with the problem have been made by community-based programs that receive funding through the USDVA Homeless Providers Grant and Per Diem Program. The National Coalition of Homeless Veterans, Inc. (NCHV), a Washington-based nonprofit organization whose goal is to end homelessness among veterans, has taken on the mission to coordinate the efforts of a majority of the community-based providers. The Governors recommend that NCHV continue to coordinate the efforts of the community-based homeless veterans' providers, and that NCHV receive adequate federal funding to provide technical assistance to community-based organizations. Additionally, significant numbers of homeless veterans seen by the community-based homeless providers suffer from some form of mental illness that may require periods of institutionalization. This care should be provided by the USDVA. The Governors recommend that USDVA increase the number of inpatient hospital beds to care for mentally ill veterans.

9.2.6 Affordable Housing. A major barrier to the successful transition of homeless veterans to the workforce has been their inability to obtain affordable housing. In 1998, Congress passed P.L. 105-368, the Veterans Transitional Housing Opportunity Act, which is designed to address this barrier. The Act created a $100 million fund with which USDVA can guarantee loans from the private sector to community-based organizations to support their efforts to create affordable housing for veterans. The goal of the program is to provide loan guarantees for up to fifteen projects that will house 5,000 homeless veterans. The Governors recommend that this act, passed in 1998, be expeditiously implemented so this goal can be achieved.

9.2.7 Community-Based Outpatient Clinics/Mobile Health-Care Units. For most of its existence, the USDVA health-care system has been a hospital-based system. Even though the system consisted of 172 medical centers, for many

veterans throughout America the care was too far away to be easily accessible. However, approximately five years ago, USDVA began decentralizing its delivery of primary care services through the introduction of community-based clinics that offered primary medical services closer to where veterans lived, thereby providing improved access by shortening travel distances. There has been a proliferation of these clinics throughout the nation. The Governors recommend the continued emphasis on developing additional community-based clinics, and the deployment of mobile health clinics where appropriate to increase access by veterans to primary medical care services.

9.2.8 Home Loan Guarantee Program. The VA Home Loan Guarantee Program is steeped in tradition and, without question, was a boom to the economy after World War II. The provision of housing for veterans is still viewed as a justifiable benefit from government. However, the true benefit has eroded over time and with the exception of the no-down payment provision (which leads to the VA taking on added risk), there is no benefit at all. The added risk is the point of contention. The cost of the program to guarantee the loans is approximately $330 million annually in taxpayer dollars, with one-half dedicated for foreclosures, claims, etc., and one-half for administrative costs. Several states, through the use of tax-exempt bonds, provide home loans for veterans without the associated loss of taxpayer dollars to cover defaults. Revenues from these programs could cover the entire costs associated with the program, including administration, and generate enough to fund alternative grant programs needed by veterans. The Governors recommend a study by the General Accounting Office to review Section 143(1) of the Internal Revenue Code of 1986 with the intent of analyzing the cost benefit of the state model as an alternative to the VA Home Loan Guarantee Program.

Time limited (effective Annual Meeting 2000—Annual Meeting 2002).

United States General Accounting Office

GAO

Testimony

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

For Release on Delivery
Expected at 10:00 a.m.
Wednesday, September 27, 2000

VETERANS' EMPLOYMENT AND TRAINING SERVICE

Better Planning Needed to Address Future Needs

Statement of Sigurd R. Nilsen, Associate Director
Education, Workforce, and Income Security Issues
Health, Education, and Human Services Division

GAO/T-HEHS-00-206

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 (GPRA).

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 Veterans' Employment and Training Service (VETS), under the Department of Labor, administers programs and activities designed to help veterans obtain employment and training assistance. 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.[1] Among the Commission's recommendations was that the Congress establish effective operational outcome measures for VETS. The Congress has also been interested in addressing the employment needs of the American workforce as a whole, including veterans. In 1998, the Congress passed the Workforce Investment Act (WIA) to begin unifying a fragmented employment and training system—creating a new, comprehensive workforce investment system. At its core, WIA focuses on integrating and streamlining services by requiring most employment and training services to be provided through a single system, called the One-Stop Center System. By establishing one-stop centers for employment services, WIA will affect how VETS will serve veterans. More recently, legislation was introduced in the 106th Congress—H.R. 4765, the 21st Century Veterans Employment and Training Act—intended to improve employment and training services provided to veterans.

My comments today will focus on (1) our observations on VETS' strategic plan for fiscal years 2000 through 2005 and its fiscal year 2001 performance plan, (2) the adequacy of VETS' plans to address, among other things, how it will operate in the one-stop center environment, and (3) issues related to the quality of VETS' performance data. My testimony is based on our review of VETS' most current strategic plan (revised as of July 2000) and VETS' fiscal year 2001 annual performance plan, discussions with VETS officials about those plans and its strategic planning efforts, our review of VETS' fiscal year 1999-2004 strategic plan and its fiscal year 2000 annual performance plan,[2] and our comprehensive 1997 report on VETS' grant programs.[3]

In summary, VETS has made some progress and improvements with regard to its current strategic and performance plans. For example, VETS has revised its mission statement to better focus on the outcomes associated with accomplishing its mission—namely, to minimize unemployment and underemployment among veterans. The plans no longer contain much of the extraneous information found in past plans. However, while VETS has improved the form and, to some degree, the content of its plans, VETS is still not adequately describing the direction it intends to take. For example, VETS has not established a consistent set of priorities in terms of which veterans it intends to target for employment assistance. Additionally, VETS has not developed sufficient strategies to address the major and complex challenges it faces, such as how best to incorporate its programs into the new workforce development system established by WIA. In fact, VETS appears to be taking a reactive rather than a proactive approach

[1]The Commission, established under the Veterans' Benefits Improvement Act of 1996, was directed to review programs that provide benefits and services to veterans and servicemembers making the transition to civilian life and to make recommendations to the Congress for the improvement of such programs. Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance (Arlington, Va.: Jan. 14, 1999).

[2]Veterans' Employment and Training Service: Strategic and Performance Plans Lack Vision and Clarity (GAO/T-HEHS-99-177, July 29, 1999).

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

wherein it could help shape how its programs will help veterans in the future. For example, while VETS recognizes that the establishment of one-stop centers will increase the number of its service delivery points, it has not developed any plans to address how it will provide assistance at all centers. Finally, the quality of some of VETS' program management data is questionable and, therefore, it is unlikely VETS can accurately assess its performance nationally and know whether it is improving from year to year.

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. 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 who assist veterans in finding employment. VETS' programs are among those federal programs whose services must be provided through one-stop centers.

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 monitors the operation of VETS' two primaryprograms that provide employment and training assistance to veterans: the Disabled Veteran's Outreach Program (DVOP) specialists and the Local Veterans' Employment Representatives (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 paid for 1,413 DVOP positions and 1,309 LVER positions. The appropriation also included about $24 million for administrative costs and $2 million for the National Veterans' Training Institute, which trains DVOP and LVER staff, among 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

- locating veterans;
- developing jobs for veterans;
- networking in the community for employment and training programs;
- providing labor exchange services to veterans, that is, bringing together jobseekers and employers with jobs;
- making referrals to support services; and
- providing case management.

The DVOP and LVER programs give priority to the needs of disabled veterans and veterans who served during the Vietnam era (generally defined as August 5, 1964, to May 7, 1975). States are expected to give priority to veterans overnonveterans for services in their state employment service systems. Generally, 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, 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;[4] (2) Vietnam-era veterans and special disabled veterans[5] placed in jobs on the Federal Contractor Job Listing;[6] (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 levels of performance for services provided to veteran applicants to be higher than levels fornonveteran applicants. According to VETS' performance standards, veterans and other eligible persons[7] 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; the placement rates for special disabled veterans in jobs listed by federal contractors should also be 25 percent higher than the rate fornonveterans. 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 thenonveteran placement rate.

In our past reviews of VETS' programs, we pointed out that using such standards means that states with poor levels of service tononveterans are 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 (defined by Labor as 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.

WIA

VETS will be affected by WIA, which streamlines the delivery of workforce preparation and employment services. For well over a decade, states and localities have engaged in efforts to integrate their employment and training programs, often using a structure called a one-stop center that provides access to many employment-related services in a single location. Under WIA, states and localities are now required to use one-stop centers to provide most federally funded employment and training services. About 17 categories of programs, funded through four separate federal agencies, are required to provide services through the one-stop center system. VETS' programs, as well as the states' employment services programs funded under the Wagner-Peyser Act, are among those programs that must provide services through one-stop centers.

While WIA requires some program elements, many program policies are left to states and localities to decide. For example, states and localities can decide whether to provide services on site, through electronic linkages with partner agencies, or by referral. Because of this flexibility, VETS' current service delivery methods will be affected. For example, in establishing these one-stop centers,

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[4]Labor defines placed in employment as the hiring of a veteran referred by a state employment office, and obtaining employment as securing employment within 90 days of receiving services from the state employment offices.

[5]A special disabled veteran is (1) a veteran 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.

[6]Any contractor or subcontractor with a contract of $25,000 or more with the federal government must take affirmative action to hire and promote qualified special disabled veterans, veterans of the Vietnam-era, and any other veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized. Contractors and subcontractors with job openings, other than executive or top management jobs, must list them with the nearest state employment office. Qualified Vietnam-era and special disabled veterans receive priority for referral to federal contractor job openings listed at those offices.

[7]Certain nonveterans who are dependents of veterans are also eligible for priority service, as provided for in 38 U.S.C.

some states are adopting universal service delivery approaches that involve assigning a single staff member to provide services offered under multiple programs to one-stop center customers. However, because DVOP and LVER staff can provide assistance only 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 centers.

Managing for Results

Over the past several years, the Congress has taken steps to fundamentally change the way federal agencies go about their work, through such means as WIA and by passing other legislation intended to make agencies accountable for their performance, such as GPRA. GPRA seeks to improve the efficiency, effectiveness, and public accountability of federal agencies as well as to improve congressional decision-making. 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 in which agencies are required to identify their goals, measure performance, and report on the degree to which those goals were met. 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. Earlier this year, agencies submitted their third annual performance plans covering fiscal year 2001. Also beginning this year, each agency was required to submit a report comparing its performance for the previous fiscal year with the goals in its annual performance plan. Although not required by GPRA, Labor's component agencies, such as VETS, have prepared strategic and performance plans at the direction of the Secretary of Labor.

VETS HAS IMPROVED THE FORMAT AND STRUCTURE OF ITS STRATEGIC AND PERFORMANCE PLANS BUT FUTHER IMPROVEMENT IS POSSIBLE

VETS' most recent strategic plan, covering fiscal years 2000 through2005, and its fiscal year 2001 annual performance plan are both improvements over its previous plans. Compared to its previous plans, VETS' revised strategic and performance plans include an improved mission statement and set of related strategic and annual performance goals that are more clearly articulated and better aligned with its mission. However, VETS' plans could still be improved.

Previous Plans Lacked Vision and Clarity

Last year, we reported to the Committee on the then-current VETS strategic plan and fiscal year 2000 performance plan. Overall, we observed that while those plans addressed many of the technical elements required by GPRA, the plans failed to address most of the requirements in a clear, comprehensive, and meaningful manner.[6] Instead of presenting a road map of where VETS is headed and how it expects to get there, the plans presented a muddled picture of its future direction. We stated that much more work was needed to demonstrate that the programs are being managed for results, thereby enabling the Congress to assess progress and identify areas needing improvement.

VETS' Mission Statement Has Been Improved and Goals Are Better Aligned With Its Mission

VETS has worked to improve its plans. For example, VETS convened a conference of its senior national and field officials to discuss the steps it needed to take to improve its plans. Later, Labor provided VETS with outside contractor assistance to help VETS officials refine its plans, as well as to perform an assessment of the validity of and the internal controls over its performance data.

[6]Veterans' Employment and Training Service: Strategic and Performance Plans Lack Vision and Clarity (GAO/T-HEHS-99-177, July 29, 1999).

VETS' revised strategic and performance plans include a mission statement and a set of related strategic and annual performance goals that, compared to its prior plans, are presented in a more coherent fashion than in last year's plans. For example, the revised mission statement and strategic goals address VETS' key statutory responsibilities and provide more focus on helping veterans get jobs.[3] In particular, the revised mission statement better reflects the desired outcomes of achieving VETS' mission—namely, promoting the economic security of America's veterans by minimizing unemployment and underemployment. As we pointed out last year, VETS' previous mission statement did not convey the specific outcomes or results associated with accomplishing VETS' mission.

In addition, VETS' revised plans more clearly link its strategic and performance goals with its overall mission, and exclude much extraneous information found in past plans. For example, the strategic and performance goals clearly flow from VETS' mission statement. VETS' overall strategic goals are broad and it has provided additional, intermediate goals that further clarify and define these broad goals and link the intermediate goals to more discrete performance goals in both its strategic and annual performance plans. For example, under its overall strategic goal of providing effective employment and training services to minimize unemployment and underemployment among disabled veterans, VETS' defines increasingly more discrete goals, including one for a fiscal year 2001 target of having at least 36 percent of registered disabled veterans enter employment through assistance provided by VETS-funded staff. Table 1 shows, for selected goals, how VETS links its broad goals with more discrete goals.

[3]VETS' revised mission statement is "To promote the economic security of America's veterans by minimizing unemployment and underemployment among veterans with service connected disabilities and among other targeted veteran groups, and by providing the maximum of employment and training opportunities to all veterans."

Table 1: Selected Goals in VETS' Strategic and Annual Performance Plans

Selected goals			Corresponding annual performance goals for fiscal year 2001
Strategic goal	**Intermediate goal**	**Targeted intermediate goal**	
Provide effective Labor employment and training services to minimize unemployment and underemployment among disabled veterans.	Achieve an entered-employment rate among disabled veterans registered for public labor exchange services significantly greater than that for nonveterans registered for public labor exchange core services.	By 2005, increase the 3-year rolling average of the employment rate for registered disabled veterans to 44% greater than that for nonveterans registered for public labor exchange services.	Increase the 3-year rolling average of the entered employment rate for registered disabled veterans to 40% greater than that for nonveterans registered for public labor exchange services.
	Achieve a significant entered-employment rate among disabled veterans registered for public labor exchange services.	By 2005, at least 38% of registered disabled veterans will enter employment each year through assistance provided by VETS-funded staff.	At least 36% of registered disabled veterans will enter employment through assistance provided by the VETS-funded staff.
Promote maximum employment opportunities for all veterans, with special attention given to meeting the needs of targeted groups, which includes veterans who have significant barriers to employment, veterans who served on active duty in the armed forces during a war or in a campaign or expedition for which a campaign badge has been authorized, and recently separated veterans.	A significant number of all eligible veterans, as well as of targeted group veterans, requesting public labor exchange core services will receive successful and satisfactory job placement assistance.	By 2005, at least 30% of those veterans registering for public labor exchange services will enter employment each year through staff assisted services provided by the Wagner-Peyser funded systems.	At least 27% of those veterans and other eligible persons registering for public labor exchange services will enter employment through assistance provided by the Wagner-Peyser funded system (including DVOP and LVER).
		By 2005, increase the 3 year rolling average of entered-employment rate for registered veterans to 33% greater than for nonveterans registered for public labor exchange services.	Increase the 3 year rolling average of entered employment rate for registered veterans to 28% greater than that for nonveterans (age 22 and over) registered for public labor exchange services.

Another significant improvement in VETS' strategic and annual performance plans is the addition of absolute goals with respect to the proportion of veterans registered with state employment security agencies who are expected to enter employment. One such goal developed by VETS is that by 2005, at least 30 percent of registered veterans and other eligible persons will enter employment each year. This is an improvement because, in the past, VETS has traditionally negotiated only relative performance goals with state employment service agencies. That is, to ensure priority service to veterans, VETS has negotiated standards with states that require veteran applicants to be served at a rate exceeding the service to nonveteran applicants.

In our past reviews of VETS' programs, we have pointed out that the use of relative standards results in states with poor levels of service tononveterans being held to lower standards for service to veterans than states with better overall performance. For example, in program year 1998, Rhode Island reported an entered-employment rate of 3.06 percent fornonveterans. Because VETS required the state to ensure that it achieve an entered-employment rate for veterans that was 15 percent higher than that fornonveterans, the state's 1998 performance standard was thus 3.52 percent of registered veterans entering employment—obviously a low performance standard. On the other hand, Wisconsin reported an entered-employment rate fornonveterans of 43.76 percent. Based on this figure, the corresponding performance standard for veterans would be 50.32 percent—much higher than Rhode Island's standard. While VETS negotiates individual goals with states in order to take into account local economic conditions and other considerations, such conditions do not always differ significantly among the states. For example, during December 1998, the rate of unemployment in Rhode Island was 4.5 percent, compared with 3.4 percent in Wisconsin.

Plans' Strategies Are More Clearly Linked With Goals but Are Not Sufficiently Explained

Both VETS' current strategic plan and 2001 annual performance plan have also been improved by more explicitly linking strategies to goals. In its prior plans, we noted that VETS often did not provide clearly stated strategies for its goals and, in many cases, appeared to confuse goals with strategies—that is, it confused where it wanted to go with how it would get there.

While VETS has made important improvements to its plans, it still needs to provide additional details concerning many of its strategies. Without additional clarification, it is difficult to assess how useful the listed strategies will be toward helping VETS achieve its goals. Additional details are also required to serve as a basis for holding VETS accountable for making progress toward achieving its goals. For example, VETS strategies include conducting three national marketing campaigns. One campaign, according to VETS, will be conducted in conjunction with VA and is intended to "market the advantages that hiring disabled veterans can bring to employers;" another is aimed at "marketing" veterans who are on public assistance to employers; yet another is aimed at specific industries experiencing labor shortages. However, VETS has not explained why there is a need for such an effort, how extensive these campaigns will be, or how it intends to fund such efforts.

VETS IS STILL NOT ADEQUATELY PLANNING HOW BEST TO ACHIEVE DESIRED OUTCOMES

Despite longstanding and widespread criticism, VETS is still not adequately planning for achieving the results it seeks—that is, minimizing unemployment and underemployment among veterans. VETS has not yet established clear priorities, such as determining which veterans it should be targeting for assistance. In large part, VETS appears to be developing a results-oriented approach based on the way it has traditionally managed its programs, rather than reexamining structures and processes that are rooted in the past. Such a reexamination is critical because the workforce development system in which VETS' programs operate is changing as a result of the establishment of one-stop centers nationwide.

VETS Has Not Established Clear Priorities to Help Guide Programs

To date, VETS has not clearly established a strategic direction by establishing clear priorities, such as exactly which veterans it intends to help and why. Instead, it has inconsistently identified various "targeted" groups of veterans it plans to help. While its strategic planning documents identify some targeted groups, its strategic goals are targeted toward others. For example, while VETS notes in its strategic plan that women, minority, and 20 to 24-year-old veterans have higher-than-average rates of unemployment and that it intends to target these veterans, none of its strategic or performance goals specifically address such veterans. Moreover, the agreements it negotiates with states target yet other groups of veterans, such as veterans of the Vietnam era. Overall, VETS notes in various documents that it is targeting

- all veterans;
- those veterans with higher-than-average rates of unemployment, such as women, minority, and young veterans;
- those veterans who may need special assistance, such as disabled veterans;
- veterans who are unemployed for particular reasons, such as being dislocated or lacking necessary skills; or
- those veterans that VETS has traditionally required states to focus on, including Vietnam-era veterans.

As a result of appearing to target some and all veterans at once, VETS does not communicate a consistent or coherent message in terms of who it actually it intends to help.

VETS is also not adequately planning for how it can best serve veterans by understanding what problems veterans face in finding jobs. Obtaining such an understanding is important to determine the type of assistance that its programs should provide to veterans. In addition, VETS planning has been encumbered because it is has not adequately identified and analyzed the characteristics of unemployed veterans overall in comparison to those who typically use its programs. If VETS hopes to use its programs to reduce reported unemployment rates among targeted groups of veterans, for example, then it needs to determine whether, and to what extent, such veterans are aware of and using its programs.

It is also unclear whether VETS adequately ensures that its strategic and performance plans do not provide state employment service agencies with disincentives to help those veterans who need the most help. VETS is planning on requiring states to meet absolute standards in the future; for example, in 2001, VETS is seeking to ensure that nationally, at least 30 percent of veterans and other eligible persons who register for services enter employment. This is an improvement over its traditional relative performance standards. However, absolute standards can also produce unintended consequences if not carefully designed. If VETS intends to target a certain group of disadvantaged veterans for assistance but does not establish performance standards for them, states may still be faced with a disincentive to helping those veterans if they require more time and effort to assist. That is, states may have an incentive to help those veterans who need the least help in order to obtain specified goals, rather than serve veterans who may need more help.

VETS Has Not Developed Strategies to Address Significant Challenges Facing the Agency

Despite the significant challenges it faces, such as the implementation of one-stop centers established by WIA, VETS has not developed adequate plans or strategies to address how its programs can best serve veterans in such centers. For over a decade, states and localities have engaged in efforts to integrate their employment and training programs through means similar to one-stop centers. In fiscal year 1994, Labor began awarding one-stop planning and implementation grants to help states integrate employment and training services for Labor-funded programs. Rather than use the opportunity to understand what problems states and localities have had in integrating VETS' programs into these predecessors to one-stop centers, VETS' strategy to address this challenge has consisted primarily of waiting for states to decide how they will do the integrating. In fact, VETS fiscal year 2001 performance plan states that "there are some areas of WIA implementation that will require considerable thought and coordination, but action cannot be taken until states submit their implementation plans." By not more fully addressing this challenge, VETS appears to be taking a reactive approach rather than a proactive approach wherein it could help shape how its programs will help veterans in the future.

Recently, state officials have testified before congressional hearings that more flexibility in VETS' programs would help them improve services to veterans. For example, a representative of the Interstate Conference of Employment Security Agencies noted that services to veterans would be improved if the role of the DVOPs and LVERs shifted from searching for and notifying veterans about jobs, which many veterans can now do for themselves in the self-service environment and which computers can do more quickly without human intervention, to helping veterans present themselves in the most attractive way possible. While the Assistant Secretary for VETS recently testified that the duties of DVOP and LVER staff need to be revisited in light of technological and other changes, VETS' plans do not include any specific legislative or programmatic strategies to do so.

In addition, VETS' plans do not include any strategies to address other problems it anticipates with regard to one-stop centers. For example, VETS is anticipating that the expansion of one-stop service delivery locations will make providing services at more service delivery points difficult. This challenge is exacerbated because, according to VETS, turnover among DVOP and LVER staff is consistently high and is creating management planning challenges to maintaining a trained workforce to assist veterans. However, VETS has not developed any strategies for dealing with the high turnover of staff other than providing additional training to new DVOPs and LVERS.

DATA QUALITY CONCERNS MAKE JUDGING VETS' PERFORMANCE DIFFICULT

Our previous governmentwide work has shown that federal agencies need reliable data during their planning efforts to set realistic goals and later, as programs are being implemented, to gauge their progress toward achieving those goals. However, our work has found serious shortcomings in federal agencies' ability to generate reliable and timely data to measure their progress in achieving goals and in their analytic capacity to use those data.[9] VETS faces such shortcomings and will need to address this critical challenge. A significant challenge is that one of VETS' critical reporting systems--known as the ETA 9002 system - appears to be inadequate to judge VETS' performance at the national level because of measurement inconsistencies among states and the impact that states' policy choices have on reported data. Moreover, these data limitations impede VETS' ability to compare program performance from one year to another - that is, VETS cannot be certain if the measures are improving and that its performance is in fact improving over time. While ETA is planning to replace its 9002 system, no firm schedule has yet been established for when such a new system will be in place.

Significant Interstate Variation in ETA 9002 System Limits Usefulness of Data as Performance Measure

VETS has traditionally relied on the ETA 9002 system, which collects data on persons registering with state employment service agencies and tracks the services provided to registrants as well as information on registrants' employment outcomes for performance reporting purposes. VETS uses these data as the basis for measuring its performance toward several critical strategic and performance goals. In particular, these data are used to indicate how many veterans who received employment-related services got jobs, which is a critical dimension of performance for VETS' largest programs --the DVOP and LVER programs.

From a review of reported data at the national level, however, the variance in state-reported results raises concerns. For example, in program year 1998, state-reported data on entered-employment rates for veterans--that is, the percentage of veterans who registered with the employment service and eventually found jobs—varied dramatically, from 68.9 percent in Tennessee to 3.7 percent in California. The average rate across all states was 26.7 percent. Substantial variation has occurred for years and indicates the need to determine whether the data reflect real differences in performance or whether the data are unusable for performance measurement purposes.

The case of California illustrates some of the reasons why the reported ETA 9002 data varies. Over the last 3 years, the reported entered-employment rate has dropped from over 18 percent to less than 4 percent. In our discussions, California officials noted that they have changed the source of the data used to track employment outcomes for veterans and others who register with the employment service. The state is now using employer-reported wage data to obtain information on the employment outcomes of individuals. However, the state cannot obtain and submit these data in time to be included in the ETA 9002 data system. As a result, the data do not reflect actual results with regard to

[9] Managing for Results: Challenges Agencies Face in Producing Credible Performance Information (GAO/GGD-00-52, Feb. 4, 2000).

California's program, and the state's reported entered-employment rates are likely significantly understated and do not reflect the actual level of performance.

State Policy Choices Also Affect Usefulness of ETA 9002 Data as Performance Measure

Other changes currently taking place will also affect the ETA 9002 data that VETS uses to measure its progress. For example, states are taking different approaches to providing services to customers. In some cases, customers who use resource rooms, the Internet, or other self-help tools are not required to register; only customers who require assistance from employment office staff must do so. Differences among states in registration policies will affect national data reported to VETS because not everyone receiving assistance is being counted. These different policies will affect national data reported to VETS. Table 2 illustrates how such differences can affect entered-employment rates, the rates VETS uses to measure its performance. In this example, while 100 veterans enter the employment service for assistance and ultimately 40 get jobs, in one case the placement rate is 40 percent and in the other is 50 percent–a 10-point difference that results from counting all job-seekers in one case, and only those requiring staff assistance in the other.

Table 2: How Registration Policies Affect Reported Entered-Employment Rates

All customers required to register		Self-service customers do not register	
	Customers counted		Customers counted
20 Customers use self-help services	20	20 Customers use self-help services	--
80 Customers require staff assistance	80	80 Customers require staff assistance	80
40 Customers who get jobs	40	40 Customers who get jobs	40
Entered-employment rate	40/100 = 40 percent	Entered-employment rate	40/80 = 50 percent

New ETA 9002 System and Performance Measures Are Being Considered

According to ETA officials, a new system to replace the ETA 9002 system is being considered but no replacement schedule has been established. ETA officials hope the new system will more accurately reflect the performance of employment service offices. In addition, VETS is working on developing additional performance measures which might be more useful for judging states' and local offices' performance in the future. However, it is unclear whether the effort will resolve inconsistencies in measurement among states and yield useful information at the national level. We will be pursuing these matters in our future work for the Committee.

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.

GAO CONTACTS AND ACKNOWLEDGMENTS

For future contacts regarding this testimony, please contactSigurd R. Nilsen at (202) 512-7003. Individuals making key contributions to this testimony included Jeff Appel, Dennis Gehley, Peter Minarik, and Raun Lazier.

For Release on Delivery

REHABILITATION AND EMPLOYMENT SERVICES FOR PEOPLE WITH DISABILITIES

HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON OVERSIGHT

SEPTEMBER 27, 2000

STATEMENT BY
KENNETH MCGILL
ASSOCIATE COMMISSIONER FOR
EMPLOYMENT SUPPORT PROGRAMS
SOCIAL SECURITY ADMINISTRATION

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me today to discuss ways to encourage individuals with disabilities to return to work. After a brief description of the Social Security Administration's (SSA's) disability program and our current vocational rehabilitation program, I will focus my testimony on just one part of the *Ticket to Work and Work Incentives Improvement Act of 1999*. This important legislation has a number of provisions which will help individuals with disabilities who want to work by lessening their fears about losing health care coverage and income during attempts to work, but I will concentrate today on the "Ticket" program.

Social Security Disability

Generally, when people think about Social Security, they think about retirement benefits. Nearly one-third of Social Security beneficiaries, however, are the surviving family members of workers who have died or are severely disabled workers or their wives and children. The protection provided by the Social Security Disability Insurance (SSDI) program is extremely important, especially for young families. For a young, married, average income worker with two children, Social Security is the equivalent of a $223,000 disability income insurance policy. In the event of severe disability, the SSDI program stands between these families and poverty. Additionally the Supplemental Security Income (SSI) program serves the most economically vulnerable population with disabilities, most of whom are living in poverty.

In June 2000 SSA sent benefits to over 9.5 million individuals on the basis of disability. In Fiscal Year (FY) 1999, disabled workers and their dependents received over $50 billion in cash benefits under the SSDI program and disabled individuals received over $24 billion in cash benefits under the SSI program.

Also, SSDI benefits are the gateway to the Medicare program to those individuals who have been eligible for disability benefits for 24 months. These benefits provide health care coverage that to many SSDI beneficiaries is simply irreplaceable, since many would not be able to obtain insurance in private markets simply because they are disabled. The Medicare program paid over $24 billion in benefits in fiscal year 1999 to individuals whose entitlement to Medicare is based on their SSDI benefits. Thus, almost $75 billion was paid in fiscal year 1999 from

the Social Security and Medicare programs on behalf of disabled workers and their families, not including the $24 billion we paid in cash benefits under the SSI program.

Current Vocational Rehabilitation Program

In addition to providing other incentives to work, we also refer disabled beneficiaries to their State Vocational Rehabilitation (VR) agency, or to other service providers in the public and private sector who try to help beneficiaries return to work. During the initial SSA field office interview, each applicant (with certain exceptions) is given information about rehabilitation services which may be available and the individual's rights and responsibilities under the law. Each case forwarded to the State Disability Determination Service for a disability determination is also screened for referral to a State VR agency. Those individuals identified as likely to benefit from State VR services are referred.

The Social Security Act and regulations authorize the Commissioner to use the Social Security trust funds and general fund of the Treasury to reimburse State VR agencies and, in some cases, alternate VR providers for the reasonable and necessary costs of VR services provided respectively to disabled Social Security and SSI beneficiaries. However, neither the states nor the alternate providers are reimbursed for the services furnished to a beneficiary until he or she has performed substantial gainful activity (SGA) for a continuous period of 9 months. In 2000, a nonblind disabled beneficiary earning more than $700 per month and a blind beneficiary earning more than $1,170 per month are generally considered to be performing SGA, which is a measure of whether a person meets our definition of disability.

In FY 1999, SSA referred approximately 52,000 individuals whose Social Security or SSI claims were allowed and approximately 70,000 whose claims were denied to State VR agencies (some of the denied claims may subsequently be allowed at the appeal level and also be included as an allowed claims' referral). In FY 1999, SSA approved approximately 11,000 VR reimbursement claims at a cost of $120 million. (Most, if not all, claims reimbursed in 1999 had been referred for VR services prior to 1999.) Although this was a record year for reimbursements, we look forward to greater progress in this area.

The Ticket To Work And Self-Sufficiency Program

In 1997, the Administration first proposed its "Ticket to Independence," which was later included in the President's Fiscal Year 1999 budget. President Clinton signed the *Ticket to Work and Work Incentives Improvement Act of 1999* on December 17, 1999. A major provision of that legislation is the Ticket to Work and Self-Sufficiency Program, which is based on the fundamental principles of customer choice and paying for outcomes. The Ticket Program is scheduled to be phased in nationally over a three-year period starting early in 2001. Most SSDI and SSI disability beneficiaries will receive a "ticket" they may use to obtain vocational, rehabilitation and other employment support services from an approved provider of their choice, called an Employment Network. The program is voluntary; beneficiaries who choose to participate will take their tickets to Employment Networks. The beneficiary and the Employment Network will jointly develop a plan of services leading to employment.

Employment Networks will serve under agreements with SSA, and can be any qualified State or local government agency, or a private entity, that assumes responsibility for the coordination and delivery of services under the Ticket to Work program. An Employment Network can be a one-stop delivery system established under the Workforce Investment Act of 1998; a State Vocational Rehabilitation Agency; a single provider of services; or a group of providers organized to combine their resources into a single entity. Employment Networks can provide services directly or by entering into agreements with other organizations or individuals to provide the appropriate services. Employment Networks will only be paid based on their success in assisting beneficiaries to get and maintain employment and move off the SSI and SSDI benefit rolls.

We have begun to build the infrastructures needed to implement the Ticket Program, as mandated by the new legislation. We will begin recruiting Employment Networks later this year and send the first tickets to beneficiaries in early 2001. Therefore, we have no real experience to report at this time. We will provide information we gain from our evaluation of the Ticket Program at a later date.

Conclusion

Mr. Chairman, as a nation, we are best served when all of our citizens have the opportunity to contribute their talents, ideas, and energy to the workforce. We think the Ticket Program will be an effective means to further this goal, and we look forward to sharing the results of the Program with Congress.

I will be happy to answer any questions you might have.

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"I wish we had more people in the country going through the military, because it's the greatest experience in the world in terms of helping you understand the cultural makeup of the country and how you can work together. Whether you're in for three years or for 30, you take that back to your community, and you have a totally different understanding of this country by having served. There's no greater thing a young person can do than to be responsible for other people in the military environment. It helps you learn who you are, how to make decisions, and how to lead."

James Webb
Decorated USMC Vietnam Veteran
Secretary of the Navy (1987-88)
Source: Interview in PROCEEDINGS - US Naval Institute, **April** 2000

"Premier Technology Group Inc. has hired an extensive number of veterans from resumes obtained through VetJobs.com. Veterans are more adaptable, motivated and mature. They set high standards for themselves and are team players. As the corporate recruiter, this is the first resume data base search engine I use. The majority of our contracts are government related and require the extensive training and experience transitioning military personnel have acquired. My applause to VetJobs.com for bringing this excellent recruiting tool to the civilian corporate world."

James Klasek
Director of Recruiting
Premier Technology Group Inc
Springfield, VA
(Premier Technology has **hired 12 veterans** through VetJobs.com)

Veterans Affairs Subcommittee on Oversight and Investigations
U.S. House of Representatives
Remarks by Theodore L. Daywalt
CEO and President – VetJobs.com
27 September 2000

Chairman Everett and distinguished members of the subcommittee, I am Ted Daywalt, CEO and president of VetJobs.com.

It is an honor and a distinct pleasure to be here this morning.

VetJobs is a company owned by veterans. Our primary mission is to assist veterans, their spouses and dependents.

Since we launched last Veterans Day, we have grown into the largest resume database and job-posting site for military veterans on the Internet.

All of our many services are **FREE** to veterans of the United States Air Force, Army, Coast Guard, Marine Corps, Merchant Marine, Navy and National Guard, plus their spouses and dependents.

We are proud and honored to call the Veterans of Foreign Wars of the United States our **FRIEND and PARTNER.** The VFW owns 10 percent of VetJobs. We work with them on a daily basis in their Military Assistance Program, and in many other initiatives to help America's veterans.

Today, we have more than 400 military-friendly companies posting jobs at VetJobs. They include large corporations like General Dynamics, US Filter and Intel. Small companies like PE Systems of Charleston, South Carolina and the University Alliance of BISK.COM out of Tampa, Florida. Some members of the public sector have also gotten the message the military veterans are special people. Our public sector customers include the U.S. Custom Service, the U.S. Postal Service, the Wyoming Highway Patrol and the Phoenix, Arizona Police Department.

Let me tell you a short story.

I spoke recently to the operations manager of a Georgia consumer products shipping firm.

He told me on a recent Friday night, the backlog of orders was horrendous and he asked for volunteers from his 12-man crew to work overnight to give the next shift a fighting chance to get through the weekend.

He said, "All 3 of the military veterans volunteered without hesitation because they understood what **MISSION FAILURE** was all about. The others said to me "Sorry, we've got plans and left."

Ladies and gentlemen, that Can Do spirit, reliability, discipline and mission-oriented work ethic of veterans makes them highly employable in the civilian and public sectors.

Sadly, however, that is simply not what is happening in America.

The unemployment rate for our military veterans is substantially higher than the national average, and we at VetJobs are committed to doing something about that.

Many corporate job recruiters never consider military veterans for employment because they have had no exposure to America's armed forces. We have had a volunteer military for more than 30 years, the draft is a distant memory and the last war was a decade ago. Consider the following:

After World War II, one out of every 10 Americans was either a veteran or on active duty in our armed services.

Today, that number has shrunk to one veteran for every 147 Americans.

In years past, American heroes like Daniel Joseph Daly and Smedley Butler, Alvin York and Eddie Rickenbacker, Bull Halsey and George Patton, Lloyd Burke and Chesty Puller were chronicled in the news media and known in every household in America.

Today, probably the best known veteran in America is TOM HANKS, who played United States Army Captain John Miller in the Academy-award winning film "Saving Private Ryan."

What has resulted from all this?

According to the federal Bureau of Labor Statistics, the unemployment rate for male military veterans discharged since 1994 is **7 percent**, compared to an overall U.S. unemployment rate of 4.5 percent. Among black and Hispanic male veterans, unemployment is **6.8 percent and 8.1 percent**, respectively. The unemployment rate for female veterans is **5.9 percent.**

Our armed forces are no longer soldiers in foxholes and sailors aboard gunboats. We have a high-tech military billeted by men and women superbly trained in state-of-the-art technology, leadership and teamwork.

For example, did you know that 92 percent of active duty military use personal computers and 51 percent use LAN systems. All major military operating systems – control and command, administration, logistics, intelligence and weapons – are highly computerized and require superbly trained and motivated people to operate them.

We firmly believe that message needs to find its way in America's corporate boardrooms, and, if I may be permitted to use a military term, VetJobs is **"SCOPE-LOCKED"** on that mission.

Here are some of the things we are doing.

We have developed the most comprehensive veterans job board on the Internet, with multiple services to help veterans and employers understand each others needs, language and work environments.

Often, veterans and civilian employers speak a different language.

We had a retiring senior chief petty officer from the United States Navy forward her resume to one of our corporate customers. During her 20-year career, she had worked as a **DETAILER** in the Bureau of Naval Personnel, in charge of the career paths of hundreds of sailors, and a position in the civilian world that would be on a senior management level. The employer thought she **washed cars.**

We offer our services **FREE** to all veterans, their spouses and dependents.

We offer and market our services to **BOTH** officers and enlisted men and women, because for every officer, there are 20 enlisted personnel.

We put together a Board of Advisors that includes retired E-10s from each of the services, and a group of flag officers that includes a Medal of Honor winner and one of the first African-Americans to command a United States Army infantry division.

We offer veterans assistance in resume preparation, job interview techniques and career planning.

We are educating human resources personnel, recruiters and employers on why they should hire veterans. In your packet you should have a sheet that we provide employers on 12 reasons to hire veterans.

As of August 31st, we have more than 15,000 veterans posting resumes on our site, and have helped more than 530 veterans find jobs. Our top employer through August is Combined Insurance Companies of America, headquartered in Chicago, Ill. – with more than 60 hires.

Premier Technology Group Inc., located nearby in the Washington suburb of Springfield, VA – hired 12 veterans off our site in their first six months with us, which is typical for many of the technology companies posting positions with VetJobs.

We publish two monthly newsletters – one for veterans and one for employers. The newsletters are one of our best vehicles for bringing veterans and employers together.

Through these newsletters, plus our advertising and public relations campaigns, we are trying to educate employers and veterans that in the 21st Century economy, the Internet is fast replacing newspaper want ads, so much so that last year 90 percent of the Fortune Global 500 companies were actively recruiting on the Internet.

We work closely with the military transition offices around the world to ensure that transitioning veterans are aware of our services.

To assist veteran spouses and dependents, VetJobs in October is launching a **BRAND NEW SERVICE** where jobs, resume preparation and career counseling will be specifically tailored to the veteran's family needs.

But just as important, VetJobs is dedicated to supporting the mission of America's active duty military, reserves and National Guard. We are not here to encourage military members to leave the service, but to give them the best possible assistance once their decision has been made. We have dedicated "CONSIDER STAYING IN" and JOIN THE GUARD/RESERVE links on our homepage. We have done this on the home page at the suggestion of the active duty commanders. Sometimes the best job answer for a young service member is to stay in a while longer and gain more schooling and experience. If we can facilitate that happening, we have again succeeded.

We are active financial sponsors of the athletic programs at the United States Air Force, Coast Guard, Military and Naval Academies.

In addition, the military has hired us to help them find civilian employees, reservists and National Guardsmen. Our military customers include:

- The United States Navy Recruiting Command
- The United States Naval Reserve Command
- The United States Air Force Reserve Command
- The Naval Surface Warfare Center
- The Army and Air Force Exchange Service

Ladies and gentlemen, VetJobs – together with our partner the Veterans of Foreign Wars of the United States – will do anything to help our veterans.

Mr. Chairman, thank you for your gracious invitation to speak here this morning, and Please Remember:

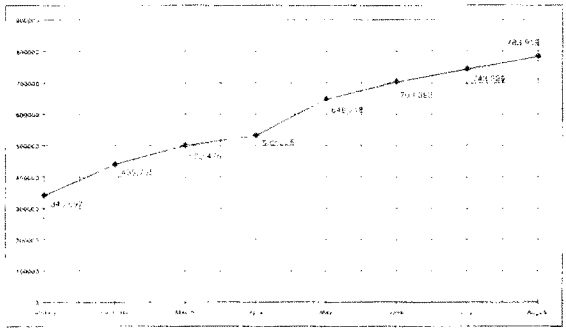
Freedom is NOT FREE – Support our Armed Forces and Veterans.

Thank you.

VETJOBS STATISTICS

As of 27 September 2000

- OVER 5.5 MILLION HITS
- PHENOMENAL TRAFFIC GROWTH



- 112,000 UNIQUE VISITORS (45% REPEAT VISITORS)
- 10.36 AVERAGE PAGE VIEWS PER VISITOR
- 15,000 REGISTERED VETERANS WITH RESUMES
- 26% TRANSITIONING MILITARY PERSONNEL
- 74% CURRENTLY IN WORK FORCE
- 65% ENLISTED/ 35% OFFICER
- 530 VETERANS HAVE SECURED JOBS USING VETJOBS
- 400 MILITARY-FRIENDLY COMPANIES POSTING JOBS
- DIVERSITY IN BOTH EXPERIENCE AND PEOPLE
- EXTENSIVE MEDIA AND ALLIANCE COVERAGE

PARTIAL CLIENT LISTING
As of 27 September 2000

- SIEMENS - WESTINGHOUSE
- VERIZON
- FEDEX GLOBAL IT
- LOS ANGELES POLICE DEPARTMENT
- COMMONWEALTH EDISON – NUCLEAR
- COMBINED INSURANCE COS. OF AMERICA
- KOCH INDUSTRIES
- WYOMING HIGHWAY PATROL
- LITTON PRC
- UNYSIS
- INTEL
- COBB COUNTY & GWINNETT COUNTY (GA)
- US NAVY/NAVAL RESERVE/AIR FORCE RESERVE
- GENERAL DYNAMICS
- ARTHUR ANDERSON
- ELECTRONIC DATA SYSTEMS

WHY HIRE A VET

Twelve Great Reasons

1. Military veterans are graduates of the world's largest system of specialized professional, mechanical and technical training schools.
2. Veterans are one of the nation's most important sources of well-educated, highly trained and strongly motivated employees who understand teamwork and excel in culturally diverse work environments.
3. Since all of the major military operating systems - command and control, administrative, logistics, intelligence and weapons - are highly computerized, a majority of military members are trained in the use and management of computer systems.
4. The modern, high-tech armed forces demand an ever-rising level of technical skills and educational standards to operate and maintain more complex systems than ever before. In line with these requirements, the services are recruiting and re-enlisting only the most highly qualified applicants. Technical training in the military is on the cutting edge of advanced technology.
5. Ninety-two percent of active duty military personnel use computers at their places of duty.
6. Seventy-three percent use desktop computers; 43 percent use computer workstations; 51 percent use LAN systems; 22 percent use client/server networks; 17 percent use mainframe computers and 13 percent use minicomputers.
7. Forty percent of military personnel in the U.S. have job assignments that involve information resource management. They include computer operators, programmers, system analysts, graphic designers, engineers, LAN specialists and MIS managers.
8. Because of a big push for quality in new recruits during the post-cold war years, the current military is the most highly educated in history. More than 98 percent of all service members are high school graduates and over 36 percent have graduated or attended college.
9. Military training has produced a more mature and responsible employee compared with employees who have no military experience. Military members are given great responsibility and leadership roles early in their careers. A new enlisted soldier, for example, progresses to Corporal in about two years and assumes the responsibilities of Sergeant's rank in three or four years. At each level the service member is responsible for the performance and well being of larger and larger numbers of troops.
10. Military veterans are accustomed to assuming high levels of responsibility for the employer's property. Relatively young service people are responsible for thousands- even millions of dollars worth of government property: computer systems, tanks, planes, fleets of vehicles, etc. This level of responsibility hastens the maturation of service personnel and makes them seasoned leaders and managers.
11. The military is one of the most demanding professions in the world. The rigorous military training each service member receives produces highly motivated individuals who set high goals for themselves.
12. Approximately 200,000 well-trained and highly qualified personnel will exit the military each year.

Statement of George Boggs, Ph.D.,

on behalf of the

American Association of Community Colleges

to the

House Committee on Veterans Affairs
Subcommittee on Oversight and Investigations

on

Evaluating Veterans Employment and Training Service Program
Effectiveness and Strategic Planning

U.S. House of Representatives
340 Cannon House Office Building
Washington, DC 20515

September 27, 2000
10:00 A.M.

Good morning. My name is Dr. George R. Boggs and I am President of the American Association of community Colleges (AACC). AACC represents over 1,100 regionally accredited, public and private, associate degree-granting institutions of higher education. I am pleased to appear today before the Oversight and Investigations Subcommittee on the role of community colleges in providing job placement and related services to veterans.

We commend the Subcommittee for taking a hard look at whether veterans are receiving efficient and effective assistance in locating suitable jobs when they have separated from the service. Adequate performance of this function is a moral imperative owed to those who have served this country, and this work is also a strong recruiting tool for the Armed Forces.

It is useful to state up front that, if there is one thing that unites community colleges, it is their diversity. The enormous range of community colleges is due largely to the fact that they are locally oriented institutions whose focus and operation reflects widely different local needs. In addition, community colleges are embedded in a range of government oversight structures, particularly at the state level, and they are also guided by different types of governing boards, both at the state and local level. Hence, there is no such thing as a typical community college; they are large and small; urban, rural and suburban; and focused on a myriad of educational, training and related objectives. Finally, it should be noted that community colleges strive to be as flexible and responsive as possible. Delayed attention to compelling needs is often no better than total inattention, especially in instances concerning the imperatives of businesses.

Our testimony today highlights some of the many activities that community colleges across the country are undertaking to place veterans into good jobs. For years, community colleges have been intimately involved in providing placement and related job-finding services to America's veterans. In some cases these activities are directed specifically to these individuals, but this support is also provided in the context of more general job placement activities. In addition, community colleges are active in assisting veterans in filing Montgomery GI Bill claims, and in guiding them toward education and training programs to help them realize their career and related goals. This Association is also proud of its strong and long-time support for the Montgomery GI Bill.

The Oversight and Investigations Subcommittee is well aware that the federal role in job training changed dramatically with the August, 1998 enactment of the Workforce Investment Act (WIA). This law was originally scheduled for full implementation this July, but the Department of Labor (WIA) is giving states an extra year to bring the new system fully on-line. Development of the new WIA system will have enormous implications for community colleges in the areas of education and career counseling, job placement, and numerous other activities, and hence will greatly impact upon the services provided to veterans.

The WIA system presents both challenges and opportunities for our colleges. Hopes were high with enactment of the law, and in some places this optimism has been realized, with community colleges playing a large role in the fledgling WIA system in ways that complement and enhance existing activities. In other cases, however, the law has created conflicts. Some of the problems our association hears about include: inadequate representation input on the new Workforce Investment Boards (WIBs); unsatisfactory relationships within One-Stop Career Centers, particularly over the allocation of expenditures for operating the One-Stops; and the burden of generating extensive new accountability information required to keep training programs eligible for WIA funding. In addition, in many places the WIA system simply mirrors a range of services that many community colleges already provide. Therefore, the overlay of a whole new federal system, with a complicated system of statutorily mandated "partners," has created complications for our colleges. Nevertheless, they are strongly committed to making the system work.

What follows are some examples of what community colleges are doing to help veterans following discharge, particularly in the area of job placement.

North Essex Community College

At North Essex Community College (NECC) in Haverhill, MA, the Career Development Center works closely with veterans' groups on campus and assists them with their re-careering programs, offering individual and group career counseling with a specific focus on veterans when advised. The college also offers opportunities for students to "test" particular career fields in job shadows, externships, or "adult" cooperative educational programs that allow participants to work in at least three fields each term so that they can gather career experience. While at NECC, veterans are encouraged to participate in all career programs, including specialized workshops focusing on "What Skills Veterans Bring to the New Economy," career panels, Meet and Greet Employer Days, and On-Campus Employer Interview Days. This is all done with close attention to individual backgrounds and the special needs of clients. Referrals are made to appropriate external resources when needed.

Fayetteville Technical Community College

Fayetteville Technical Community College (FTCC) in Fayetteville, NC, is actively engaged in assisting veterans get jobs. The institution has a full-time Veterans Services Coordinator. Most of the college's efforts are targeted at veterans with service-connected physical or mental disabilities. At FTCC, the Veterans Services Office, in conjunction with the counseling staff in the Career Center, provides educational, vocational, and personal counseling, in addition to evaluating veterans' interests, abilities and skills. All of these efforts are aimed at providing veterans with the necessary education and training to qualify them for suitable employment.

Community College of Baltimore County

Each of the three campuses at the Community College of Baltimore County (CCBC) in Maryland has a Veterans Office and personnel to handle student veterans. All veterans are identified and seen by college personnel upon application to the college. Veterans are interviewed and requested to produce separation papers and to complete appropriate VA-related educational benefit documents. Also, The Veterans Office relays the appropriate procedures that must be followed by veterans as they matriculate.

Veterans are then sent to the Counseling Center to begin the assessment process. Those with previous college coursework might be waived from the assessment process. However, previous coursework and/or military training is evaluated for acceptance into the college and for programmatic fit. For students without previous college coursework, an assessment process is required to determine their level of reading, writing, and math proficiency. Also, counselors advise students regarding the course requirements for their degree and certificate programs. Veterans are required to meet with counselors every semester to ensure that they are progressing appropriately. This function is terminated upon transfer/graduation. However, all records continue to be maintained by the institution.

Northern Virginia Community College

Northern Virginia Community College (NVCC) does not have a dedicated, ongoing program to assist veterans with finding employment, but it provides many related services. With the demise of VEOP grants a few years ago, coupled with the college's policy of turning over VA education reporting fees to the general operating fund, veterans services offices no longer have the funds to support a vigorous outreach program. However, veteran students seeking employment are directed to the Career Resource Center job banks, as well as to the local Virginia Employment Commission, which provides a special service dedicated to military veterans.

NVCC also currently provides education support for 112 Chapter 31 veterans with service-connected disabilities. The primary focus of this program is specifically "to make them marketable for a good job compatible with their disabilities." The primary mission of the five-campus veterans affairs offices is to file education claims on behalf of

veterans, their eligible dependents, and active duty service persons. On average, NVCC files, tracks, and adjusts approximately 900 education claims per semester.

Wake Technical Community College

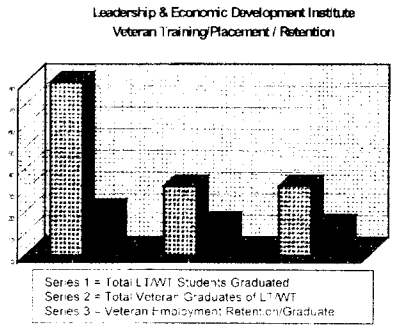
Wake Technical Community College (WTCC) in Raleigh, NC, provides a variety of services to veterans interested in getting jobs. These activities include: resume preparation; interview practice; Career Fair preparation and campus Career Fairs; job listings; employer resource information; informational assistance on salaries and occupations; career exploration/planning services; referrals to veteran representatives at the Employment Services Commissions and the North Carolina Veterans Affairs Office; and providing Work-Study positions at the Veterans' Readjustment Counseling Service.

Grossmont College

The college is extremely active in serving a large area veterans population. One good example of this is veterans' engagement in the college's LANTrack program.

Since its inception in 1996, the LANTrack program has graduated 80 participants. Of these participants, 32 are veterans and as of September 8, 2000, all 32 have retained employment using the skills taught in the program.

The WEBTrack (formerly PC Online) program, while still a fairly new program, has already graduated 21 participants, 15 of whom are veterans, and, as of September 8, 2000, 14 have retained employment using the skills taught in the program.



It might also be useful to include testimonials from two students who have benefited by these services.

Jeff Boles took a Local Area Network Program in the spring of 1998, and has since become a Network Manager at Ward-North America. Jeff writes, "My name is Jeff Boles and this is my story of how I have made the adjustment coming from the Army being disabled and not knowing what I was going to do to support my family. I could no longer work in the construction trade, so I asked VA if they could help me get retrained though their VOC rehabilitation program. When I got to Grossmont College I knew very little about computers and networks. With the help of the instructors and staff, I was able to retain enough knowledge about networks and computers at Grossmont's Leadership & Economic Development Institute to help me get a job in this field. When I got my job here at Ward-North America I started at an entry-level Technical Support position, and over the last two years my responsibilities have grown. I now have the title of Network Manager."

Juan Molina joined the Army in October. "When my tour of duty came to an end, I had no clue as to what I could do or become. I knew my options were limited, as everyone knows that armor crewman are not your six figure salary careers. I had the GI Bill and many benefits that being a veteran provides, but my advantage was my youth and determination to excel. I started on my General Education at my nearest community college, hoping that I would find my calling in the workforce. I stumbled across an ad that a South County Career Center could provide veteran assistance in career placement. I thought it wouldn't hurt as long as I didn't sign on a dotted line. Spoke with the counselor and received the go-ahead to attend LEDI the following week. (Believe me I read everything before attending.) I was told it would be a fast-paced course that would provide PC training and receive credits towards my A.A. They were right 110 percent. I

completed LEDI, and began an internship at the Port of San Diego. I applied what I learned, and absorbed the new. Of course I stumbled my fair share of times, it is expected, you have to earn your dues in any job."

"I am currently a Level II technician with Technology Integration Group, contracted to provide desktop support to the Port of San Diego. I have been providing this support for one year now. This is probably the greatest job satisfaction that I have been privileged with. I am not going to lie to you and say that everything is happy, and that the sun shines everyday. On the contrary, it has been quite tough in this industry as it is very competitive. LEDI has definitely prepared me for my future."

Blue Ridge Community College

Blue Ridge Community College (BRCC) in Flat Rock, NC, has a newly remodeled and expanded JobLink Career Center with many job placement and career counseling resources available to the entire community, including veterans. The institution has a full time Employment Security Commission (ESC) representative and maintains comprehensive local job listings and ESC Job Listings. The college has an employability lab with book-marked Internet employment sites, self-paced job-seeking skills activities and DISCOVER, a computerized career assessment information system. It maintains a career resource library and a nationally certified career counselor. There are also several resume specialists who work one-on-one to produce professional resumes for customers.

Specifically for veterans, BRCC has a veteran's job consultant in its JobLink Center every Wednesday. Appointments are scheduled for this individual for any veterans seeking employment. The institution is currently developing a mailing to be sent to all students and graduates who are veterans, children or spouses of veterans, describing the employment services of the JobLink Center.

Springfield Technical College

Springfield Technical College (STC) in Springfield, MA, offers a variety of services to veterans in attendance, as well as to other veterans located in the service area. STC maintains an extensive referral network of any agencies that provide a wide range of assistance to veterans, including job placement. The dean at the college who oversees the Office of Veterans' Affairs is the commander of a local Veterans of Foreign Wars post. This provides the institution with ready access to a broad network at the state and national levels that can help veterans find assistance.

Central Piedmont Community College

At Central Piedmont Community College in Charlotte, NC, the Career Center is open to visitors from the entire community. The center offers specialized assistance with veterans' resumes. The goal is to revise resumes to emphasize transferable skills, so that veterans can make the transition into corporations or non-profit organizations. The Career Center Web site also has a section devoted to the military. One link that has proven helpful is called Hire Quality (**http://www.hire-quality.com**). This site is devoted to helping veterans find career opportunities with employers who wish to employ veterans.

Forsyth Technical College

At Forsyth Technical College, located in Winston-Salem, NC, veterans are offered the same array of services through the Counseling and Employment Assistance Centers that all students receive. There is also a VA College Work-Study Program that is coordinated through VA Regional Offices and helps veteran students find jobs on and off campus while they are enrolled in school. The Winston-Salem VA Regional Office has an integral role in this program. More generally, FTC's Employment Assistance Center helps currently enrolled students find employment while they are in school. They offer Job Fairs during the school year for students to talk to potential employers who come on

campus with employment possibilities for students. They also help with resume writing and the job application process when veterans are looking for positions upon graduation.

South Carolina Technical Colleges

A variety of services for veterans are in place in South Carolina's Technical Colleges. A staff member at Trident Technical College in Charleston, SC, works closely with the Transition Assistance Program at the Charleston Naval Weapons Station. Through this program, the college representative makes a number of presentations to military personnel about to be discharged. These presentations focus upon general issues relating to college attendance and are not geared toward recruiting prospective applicants to Trident Technical College. However, the college also maintains office hours at the Weapons Station. Through this presence, information about programs and services available at Trident Technical College is made available.

Central Carolina Technical College, located in Sumter near Shaw Air Force Base, and the Technical College of the Lowcountry, located in Beaufort near a Marine Air Station and the Marine Corps Recruit Depot at Parris Island, also work with base officials to ensure that information about academic programs and services are available to base personnel, as well as to dependents. Courses are taught at the bases, college staff are invited to make presentations, and the colleges advertise their programs in the bases' newspapers.

Many of the Technical Colleges that do not have military bases in their service areas are also involved in making veterans and current military personnel aware of their academic programs and services and encourage enrollment at the colleges. Piedmont Technical College in Greenwood, SC, is a good example. Staff from Piedmont make presentations to the National Guard and Reserve units within their service areas. These programs serve a dual purpose. They inform the men and women about higher education opportunities that are available and provide the staff with an opportunity to recruit applicants to Piedmont Technical College.

Piedmont's efforts are built upon a good working relationship that has developed between the college's staff and the military recruiters and education assistance officers. These types of relationships have also been developed in many of the areas served by South Carolina's Technical Colleges.

As the above descriptions demonstrate, community colleges are active in many places in helping veterans locate good job opportunities, and in providing many related services. Our institutions are committed to these individuals, and we stand ready to work with the Subcommittee in devising ways to be even more effective in helping them. We thank you for this opportunity to testify before you today.

Testimony of
Espiridion 'Al' 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

September 27, 2000

Mr. Chairman, Ranking Member Brown and Members of the Subcommittee:

I am pleased to be here today to discuss our Strategic Plan and its influence on Veterans' Employment and Training Service's (VETS) program effectiveness.

This morning I would like to begin by talking about the innovative solutions VETS has put forward to meet the challenges of the New Economy. As you know, VETS is an agency of 250 dedicated Federal employees. We have the responsibility to award and monitor employment and training grants under Title 38, U.S.C., Chapters 41 and 42 (primarily staffing grants to the States) to employ 2,600 Disabled Veterans Outreach Program specialists (DVOPs) and Local Veterans Employment Representatives (LVERs), the majority of whom are service connected disabled veterans. The DVOP specialists provide intensive employability and job development services to help veterans secure permanent employment, particularly veterans with service connected disabilities and other disadvantaged veterans. LVER staff provide supervision to the other local office staff to ensure that high quality service is provided to veterans and that performance standards for services to veterans are achieved, as well as provide direct employment services to veterans.

VETS also provides direct investigative and enforcement services to protect employment rights and benefits for veterans, reservists, National Guard members, and other eligible persons. These rights and benefits are established primarily under the Uniformed Services Employment and Reemployment Rights Act (USERRA) at Title 38, U.S.C., Chapter 43, and the Veterans Employment Opportunities Act of 1998 (VEOA).

In the last year, VETS has crystalized its vision for the future -- to prepare those veterans most in need of assistance for meaningful, long-term careers with continuing opportunities for advancement. Our basic strategy is to use the "One-Stop" philosophy of the new Workforce Investment Act (WIA) to ensure that veterans have access to a wide range of services, including self-service through automated tools such as America's Job Bank. VETS-funded staff will focus on those most in need of individual assistance.

This change of focus addresses the General Accounting Office's (GAO) primary concerns about the clarity of VETS' vision and the impact of WIA.

The veterans' population represents more than 14 million working Americans; and according to the most recent statistics, in Program Year (PY) 1998, 1.8 million or 12% of those veterans registered with the public labor exchange. These 1.8 million registrations occurred during a period when the unemployment rate for veterans was below 4%, i.e. 560,000. As an indicator of effectiveness, this shows that veterans know where to go when looking for a job.

Of course, many veterans who register are looking for better jobs or are simply testing the market. The attached study shows that, in PY 1997, of the 13,541 veterans who registered with the public labor exchange in Maryland only 5,291 made a claim for Unemployment Insurance. Therefore, the majority were most likely employed and looking for better jobs.

In addition, other veterans access the electronic labor exchange services of the Department without registering with the public labor exchange and are able to conduct their own job search using the tools made available by the Department through the electronic medium.

The employment assistance VETS provides through the public labor exchange represents our Nation's commitment to ensure that the employment and training system of the 21st Century serves all segments of our veteran population effectively. With the Secretary's support for veterans' issues, we continue to be a full partner in the implementation of the WIA and are committed to ensuring full access to employment opportunities for our Nation's veterans in the new One-Stop system. VETS is also working with the Department of Labor's Employment and Training Administration (ETA) to enhance how veterans priority of service is delivered through America's Job Bank and Talent Bank and making Federal contractor information easily accessible to DVOPs and LVERs for job development and placement opportunities. As the Secretary of Labor has repeatedly said, "veterans' issues are America's issues".

The Secretary has put the Department of Labor in the forefront of the Federal government's effort to prepare 21st Century workers for 21st Century careers. This Department has a leadership role in meeting the needs of the high technology industry while that same technology changes how we live, work and learn. The VETS' certification and licensing initiative includes a pilot program with a technology consortium, the Computer Technology Industries Association, to assist veterans to obtain employment in the information technology field. VETS also has developed a website, Using (your) Military Experience and Training (UMET), that is tailored to transitioning military personnel and veterans who may need a credential for civilian employment. In addition, we have several demonstration programs (ProVet and the Ohio Licensing and Certification Initiative) that are examples of VETS' commitment to finding new ways to ensure America's veterans are provided the assistance required to obtain meaningful jobs. The Ohio project has helped over 300 individuals obtain licenses or certifications in occupations ranging from information technology and commercial driving to pipe fitting and heating and air conditioning, aircraft and automobile mechanics. Of those served through the Ohio project, over 70 % of those recently separated from the military (defined as within 48 months after discharge) and had previous civilian jobs, increased their earnings by approximately $3.00/ hour. In addition, for those veterans

within one year of discharge the average length of unemployment was reduced by 5 weeks compared to the average 14-week period for initial UCX claims.

These are just a few examples of how VETS is on the cutting edge of innovation. Such initiatives provide the tools and mechanisms that create access to employment opportunities necessary to ensure that our Nation's veterans are not left behind, but rather are at the front of the line with the skills and credentials necessary to take full advantage of the opportunities offered by the New Economy.

VETS' goals and results

I will next present a brief overview of the framework for VETS' approach to strategic management, and then highlight some of the accomplishments in the performance of VETS' programs.

Our Strategic Plan clearly sets out VETS' mission and vision. Serving the employment and training needs of the Nation's veterans is our basic mission. Specifically, VETS' mission is to promote the economic security of America's veterans by minimizing unemployment and underemployment among veterans with service-connected disabilities and among other targeted veterans groups, and by maximizing of employment and training opportunities for all veterans. Our vision is customer-focused. We will provide veterans and other eligible individuals the high quality and timely services they need to succeed in the changing labor exchange environment of the New Economy.

The Department of Labor takes the Government Performance and Results Act (GPRA) very seriously. Our objective of measurable performance goals provides a clear picture of intended performance across the agency. The framework and principles of GPRA, which guide the Departmental management team, are integral to our management of VETS' programs, beginning with a Strategic Plan and action oriented strategies for improving core program outcomes. To execute this plan, we set ambitious but realistic goals, requiring our partners and staff to reach beyond the previous year's successes.

Last spring, we reported the results of our 1999 Performance Goals. In summary, the goals and results were:

1. TRANSITION ASSISTANCE PROGRAM-- As a measure of Transition Assistance Program (TAP) effectiveness, the unemployment period of recently separated personnel was reduced from 17.2 weeks to 16.2 and met VETS' goal.

2. DVOP/LVER EMPLOYMENT ASSISTANCE -- 288,604 veterans registered with the Employment Service entered employment, slightly short of the goal of 300,000. We believe this shortfall is the consequence of VETS emphasis on the hard to serve as discussed below and the related issue of underreporting that I will discuss later.

3. USERRA -- Our performance in reducing the number of pension cases under USERRA is mixed – cases increased by 15%. We believe that the growth is related to the aging of Vietnam-era veterans. However, I am pleased to report that the percent of pension cases resolved, which demonstrates VETS' effectiveness in resolving cases within one year, increased from 90% to 97%.

Recognizing the advantages that the strong economy and new technologies offer veterans, VETS has focused staff efforts on increasing assistance to helping veterans with significant barriers to employment and using a case management approach. As a result, it is particularly noteworthy that the goals exceeded were goals focusing on those veterans historically most difficult to employ:

4. SPECIAL DISABLED VETERANS -- VETS' goal was to assist 10,000 special disabled veterans enter employment. This goal was exceeded by over 38% when 13,825 secured employment.

5. SERVICE CONNECTED DISABLED VETERANS -- VETS aimed to have 4,368 Department of Veteran Affairs Vocational Rehabilitation and Employment graduates enter employment; 4,567 individuals returned to the labor market in meaningful jobs.

6. HOMELESS VETERANS -- VETS expected 1,850 homeless veterans would enter employment; 1,993 formerly homeless veterans did so.

Strategic Planning and Performance Evaluation -- An Ongoing Effort

Strategic planning and performance evaluation are not one-time endeavors, but are an integral part of our ongoing efforts. We have made considerable refinements in our plans and strategies based on recommendations from the GAO and others.

First, three years ago VETS developed a management control process to ensure outcome strategies are communicated to our staff and stakeholders. The VETS Operations and Program Activity Report (VOPAR) requires Regional Administrators and State Directors report monthly on progress toward outcomes and strategies and identify issues or problems related to the Strategic Plan's (the Plan's) implementation. 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.

Second, quality assurance reviews of Uniformed Services Employment and Reemployment Rights Act (USERRA) claims ensure that investigations are both timely and comprehensive. We have a "Red Flag" system to identify problems while they are still small. The VOPAR gives VETS management staff the data to continuously refine our goals, measures and strategies for achieving favorable results.

This early warning system enables us to become aware of the existence of a problem and to establish a corrective action plan. The results of the corrective action plan can be identified from monthly VOPAR reports and quarterly data submissions. We continually stress the importance of complying with this process to our VETS managers.

Third, we conduct Management Control Reviews of the Regions and assess the processes and overall management of the staff and activities they have in place to ensure performance data are validated and reach the desired outcomes. This review process also provides an opportunity to share "best practices" to further enhance the outcomes of our service to veterans throughout the nation.

Fourth, based on statements made at this Subcommittee's July 1999 hearing, including those made by GAO, we determined that, while VETS' Strategic Plan addressed GPRA's statutory requirements, it could better convey our mission and goals.

We saw this as an opportunity to begin a 'ground-up' revision of our Strategic and Annual Performance Plans using primarily our top field staff. We sought guidance from the GAO which worked with our group to develop a new Strategic Plan.

DOL senior management has provided continuing and active oversight of the process that VETS and other Departmental agencies engage in to continuously raise our achievement levels through our implementation of GPRA. A comprehensive process to standardize strategic and performance planning and monitor progress toward our goals has been established within the Department.

The Department contracted with several private companies to provide technical assistance on strategic planning and associated data capacity assessment to Departmental agencies. The contractor facilitated several discussions by the VETS' management team about our direction, goals and strategies for the future and provided technical assistance to VETS in formatting its new Strategic and Annual Performance Plans.

The VETS 2000-2005 Strategic Plan and the 2001 Annual Performance Plan were developed around VETS' governing legislation and the new employment and training operating environment. Many discussions and briefings were held and were often attended by representatives of the GAO, congressional staff, the Department of Labor's Office of the Inspector General (OIG), veterans service organizations (VSOs) and the Interstate Conference of Employment Security Agencies (ICESA).

VETS is seizing this opportunity to develop and implement new performance outcome measures and collect reliable data on services provided to our Nation's veterans.

For example, our Strategic Goal 2 is to promote maximum employment opportunities for all veterans, with special attention given to meeting the needs of targeted groups, including veterans who have significant barriers to employment, veterans who served on active duty in the armed forces during a war or in a campaign or expedition for which a campaign badge

has been authorized, and recently separated veterans. (This supports DOL Outcome Goal 1.1: Increase employment, earnings, and assistance.)

This Strategic Goal is to be measured by our success in meeting a series of Outcome Goals:

- Outcome Goal 2.1. Veterans seeking employment will have the benefit of an effective range of streamlined service-delivery mechanisms, public information activities, and self-service opportunities.

- Outcome Goal 2.2. A significant number of all eligible veterans, as well as of targeted group veterans, requesting public labor exchange core services will receive successful and satisfactory job placement assistance.

- Outcome Goal 2.3. A significant number of veterans entering employment as a result of receiving public labor exchange core services will retain unsubsidized jobs for a meaningful period of time.

- Outcome Goal 2.4. A significant number of the veterans who served in a military occupation with a civilian counterpart occupation that requires a credential will receive certification or licensing for civilian employment, or will receive information about requirements for such certification and licensing and an assessment of the gaps in their required training and experience.

- Outcome Goal 2.5. A significant number of non-job ready veterans provided assistance (including members of the military services) will receive employability development services (including case management) and other specific assistance that enhances their civilian employment prospects significantly.

- Outcome Goal 2.6. Assist veterans, reservists and National Guard members to understand and apply their rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and Veterans' Preference (VP), resolving complaint cases expeditiously while maintaining quality case handling procedures. (Supports DOL Outcome Goal 2.1: Increase compliance with worker protection laws.)

These particular outcome goals are measurable and have specific goals associated with them in the performance plan to assure that VETS effectively meets its mission.

Beyond the Strategic Plan

The actual development of the revised Plan entailed a much broader review. We used that the contractor's expertise to assess VETS' data collection and data management practices and the internal controls associated with our ability to accurately report on strategic and annual plan performance goals. The contractor's report, which we have already shared with

Subcommittee staff and the GAO, provides independent recommendations on areas that require our attention.

For example, the contractor's report identified a number of shortcomings in VETS' data management and associated internal controls. These include, among others, a lack of individual level data; excessive reliance on the ETA 9002 reporting system; and inefficient manual systems. The report confirmed that the current reporting system underreports the work of the VETS-funded staff.

Many of the employment and training activities/outcomes in the VETS Strategic and Annual Performance Plans are based on state-generated ETA data collection. The reporting system is subject to error and under-counting because it requires that a local office staff person make contact with a registrant to confirm that the person got a job before their employment may be reported on the ETA 9002. Also, some reportable service is required to maintain the veteran in active status in the State database beyond 90 days. Disabled veterans are maintained for 180 days of a reportable service. After this period of time the veteran becomes inactive. Therefore if a veteran registrant secures employment after 90 days of receiving a reportable service, he/she would not be reported as an entered employment. At the end of the Program Year all inactive registrants are purged from the system.

Moreover, the data collection system does not report all individuals who get jobs through assistance of VETS' State funded staff. Examples of veterans whose job placements are not consistently captured in the States' data collection system and are, therefore, underreported include: individuals who get jobs directly through their participation in TAP workshops; all veterans hired by Federal contractors; and those who find employment with Federal or State agencies; and who get a job outside the State of registration.

Because of these concerns, VETS has for some time worked with our state partners to consider other sources of information which could more accurately report our outcomes. VETS is currently assessing States that are using UI wage records to determine if data could be conceivably built into our measurement system. The use of 'new' automated information, such as UI wage records, conforms with the requirements of WIA. If appropriate, State partners would need to use UI wage records to construct a complete picture of outcome measures.

A VETS study to determine the utility of using UI wage records was conducted in Maryland earlier this year. This study, titled Entered Employment Patterns of Veteran Wagner-Peyser Registrants in Maryland, was provided to the staffs of the Subcommittees and the GAO in April. This study makes it clear that the method we currently use to track the number of veterans who entered employment must be reevaluated. Data from the study confirms that DVOP/LVER staff are not getting full credit for assisting veterans find jobs.

Another study based on UI wage records corroborates the Maryland study. For example, Program Year 1998 data provided through the ETA 9002 showed that in the State of California 3.7% of registered veterans became employed. However, California UI wage

record data showed that 59.9% of registered veterans got new jobs in the first quarter after registration.

Conclusion

In conclusion, GPRA, through our VOPAR, has proven a major asset in focusing VETS daily management efforts of the achievement of our core responsibilities. These are the ways VETS assures the accomplishment of its mission to promote the economic security of America's veterans by minimizing unemployment and underemployment among veterans with service-connected disabilities and among other targeted veterans groups, and by providing the maximum of employment and training opportunities to all veterans. VETS has made significant strides, but we also recognize the additional challenges that remain to fully implement the legislation and transform all corners of our agency into a performance based organization. VETS is committed to meeting those challenges and continuing to improve the results of the programs and services we deliver to America's workers and employers.

VETS and its state partners take this mission seriously and will continue to work together as the benefits of full implementation of the WIA and ongoing technological changes become a reality in all states.

Mr. Chairman, that completes my prepared statement. I would now be pleased to respond to any questions that you or other members of the Subcommittee might have.

Entered Employment Patterns of
Veteran Wagner-Peyser Registrants in Maryland

April 12, 2000

Introduction

National summary data from the ETA 9002 reports suggest that only about one-fourth of veterans registered with the U.S. Employment Service (USES) are employed within 90 days following registration. Specifically, in Program Year 1998, the ETA 9002 data indicate that 28 percent of veteran registrants entered employment within 90 days, 35 percent of those who received some reportable service from USES. In the State of Maryland 31 percent of veteran registrants entered employment, 35 percent of those receiving some reportable service.[1]

The purpose of this study is to examine the post-registration employment rates for veterans registering with the Employment Service in the State of Maryland based upon an analysis of Unemployment Insurance Wage Records. The first objective is to use this data source to estimate the overall Entered Employment Rate for veterans who were registered with the USES. These rates can then be compared with the ETA 9002 results. The second objective is to examine how different ways of categorizing registrants will affect the entered employment rates observed for those groups.

The Data

The data used in this analysis provide a more accurate picture of entry into employment than the current estimates from ETA 9002 reports. The 9002 reports are based on administrative follow-up of registrants, and therefore provide only limited means of measuring registrants' entry into employment. This study combines quarterly individual level USES registration data for veterans for Fiscal Year 1997 and Program Year 1997 with Unemployment Insurance (UI) Wage Record data in the State of Maryland. Employers report their employees' wage data to the State on a quarterly basis. States use these data to determine employer payroll taxes as well as the employee's eligibility for and the amount of Unemployment Insurance benefits. The presence of reported wages offers another way of determining whether a veteran who registers with USES is subsequently employed in the State.

This study tracks veterans who registered with the Maryland Job Service during the six calendar year quarters of January 1997 through June 1998 corresponding to Calendar Year 1997 (CY 1997) and Program Year 1997 (PY 1997). These veteran registrants are then tracked against the wage record data. Their subsequent employment is recorded for six quarters following the quarter in which they registered with USES. To avoid counting a registrant's subsequent

[1] U.S. Department of Labor, Office of Workforce Security, U.S. Employment Service, Annual Report, Program Report Data, Program Year 1998, Tables 1, 2 and 8

employment more than once and to capture accurately the first postregistration quarter in which he/she was employed, only the first post registration period of employment (record of wages) is counted for each individual.

Categories of Registrant Groups

As indicated above, a second objective of this study is to examine how different definitions of the veteran registrant group will affect the observed Entered Employment Rate. In the analysis that follows, the registrant group is defined in five different ways. Three classifications narrow down the veteran registrant pool as follows: 1) all those who register with USES; 2) only those who were considered "active" in their employment search (receiving some reportable service in the quarter); and, 3) only those who were UI claimants at the time of registration (defined as receipt of at least one UI benefit check). Two alternative groups with different labor market attachment are also analyzed: 1) registrants with no wages (employment) in the quarter prior to registration; and 2) those registrants with wages in the prior quarter who are employed with a different employer in subsequent quarters. Those with no wages in the prior quarter are primarily labor market entrants. Individuals with a prior employer are largely job changers.

Exhibit 1 shows the six quarter Entered Employment Rates for the five categories of veteran registrants during calendar year 1997 and Program Year 1997. In each group, with the exception of those with no prior wages, at least half are employed in the first quarter following registration.

Exhibit 1
Summary of Entered Employment Rates
CY 1997 and PY 1997 Veteran Registrants

Veteran Registrant Category	CY 1997	PY 1997 *
All Veteran Registrants	**77.5%** N = 14,424	**76.1%** N=13,541
Active Veteran Registrants	**77.9%** N=4,957	**75.6%** N=4,499
Veteran UI Claimants	**81.1%** N=5,915	**79.5%** N=5,291
Veteran Registrants with No Wages in the Quarter Prior to Registration (Likely Out of the Labor Force or Unemployed)	**68.5%** N=6,164	**67.2%** N=5,957
Veteran Registrants with Wages in the Quarter Prior but Not UI Claimants (Likely Job Changers)	**75.0%** N=3,681	**74.4%** N=3,411

* For the veterans who registered during the last quarter of PY 1997 (April-June 1998), only 5 quarters of follow-up data are available.

Results and Discussion of the Data

All Veteran Registrants - This analysis examined all veterans registered with USES in a quarter and their employment in six subsequent quarters. The results are shown in Exhibit 2. The numbers of veterans registered in a each registration quarter are shown in the **Registrants** column. Registrants who are subsequently employed are counted in the first quarter after registration in which wage record shows an Employer Identification Number (EIN)[2] with presence of wages. These numbers appear in each quarterly cell following registration. The total number of registrants who first showed wages in one of the six quarters following their particular quarter of registration is shown in the **Total** column at the right of the Table. The **Percent** column is the proportion of registrants employed in the subsequent quarters. Registrants employed in the same quarter in which they registered are counted as being employed if they have wages in the first quarter following registration. The percentages in each quarterly column are the proportion of registrants showing wages in that quarter.

Exhibit 2
Entered Employment Rates
Veteran Wagner Peyser Registrants in Maryland

Calendar Year Period of Registration	Regis-trants	Wages in Q_{R+1}	Wages in Q_{R+2}	Wages in Q_{R+3}	Wages in Q_{R+4}	Wages in Q_{R+5}	Wages in Q_{R+6}	Total	Percent
1997 - I	3,660	2,046	392	224	96	64	62	2,884	**78.8 %**
1997 - II	3,342	1,843	361	155	101	67	55	2,582	**77.3 %**
1997 - III	3,907	2,207	350	206	139	69	56	3,027	**77.5 %**
1997 - IV	3,515	1,799	432	202	130	67	51	2,681	**76.3 %**
1998 - I	3,551	1,946	373	153	114	65	52	2,703	**76.1 %**
1998 - II	2,568	1,369	256	136	81	50	[3]	1,892	**73.7 %**
CY1997 Totals	14,424	7,895	1,535	787	466	267	224	11,174	
Percent		**54.7 %**	**10.6 %**	**5.5 %**	**3.2 %**	**1.9 %**	**1.6 %**		**77.5 %**
PY1997 Totals	13,541	7,321	1,411	697	464	251	159	10,303	
Percent		**54.1 %**	**10.4 %**	**5.1 %**	**3.4 %**	**1.9 %**	**1.2 %**		**76.1 %**

[2] The Internal Revenue Service assigns each employer a unique Employer Identification Number (EIN). When employers submit wage record data on their employees to the Employment Service, the EIN for that particular employer is attached to the employees' record. For this analysis, if an individual's record does not list an EIN, he/she is considered unemployed. When that individual's record shows an EIN, then he/she is considered employed in that particular quarter. His/her employment status is counted only once, in that particular quarter. If an individual changes employers, his/her record will list a different EIN for the quarter when he/she changed employment.

[3] For the second quarter of CY1998 only five quarters of follow-up are available.

Active Registrants - Not all veteran registrants with USES are actively seeking work. Individuals may have registered but not received any reportable service within the quarter. For example, they may have been employed but registered in order to see what jobs are available. Alternatively, they may have had to register as a requirement for the receipt of Food Stamps, but not actually seek work. This analysis does not include these inactive registrants. As of February of PY 2000, of the 35,131 veteran registrants only 13,892 (40 percent) were active registrants. That is, they received some reportable service from ES within the quarter of registration.

It is expected that the employment rate of active registrants would be greater than that of all registrants because these individuals may be considered to be more serious about their job search. Therefore, active registrants may provide a better estimate of entered employment among registrants who were actually seeking work. To separate the inactive from the active registrants, only those registrants whose USES file is marked "active" were included. It is important to note that this category **excludes** individuals who were unemployed and were seeking work, but did not register with the Employment Service. Employment of active registrants in the six quarters following registration is presented in Exhibit 3.

Exhibit 3
Entered Employment Rates
Active Veteran Wagner Peyser Registrants in Maryland

Calendar Year Period of Registration	Regis-trants	Wages in Q_{R+1}	Wages in Q_{R+2}	Wages in Q_{R+3}	Wages in Q_{R+4}	Wages in Q_{R+5}	Wages in Q_{R+6}	Total	Percent
1997 - I	1,305	740	134	81	27	26	26	1,034	**79.2%**
1997 - II	1,145	667	112	46	35	21	19	900	**78.6%**
1997 - III	1,353	738	145	81	41	21	19	1,045	**77.2%**
1997 - IV	1,154	585	140	77	46	18	17	883	**76.5%**
1998 - I	1,143	618	130	49	33	18	13	861	**75.3%**
1998 - II	849	436	86	51	27	14	[4]	614	**72.3%**
CY1997 Totals	4,957	2,730	531	285	149	86	81	3,862	
Percent		**55.1%**	**10.7%**	**5.7%**	3.0%	**1.7%**	**1.6%**		**77.9%**
PY1997 Totals	4,499	2,377	501	258	147	71	49	3,403	
Percent		52.8%	**11.1%**	5.7%	3.3%	**1.6%**	**1.1%**		75.6%

[4] For the second quarter of CY1998 only five quarters of follow up are available.

UI Claimants - This analysis is limited to veterans who were UI claimants at the time of registration with ES. It would be expected that individuals receiving UI benefits would be most interested in finding employment. That is, they have a sufficient duration of prior employment and requisite earning to be eligible for unemployment benefits. They are, therefore, more likely labor force attached. As of February 2000 only 4,437 of 13,892 veteran registrants (32 percent) were UI claimants. Claimant status is defined as having received at least one UI benefit check. We include those eligible for State UI and Other (primarily Federal) benefits.

Unemployed individuals who are not UI claimants may be new entrants or re-entrants into the labor market or lack sufficient duration of employment or earnings to qualify for UI benefits. Therefore, we might expect the Entered Employment Rate to be higher for individuals who are UI claimants because they are the most attached to the labor market and are actively seeking work. It is important to note that this category **excludes** individuals who were unemployed and were seeking work, but did **not receive** Unemployment Insurance benefits. The employment results for veteran registrants who were UI claimants at the time of registration are shown in Exhibit 4.

Exhibit 4
Entered Employment Rates
Veteran Wagner Peyser Registrant UI Claimants in Maryland

Calendar Year Period of Registration	Regis-trants	Wages in Q_{R+1}	Wages in Q_{R+2}	Wages in Q_{R+3}	Wages in Q_{R+4}	Wages in Q_{R+5}	Wages in Q_{R+6}	Total	Percent
1997 - I	1,379	753	188	104	38	23	27	1,133	**82.2%**
1997 - II	1,466	791	195	88	50	34	23	1,181	**80.6%**
1997 - III	1,673	967	183	110	62	29	20	1,371	**81.9%**
1997 - IV	1,397	699	217	91	60	27	19	1,113	**79.7%**
1998 - I	1,367	751	174	68	52	18	13	1,076	**78.7%**
1998 - II	854	433	105	61	34	15	[5]	648	**75.9%**
CY1997 Totals	5,915	3,210	783	393	210	113	89	4,798	
Percent		**54.3%**	**13.2%**	**6.6%**	**3.6%**	**1.9%**	**1.5%**		**81.1%**
PY1997 Totals	5,291	2,850	679	330	208	89	52	4,208	
Percent		**53.9%**	**12.8%**	**6.2%**	**3.9%**	**1.7%**	**1.0%**		**79.5%**

[5] For the second quarter of CY1998 only five quarters of follow-up are available.

Out of Labor Force - Another group of interest is registrants with no wage record in the quarter prior to registration with USES. This group includes labor market entrants with no previous period of employment such as students and reentrants who are re-entering the labor market after some period of absence (at least one quarter). For this group, the first record of wages is recorded in the quarter of registration and the six quarters following the quarter of registration.

Exhibit 5
Entered Employment Rates
Veteran Wagner Peyser Registrants in Maryland
With No Wages in Quarter Prior to Registration

Calendar Year Period of Registration	Regis-trants	Wages in Q_R	Wages in Q_{R+1}	Wages in Q_{R+2}	Wages in Q_{R+3}	Wages in Q_{R+4}	Wages in Q_{R+5}	Wages in Q_{R+6}	Total	Percent
1997 - I	1,477	363	330	139	82	38	28	35	1,015	**68.7%**
1997 - II	1,467	466	285	119	54	51	32	28	1,035	**70.6%**
1997 - III	1,707	525	319	123	79	54	37	29	1,166	**68.3%**
1997 - IV	1,513	439	248	129	79	58	29	22	1,004	**66.4%**
1998 - I	1,599	455	322	139	64	50	41	23	1,094	**68.4%**
1998 - II	1,138	344	222	82	41	24	26	[6]	739	**64.9%**
CY1997 Totals	6,164	1,793	1,182	510	294	201	126	114	4,220	
Percent		**29.1%**	**19.2%**	**8.3%**	**4.8%**	**3.3%**	**2.0%**	**1.8%**		**68.5%**
PY1997 Totals	5,957	1,763	1,111	473	263	186	133	74	4,003	
Percent		**29.6%**	**18.7%**	**7.9%**	**4.4%**	**3.1%**	**2.2%**	**1.2%**		**67.2%**

[6] For the second quarter of CY1998 only five quarters of follow-up are available.

Job Changers - Another group of interest is those registrants with wages in the quarter prior to registration with USES who subsequently receive wages from another employer (show another employer EIN). These are individuals who are employed, register with USES and then enter employment with another employer. This may represent individuals who are changing employers or suffer loss of employment. To emphasize individuals who voluntarily change jobs, registrants who are UI claimants (and, of necessity have prior earnings) are excluded, so this group and the UI Claimants in Exhibit 3 are compliments. First wages with an employer different from that in the quarter prior to registration are reported in the quarter of registration with USES and the six quarters following registration.

Exhibit 6
Entered Employment Rates
Veteran Wagner Peyser Registrants in Maryland
With Wages in Quarter Prior to Registration
Excluding UI Claimants

Calendar Year Period of Registration	Registrants	Wages in Q_R	Wages in Q_{R+1}	Wages in Q_{R+2}	Wages in Q_{R+3}	Wages in Q_{R+4}	Wages in Q_{R+5}	Wages in Q_{R+6}	Total	Percent
1997 - I	1,100	254	303	92	83	47	29	21	829	75.4%
1997 - II	779	211	228	64	27	28	18	14	590	75.7%
1997 - III	909	238	214	79	45	41	26	25	668	73.5%
1997 - IV	893	254	202	88	49	33	24	25	675	75.6%
1998 - I	871	253	214	56	47	36	25	22	653	75.0%
1998 - II	738	187	190	71	45	30	20	[7]	543	73.6%
CY1997 Totals	3,681	957	947	323	204	149	97	85	2,762	
Percent		26.0%	25.7%	8.8%	5.5%	4.0%	2.6%	2.3%		75.0%
PY1997 Totals	3,411	932	820	294	186	140	95	72	2,539	
Percent		27.3%	24.0%	8.6%	5.5%	4.1%	2.8%	2.1%		74.4%

[7] For the second quarter of CY1998 only five quarters of follow-up are available.

Context of the Data

Unemployment Insurance wage records have a tremendous advantage over administrative reporting in the coverage provided. However, there are limitations because this information does not cover all types of employment. The principal types of employment commonly excluded and how they apply to the data available from Maryland are discussed below.

Out-of-State Employment - The largest category of employed individuals not included in the wage record file are those employed out-of-State. In Maryland this is a significant issue because of the number of surrounding States and the importance of their labor markets to employment of Maryland residents. These include the District of Columbia, Delaware, Pennsylvania, Virginia and, to a lesser extent, West Virginia and Ohio.[8]

Federal Employment - The Federal government (including military) does not submit wages of its employees to the State. Rather, UI claimants must indicate to the State that they were employed by the Federal government and the State is reimbursed for the cost of benefits by the Federal government. The consequence is that Federal employees are not included in wage record data. As shown in Exhibit 5, n 1999, 5.3 percent of all non farm employment in Maryland was in the Federal government.[9] For reasons of retirement pay and veterans' preference in Federal employment, veterans may be more likely to be employed by the Federal government.

State and Local Governments - In Maryland, State and local governments are to report wages to the State UI.[10] However, in other states, local governments particularly are reimbursing entities. That is, they reimburse the State for benefit costs rather than submitting wage records.

Nonprofit Organizations - In Maryland, nonprofit organizations do submit wage record to the USES. However, in about half of the states nonprofit organizations can elect coverage under the UI law and are often reimbursing entities.[11] That is, they do not file wage records with the USES, as with state and local government entities, described above.

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[8] As a part of the current analysis, we are attempting to have nonmatches with the Maryland wage record file submitted to the District of Columbia, Delaware, Pennsylvania and Virginia.

[9] Bureau of Labor Statistics, Non-farm Payroll Statistics for the State of Maryland, 1999.

[10] U.S. Department of Labor, Comparison of State UI Laws, January 1997, Table 210.

[11] U.S. Department of Labor, Comparison of State UI Laws, January 1997, Table 100.

The key implication of the exclusion of out-of-state and Federal employment is that the analyses presented here underestimate the overall employment rate experienced by veteran registrants in Maryland.

A second limitation relates to the definitions of the different categories. Five different categories of veteran registrants have been identified. The purpose of identifying these categories was to group together those veteran registrants who are assumed to have had similar labor force experiences. While these groups of veteran registrants can be characterized along their general lines of similarity, the assumptions upon which these characterizations rest cannot be expected to apply in every instance. For example, the first two categories--all veteran registrants and active veteran registrants--may include individuals who are already employed. The UI claimant group excludes those individuals who become unemployed, but are not eligible for or do not claim UI benefits. Those with no wages in the quarter prior to registration may, in fact, be unemployed (i.e. in the labor force seeking employment) or they may be out of the labor force. Those with wages in the quarter prior to registration may, in fact, have changed jobs without an intervening spell of unemployment, or they may have become unemployed and found a new job soon enough that they do not lack wages in the quarter prior to registration.

Exhibit 5
Maryland Employment
1999 Annual (thousands)

Industry Sector	Number	Percent
Mining	1.4	0.6
Construction	150.8	6.33
Manufacturing	177.0	7.43
Transportation and Utilities	111.3	4.67
Trade	549.5	23.07
F.I.R.E.	140.1	5.88
Services	814.0	34.17
Total Government	438.1	18.39
Federal	**126.7**	**5.32**
State	102.9	4.32
Local	208.6	8.76
Total	**2,382.2**	

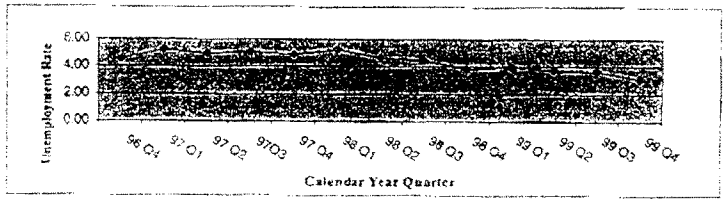
Source: BLS, Non-farm Payroll Statistics, Current Employment Statistics (State and Area)

Maryland Labor Market Context

In the period under study, the labor market in Maryland has been growing and the unemployment rate has been declining. The labor force has increased from 2.769 million to 2.803 million over the period 1997 - 1999. Employment has increased from 2.622 million to 2.724 million and the monthly unemployment rate has declined from 5.5 percent to 2.8 percent. Thus a tightening labor market should be associated with high employment rates for registrants and UI claimants during this period.

Exhibit 7 presents the quarterly unemployment rates over the period of this study. These quarterly rates are based upon a simple average of the monthly unemployment rates reported for Maryland. Complete monthly data on labor force participation, employment and unemployment are presented in Exhibit 8 at the conclusion of this report.

Exhibit 7
Maryland Quarterly Unemployment Rate



Maryland Labor Force Data

Exhibit 8 provides more complete data for the State of Maryland on labor force participation, employment, and unemployment, measured on a monthly basis, over the period of this study. The quarterly data presented in Exhibit 7 were derived from these monthly data.

Exhibit 8

Civilian Labor Force, Employment and Unemployment in Maryland During 1997, 1998 and 1999[12]

1999	January	February	March	April	May	June	July	August	September	October	November	December
Labor Force	2,772,442	277,685	2,780,569	2,781,356	2,799,174	2,848,266	2,882,313	2,842,977	2,817,574	2,825,622	2,821,341	2,803,376
Employment	2,661,370	2,658,679	2,677,028	2,684,759	2,697,825	2,734,213	2,770,477	2,741,020	2,724,215	2,731,554	2,731,081	2,724,570
Unemployment	111,072	119,006	103,541	96,597	101,349	114,053	111,836	101,957	93,359	94,068	90,260	78,806
Rate	4.00	4.30	3.70	3.50	3.60	4.00	3.90	3.60	3.30	3.30	3.20	2.80

1998	January	February	March	April	May	June	July	August	September	October	November	December
Labor Force	2,717,658	2,708,592	2,709,729	2,703,500	2,721,046	2,782,453	2,818,567	2,786,124	2,768,314	2,775,782	2,792,727	2,788,182
Employment	2,569,390	2,561,457	2,578,024	2,584,350	2,596,664	264,867	2,685,591	2,662,264	2,650,255	2,664,072	2,681,634	2,690,945
Unemployment	148,268	147,135	131,705	119,150	124,382	139,586	132,976	123,860	118,059	111,710	111,093	97,237
Rate	5.50	5.40	4.90	4.40	4.60	5.00	4.70	4.40	4.30	4.00	4.00	3.50

1997	January	February	March	April	May	June	July	August	September	October	November	December
Labor Force	2,769,270	2,766,031	2,773,189	2,767,139	2,782,971	2,836,756	2,841,923	2,803,505	2,786,332	2,769,067	2,766,675	2,740,631
Employment	2,622,827	2,614,813	2,634,700	2,639,539	2,648,446	2,681,548	2,696,428	2,663,217	2,638,245	2,629,250	264,978	2,612,781
Unemployment	146,443	151,218	138,489	127,600	134,525	155,208	145,495	140,288	148,087	139,817	141,697	128,785
Rate	5.30	5.50	5.00	4.60	4.80	5.50	5.10	5.00	5.30	5.00	5.10	4.70

[12] State of Maryland, Department of Labor, Licensing, and Regulation, Office of Labor, Market Analysis and Information

** TOTAL PAGE.12 **

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STATEMENT OF

ANTHONY L. EILAND, SPECIAL ASSISTANT
NATIONAL VETERANS EMPLOYMENT POLICY
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO
THE ROLE OF THE VETERANS OF FOREIGN WARS IN
ADDRESSING EMPLOYMENT ISSUES AND INIATIVES

Washington, DC September 27, 2000

Mr. Chairman and Members of the Subcommittee:

On behalf of the 1.9 million members of the Veterans of Foreign Wars of the United States, I appreciate the opportunity to participate in today's oversight hearing in which we where asked to describe our role in addressing veterans' employment issues and initiatives.

Mr. Chairman, many veterans, when they separate from the armed services, are forced to deal with the reality of apprehensions and doubts concerning the possibilities of their future employment options. In leaving an environment that provided stability and security, exiting service members enter into a job market in which they are not always adequately prepared. The Veterans of Foreign Wars sees the importance in assisting these veterans in achieving not only gainful employment but also ensuring the peace of mind that comes from providing a secure atmosphere for their family members.

In light of this, the Veterans of Foreign Wars has seen the importance of developing an initiative that would make reaching these people and addressing their needs a priority. The VFW understands that there is a need for an outreach activity that would execute such a function. Consequently, the Military Assistance Program (MAP) was developed to provide this important service that would satisfy an existing void.

The role of the Military Assistance Program is to establish and deliver a comprehensive program to enhance the quality of life for active duty service members of the armed forces and their family members. In addition to this, it is to provide assistance to those service member's transitioning into civilian life. An important product that has developed because of this program was the creation of the partnership between the VFW and *Vetjobs.Com.*

This partnership agreement is not intended to supplant the activities and responsibilities of the Veterans Employment and Training Service (VETS) within the Department of Labor. Rather, we see our relationship with *Vetjobs.com* as an enhancement which provides another valuable option for the soon to be released service member to utilize in their job search.

With the extensive amount of dollars that are being spent to educate and train the members of the armed forces today, veterans are a valuable resource that has not been fully utilized to its maximum potential by the private sector. The leadership skills and team building experiences that they have been exposed to throughout their military service should make them highly desirable as potential employees.

Mr. Chairman, through companies like *Vetjobs.Com*, the needs of service members who are located in isolated areas of operation and are at a direct disadvantage in

their job searching abilities are now able to benefit. They will not be denied the same rich opportunities that are available to service members that are located within the borders of the United States or in areas that have access to other conventional sources.

The motivating factor that caused the VFW to become involved with and in turn enter into a partnership with *Vetjobs.Com* was the service that they could offer veterans. The VFW wanted to find an operation that would provide a meaningful opportunity that would be supplied at no cost to the veteran. In addition, it was paramount to us that this service would supply a valuable resource and reliable assistance's to all service members ranging from the junior enlisted ranks to the senior officer corps.

Mr. Chairman, the relationship between the VFW and *Vetjobs.com* has been proactive and dynamic. The VFW is currently working in conjunction with *Vetjobs.com* to enhance employment opportunities to those service members that are exiting military service as early as possible. The vision of making a career change as painless as possible while still allowing the maximum possibility for success is the result that the VFW desires.

This concludes my statement. I will be happy to answer any questions you may have at this time.

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

CHAIRMAN EVERETT TO DEPARTMENT OF LABOR

Questions submitted for the record by
Chairman Terry Everett

1. What type of guidance are you providing States regarding WIA implementation?

ANSWER. As you know, Title I of the Workforce Investment Act of 1998 (WIA) provides for the establishment of a One-Stop delivery system for the provision of certain Federally-funded employment and training services in each State and local area. The Veterans' Employment and Training Service (VETS) is specified in the law as one of the partners in each One-Stop system. VETS has been working with the other partners to ensure that Title 38 programs are effectively integrated into these One-Stop delivery systems. The particular manner in which VETS provides guidance to the States to assist in implementing the WIA varies from State to State. The VETS' State Director (DVET) works extensively with each Governor's implementation team in the planning process and provides appropriate technical assistance to ensure the requirements of both WIA and Title 38 are met.

On the national level, VETS has taken a three-pronged approach to facilitate the transition of VETS- funded staff from a stand-alone public labor exchange service system to the comprehensive One-Stop delivery systems created by the WIA.

-- The VETS WIA Coordinator is responsible for participating on the DOL Policy Team and Performance Accountability Team, which were tasked with developing policy and guidance for the establishment of Final Regulations, State Plan Submissions, and Performance Standards. The Final Regulations were published on August 11, 2000.

-- The VETS WIA Coordinator also serves as the National Office Reviewer who analyzes and develops recommendations for policy and procedures to improve the provision of employment and training services to veterans and by those that serve veterans in a One-Stop delivery system (based on the requirements outlined in the Wagner-Peyser Act and Title 38, chapters 41 and 42.)

-- In addition, guidance was outlined in an ASVET Memorandum which created a Secretary's Agreement designed to inform the Governor, State Employment Security Administration (SESA) and the Director for Veterans' Employment and Training (DVET) of the incorporation of veterans' programs in a WIA One-Stop environment in each State. This agreement is required by Section 322 of the WIA, which added this requirement in section 4110B of Title 38.

To ensure the continuity of the services provided through VETS grants at the local level, VETS has developed and disseminated Director's Memoranda to the State and local level to clarify how staff may serve on Workforce Investment Boards (State and Local Boards). VETS' staff are also working to make Board members aware of the functions and services DVOPs and LVERs provide veterans.

2. Are you able to provide the states with any suggestions on the type of flexibility they have to operate VETS programs under WIA and within One-Stops?

ANSWER: Through Secretary's Agreements with the States, VETS provides guidance on the extent to which the States have flexibility to operate VETS programs. Memoranda of Understanding (MOUs) between the partners operating the One-Stop centers and the local workforce investment board identify the services to be delivered to veterans in the One-Stop centers. VETS has provided recommendations on how to maintain the continuity of services to veterans through the utilization of Disabled Veterans Outreach Program (DVOPs) representatives and Local Veterans Employment Representatives (LVERs). The States still maintain the flexibility to assign veteran representatives to service delivery points according to the needs in each local workforce investment area.

3. It seems to me, that if you have all the activities you mention with regard to WIA and One-Stops underway, and these are not discussed in your plans, then you are treating the Results Act planning requirements as a paperwork exercise.
Are you?

ANSWER: VETS does not consider the Government Performance and Results Act (GPRA) a "paperwork exercise" and clearly addresses the implications for the delivery of VETS services through the WIA One- Stop System in its Strategic Plan.

Under the description of "Key External Factors" in the plan, VETS acknowledges that WIA provides great flexibility to States in designing workforce development systems that are uniquely suited to meet the needs in each locality. In terms of guiding the application of that flexibility, VETS also notes that the Agency has reviewed each State's five-year plan for Title I of WIA and the Wagner- Peyser Act, and is working with ETA in providing assistance to States in improving their workforce investment systems. VETS is also a member of ETA/USES's Labor Exchange Performance Measurement Systems Workgroup that will establish new performance standards for the public labor exchange system. We recognize that the strategies discussed in our plans can be improved to better reflect the implementation of WIA, as indicated in the General Accounting Office's testimony, and we will more clearly describe the strategies for achieving VETS' goals within the new service delivery environment in future GPRA plans.

4. What are you doing to implement your strategic plan?

ANSWER: GPRA prescribes a process that VETS staff have followed. VETS develops Annual Performance Plans based on the five year strategic performance goals contained in the Strategic Plan and translates them into annual performance goals. VETS ensures that Regional Administrators and State Directors report monthly on progress toward the goals as well as identify issues or challenges related to the Plan's implementation. VETS has initiated a process that eventually will incorporate State goals in the grant with each State.

Furthermore, VETS annual performance goals are included in the performance standards for VETS' Regional Administrators. In essence, their evaluations are tied to the achievement of the performance goals. The Veterans Operations and Programs Activity Report (VOPAR) tracks the monthly (quarterly in some instances) attainment of such goals, and serves to immediately flag to VETS' executive staff issues or obstacles to goal attainment.

As a further reinforcement of the importance of the performance goals, a conference of VETS Regional Administrators is planned for November to take stock of VETS' goals and discuss challenges and best practices.

5. You discussed the variance in State-reported data and that these data may not reflect the true performance of VETS' programs. How long has this been an issue? If this is a problem, how does VETS know what the real performance of its programs is?

ANSWER: VETS believes there are significant limitations to the current reporting system (the ETA 9002 report), which only counts as entered employment those veterans who are personally contacted by VETS or Employment Service staff within 90 days of the last receipt of services and confirm employment. The approach for measuring entered employment under WIA is the use of wage records to determine if the participant has earnings in the quarter after exiting the program. For purposes of accuracy, consistency, and efficiency, VETS believes the WIA approach is preferable and is trying to move in that direction.

VETS has been interested in this alternative approach since it was pilot tested under the Job Training Partnership Act in the mid 1990s, and has been concerned regarding the variance between the VETS system and WIA since the use of wage records was established as the method for performance measurement under WIA in 1998.

It should also be noted that VETS supplements the current reporting system by carrying out local office evaluations, where a sample of services are reviewed and validated. During the local office evaluations, VETS staff reviews quarterly local office LVER reports of services provided to veterans. VETS also reviews individual veterans' applications for employment services to determine the quality and quantity of services provided. Job orders are reviewed to ensure that priority of services to veterans is being provided. These are just some of the steps taken to validate performance and VETS intends to retain these evaluations.

The importance of the use of appropriate data was raised with the GPRA and new performance outcome measures required under the WIA. ETA, in conjunction with VETS, has developed new reporting systems and measures of performance for WIA and the public labor exchange system that will begin implementation in FY 2001. Until the new system is implemented, VETS and ETA will use the current reporting system to collect data, recognizing that the system undercounts entered employments. In addition, States are developing new data collection systems in compliance with WIA, which will improve the credibility of the data provided on Federal reports. These new systems are being tested and the data will be validated during FY

2001.

Reporting data prior to GPRA was developed to respond to the requirements of Title 38, Section 4107, which is essentially activity based rather than outcome based. As noted above, reporting of entered employments on the ETA 9002 has been undercounted for a number of reasons, including the requirement that the veteran specialist (DVOP or LVER) follow-up on a referral or other employment-directed service within 90 days.

VETS initiated a special study early this year in Maryland, which is attached to my written testimony, that utilized employer-provided quarterly reports (Unemployment Insurance wage records) to gain a better understanding of the outcome of services provided by veterans specialists to veterans. This study, which compares the performance results reported by the public employment service with employers' wage records has shown that a much larger number of our veteran-clients get jobs than are likely to have been captured by the information collection and reporting systems now in place. This result has been corroborated by other State studies conducted by ETA. VETS has initiated performance measure pilots in six States (one State has dropped out of the pilot program since I testified that there were seven pilot States) that will look at using UI wage records for a number of outcomes, including entered employment, earnings gain, and retention in employment. VETS is an active partner with ETA in designing new reporting systems that will use the results of these studies to better capture outcomes.

6. You discussed in your statement that you conduct "Management Control Reviews" to ensure performance data are validated. Yet, you also say that VETS' performance data understate the agency's performance. These statements are not consistent. Please explain which statement is accurate.

ANSWER: Management Control Reviews are designed to validate reported performance data. They are not designed to fix the basic discrepancy between activity-based reporting that currently exists, and the need for a new outcome-based reporting system; VETS and ETA are currently addressing this larger issue.

VETS staff utilize local office reviews to validate the services to veterans that the State reports in the ETA 9002. The local office reviews are designed so that the services reported in the Statewide reports (e.g. referrals, cases managed or referrals to training) may be tracked at the local level. VETS' staff reviews random samples of veteran applicants on job orders to authenticate the entered employment outcomes.

VETS' Management Control Reviews have ensured that VETS field staff are performing these reviews consistent with operational guidance.

7. Your statement also states that you set ambitious goals. How can you set ambitious goals and know if you reach them if you do not have reliable baseline information?

ANSWER: VETS has very reliable baseline data for programs such as the Uniformed Services

Employment and Reemployment Rights Act and the job assistance provided to service connected disabled veterans. In both cases, VETS' staff is responsible for collecting individual veteran-client data for these programs. VETS has a management control review system to validate entries into the system and the quality and timeliness of services provided, as well as the outcomes.While information reported for the Homeless Veterans Reintegration Program (HVRP) and the Veterans Workforce Investment Program (VWIP) is very reliable, VETS is also working on further enhancements for this data.

For State-based systems, VETS has reliable baselines for services, and the goals progressively (and ambitiously) increase annually relative to the baselines. From year to year, the reported information has been consistent in terms of how it is collected and reported, so it is possible to compare yearly data to see if progress has been made.

In the Department's annual performance plans for FY 2002-2005, VETS will compare veterans with non-veterans (as required by Title 38), but will add an absolute measure which will show the percentage of registered veterans who entered employment. That in essence establishes a comparison between the rate of services provided to veterans in the coming Program Year (PY) to the rates accomplished for veterans the previous PY. Each year's reported data can then become the baseline for measures set the following year. For States whose service levels declined, no change in the target rate will be approved. These ambitious stretch goals do not mandate the way a State counts outcomes, but rely on consistency in collecting and reporting information year after year by the same State.

Furthermore, the sound application of other sources of employment information such as unemployment insurance wage records will reinforce data on job outcomes for veterans. For example, the Maryland study was conducted to determine if using Unemployment Insurance Wage Records would enable VETS to capture entered employment that was not being reported in the ETA 9002 reports (Public Labor Exchange data collection vehicle). The ETA 9002 does not capture entered employment that occur more than 90 days after the last reportable service to the veteran. Transition assistance services provided to separating military personnel are also not captured since they are not veterans until discharge. Additionally, because it often takes more than 90 days for Federal and out-of- State jobs to be reported, these entered employments are also not captured on the ETA 9002 reports. The Maryland study was conducted to determine if another form of data collection could capture all entered employment.

8. You provided the Subcommittee with a copy of the study you did in Maryland using unemployment insurance wage data to calculate the entered-employment rates for veterans. Did you also use these data to calculate the entered-employment rates for nonveterans and compare the results of the two groups?

ANSWER: Data was not collected for nonveterans, therefore no comparison was made.

9. The Maryland study provided outcome data during an 18 month time period for veterans who registered at a state employment office. How many of those registered veterans who ultimately entered employment were assisted by a DVOP or a LVER? Describe the services provided to each veteran by the DVOP/LVER and how this information is collected and reported.

The study was not intended to determine how many veterans were assisted by DVOPs or LVERs and the study does not report this information. As described in the answer to the previous question, the Maryland study was conducted to determine if using Unemployment Insurance Wage Records would enable VETS to capture entered employment of registered veterans that were not being reported in the ETA 9002 reports. It should be noted that WIA requires States to use such wage records in measuring performance outcomes.

With respect to the provision of services, LVERs are primarily responsible for functional supervision of veteran services in the One-Stop Center as well as providing services to individual veterans. The services provided to veteran job seekers is outlined in Title 38; however, the system has changed since the roles and responsibilities of the LVER position were defined in the law. LVERs are providing Transition Assistance Program facilitation at military bases, job referral, job development, job search workshops, monitoring federal contractor job listings, and monitoring local job listing including those listed by Federal agencies.

DVOPs are primarily responsible for providing specialized services with priority to service-connected disabled veterans. The services include job development, case management, outreach, employer visitation, vocational guidance, employability assessments, and referral to supportive services such as the Department of Veterans Affairs (DVA). Additionally, DVOPs are out stationed at DVA facilities, military bases, homeless shelters and other locations outside the Public Labor Exchange offices.

DVOPs and LVERs document the specific reportable service they provide to each veteran, but this information is aggregated at the local, regional and State levels. The cost of obtaining the data for each service provided by each individual DVOP and LVER would be prohibitive.

CONGRESSWOMAN BROWN TO DEPARTMENT OF LABOR

Questions submitted for the record by Representative Corrine Brown

1. How can VETS determine which veterans have the worst barriers to employment, and give them the most help?

ANSWER: When veterans register with the Employment Service, they receive an assessment of their job readiness. This assessment identifies barriers to employment, such as a lack of skills, a disability, financial difficulties, and homelessness. In order to enhance the assesssment process, VETS asked the National Veterans Training Institute (NVTI) to provide training to the DVOPs and LVERs to recognize and assess barriers to employment and institute a case management system. Every Disabled Veterans' Outreach Program (DVOP) specialist and Local Veterans' Employment Representative (LVER), who attended the Case Management Training course offered at the National Veterans' Training Institute, makes a determination regarding the employment barriers faced by each veteran served. Each trained DVOP and LVER staff member with the knowledge of their own particular labor market is best equipped to say whether a veteran is considered disadvantaged in the particular labor market where the DVOP or LVER is located.

2. Where raw data on individuals is lacking, how strong is VETS' data integrity?

ANSWER: Raw data exists in all programs managed by VETS. Grantees hold the information for the Homeless Veteran Reintegration Program (HVRP) and the Veterans Workforce Investment Programs (VWIP). USERRA and Veteran Preference cases investigated by VETS' staff are tightly controlled but available to investigating staff. Even raw data of veterans registered with the employment service are in the States' systems.

The fact that VETS does not have direct access to all raw data will not deter VETS from effectively measuring the outcome goals of our Strategic Plan. However, the verification and validation of performance data maintained at the State level is a significant challenge, with the differences in the States' data collection and reporting systems adding to the complexity of this requirement.

In order to deal with this challenge, VETS began an initiative in FY 2000 with seven States (one has since dropped out) to test new performance measures that support both the Congressional reporting mandates of Title 38 for Wagner-Peyser funded programs, and the emphasis on program outcomes contained in WIA. The measures that were tested are entered employment rates, earnings gain, job retention, entered employment following receipt of mediated services, and entered employment following referral of a federal contractor. Unemployment Insurance (UI) wage record information was used as a data source to calculate most of these measures. It is believed that the UI wage records will provide a more accurate database for these measures, compared to the current reporting systems utilized by the States. A key consideration will be the

ability of any new reporting system to meet the reporting mandates of Title 38. VETS is currently reviewing the results of this pilot program and is sharing preliminary information with ETA. VETS is an active partner with ETA in defining new performance measurement and reporting systems for both Wagner-Peyser funded programs and WIA funded programs.

3. What legislation is needed to authorize DOL to define uniform data collection standards and to conduct audits?

ANSWER: DOL currently has the authority to define uniform data collection standards. VETS is working with ETA on defining such standards for both Wagner-Peyser funded programs (replacement for ETA 9002) and WIA funded programs and anticipates the completion of these efforts in the next year. DOL has the authority to conduct audits of Wagner-Peyser and WIA funded grants.

Office reviews by VETS' staff are conducted to ensure local office compliance with the Section 4107 of Title 38. This section needs to be updated to conform with the broader system under the WIA. We expect to continue working with your Subcommittee and the Benefits Subcommittee to resolve reporting issues for our shared goal of helping veterans.

4. How can VETS require States with inadequate data to pursue corrective action plans?

ANSWER: As VETS has identified States with reporting deficiencies, corrective action plans have been requested identifying the steps that States will take in correcting data deficiencies and within what time frames. Whenever such requests have been made, States have developed and implemented a corrective action plan. For example in FY 1999, Ohio and Indiana data problems were identified and corrected.

A corrective action plan is required from each State that fails to achieve the agreed upon standards unless a good cause explanation is provided and approved by the Grant Officer's Technical Representative, as well as the Regional Administrator. Good cause explanations include acceptable reasons for failure to meet the standards, participation in pilot programs, and data system failures. Failure to submit and implement a corrective action plan could lead to a loss of grant funds.

We recognize that States are in a transition period relative to data collection and reporting. New WIA systems for collection and reporting are being developed following ETA guidance. It is anticipated that these systems will be fully functional by the beginning of FY 2002. Until then, the current data collection and reporting systems will be maintained. VETS has been utilizing the same data system over the past several years and looks at consistency of the data between reporting periods - quarter to quarter, year to year - and conducts analysis to identify anomalies and inconsistencies.

5. Can we measure VETS productivity without having to prove VETS got each veteran a job?

I'm not convinced Congress requires that.

I don't want to create measurements that cost more than the services.

ANSWER: You are correct that it would be very costly to prove that VETS funded staff assistance was directly related to a veteran getting a job. We too are concerned about finding a cost effective way to measure VETS' effectiveness.

As VETS moves forward to implement new performance outcome measures in PY 2001, we will be tracking those veterans that register with the State public labor exchange system and identifying those that enter employment using employer UI wage records. This methodology is consistent with WIA and provides a reliable and an easily validated data base. In addition, job retention, and customer satisfaction will provide quality indicators for our new performance measurement system.

It should be noted that in the past year, about 12% of the veterans in the labor force registered with the public labor exchange system. According to a June 7, 2000 Bureau of Labor Statistics' news release, the unemployment rate for veterans was 3%, but 3.7% for non-veterans. This suggests that the public employment system is working for veterans.

6. Why is it so hard for VETS to prioritize services to different categories of veterans?

ANSWER: Title 38 specifies more than one category of veteran applicants who should receive maximum services, with priority of services given to disabled veterans and veterans of the Vietnam era. Title 38 also specifies that certain veteran groups are to receive priority in the referral to Federal contractors. VETS recognizes that some veterans require more intensive services than others and prioritizes services based on individual needs. Local service delivery points conduct assessments to determine the employability of each individual veteran. For example, a service-connected disabled veteran may have marketable skills, while a recently separated veteran who served in the infantry may need additional training prior to employment. Typically, all veterans are assessed to determine their particular needs. Those that are not job ready are then provided services in accordance with their needs.

7. You note VETS exceeded its 1999 performance goals for assisting:

*** special disabled veterans**
*** service connected disabled veterans, and**
*** homeless veterans**

I gather there is significant overlap in those three groups–help one, help all three.

What was the percent of the increase in those three goals—not the outcomes, but the goals themselves—from the previous year? Assistant Secretary Borrego missed the point of this question in the hearing. I do not want the information that is in the VETS' testimony.

Were they timid and easy goals, or real challenges?

ANSWER: The FY 1999 VETS Annual Performance Plan was the first plan that was developed pursuant to the requirements of the GPRA. There was no 1998 Plan, and thus there were no performance goals.

Based on our knowledge of the employment and training needs of these groups of veterans, the goals presented a challenge to the Agency. In fact, a VETS executive staff working group was convened in May, 1999, to develop strategies to meet these goals and others. Within the framework of the GPRA, performance goals are subject to review and we are in the process of assessing these outcome goals.

8. This question didn't get much of an answer in the hearing. Given the current VA estimate of three hundred and fifty thousand homeless veterans and your record of placing about two thousand each year, what is your strategy for ending homelessness among veterans within the next decade?

What resources would you need, and do you have them?

ANSWER: VETS alone does not have the capacity required to end veteran homelessness. Ending homelessness requires a coordinated package of services from a number of agencies. We help as many homeless veterans as we can who make themselves available for an integrated program of services brought together under our Homeless Veteran Reintegration Program (HVRP). VETS' success in finding employment for homeless veterans is built on a network of services (required under the grant) provided through the Departments of Veterans' Affairs, Housing and Urban Development and many community based organizations and local and State government agencies.

The Department of Labor has requested and received the full authorized level of $10 million this year and in the President's FY 2001 Budget proposed $15 million for HVRP. With full funding, we can assist 7,400 homeless veterans regain their dignity and financial independence through employment. The average cost of assisting a homeless veteran into employment through an HVRP grant is $2,000 per person. Please note that about 50% of the homeless veterans served by the HVRP grantees become employed, but all those served receive some meaningful assistance from our grantees, including medical and dental care, temporary housing, three square meals a day, training and a real chance to succeed.

We believe that the many agencies at the Federal, state and local level that are necessary to resolve veteran homelessness are working together in a productive and focused effort.

9. After all we heard last year on the need for vision, GAO still says VETS is still taking a reactive approach, when it could help shape its future programs. This is how bureaucrats rather than appointed officials run agencies.

Other agencies, such as Social Security come to Congress with some idea where they need to go. When can we hear that from you?

VETS has actively implemented its vision: "...by focusing at all times on our customers' needs, we will provide veterans and others the high quality and timely services they require in order to succeed in the changing labor exchange environment." I have appreciated the opportunities that I have had in presenting testimony over the past several years on the initiatives that we have undertaken to better serve America's veterans.

In the last year, VETS has crystalized its vision for the future -- to prepare those veterans most in need of assistance for meaningful, long-term careers with continuing opportunities for advancement. Our basic strategy is to use the "One-Stop" philosophy of the new Workforce Investment Act (WIA) to ensure that veterans have access to a wide range of services, including self-service through automated tools such as America's Job Bank.

This Department has a leadership role in assisting in meeting the workforce needs of the high technology industry, the E-conomy, while that same technology changes how we live, work and learn. Capitalizing on the technological advances and making sure that more recently separated veterans are "job ready" allows VETS-funded staff to focus on those most in need of individual assistance.

These initiatives, 'focusing at all times on our customers' needs, include:

Licensing and Certification: VETS leads a Federal Interagency Task Force on Certification and Licensing of Transitioning Military Personnel that has developed a course of action to allow qualified military personnel to obtain both Federal and non-Federal certifications and/or licenses necessary for civilian employment. Such an effort is necessary because veterans are not always credited with the training and experience received during military service when they seek civilian jobs. Thus, veterans are forced to spend money on unnecessary and duplicative training to obtain civilian licenses or certifications and, in the process, endure unnecessarily long periods of unemployment and underemployment. In FY 2002, DOL will continue the effort of updating and adding to its public website on licenses, credentials, and other occupational requirements. VETS has contributed to the Department's overall effort by developing and instituting the website Using (your) Military Experience and Training (UMET), which is tailored to provide assistance to transitioning military personnel who need assistance and veterans who may need a credential for civilian employment. VETS will also continue to fund initiatives that will deal with specific licensing and certification problems. An example of this has been in Ohio, where an initiative has been funded that helps qualified separating military personnel obtain licenses or certification in such occupations as aircraft mechanics, automobile mechanics, and air

conditioning mechanics.

Homeless Veterans: Crosscutting efforts by VETS with other federal efforts on the homeless make the Homeless Veterans' Reintegration Project (HVRP) an outstanding example of how different federal programs working together can effectively serve a population in need. In implementing HVRP, VETS works closely with HUD and VA to refer homeless veterans in need of shelter, substance abuse assistance or mental health counseling, to the appropriate programs. Once stabilized, these veterans are referred back to DOL HVRP programs for job-finding assistance. VETS also determined that additional funding was needed, and submitted requests since 1995 asking for additional funding for this worthy program, which the Committee has supported and has resulted in increased funding.

We have sincerely appreciated the efforts by the Committee to provide additional funding for the HVRP.

New Performance Measures. VETS is currently implementing a set of new performance measures for VETS programs in all States. This initiative expands a pilot that was carried out in seven States during the last year to support both the Congressional reporting mandates of Title 38 for Wagner-Peyser funded programs, and the emphasis on program outcomes contained in WIA. The measures tested were entered employment, earnings gain, retention, entered employment following receipt of mediated services, and entered employment following referral of a federal contractor. Unemployment Insurance (UI) wage record information will be used as a data source to calculate most of these measures. It is believed that the UI wage records will provide a more accurate database for these measures, compared to the current reporting systems utilized by the States. A key consideration will be the ability of any new reporting system to meet the reporting mandates of Title 38. VETS has shared preliminary information with ETA on the pilots and will continue to do so. VETS is an active partner with ETA in defining new performance measurement and reporting systems for both Wagner-Peyser funded programs and WIA funded programs.

Matching Employer Needs: VETS has developed a program to match qualified separating military personnel with employer needs for specific skills within a single geographic area. (A program known as "PRO VET"-promoting reemployment opportunities for veterans). VETS has been pilot testing this program in several states.

WIA Implementation Coordination: VETS was consulted and provided input through ETA and the Department on the bill that eventually became the Workforce Investment Act. VETS also held a national conference in 1998 in which its partners, DOD, VA, State Employment Security Agencies, ETA and employer groups sent representatives to identify issues and explore solutions. WIA was one of the key tracks of this conference, and issues related to providing services to veterans in accordance with Title 38, Chapters 41 and 42 were fully explored, and strategies developed to address the then WIA Bill. Strategies were developed as a result, and implemented both prior to and after enactment of WIA.

VETS has actively coordinated with ETA on developing and issuing planning guidance to States during the WIA planning phase, and will continue to do so in the implementation phase of WIA. VETS commented on all WIA State Plans, and assured that the plans included services to veterans.

VETS will continue to coordinate and encourage the efforts of 52 State Directors (50 States, District of Columbia and Puerto Rico) in their interactions with State Workforce Investment Boards. This coordination by VETS' State Directors has resulted in formal agreements with all State WIA entities, delineating the nature and scope of DVOP and LVER activities and the role of the Public Labor Exchange in providing priority and maximum services to veterans in the One-Stop Career Centers.

The National Veterans Training Institute developed a "Veterans Program Orientation" (VPO) designed first for WIA pilot States, to ensure that One-Stop Center staff understood the veteran priority of service requirements and its implications in the operation of One-Stop Centers. The VPO was given to One-Stop Center pilot States on-site and later was expanded as additional States started implementation.

In May 1999, VETS held a smaller conference at Easton, Maryland, in which State and local representatives from the ETA, State Employment Security Agencies, WIA implementation States, and VETS met to identify issues from the pilots and early implementation States, and developed recommendations on how to address issues, and what actions and activities each party should take to render the best services to veterans. A Veterans' Program Letter was issued as a result providing guidance to all parties.

Finally, before full implementation of WIA on July1, 2000, VETS informed the veteran service organizations of the importance of having an effective veterans representative on the State and local boards, and issued guidance through a Veterans' Program Letter and the Solicitation for *Grant Application on the responsibility of the State Governors to develop a veteran services plan* to accompany their grant application.

Transition Assistance Program: VETS reacted rapidly to the military downsizing, and after it slowed down, VETS has had the opportunity to learn from employers, separating servicemembers and their spouses about employment barriers, problems and issues. The TAP program has changed based on the information received and continues to improve year after year. VETS is still looking at ways to improve on this program, and will continue to conduct pilots to improve the results of the program.

Federal Contractor Award Information System: VETS has also been making improvements on the employer end, starting with a better system to identify Federal contractors and provide such information to the front line staff, Disabled Veterans' Outreach Program and Local Veterans' Employment Representatives, in a useful way. The system is now online via the Internet and

front line staff have access to it, and can use the system to identify Federal contractors in their local area, as well as those that have been recently awarded contracts.

Industry Group Relationships: Consistent with strategies noted in our plan. VETS has been developing relationships with industry groups -- be it in the technology area (Microsoft, CompTIA, CWA) -- or transportation industry, public sector employers, etc., in order to better promote the employment of veterans. VETS has also seen the potential to enhance our efforts with Federal contractors and mailed a marketing brochure in 1999 to all Federal contractors that had submitted a VETS-100 report in the past. These efforts will continue and be expanded as resources permit.