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THE STATE OF VETERANS' EMPLOYMENT

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHT CONGRESS

FIRST SESSION

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THE STATE OF VETERANS' EMPLOYMENT

WEDNESDAY, FEBRUARY 5, 2003

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC

The committee met, pursuant to notice, at 2:10 p.m., in room 334, Cannon House Office Building, Hon. Chris Smith (chairman of the committee), presiding.

Present: Representatives Smith, Buyer, Bilirakis, Brown, Boozman, Beauprez, Brown-Waite, Evans, Rodriguez, Michaud, and Renzi.

OPENING STATEMENT OF CHAIRMAN SMITH

The CHAIRMAN. First of all, let me begin by apologizing for being late. I was at the National Prayer Luncheon, which hosts diplomats from around the world, and there were four diplomats who got up and spoke, and it was very long. So I do apologize. It was very enlightening, but I apologize for being late, and I say that to my colleagues and to all of you here today.

Welcome to today's hearing on the state of veterans' employment. I can sum up the purpose of today's hearing in three words: "jobs for veterans." Veterans represent a unique national resource. Hiring them is patriotic, but I think even more importantly, hiring veterans is a good business decision, due to the skills and discipline they bring to the workplace.

I also think we should remain mindful that a primary customer in the public labor exchange is the employer. If employers are not satisfied customers, then we have failed both employers and veterans alike.

Today's hearing will explore performance of government programs in three areas, each centered around federal and state responsibility in responding to veterans' jobs needs.

What we want to know is this: How well are they serving veterans? What are the trends in performance? Who is accountable for results?

First, we will explore federal implementation of section 502 of the Veterans' Entrepreneurship and Small Business Act of 1999. This section established a government-wide goal that not less than 3 percent of all federal contract awards each fiscal year should be awarded to service-disabled, veteran-owned businesses. The 3 percent goal is not a ceiling. It is the bare minimum to meet compliance.

The smaller businesses of our economy are expected to continue to play, as we all know, as they have historically done, a very pri-

mary role in generating new jobs. According to the Bureau of Census Data, veterans own about 4 million of the approximately 22 million small businesses in America. Disabled veterans own about 800,000 of these businesses. I am convinced that we could increase these numbers simply due to the can-do spirit of those who have worn the military uniform.

Second, we will explore the Department of Labor's implementation of the Jobs for Veterans Act, Public Law 107–288, which was signed by President Bush on November 7, 2001. This law is intended to reform the state-based veterans' employment and training delivery system on four themes: incentives, results, accountability, and flexibility.

As I see it, the state of veterans' employment is not good when, over the past 4 years, roughly seven of ten veterans that used the job service offices did not get jobs. In program year 2002, two of three veterans who visited job service offices did not get jobs from that source.

This is embarrassing. The reforms that Congress has made in the new law have the potential, we think, to improve the delivery system substantially.

Last year, the Administration proposed transferring the national staff and responsibility for the Veterans' Employment and Training Service to the VA. I think the jury is still out on the merits of that proposal, but it is one of several options to consider as the committee monitors implementation of the Jobs for Veterans Act.

Third, we will explore the challenges of the transition process from military to civilian life. Last year, the Benefits Subcommittee chairman, Mike Simpson, and ranking member, Mr. Reyes, requested the Secretary of Labor to station job counselors at transition sites at our larger military installations in Europe and in the Far East.

The Department of Veterans Affairs has done so since 1992. Deputy assistant secretaries from each of the five service branches testified in support of that proposal.

Currently, the Labor Department furnishes military personnel or DOD civilians with a job preparation workbook and a jobs e-mail address. It is evidently not important enough for skilled counselors to help separating overseas servicemembers find jobs thousands of miles away, although we understand it is under active consideration right now.

I would like to welcome our distinguished witnesses. Before I do that, I would like to turn to Mr. Rodriguez for any opening comments he might have as the acting ranking member.

OPENING STATEMENT OF HON. CIRO D. RODRIGUEZ

Mr. RODRIGUEZ. Thank you, Chairman Smith. Let me thank you for holding this hearing today.

Veterans' employment and training and small business opportunities indeed are very important and timely subjects. As we all know too well, the economy is no longer just slowing. It has stalled completely, and we are all spending enough time in our districts to see how poor the economy and the job market is doing there. Every day it seems companies are laying off more and more workers. Many of them in my district are veterans.

Moreover, compared to the 2002 average national unemployment rate of approximately 6 percent, the 2002 average unemployment rate for certain veterans is much too high. For example, the unemployment rate for all male veterans age 20 to 24 was 10.8 percent. For female veterans, the same age group was 13.3 percent. Black male veterans was 17 percent. Black female veterans was approximately 23.9 percent. Hispanic male veterans was 8.7, and Hispanic female veterans was 21.6.

Let me also ask, at this point in time, since the Department of Labor did not provide the data for minority veterans, I am requesting to submit this data for the record.

These numbers highlight the need for strong programs under the Department of Labor Veterans' Employment and Training Service to provide for servicemen and veterans with quality employment services and assistance.

To be one of the top-rated agencies, VETS must be responsive to the needs and proactive in its outreach to the Nation's veterans, especially for our service-disabled veterans.

I, too, welcome all the witnesses today and look forward to their testimony. I am especially interested in hearing the assistant secretary discuss VETS' activities related to the Homeless Veterans Reintegration Program. I simply find it unacceptable the number of homeless that we have, both men and women, many of them veterans, just out there on the streets and we have not met their needs the way we should.

Other efforts need to continue to be made, and we are hoping that that will occur.

I am also interested in hearing more about federal procurement policies and how disabled veterans, small business owners, especially members of minority groups and women, can increase their participation and market share in this process.

Congress passed Public Law 106–50 in 1999 and expected an effective implementation of the law. I was disappointed to see, however, that, for fiscal year 2001, the Office of the President did not engage in even one contract with any service-disabled veterans. Clearly, the administration must provide better leadership on this issue.

I look forward to hearing testimony on the subject and hope that this 3 percent goal established by Public Law 106–50 will be reached and surpassed as quickly as possible in the near future.

Mr. Chairman, if I could, I wanted to take an opportunity to introduce one of our freshmen who joined us, a new member on the committee. It is my pleasure to introduce Michael Michaud to the committee.

Following action by the Democratic Caucus later today, Mike will become a permanent member of the Veterans' Affairs Committee.

Mike represents Maine's 2nd district. Mike grew up in Midway, Maine and worked at the same paper mill, the Great Northern Paper Company there, as his father and grandfather.

He is a member of the PACE local number 10037, and he was first elected to the Maine House of Representatives in 1980 and served seven consecutive terms.

In 1994, he was elected to the Maine Senate and later was elected Senate president. In 1989, Mike was awarded an honorary doc-

torate of public service from Unity College and he is also a graduate from the Harvard University John F. Kennedy School of Government program for senior executives and state and local governments, and we want to welcome him to the committee.

The CHAIRMAN. Thank you.

Mr. Michaud, welcome to the committee. We look forward to your contribution, and thank you for joining us.

OPENING STATEMENT OF MICHAEL H. MICHAUD

Mr. MICHAUD. Thank you very much. Thank you, Chairman Smith. I'm very excited about this committee and look forward to ease the challenge with veterans and their families in Maine.

VA serves almost 12 percent of our population. This group definitely needs a strong voice here in Congress, and I look forward to giving them that voice. I think they need adequate health care, jobs, and educational opportunities, and I want to thank you very much.

The CHAIRMAN. Thank you very much, and, again, welcome to the committee.

I would like to ask our first panel if they would come to the witness table.

We begin with Mr. Rick Weidman, Director of Government Relations for the Vietnam Veterans of America. Rick is the primary spokesperson for the VVA in Washington. He has served as consultant on legislative affairs to the National Coalition for Homeless Veterans and served at various times on other important advisory committees.

Second, we will hear from Mr. John Lopez, who is the chairman of the Association for Service-Disabled Veterans and has held this position since 1985.

Mr. Lopez has developed several socioeconomic small business programs for major corporations. He presently assists disabled veterans' entrepreneurial in conjunction with the U.S. Small Business Administration and the Bank of America.

We will then hear from Mr. Blake Ortner, who is the Associate Legislative Director of the Paralyzed Veterans of America. In this position, he represents PVA to federal agencies, including the Department of Labor, OPM, DOD, HUD, and VA. Mr. Ortner is also the PVA representative on issues such as the Gulf War illness and homeless veterans.

He is currently an officer with the Virginia National Guard and spent 9 months in 2001 to 2002 in Bosnia with his unit.

We also hear from Mr. Joseph Forney, who is the president of VetSource, which is a wholesale supplier company. Mr. Forney founded the Los Angeles Disabled Veterans Business Enterprise Network. In 1994, he was the first person with a physical disability to graduate as a physical education major from California State University-San Bernardino.

Mr. Forney has also served as an area director with the Special Olympics and has improved the lives of developmentally delayed and physically impaired people through organizations such as Job Opportunities and Benefits, Inc., which is now VIP.

Finally, Chief Master Sergeant Elizabeth Schouten has been the Deputy Director of Operations for the U.S. Air Force Band since

April of 2001. In addition to her duties in the band operations office, she also plays the clarinet. I don't know if you brought it with you, but you're more than welcome to play.

In 1990, Chief Master Sergeant Schouten was selected as the Senior Non-Commissioned Officer of the Quarter for the Air Force District of Washington. Welcome.

If you could begin, Rick, with your testimony.

STATEMENTS OF RICHARD F. WEIDMAN, DIRECTOR OF GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA; JOHN K. LOPEZ, CHAIRMAN, ASSOCIATION FOR SERVICE DISABLED VETERANS; BLAKE ORTNER, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA; JOSEPH K. FORNEY, PRESIDENT, VETSOURCE; AND ELIZABETH S. SCHOUTEN, DEPUTY DIRECTOR OF OPERATIONS, U.S. AIR FORCE BAND

STATEMENT OF RICHARD F. WEIDMAN

Mr. WEIDMAN. I want to thank you, Mr. Chairman and Mr. Rodriguez, for the leadership of this committee on the employment issue. We are a mercantile country, Mr. Chairman, and the profit system, the system of free enterprise, has served this country well, without which we would not have preserved our democracy to this date.

There is no reason to think that in delivery of services that are governmentally sponsored, such as employment, that the same principles of incentives and sanctions would not work. In fact, it is absurd to think that they would not work.

We have Public Law 107–288 as a result of this committee's drive over a several year period and over several Congresses, and we thank you for that staunch leadership and for the hard work of you and your distinguished colleagues and all of the staff on both sides of the aisle.

It is a first step, but it is, unfortunately, significantly flawed. What happened in conference was a key provision got removed that would allow incentives to go to states who meet certain criteria and standards for actual placements—not for prescriptive activities, but for actual placement—of veterans, and particularly disabled veterans, into permanent jobs.

With the removal of that, there are no incentives for any state to improve their performance. There are no effective sanctions. Theoretically, the VETS can declare a state out of compliance and recoup all of the veterans' employment money and all of the other employment moneys given by DOL.

As a practical matter, that is about as likely to happen as me ever being as thin and in as good shape as I was when I returned from Vietnam. So it's not even in the cards whatsoever.

You also have a labor exchange that is disappearing on us. That has been true for the last 15 years, and there are some states who are formally discussing about going out of even claiming to be in the business of a labor exchange.

So you have a situation where there are no incentives. You have no hold about enforcing the law for veterans' priority across the board, and we ask, Mr. Chairman, that you again take the lead

and move to have that instituted as one of the fixes in legislation this year.

Cash for merit must be tied to performance, and tying that on the individual awards is, in fact, an excellent idea and one that VVA favors.

Let me say that DVOPs and LVERs, both for me personally and for my organization, are some of the finest people we have ever encountered anywhere and certainly some of the finest veterans' advocates who do go way beyond the call of duty.

However, the individual awards, as they are now discussing it, are problematic. The best way to do it, in our view, is set up a committee to set out clear criteria and that it be staffed on that committee by non-state agency people and non-DOL people, to make a decision to give an award in the form of a plaque or in the form of another award that would be accompanied by large U.S. savings bonds, anywhere from $500 up, to make it very meaningful.

That would leap over the problems with union contracts in many states, such as the Chairman's own home state, New Jersey, about remuneration. So we would recommend that you would take that change.

We also have a problem with removing the veterans' preference and the provisions that LVERs and DVOPs must be veterans, because most states do not have any longer a veterans' preference system that works.

Lastly, because I'm running out of time here, there is no national Hire a Vet Committee. It has not been chartered and no members have been named, and we, frankly, do not understand why this low-cost, no-cost tool has not been developed.

The main problem of the labor exchange, particularly for veterans and disabled veterans, has always been the lack of enough decent jobs that DVOPs and LVERs can place people in.

There has been considerable consulting on veterans' priority between USDOL and the state labor exchange or workforce development agencies, as they are currently called. However, the Assistant Secretary for Veterans' Employment and Training is not the person who is leading that, someone else, and we worry that there will not be veteran community input into the definition of veterans' priority. The devil, as we all know, is in the details.

I thank you very much, Mr. Chairman, for the opportunity to appear here and would be glad to answer any questions on any of the three subjects here today.

Thank you, sir.

[The prepared statement of Mr. Weidman, with attachments, appears on p. 51.]

The CHAIRMAN. Mr. Weidman, thank you very much for your testimony. Mr. Lopez.

STATEMENT OF JOHN K. LOPEZ

Mr. LOPEZ. Good afternoon, Chairman Smith, ranking member, and other members of this distinguished committee.

If there is no objection, I will submit my written testimony for the record and I will summarize my testimony with the following remarks.

The implementation of Section 502 of Public Law 106–50 has only begun to pierce the hide of the federal procurement elephant. In 1999, when the legislation was first enacted, the service-disabled veteran business community anticipated that our U.S. Congress had finally responded to our pleas for assistance when we seek to participate in our Nation's economic system

Service-disabled veterans naively believed that congressional legislative direction was the only authoritative guideline needed for all of our Nation's economic changes and opportunities.

However, we had failed to take into account the reluctance of the federal administration's procurement community to accept new initiatives, regardless of the value of that initiative.

It is imperative that this committee and the entire Congress recognize that unless there is very active oversight, the procurement bureaucracy will continue to apply legislation as they see fit.

When Public Law 106–50 was enacted and the Federal Requisition Regulatory Council issued implementing regulations, they stated that there were no separate goals for service-disabled veteran businesses, a direct refutation of one of the principal and main objectives of the legislation.

Since that event, service-disabled veteran businesses have received little assistance in pursuing procurements, either spontaneously or from those governmental agencies charged with that responsibility.

This has resulted in a loss of confidence in the veracity of our government and that is exacerbated by individual experiences with procurement authorities, and there is an endless supply of excuses for denying procurement participation to service-disabled veteran owned business.

Service-disabled veteran business advocates have appeared before this body and other congressional committees many times to ask for relief from that frustration, and we ask again.

The importance of self-employment and disabled veterans' assistance programs is defined by the demands of the rehabilitation process. Service-disabled veterans have experienced extreme disappointment in the activities of the U.S. Department of Labor veterans' employment and training programs, and Department of Labor assistance.

It will be even more disappointing unless the Congress enacts specific improvements in the Department of Labor service delivery mechanism.

Especially, there is a critical need to establish overseas transition assistance programs in overseas locations, as has been previously proposed by Congressman Simpson.

This subject will be more fully covered and with greater expertise, by my attendant colleagues, Richard Weidman and Blake Ortner.

Because of the failure of the Department of Labor employment programs, service-disabled veterans have looked at other alternatives to enable them to maintain their rehabilitation and achieve a degree of independent living. Self-employment offers a service-disabled veteran the work benefits of time management, energy control, and the enhanced psychological status of being a contribu-

tor to society and his immediate family, instead of a burden in need of continuous support.

You are the body we look to when promises and needs are ignored and disrespected, and we ask you to again champion our demand to participate more fully in the procurement system we sacrifice to preserve.

Thank you for your attention, and I will be pleased to answer your questions.

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

The CHAIRMAN. Thank you very much, Mr. Lopez. Thank you for the extraordinarily good job you do. The committee certainly appreciates it. And all of you, we do appreciate the contributions you make.

I would like to ask Mr. Ortner, if you would go, please.

STATEMENT OF BLAKE ORTNER

Mr. ORTNER. Chairman Smith, Mr. Rodriguez, members of the committee. Paralyzed Veterans of America is pleased to present our views on the current state of veterans' employment.

PVA would also like to thank you, Mr. Chairman, for scheduling this hearing and including not only employment issues, but also transition assistance programs and the federal procurement challenges faced by veteran small business owners.

PVA is the only national veterans' service organization chartered by Congress to represent and advocate on behalf of our members and all Americans with spinal cord injury or disease.

PVA's members in each of the 50 states and Puerto Rico are veterans with spinal cord injury or dysfunction. These veterans suffer from catastrophic injury and disease and face challenges every day in their quest to survive and function fully in society.

Because of the unique nature of their disabilities, the challenge of employment for catastrophically disabled veterans is often seen as almost insurmountable. Our Nation is still strewn with barriers to those with disabilities. The most embedded barriers are in the minds and hearts of individuals. This is a challenge the committee will have to overcome to provide for our veterans.

Veterans have earned and deserved consideration within the workforce. We hope that as Public Law 107–288 is implemented, it will break down these barriers.

Figures released by the Bureau of Labor Statistics demonstrate the challenges veterans face. While average employment in the Nation is approximately equal for veterans and non-veterans, some groups of veterans have a much higher rate. This is particularly true for female veterans and those in the 20 to 24 age group.

Assistant veterans with job training and placement into employment following military service is an important benefit that all servicemembers are entitled to and deserve. It is the responsibility of Congress to fund veterans' programs and multiple federal agencies to prepare veterans to enter the civilian workforce upon leaving the military.

The Veteran Employment and Training Service continues to make efforts to help veterans find and keep gainful employment, but tight budgets limit the ability of vets to expand programs to help veterans, especially disabled veterans.

More funding is necessary if we truly want to see our veterans served. As war talk grows and we mobilize an increasing number of National Guard and Reservists for current and future crises, the number of veterans will increase dramatically.

If we, as a Nation, are willing to provide funding for our soldiers, airmen, sailors, and Marines to fight, we must be prepared to provide for them after their service.

We must also ensure that our veterans have priority of service. As we move to increase the efficiencies of the employment service, we must be sure we do not leave our disabled and chronically unemployed veterans behind.

Although PVA applauds the efforts of the Department of Labor, the issue of priority of service for veterans remains. The desire to provide services to as many as possible cannot overshadow the attention to the specialized needs of veterans, especially disabled veterans.

We also fear the continued erosion of veterans' involvement in veterans' employment for the sake of efficiency. Over time, PVA and other VSOs have pushed for legislation granting veterans increased opportunities for small business ownership.

The goal of Public Law 106–50 was 3 percent of federal contracts for service-disabled veterans. Most agencies do not even reach a one percent level for contracts and many are far worse.

There have been many excuses for why agencies have not reached their goals. These explanations ring hollow as we prepare for a new war.

To those who argue that it is too difficult to find opportunities for our veteran small business owners, PVA says it's time to try harder.

The transition assistance program continues to be one of the most valuable programs for those leaving active duty. It provides departing servicemembers with information they need as they reenter civilian life.

Military service takes you out of the workforce. It is imperative that the nuances of the workplace, unknown to 18-year-old enlistees, are made clear to them, but we are still not reaching everyone.

Potentially, as many as 20,000 personnel are discharged overseas. The challenge to VETS is how to fund these vitally important services to our overseas troops.

PVA recommends VETS look at several options, including direct funding of VETS employees overseas at major bases, contracting with private providers or through joint DOD/DOL programs. Regardless of the method, VETS should immediately investigate an effective way to provide these services.

Mr. Chairman, as America prepares for war and our economy continues to stumble, employment is becoming more of a challenge for all of our citizens, but we continue to have an obligation to provide a smooth and successful transition to civilian life when our servicemembers return home. They deserve every assistance, whether in gainful employment or small business opportunities.

Mr. Chairman, I thank you and the committee for its efforts to provide for our veterans, and I would be happy to answer any questions.

[The prepared statement of Mr. Ortner appears on p. 75.]

The CHAIRMAN. Mr. Ortner, thank you very much for your testimony. Without objection, all of your full testimonies will be made a part of the record. Mr. Forney.

STATEMENT OF JOSEPH FORNEY

Mr. FORNEY. Thank you, Mr. Chairman. My name is Joseph Forney and I believe I'm the only service-disabled veteran small business owner here today.

I would like to thank you for holding this meeting, Mr. Chairman. Mr. Rodriguez, when you spoke earlier of the lack of our Commander in Chief, the Office of the President, to obtain any type of contracting dollars spent with service-disabled veterans, two other agencies that you're going to hear from today, Department of Labor and SBA, also obtained zero.

The fact that we put ourselves in harm's way and fight for our country and the free enterprise system that Mr. Lopez spoke of and then to return home, myself, very unemployable with entrepreneurship and small business ownership as the only means of employment available to us, and then to be turned away from the federal procurement table, with a handful of excuses that everyone here can attest to, the charts and graphs they're going to show you, when they represent zero, I don't know how they plan to do any worse than zero.

But I would like to think that this Congress could take the provisions of Public Law 106–50, a modest 3 percent goal for a group that certainly has earned some sort of targeted assistance. If they choose entrepreneurship as a form of rehabilitation, you should be able to not only meet that minimum, as you stated, sir, but exceed it quite easily.

The fact is, Department of Defense has done less than one-tenth of 1 percent. Recently, Lockheed Martin was awarded the contract for the F–35 joint strike fighter, $285 billion, and not one cent was slated for subcontracting opportunities with service-disabled veterans.

Coca-Cola, who we're all familiar with, has been on every military base I've ever been on, and I was born at Fort Leonard Wood, Missouri. They claim that they are exempt from the provisions of Public Law 106–50. I don't know how they can tell this committee or this Congress or the people of the United States that the services provided by our military and those who have sacrificed don't warrant some type of special consideration, if they choose entrepreneurship as a form of rehabilitation.

The Department of Veterans Affairs has done a dismal .24, one-quarter of 1 percent, and the statistics go on.

But I'm a bottom line kind of guy and when I'm here, not running my business, it's a tragedy that we have to get up here and speak against these agencies.

The SBA. I am the SBA's veteran business advocate of the year, and I have never gotten an opportunity to bid on any of the goods or services they buy. It's just a shame.

As the other people have mentioned, we're currently amassing our troops for another armed conflict. What do we say to the returning veterans who come back damaged? Thanks, but no thanks?

I would be glad to answer any questions. I hope that this body, this committee, can help to push along bureaucrats who seem to be stuck on zero. They can't get any worse.

I appreciate the opportunity, and I would answer any questions, if I can.

[The prepared statement of Mr. Forney appears on p. 81.]

The CHAIRMAN. Mr. Forney, thank you very much. Looking through your testimony, thank you for breaking out agency by agency, with all the data that you do have. It does provide a great benchmark for this committee to look at, because there is absolutely room for improvement.

Mr. FORNEY. That comes right from the Federal Procurement Data Center. That is their figures. You'd think if they were going to lie, they'd go higher than zero.

The CHAIRMAN. Well, let's hope they don't lie.

Mr. FORNEY. Thank you.

The CHAIRMAN. Chief Master Sergeant.

STATEMENT OF ELIZABETH S. SCHOUTEN

Sgt. SCHOUTEN. Good afternoon, Mr. Chairman, Ranking Member Evans, and distinguished members of the subcommittee. I am honored to appear before you today and express my gratitude for the considerable effort Members of Congress have put forth to enhance the military transition assistance program.

After hearing colleagues rave about the family support center TAP seminars at Bolling Air Force Base, I enrolled. Many voiced the importance of taking it 2 years prior to retirement. The reason is simple. The program provides not just information, but a plan of action, complete with tools and personalized follow-up assistance for every step of the way for departing servicemembers. What an amazing program.

Men and women in the military put the needs of our country first. It is truly difficult to shift gears and concentrate on myself, after serving over 21 years on active duty. We are part of a highly structured, time-honored culture that requires us to dress, walk, talk, write, and act in a specific manner.

The idea of finding gainful employment in the public sector is scary. As a military professional accustomed to working for the same employer for many years, I must adjust my mind-set. To complicate that matter further, I'm at an age where I must also consider the best options for supporting my precocious 6-year-old son, two beautiful stepdaughters, one still in college, my spouse, with medical issues, and elderly parents, with rapidly declining health and assets.

Mr. Chairman, I am, indeed, lucky to have served America as a member of the U.S. Air Force Band, the premier ensemble of its kind. Our Airmen of Note jazz band recently returned from southwest Asia. Their brief but heartfelt concert tour near the front lines brought a taste of America to the austere, tense, and harsh surroundings.

Some of those deployed are young troops who will serve a single enlistment. Others are career soldiers, seamen, Marines, and airmen who choose to dedicate their lives to protect our Nation.

The beauty of TAP is that it applies to everyone, regardless of their circumstance, and it is provided at no cost to departing members.

I sincerely believe that widespread participation in TAP seminars will reduce the possibility of jobless veterans living in our Nation's streets.

The military is a leader of transitional employment assistance, thanks in great part to your vision and vigilance.

I've barely scratched the surface of the vast resources this program affords me. TAP charged us full speed ahead into the psychology of switching careers, complete with charts and exercises. The VA benefits briefing was jam-packed with information. The VA education segment opened our eyes to three specialized programs. I had no idea of the scope of the services available and have encouraged others to take advantage of these terrific packages.

But perhaps the most valuable tools presented dealt with a systematic method to organize my job search. The career catalog and source document requires serious reflection and commitment.

Although I have spent most of my life on a stage, the idea of marketing myself terrifies me. I can sell the merit of others, but when it comes down to packaging me, I cringe. The innovative suggestions and the marketing plan provided tangible ways to get started. My favorite portion of the seminar was a panel discussion and networking session with civilian corporate representatives and a small business expert. Four presenters had prior military service and described the pitfalls of career change. Everyone impressed upon us the importance of not selling ourselves short. My spirits were bolstered and, yes, there is life after the military.

A full day was spent on resumes, cover letters, and interviewing techniques to help us civilianize military terms and adapt to a new way of thinking. Very few military members ever had to interview for a job. This information is invaluable.

We pieced together the government benefits puzzle to understand how the survivors' benefit plan, Social Security, and VA compensation work to provide an integrated benefits package. Then we discussed salary negotiation strategies. We were given a system to analyze our current status, research our worth, and mentally prepare for the negotiations.

I realize I have a great deal of legwork to do to prepare for my transition, but feel reassured that experts are available to guide me through the maze.

At the end of 5 days, my colleagues agreed that all the agencies provided an incredible service to us.

Mr. Chairman, the Air Force has made great strides forward to promote and maximize participation of every servicemember in the transition assistance program. To enhance the program even further, I believe that inclusion of the Small Business Administration in the TAP construct would give additional avenues to explore, opening opportunities previously overlooked. Military members outside the U.S. would reap additional benefits if the Department of Labor could establish a presence at overseas TAP locations.

I am heartened by your commitment to this vital empowerment program that provides the groundwork for our veterans to lead productive lives after military service.

Thank you for this opportunity. I will be pleased to respond to any questions you may have.

[The prepared statement of Chief Master Sergeant Schouten appears at p. 83.]

The CHAIRMAN. Thank you very much for your testimony and for your excellent explanation of this process.

We did have, I think, a very productive meeting, several of us, yesterday with Secretary of Labor Elaine Chao, and I want to say that she reached out to us, and I am very grateful for that. I think it indicates that not only do they, on a day to day basis at DOL, try to do their level best, I think we're all in a mood to try to improve, just like this committee is always trying to improve legislation and our performance.

So it was, I think, a very fruitful meeting and I came away with the sense, especially on the TAP program, that things are getting into place, hopefully, to deploy whatever it takes, four, five, six people, so that those who are separating do have the benefit of the seminar.

The E-Vet website and the job preparation workbook, all of that does play a role, but it seems to me, especially with a young person, when you sit them in a room, when you go through a process, it sharpens the mind. It enables them to make more prudent decisions about what their future is going to be.

As we know, the unemployment rate is the highest for the younger of those who are separating, clearly indicating, and it's perhaps part of the maturity process, that these TAP sessions will be more fruitful, especially for those who are deployed in Europe or perhaps in South Korea.

I do have just a couple of questions, and then I will yield to my good friend, Mr. Evans, for any questions or comments he might have.

In noting the 3 percent goal, and, as you might recall, it is discretionary, it's not mandatory, as we wrote it into the law. My question to all of you is, should we make it mandatory? Should we seek some way of making it so that it compels agencies to do this?

In looking at Angela Styles' testimony, she points out that in 2001, service-disabled veteran-owned small businesses were awarded 9,053 contracts, for a total of approximately $554 million.

It seems to me that if we take a 3 percent number, that gets us closer to $6 billion, and we are, obviously, nowhere near that, as Mr. Forney pointed out in his testimony, in terms of numbers.

It would seem, as well, that DOD, with its largest number of dollars to award to vendors, should be the prize and there should be the greatest empathy for ensuring that our service-connected disabled entrepreneurs are getting these kinds of dollars. It should be a no-brainer.

So I would pledge to you, and I know I do this in a bipartisan way, we will do everything we can to accelerate this process so that these awards go out at a greater number and level and so that more of our disabled veterans can benefit.

But you might want to touch on the 3 percent and how we get there. Should it be mandatory or discretionary? Mr. Lopez?

Mr. LOPEZ. First of all, I would like to say that the entire veterans community has the utmost respect for this committee. We are

so proud to have the leadership of Chairman Smith and the ranking member, Lane Evans. It is one of the highlights in the veterans community in the Washington, DC area.

But to answer your question specifically, the program must be mandatory. There is no incentive for the bureaucracy to act at all.

Mr. WEIDMAN. Mr. Chairman, we have wrestled with this question long and hard on the Task Force for Veterans' Entrepreneurship, which includes all of the major veterans' organizations, private business owners who are disabled veterans, and we work very closely with the American Legion in this regard. So essentially it's a united front.

Twice we have had to spend money to get a major law firm in Washington to prepare the brief seeking a writ of mandamus against the government for refusing to publish regulations to implement the procurement sections of Public Law 106–50, the first time to publish them the first time, and it wasn't until they realized we were serious and in a heartbeat ready to go to federal court and do our press conference on the steps of that courthouse here on Pennsylvania Avenue that the Clinton administration published them.

Then, unfortunately, the second time around, to correct the regulations, we had to do the same thing with the current administration.

So this is no way to run a railroad. It is clear to us from discussions, including with the advocate's office—and I want to, by the way, publicly compliment the Honorable Thomas Sullivan, who is the small business advocate; as you know, he does not report to the small business administrator, but directly to the President—he and his office have been terrific in trying to help us. The rest of SBA and the administrator's office has never tried to even talk with us directly in any manner, shape, or form.

So if you take the current statutory authority, if you had strong leadership, real integrity, accountability on the part of the agencies, and the political will, we could probably do it with what we have.

If the President called all of his department heads and agency heads together and said, "You will, on my watch, we will do this and allow disabled veterans to earn a piece of the American dream," it would have happened.

In lieu of that, we need a long-term fix and that would result in, as attached to my statement, a copy of the quick strike proposal. They came forward. It was agreed to by all of the organizations.

That would create a competitive reserve, disabled veterans' competitive reserve and a tool to allow a mechanism that would make it if not mandatory, allow a way for contracting officers to reach disabled vets, which currently they say they cannot.

Mr. ORTNER. Mr. Chairman, the key reason that we need the mandatory, at least that PVA believes we need a mandatory amount, is because we need to break the intransigence of the contracting officers. Most of these contracting officers have individuals, companies, they work with on a regular basis. I'm not saying they will not do it if the opportunity presents itself, but we need to get through to them, and sometimes the only way to do that is to tell people that they have to do something.

That is why we support the idea of a mandatory requirement.

The CHAIRMAN. In your answers, is 3 percent the number? Remember, we're not even to 1 percent at this point. But is 3 percent the number, and can it be legislatively imposed now and realized? Mr. Forney?

Mr. FORNEY. Yes, sir. Let me be brief. Without a doubt. When you have a goal as opposed to a mandate—I had a goal to lose 10 pounds on Near Year's. I lost four and gained back six, so I'm in the hole by two.

But a goal is simply that. It's nice and you may, I may lose some more, but I'm probably going to go out and have a big dinner and gain more.

But if there was some mandate and some positive reinforcement, like electroshock therapy or some other way to get these contracting officials to actually do something for the people that have given them their freedoms, perhaps, maybe.

Thank you, sir.

Sgt. SCHOUTEN. Mr. Chairman, this is completely outside my area of expertise, but sitting here listening to these distinguished gentlemen talk about 3 percent, I was kind of horrified, honestly.

And being a person that is used to taking orders, if you told me 5 percent, I would do my darndest to make it. I think it needs to be higher. We need to take care of our vets, and I'm going to be one soon. So I've got a little stake in this, interest.

Thanks.

The CHAIRMAN. I appreciate it very much. I would just say we will continue and we will look into doing just that, looking at legislation that would impose a mandatory percent, and 3 percent seems like a good starting point.

But we also, and I would encourage members of this committee, because we all sit on other committees in addition to the perch we have here, there are at least eight members who are on the Armed Services Committee.

Frequently, from the Secretary of Defense on down, they will have witnesses. This ought to be a question that is raised with persistence. The squeaky wheel does get the grease.

I'm Vice Chairman of the International Relations Committee. I plan on raising this in meetings. I know that Congressman Manzullo, Chairman of the Small Business Committee, is very, very supportive of this.

So the more we all link arms together and push it at every venue, the better.

So this is a good beginning, starting the 108th Congress, to get this out of the blocks, because, again, the performance thus far has not been adequate, and we've got to help it to become adequate.

Yes, Mr. Weidman.

Mr. WEIDMAN. One brief historical note, Mr. Chairman. When H.R. 1568, which was a bill that, after conference, became Public Law 106–50, the House unanimously voted and the committee unanimously voted on a 5 percent goal, and, in conference, that was reduced to 3 percent, sir.

So 5 percent was what the House had already spoken on, so we would argue against reducing it.

The CHAIRMAN. We could also have goals and floors, or a mandated floor. Mr. Evans.

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

Mr. EVANS. Thank you, Mr. Chairman. Back home, where I come from, many of our veterans don't know why these kind of Labor Department-oriented agencies are in the Department of Labor instead of the Department of Veterans Affairs.

I know the opinion, as well, that on the Veterans' Committee, we haven't really looked at this as close as we should and, as a Democrat, I'm disappointed that we haven't worked out programs that will expand on TAP resources. I know that servicemen and women who don't go through that process will miss out on important services.

So I don't really have anything other than to salute you for what you do and try to help us more as we move ahead.

Thank you, Mr. Chairman.

[The prepared statement of Congressman Evans appears on p. 46.]

The CHAIRMAN. Thank you, Mr. Evans.

Chairman Brown, Chairman of the Benefits Committee.

Mr. BROWN. Thank you, Mr. Chairman. Thank you all for coming today and to educate us a little bit more on the process.

If I could, Mr. Forney, I'd like to talk to you a little bit about your business and exactly the process you go through to solicit contracts.

Mr. FORNEY. As any small business, I look to find opportunities wherever they may exist. You would think it would be a natural for a service-disabled veteran to go back to the Department of Defense, the very people responsible for creating a service-disabled veteran. No one bought their own tickets to Somalia, Korea, Vietnam. They were all provided by the U.S. Government and on behalf of its citizenry.

Every time I go, I am told that there are other targeted groups that get more consideration, that are placed ahead on a must or a mandate, and the veteran portion is simply that of a goal, and so there is no parity.

It's a shame that the people who sacrifice for the free enterprise system are denied opportunities that we give other targeted groups so easily.

So when I go to federal agencies, it's not only at the end of some line, it's the end of some other farther obscure line.

So I have to look more into private contracting. The State of California has done some stuff, but there, again, they have a goal program and it's back to that maybe, and it needs to be a must.

Mr. BROWN. What kind of business are you in?

Mr. FORNEY. I sell food to state prisons and school districts.

Mr. BROWN. Prepared food or packaged foods?

Mr. FORNEY. Mostly packaged, and I relish the thought of getting into condiments. Kind of a pun there, sir. I'm trying to, and looking for opportunities.

You would think that the Department of Defense, with all of its force employees, the military personnel, would be eating foods that

are sold to them from—or the first opportunity given to service-disabled veterans who choose entrepreneurship.

Why is this such a leap of faith to understand that we need to have mandates that will help these people that have sacrificed so much? It's only a small, minimal goal, and for them to come back and, as I mentioned, Coca-Cola to say they're exempt, how did Coca-Cola and USA become different, mutually exclusive terms.

We should be the very people that they're looking for to service their Coke machines.

I didn't mean to drag out the answer, sir.

Mr. BROWN. That's okay. That's fine. I was also in the grocery business in my other life. I was with a group called Piggly Wiggly. So we understand the competitiveness of that business.

So you learn of the need for a contract through the web or through some mailing service or how do you get notice that there is a need for your service?

Mr. FORNEY. Within the federal agencies, their typical thing is "go to our web site," and you can go to their web site. But without some sort of targeted assistance on a free and open competition, I can't sell Cokes cheaper than Coke, and when Coca-Cola comes in first and then I ask them, "Hey, I'd like to sell your Cokes," they say, "I bet you would."

But until somebody from the Congress says, "Until you do have a teaming arrangement to help service-disabled veterans sell your product, you're not welcome to sell here." But instead, they receive rollover contracts. So I just cannot make Coca-Cola cheaper than they can.

Mr. BROWN. I see. But that's not the only niche in your market, though, right? You've got other products that you could be competitive with if you had a chance to bid, but do you know when the bids are going to be coming, or is there trouble getting on their mailing list?

Mr. FORNEY. To be honest with you, sir, it's to get the big OEMs, the original equipment manufacturers, to team up and help support small business concerns. Without that type of support, we're never going to be able to support national defense, Department of Veterans Affairs, other huge federal agencies that buy in such mass quantities, that a small business could no way, unless it were given the assistance by a major producer or another master distributor.

Mr. BROWN. I don't mean to belabor the point, but what I was trying to find out, I guess, is enough about the problem that you could find a niche within that mix.

I know it's tough for you to compete with Coca-Cola or Lockheed or Boeing or one of those other companies, but it looks like in some area of that market you could be a prominent competitor.

Mr. FORNEY. No, because they have it all sewn up. Why would they want to share in their profits and give opportunities away? That's the way they look at it.

It's a zero sum game. We have all the contracts, you have none. They like it that way.

Without the force of this Congress to implement mandates, as Mr. Chairman stated, that would make it mandatory, they simply do not.

So if I found out about the opportunity, it would just be an extra irony because I wouldn't have the capacity to bid on it and I would never have the pricing structure given to me by a master distributor or a primary producer that would make me competitive.

But they do it for other targeted groups. That's the thing. Why is it we do it for everyone else except for the people who fight for the free enterprise system?

We never had to interview for my job in the service. They just told me what to do. And now when I come out and ask them for a little bit of assistance, they say there's no room at the inn. And we need to correct that, sir.

Mr. BROWN. Okay. Thank you. Thank you very much. Thank all of you for coming and for your prior commitment to this great Nation. Thank you.

The CHAIRMAN. Thank you very much, Mr. Chairman. I would like to ask Mary McDermott next time to get Diet Pepsi. Mr. Michaud.

Mr. MICHAUD. Thank you, Mr. Chairman. A question. I understand the problem of not getting up to 3 percent, but what are your organizations doing to assist veteran-owned businesses educate themselves and actively go after these federal procurements?

Mr. LOPEZ. We have a web site. We publish newsletters. We inform our people of what the process is, what the procedure is.

But the complexities of the procurement system, the way it has been established in our government, is that by the time you are notified that a procurement is available, the contracting officers, the bureaucracy, have already made up their mind who they're going to buy from, and they like to buy traditionally. Like most of us, they want to be comfortable doing business with somebody they have been doing business with for a long time, and service-disabled veterans, because of their small number, generally are not in that population.

Mr. WEIDMAN. The National Veterans' Business Development Corporation is one of the few bright spots out of the implementation of Public Law 106–50, Congressman, and they are setting up a thing called ESCOUT that needs a good deal more refining, but may serve as one vehicle to help people hear about these things.

But it is mostly, on most businesses, it's going to be subcontracts where most of the business is going to be. It's not going to be the prime contracts. Even us in consortia, it's not likely that we would ever be able to compete with Grumman.

So the question has to do with the next level, with the subcontracts, and getting the foot in the door so that people will even talk to us, and that is something that we are working, all the veterans' organizations, and going out to the agency heads to develop mechanisms.

We're working on a report on contractors, a group led by Mr. Lopez, that we anticipate will be available within the next 60 to 90 days, called The Bottom Line Report, and it is our assessment of how well the subcontracts are going with the largest contractors with the Federal Government, and we will keep this committee—brief this committee—before we go public on it, and obviously you, as well, sir.

Mr. ORTNER. In many ways, PVA functions like a clearinghouse for individuals that have those questions that arise. Just about a week ago or 10 days ago, I had a veteran contact us to ask specifically—an individual, 100 percent disabled veteran—that asked specifically how could he get funding for starting a business, get his design for a new type of wheelchair patented and things like that.

What we've always tried to do is direct them to the subject matter experts. What we did was I sent him to the Veterans' Corporation. The Veterans' Corporation started giving him information, telling him specifically what he had to do.

One other point. I want to echo something that Mr. Lopez said, and that has to do with the fact that the contracting people have those individuals that they are used to dealing with and what is going to happen, if we can get that mandatory requirement in there, the intent is to get the service-connected disabled business owner to be that one that they are comfortable with, so when they have a need for a contract, that's the individual they go to.

The CHAIRMAN. Mr. Renzi.

OPENING STATEMENT OF HON. RICK RENZI

Mr. RENZI. Mr. Chairman and Mr. Counsel, I want to thank the staff for providing the research that you came up with that shows that 4 million veterans own small businesses, and 800,000 of those small businesses are owned by disabled veterans.

As a small businessman, my instincts tell me that most likely the veteran-owned businesses are those employing veterans. We have a tendency to assimilate with those we know, that we've served with, comrades in arms, you've trusted, and that tells me that not only should there be a preference given because of the hard-fought sacrifice and the suffering, but, also, because if we help you, we're also helping, more likely, other veterans.

While we're waiting for the possibility of mandatory reform, I was fortunate to get on this committee with the understanding that I'm going to get the Chairman out to my district to do field hearings, and, in doing so, I want to use the bully pulpit.

Now, Mr. Forney, who do I direct my fire to in those hearings? What are the impediments that I'm looking at? I understand the entrenchment that you spoke to, Mr. Ortner.

But as we're waiting and we're talking about enforcement here, I want to be able to get out there on my field hearings and say to the contracting officers, I imagine, that we need a response now.

Mr. FORNEY. And the answer to that would be to tell the contracting officers that this is going to be a performance review for ongoing federal employment.

Why is the will of Congress interpreted by a bunch of bureaucrats? Why are they saying, oh, "go" means "maybe" and if we do, okay, and if we don't, then so be it.

The will of Congress, the H.R. 1568 that became Public Law 106–50, passed both houses unanimously. So we have the will of the Congress pushing forward that they would like to see 3 percent go to service-disabled veterans who choose entrepreneurship, oftentimes the only means of employment.

After a lengthy hospitalization, I still have some ongoing medical issues. I can't just go and apply for work. The liability of having a person with a disability would be too great, in the first place.

Sometimes entrepreneurial opportunities are the only ones that will fit for this particular population.

So what you need to do is to emphasize to these bureaucrats that this is not something you would like to see done, this means that you will do it and make it a must, not a maybe, or a goal, it has to be mandated that they do this in order for their pass and review in order for their employment with the government to continue.

Mr. RENZI. Forgive me for my ignorance. If I can follow up, Mr. Chairman.

When you bid on a federal contract and you're talking about set-asides, is it not only that you be low bidder? Could we look at the facts that it be a sole source, based upon the number of the veterans that you do employ, not just the disabled service that you provided to our Nation, but could there be other factors taken in that would help lean us toward sole source? Or is it always——

Mr. FORNEY. Sole source would be a good part, price differentials, mandates. I think that if, as Mr. Weidman stated, the President of the United States could simply call up and say, "Look, I like disabled veterans"—I saw him the other day talking to the troops——

Mr. RENZI. I'm with you. I'm asking as we look at the language of the possibility of going mandatory, is there other language that you would like to see folded in so we don't have to go revisit this a year or 2 years from now, that would help with sole sourcing capabilities or other priorities that we could give you in the bidding process?

Mr. FORNEY. Other than reviews for federal employees, that this would be a mandate, the price differential. If we had mandates, and that was a word that I didn't even want to use, I'm glad that you stepped through that.

Mr. RENZI. Thank you.

Mr. FORNEY. But that's exactly what it needs. My enlistment was mandated. The recruiter told me they couldn't survive without me, and I was honored to serve my country.

Now, I think this country needs to serve the people that have sacrificed.

Thank you, sir.

Mr. RENZI. I'm with you.

The CHAIRMAN. Would the gentleman yield?

Mr. RENZI. Yes, sir.

The CHAIRMAN. Isn't it true, too, that if the mandate were in place, it is likely to lead to additional disabled veterans starting up businesses?

Mr. FORNEY. Without a doubt. I think that the fact that there is this appearance of some sort of assistance is more harmful than good. The fact that we say——

The CHAIRMAN. False hope.

Mr. FORNEY. Right. Exactly. And you're asking this population to risk what little bit of financial and physical life that it has left for a hollow promise, that you can hear that there is no solution.

The CHAIRMAN. Is there any way to quantify—I know it's speculative—but any way to quantify what the increase might be?

Mr. FORNEY. Well, from zero we can only go up.

The CHAIRMAN. In terms of new businesses that might form, knowing that——

Mr. FORNEY. I'm sorry, sir. There is no way to tell. But if we made the opportunity available, that should be the least we should do.

Mr. WEIDMAN. Mr. Chairman, there is a direct inverse correlation to participation in the labor market and percentage of disability.

That's the most important chart that we have complained about got left out of the most recent special survey.

Of those in the labor market, those with disabilities 60 percent or greater are through the roof. The overwhelming—only 28 percent of those people, by the way, above 60 percent, even try and participate in the labor market.

The option there is not—let me rephrase that. Nobody would choose to live on 60 percent disability anyplace in the country. That's about $10,000 a year. There is just no way. That's not by choice.

The option open to them, as Mr. Forney said, is self-employment, micro business, or small business, and we have assistance to help people get in business, get more through contracts; we have several things going, four projects around the country, where they're offering that kind of training.

The fast track program that is being offered by the Kauffman Foundation and the Veterans' Corporation all over the country now is excellent, and they are trying to link that with access to capital.

This is something that is directly available to someone who has a significant disability.

Getting insurance is a real problem for those of us with disabilities relating to military service, and other small businesses are the ones who are least likely to take a chance on their insurance rates going through the roof, and understandably so.

So we need to be individual contractors, self-employed or micro business, and so those kinds of steps are kinds of steps that we believe are useful only if they are connected with a push-pull.

If folks can get a contract or a subcontract who are already in business and they're going to need to expand the capacity, once they have the contract, we can help them get the access to capital. We can help them get the additional access to additional technical assistance in the way of a business plan, et cetera. All of that becomes possible, but only if you have the hook into the contract at the end of the tunnel.

It's almost like you have a dance and you have a partner for the dance, and then you teach somebody how to dance. It's the same thing that's always been wrong with employment, is we start with all this training as opposed to lining up a job at the end of the tunnel and then train the person with both the general and specific skills for that job, and that would work and would have a 100 percent, or something close to it, success rate.

The CHAIRMAN. Thank you. Mr. Boozman.

Mr. BOOZMAN. I really don't have any questions. I do appreciate you all coming. My father was a retired master sergeant in the Air

Force and I remember it very well as he was transitioning out and the processing, going through that.

So I do thank you all. I know this is a very important subject, and really would like to work with you, Chairman Smith and Mr. Evans, on trying to get a 3 percent floor or whatever we decide.

The CHAIRMAN. I want to thank our distinguished panel for your testimony. We are working on some draft legislation. It is a bipartisan initiative looking at a mandatory scheme going forward, because I happen to believe and I think the members of this committee believe that incentives make the world go round, and who do we owe more to than our disabled American vets?

So if we can provide this opportunity to get a fair share of federal procurement dollars, we ought to grab it and grab it with both hands.

We will be back with you to share the legislation and again, your testimony is very, very helpful, and we look forward to working with you in the future.

Thank you.

I would like to welcome our second panel to the witness table. We have the Honorable Angela B. Styles, Administrator for Federal Procurement Policy, Office of Management and Budget.

Prior to taking this position, Ms. Styles was counsel for the law firm of Miller & Chevalier here in Washington. Before entering the practice of law, Ms. Styles worked as a legislative aide for Congressman Joe Barton and former Governor William Clements in the Texas Office of State-Federal Relations.

We also have Mr. Kevin Boshears, who is the Director of the Office of Small Business Development, Department of the Treasury, since 1999. Mr. Boshears is also an instructor in the federal small business procurement arena.

Last May, Mr. Boshears was presented with the Frances Perkins Vanguard Award for exemplary utilization of women- owned small businesses by a federal procurement official, and the Gold Star Award for Excellence by the U.S. Small Business Administration.

Ms. Styles, if you could begin.

STATEMENTS OF ANGELA B. STYLES, ADMINISTRATOR, OFFICE OF FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT AND BUDGET, ACCOMPANIED BY FRED C. ARMENDARIZ, ASSOCIATE DEPUTY ADMINISTRATOR FOR GOVERNMENT CONTRACTING AND BUSINESS DEVELOPMENT, SMALL BUSINESS ADMINISTRATION, AND LINDA G. WILLIAMS, ASSOCIATE ADMINISTRATOR FOR GOVERNMENT CONTRACTING, SMALL BUSINESS ADMINISTRATION; AND KEVIN BOSHEARS, DIRECTOR, OFFICE OF SMALL BUSINESS DEVELOPMENT, DEPARTMENT OF THE TREASURY

STATEMENT OF ANGELA B. STYLES

Ms. STYLES. Thank you, Chairman Smith and members of this committee. I am pleased to be here today. I had planned to read mainly from my prepared remarks, but I had the opportunity to sit and listen to the panel before this and I find it disturbing that I have to be here today to give you data that I consider to be unacceptable.

This administration is all about accountability and it is about accountability in managing our agencies, it's about accountability of other countries that harbor terrorists; and to have to come here and tell you that, in my mind, almost every single agency has a failing grade in this program is unacceptable for me to have to report to you.

I think I can convey to you a commitment from my office to do a better job, to pay more attention to this program. We have been focusing over the past 2 years, since I've been in office, on fixing some problems that we have found in the procurement system that were left for us.

Our procurement people of the past 10 years have been focused on operational efficiency, on quick and easy access to the marketplace, on being commercial and businesslike in nature, and the primary sector of our economy that has suffered as a result is small business.

Many of the acquisition reforms that we saw come over the past 10 years have been detrimental to small businesses, and I think the numbers that you see for service-disabled veteran-owned small businesses are a reflection of some of these policies, some of this acquisition vehicles, some of the cultural focus at our agencies on quick and easy access to the marketplace, without regard to the effect that we may have on small businesses.

We have taken some significant steps in the broad picture of procurement. We have moved forward very aggressively in the contract bundling arena to eliminate unnecessary contract bundling and increase opportunities for all small businesses. We are opening up government activities that are commercial in nature to public/private competition. Small businesses are the primary beneficiary of this.

When we have a public/private competition for a commercial activity the government is performing, whether that is hanging drywall or serving food, when the private sector wins these competitions more than 60 percent of the time, it's a small business that wins.

As part of the President's small business agenda, we have undertaken a very careful examination of our contracting vehicles, whether they are transparent and whether small businesses have access to information about what we are buying, where we are buying it, why we are buying it.

You will see a series of recommendations coming out of my office in the next several months to address some of these easy, efficient contract vehicles that don't always take small business into consideration.

But turning to service-disabled businesses, I have detailed statistics that are available in my testimony and I am more than happy to discuss the current state of statistics. I think many of them were discussed earlier, but I am happy to discuss any of them in detail.

I have also provided some very specific tables in the back of my testimony. I would like people to bear in mind that the numbers for 2002 are just the first three quarters. A significant amount of spending occurs in the fourth quarter.

That doesn't mean I consider the numbers acceptable, but please bear that in mind when you look at the 2002 numbers.

[The prepared statement of Ms. Styles, with attachments, appears on p. 89.]

The CHAIRMAN. Ms. Styles, thank you very much for your testimony.

If you would, could you introduce your colleagues. I believe they are also from the SBA.

Ms. STYLES. Yes. I have here with me—my office is primarily responsible for broad procurement policy and for collecting these statistics.

SBA here, I have two people from SBA who are responsible for the programmatic aspects of this.

I have Fred Armendariz and Linda Williams here with me, both from the Small Business Administration.

The CHAIRMAN. Thank you for being here.

STATEMENT OF KEVIN BOSHEARS

Mr. BOSHEARS. Chairman Smith, Congressman Evans, and members of the committee. I am pleased to appear before you today to discuss the Treasury Department's small business procurement program.

Treasury's Office of Small Business Development supports the Small Business Act by stating in our small business standard operating procedures that it is the policy of the Treasury Department to provide maximum practicable opportunities in our acquisitions to small business, veteran owned small business, service-disabled veteran owned small business, hub zone small business, small and disadvantaged business, and women owned small business concerns.

Treasury has a rigorous small business outreach program. In fiscal year 2002, we hosted 14 vendor outreach sessions, including one for veterans and two outside of the Washington, DC area.

These events feature prearranged 15-minute appointments for small business owners and representatives, in a central location, with Treasury representatives or Treasury large business prime contractor representatives.

On a four-point adjective scale of excellent, good, fair, and poor, 99.8 percent of all small business participants rated the sessions as excellent or good.

We are continuing a similar pattern in fiscal year 2003. For example, on November 12, 2002, we hosted our second annual service-disabled and veteran-owned small business vendor outreach session.

Additionally, in our role as chair of the Office of Small and Disadvantaged Business Interagency Council Outreach Committee, or OSDBU, Treasury took the lead, for the fourth year in a row, on the 12th annual OSDBU directors' procurement conference, which was held on April 23, 2002 in Maryland.

This event featured over 300 exhibits, four seminars, and one-on-one counseling sessions modeled after the Treasury vendor outreach sessions.

At one seminar, Treasury presented our service-disabled veteran owned small business strategy. The day drew approximately 2,500 participants, resulting in record-breaking attendance, and similar efforts are underway for April 2003.

In support of Public Law 106–50, the Veterans' Entrepreneurship and Small Business Development Act, we developed a plan to assist service-disabled veteran owned small business. After internal analysis and meeting with several veteran organizations, we developed a ten-point strategy, with an emphasis on outreach, proactive inclusion, and commitment.

We continue to make progress toward the goal, toward the 3 percent goal for service-disabled veteran owned small business participation.

A review of prime contracting data from the Federal Procurement Data Center through the third quarter of fiscal year 2002 shows that among major federal agencies, Treasury ranks number one in percentage for service-disabled veteran owned firms at .59 percent and number four in total dollars at 11,663,000.

We strongly believe that over time our outreach programs and strategy for veteran owned and service-disabled owned small businesses will provide more opportunities and subsequent federal contracts and subcontracts.

We attribute our small business success to a number of critical factors. These include senior management support, commitment, a team approach, outreach, information dissemination, training, and mentor protégé subcontracting efforts.

All of these factors contribute to our award winning small business program.

Another reason for our success is due to the hard work and dedication of our small business staff. They are Mary Ellen Dorsey, Jody Falvey, Renee Fitzgerald, and Dan Sturdivant.

It is often said that small businesses are the economic engine of our national economy. Accordingly, if small businesses represent the engine, then outreach is the engineer that runs the train.

This concludes my prepared remarks. I would be pleased to answer any questions you might have.

[The prepared statement of Mr. Boshears appears on p. 112.]

The CHAIRMAN. Thank you very much. Would either of you like to say a word?

Mr. ARMENDARIZ. Not at this time, Mr. Chairman.

The CHAIRMAN. Thank you. Let me just ask you a couple of questions, Ms. Styles.

In looking at your charts, and we do appreciate what you have made available to us here, I did note that some of the departments, including the State Department, is at zero.

I, as I indicated earlier, wear another hat as Vice Chair of the International Relations Committee, and for 6 years I chaired the International Operations and Human Rights Subcommittee. We wrote the State Department budget and put almost $6 billion into construction and enhancements for overseas embassies and consuls to protect them, to protect them from potential attack from abroad.

A lot of that money does go overseas. Is there a way of breaking this out further? I mean, many of the disabled veterans' moneys or businesses, I should say, are domestic, obviously, and it would be very hard in Bangladesh or somewhere else building an embassy or beefing it up.

For instance, if we did, as we will, another VA construction budget, would it be advisable, from your point of view, that we have

something in there, a section or a provision or proviso that says of this amount, and, remember, H.R. 11, which passed the House and, unfortunately, got stymied and pigeonholed over on the Senate side and never got passed, but it had $550 million for VA construction budgets.

Would it be advisable to have some kind of set-aside language in there so that there is a mandate of breakout of that money?

The statistics, as you said, the failing grade, is very disturbing. We really do need to know, from a realistic point of view, like with the State Department, how much of that, and I would say should, but I don't know how much for a reasonable person to assume, could be spent and lent to disabled businesses here in the United States?

Ms. STYLES. I certainly would prefer a government-wide approach. There may be targeted agencies that we need to specifically spend some time with and have discussions with.

Part of the Small Business Administration's job is to set specific goals for each agency as an aggregate government-wide goal and where there are differing missions for different agencies, there can be different goals, four percent in one or two percent in another.

I think it is better to give the attention broader, more broadly to the program than in specific agencies, but there maybe instances where you need to target specific agencies that are not responding.

I think that's part of our job, but I think it may require some congressional note and a higher profile than it has had in the past.

The CHAIRMAN. But, again—and Mr. Boshears, you might want to respond to this, too—in looking at all the agencies, there are some that probably can go much higher than 3 percent and others for whom it might be very improbable or very difficult for them to do so, because of the nature of their procurement process and where they spend their money.

In many of the foreign countries, we obviously buy from local vendors in country X, Y, or Z, almost making it impossible to buy from America.

I happen to believe within our aid programs we should buy American and we ought to ship on American tankers and freighters and vote for those kinds of initiatives.

But I think the further away we get, the more difficult it becomes. I'm looking for some way of having—if we just say 3 percent across the board, and the language that we are drafting moves along those lines, as a mandatory, there are some for whom the mandatory should be higher, some lower.

Should it be an aggregate? At the end of the day, take Uncle Sam's money and how much we spend and it's 3 percent. Or do we say every agency, 3 percent? That's my question.

Mr. BOSHEARS. I would defer to Ms. Styles' judgment in the sense that we understand a government-wide approach when we establish government-wide goals, and I might share with you how we do things at Treasury, which has, over time, proven to be effective. We prepare a forecast of opportunities and we start to outline in advance the types of things that might potentially be for small business participation. We examine our larger projects, as well, for subcontracting opportunities, and then we customize that approach

for each of our activities, and then we put it together, representing the Treasury-wide approach.

Over time, we have found that to be an effective way to manage our program.

Ms. STYLES. I think it might also be interesting for you to hear how the Small Business Administration goes about taking an aggregate-wide goal and applying it agency by agency, so you could make that assessment.

Mr. ARMENDARIZ. Mr. Chairman, this year was the first year that the agency took a very aggressive route in negotiating goals with the independent agencies.

We took the statutory minimum and used that as a baseline. Then, we negotiated the goals up from there. If the agency had a compelling reason why the goals should be lower, we then entered into a dialogue with that individual agency and worked out an equitable solution to their individual issue.

The CHAIRMAN. Just let me ask you. Are the numbers improving and do you find receptivity on the part of the personnel? Because regarding personnel and policy, which one of my colleagues mentioned earlier, I remember trying to get more labor-union contracts in the procurement policies of some of our bases in New Jersey, Lakehurst, McGuire, and Fort Dix.

And when best value became more utilized, they felt they had more flexibility to find a more competent provider of services.

Do you find that some of the—are we getting better, '01, '02, '03 is the trend line in the right direction? How would you rate what are the best agencies that you have dealt with? Is it VA, DOD, who is it?

Ms. STYLES. I certainly think on the numbers, based on the first three quarters of 2002, that we are seeing a decline from 2001, which I think is very troubling.

The CHAIRMAN. How much of a decline?

Ms. STYLES. If you look at the first three quarters of 2001 and you take the first three quarters of 2002, there is a very significant decline. I've got the exact numbers in my testimony, but it was significant enough that it troubled me.

While we have a lot of spending in the fourth quarter, to have seen a decline in the first three quarters is very unusual, and I think it indicates that there is some problem.

I don't know what the problem is, but in the second year measuring of a program to see at least a number in the first year, you would expect to see a larger number in the next year, if you are progressing along the right track. To see a smaller number is very odd.

The CHAIRMAN. What can be done to fix that? I know I have exceeded my time, but just very briefly.

Ms. STYLES. Certainly, from my perspective, we need to fix some of the broader problems in the procurement system. I think we need to take this opportunity to focus on this program, specifically in the executive branch, to take some ownership for the program, from our perspective.

We are looking at all of the small business programs right now and where this administration is headed with each one of them. I think the service-disabled veterans' program presents some unique

opportunities for us to be able to embrace that and to move forward with active support at the agencies.

Just like a lot of the people here before said, to have the President say this is important, to have the administration say that this is an important issue, will go a long way at the agencies.

I see no roadblocks to doing that. There are certainly some practical problems when it comes to application for procurement people.

The CHAIRMAN. Should we mandate it, and at what number?

Ms. STYLES. Well, none of the other procurement programs are actually mandated. I certainly would prefer to have the opportunity for us to try to pursue this program with flexibility at the agencies, with a goal, without a mandate.

I'm not sure what the appropriate goal is. We need to take some steps to get to 3 percent, first, before we go higher, certainly.

I would certainly prefer for us to be able to have the flexibility without a mandate. We don't have a mandate in woman-owned and SDB and hub zones. None of those are mandates.

So it's difficult to argue for a mandate in this area, when I think we can get there with where we are with an administration focus on the issue.

The CHAIRMAN. Mr. Evans.

Mr. EVANS. Thank you very much. Appreciate you taking responsibility.

When I read your statement, I wondered if OMB would let it get to the committee, with the problems we've been having with them. At the same time, I'm concerned about the administration's initiative to contract out certain governmental services. Many of these positions, especially within the VA, are being held by service-disabled veterans entitled to preference in federal hiring.

Has the administration analyzed what effect this initiative, outlined in OMB's Circular 76, would have on veterans' preference in particular?

Ms. STYLES. I have certainly spent an extensive amount of time with the Veterans' Administration, working on their competitive sourcing plans, working towards creating opportunities to compete, to make sure that we have the best service provider providing goods and services to our veterans at the lowest possible cost, to make sure that we have really appropriately allocated resources and are managing the department in the best way we can.

Certainly, what I find most beneficial about competitive sourcing is the fact that it is a ripe area for small businesses to bid on procurement opportunities, including service-disabled small businesses.

I certainly don't think the Department of Veterans Affairs is doing this to the detriment of veterans that are working for them as federal employees right now.

Mr. EVANS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Chairman Brown.

Mr. BROWN. Thank you, Mr. Chairman. Thank you, panel, for coming. It certainly seems like we're all on the same track, that we all want to improve the process, and I appreciate your willingness to do that.

The CHAIRMAN. Thank you. The gentleman from Maine.

Mr. MICHAUD. Thank you, Mr. Chairman. I guess this question goes to SBA. One of my areas in my district, actually, the unemployment rate is 32 percent and continuing to rise.

I had a chance to look at your web site on SBA, which leads me to my question. Why has there been no detectable efforts to implement special provisions for veterans, particularly disabled veterans, in all of SBA programs, as required by Public Law 106–50? That's my first question.

My second question is why, and correct me if I'm wrong, but why, after 3 years, have the members of the Veterans' Advisory Committee at SBA not been appointed?

Mr. ARMENDARIZ. The first question I would like to address is that we do focus on the disabled veterans every step of the way.

What we have been doing, and I would like to compliment my colleague here from Treasury, I think his agency is on the right track, is get a senior executive commitment to the procurement goals, whether it be the women's procurement goals, the HUBZone goals, or the service-disabled veterans' goals. That is where the initiative has to begin, with the senior level management at each agency.

What the SBA has been doing is going to see each one of these agencies at a deputy secretary level or higher. We started this initiative this year, when we realized that is really where we need to begin our inroads into each agency to ensure that they are focusing on the procurement numbers and that they are pushing that initiative forward throughout their organization.

In addition, the SBA has become proactive in looking for opportunities for small business, specifically the groups with statutory requirements, such as HUBZones and service-disabled veterans.

We have begun a proactive national matchmaking program, where we're going to 12 major metropolitan areas outside of the Beltway to bring opportunities to the heartland. This program has already begun. We had our first event in Cleveland, and we did over 2,000 appointments in a 2-day period of time.

This is the type of activity that we are focusing our attention on to bring these opportunities to the veterans community. We are working with our associate administrator, Bill Elmore, who is in charge of veterans' business development, to ensure that the veterans community is aware of all these programs, so they can participate and take their fair share of the opportunity.

Mr. MICHAUD. And my second question, why, after 3 years, a veterans' advisory committee has not been appointed?

Mr. ARMENDARIZ. I cannot answer that question. I believe Mr. Elmore might be able to address that better than I. I don't think he is here, but I can get an answer to that question to you by the end of the week.

(See Advisory Committee Information on p. 161.)

Mr. MICHAUD. My next question, Mr. Chairman, is, I believe for OMB to what do you attribute the overall poor performance of the federal agencies not achieving their goal and what are you specifically going to do to try to reach that goal?

True, goals are nice, but I'm sure, as in the state legislature, we set goals and we want agencies to meet them, so we will not have to mandate them. We'd like to give the flexibility, but it appears

that there has not been really any attempt from federal agencies to even get near these goals.

What do you plan on doing?

Ms. STYLES. I kind of think of it as an aircraft carrier that has been steaming along for 10 years in the direction of making our procurement system like the private sector and making it easy for our agencies to get access to their needed goods and services.

So turning this back even slightly in the direction of we can't forget the fact that these are federal dollars, these are taxpayer dollars, and we have a commitment to the socioeconomic programs, takes a lot of effort.

We've been working on it in several areas. I think this is an area that needs significant focus. A lot of it is an understanding by the agencies that this is important to us, that it isn't all about efficiency and easy access to the marketplace, that these are important goals and there are very important outcomes here that we're looking for.

It does take what some of the people that testified before stated. It takes senior executives recognizing the importance of this and putting it into contracting officers' performance appraisals.

It takes a high level commitment and a lower level commitment, and that cultural change is difficult to make. It takes a while to make, but there shouldn't be a question about our commitment to small businesses and our commitment to trying to turn this back around, to swing the pendulum back more in an appropriate place, to recognize that small businesses are very important to our economy; that the dollars going out the door produce good results, they produce jobs, they help people who have served our country, and I think we have to take some significant steps to get there.

The CHAIRMAN. Mr. Boozman.

Mr. BOOZMAN. Rather than just the numbers, do you have any data that shows participation by region?

Ms. STYLES. I do not have participation by region. We don't collect the data that way.

Mr. BOOZMAN. I've had constituents say that in dealing with some areas of the—maybe a state here versus a state there, that they've had much more access in one region as opposed to another. Would that be possible?

Ms. STYLES. Absolutely. If you're a small business in the northern Virginia area or in the Washington, DC area, you've got a lot more access than other businesses in the country.

Mr. BOOZMAN. Would it be possible to have more access in Arkansas versus Oklahoma or Missouri?

Ms. STYLES. It certainly depends. There are aggregations of contractors, large prime contractors, where you're going to find small contractors, military bases, things like that.

So there is going to be a region-to-region differentiation, I think.

Mr. BOOZMAN. Does it depend, too, on kind of the agency helping out? Certainly, one person being more aggressive in trying to make this happen?

Ms. STYLES. Absolutely.

Mr. BOOZMAN. I really would like to see that broken out so that we can really see what's going on.

Ms. STYLES. I don't know that we actually can do that. Linda, here, may have a better idea of how we can break that out.

Ms. WILLIAMS. The information can be broken out by place of performance. Whether it's the United States or overseas, we can break out contract actions by place of performance going to service-disabled veterans.

So that can be done, but it would take a special query from the Federal Procurement Data System to get that information.

Mr. BOOZMAN. You couldn't break it out by state?

Ms. WILLIAMS. It could be by state, yes. We could break it out by state.

(See Federal Procurement Data on p. 156.)

Mr. BOOZMAN. I would really like to see that, Mr. Chairman. I think it really does boil down to the individual at these offices, how hard that they are working to make this happen, and accountability, if we can look and somebody else can look and then ask Joe Blow why he's under-performing compared to somebody else.

Ms. STYLES. We will get that data for you.

Mr. BOOZMAN. Thank you.

The CHAIRMAN. As soon as possible, because I think the gentleman has an excellent series of questions. People are policy and if you have foot-dragging or even opposition in one area and it's contagious, it will lead to that trend line that you've—I mean, I think you dropped the bombshell earlier when you said it's actually getting worse.

I was hoping, because I didn't get to add up all of your numbers for those additional quarters, that could be turned around. But thank you for the question and for that information. That will be very, very helpful.

Ms. Brown-Waite, the gentlelady from Florida.

Ms. BROWN-WAITE. I just had a question to Ms. Styles. You mentioned something about having it included in a performance rating of the contracting agencies.

What efforts are being made to include that? Because I think unless there is accountability at that level, it's never going to happen.

Ms. STYLES. It is a broader part of our human capital initiative in terms of what is appropriate for the performance evaluations of each of our individual agencies and the employees at our agencies.

Specifically in the acquisition workforce, we have been having conversations with procurement executives about what is appropriate in their performance evaluations.

I meet with the head procuring officials at each of the agencies on a regular basis and they certainly have no questions, in their mind, about my commitment to small businesses in this area.

It takes a while to make the cultural change, though, and I'm not entirely sure that the agencies are convinced of our commitment or how hard we want to push in this area.

So I haven't seen the number or the level of changes that I want to see, but we are going to continue down this track.

The CHAIRMAN. Mr. Renzi.

Mr. RENZI. Thank you, Mr. Chairman. It's interesting. The first panel, a lot of passion, explains to us that there needs to be a mandatory law, more teeth, and that it should include performance reviews.

I get a sense from this panel that you want to leave it a goal. Mr. Boshears has stated that outreach, executive commitment, I think Ms. Styles used one of the words or the terms that someone on the panel used, and that we should go down that road, and that the committee here is faced with either leaving in place a law that, for the last 3 years, has not been enforced and that we've even heard the idea that contracting officers are having difficulty in locating disabled veteran owned businesses, actually can't even locate them.

And to me, that sounds a little disingenuous. If the committee does take up language that looks at a mandatory law, can we possibly entrust you with the idea that in those locales, in those micro economic areas, where a compelling reason would not allow you to reach a 3 percent goal or a goal that is set by our Chairman and the committee, is there the ability to set a high standard of a compelling reason wherein local economic climates, you would not be able to reach that?

Are we able to see or compelling reason the standard we should use? Is that the language you would like to see?

Ms. STYLES. I certainly don't want to leave you with the impression that any option is off the table, from the administration's perspective, at this point in time.

I think we should have a full and open discussion of what options are available, what the administration can support from a legislative perspective, and what may work.

Without seeing the actual language, I can't give you an answer of where the administration is going to stand on one approach versus another approach. I think there's a lot of ways that we can address this.

We want to work with you to address it. We also want our agencies to have the flexibility to meet their mission needs, as well.

The reason that none of the procurement programs are mandatory, whether it's woman-owned businesses, minority businesses, small disadvantaged businesses, is because the agencies do have to have the flexibility to meet their mission needs in particular circumstances, which is why these have always been goals.

But we certainly want to have full and open discussion about what is the appropriate way to reach this, and I don't want to take anything off the table at this point.

Mr. RENZI. Mr. Chairman, just to follow up. If the caveat then comes down to you being able to meet your mission needs and we then put a mandatory law on you that says you must meet, but we give you the caveat for compelling reason, is compelling reason a typical or an acceptable language that you would have?

Ms. STYLES. There isn't, as far as I know, any other articulation like that in the procurement laws. There are some programs that have particular percentages of dollars set aside, like the small business innovation, research and development program.

There are a few that are like that, but I've never seen the compelling language used. So it's hard for me to say how it would work or not.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado, Mr. Beauprez. We are joined by the chairman of our Subcommittee on Investigations and Oversight, Mr. Buyer.

The Chair recognizes Mr. Evans.

Mr. EVANS. Thank you, Mr. Chairman. Maybe we could turn the tables here somewhat. Is there anything that we can do in Congress, as legislators, to better facilitate the award of contracts to severely disabled veterans?

Ms. STYLES. I think the more attention, the hearings, the more people realize that there is real Congressional interest in this, the easier we will be able to explain that to our agencies.

I now can take back a message from this hearing, from what I have heard from the first panel and from what I have heard from the members here, of the importance of this.

I think it needs continued attention. People don't understand these procurement laws. They don't understand the effects. They don't understand how this can benefit service-disabled veterans.

I think the more attention and education, the better, frankly.

Mr. EVANS. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Evans. Thank you to our panel for your testimony and your very strong commitment to ensuring more of our service-connected disabled veterans get more of the procurement dollars. I really appreciate it and we will work with you going forward.

As we get that draft language, we will get it to you as soon as possible. Again, we want maximum input, so we get a number. Three percent seems like the right one.

As Mr. Weidman pointed out and reminded us, we started at five previously, when Mr. Stump was moving his bill originally, but, again, that was a goal and that was almost like sense of the Congress, even though it's a real goal.

Now we're talking and I think we have to really sharpen our pens and make sure that this is a number that's real, and we will do everything we can on our side.

So thank you for your testimony, both of you. Thank you for joining us.

I would like to welcome our final witness, our third panel, the Honorable Fred Juarbe, Jr., Assistant Secretary of Labor for Veterans' Employment and Training.

Mr. Juarbe really needs no introduction to this committee. He has testified before this committee many, many times before.

Mr. Juarbe is the principal advisor to the Secretary of Labor for all employment and training issues relating to veterans.

Before entering government service, Fred served as Director of the National Veterans' Service, VFW, from 1978 to 2001. He began his career with the VFW in March of 1971 as the Department Service Officer for the State of New Mexico.

I would also like members to note that VETS enforces laws which protect the employment and re-employment rights of veterans, reservists, and National Guard members. Obviously, that's of particular importance now with the call-up and the deployment to the Middle East that is under way currently.

Mr. Juarbe, please, if you would, present your testimony and introduce your very distinguished colleagues.

STATEMENT OF FREDERICO JUARBE, JR., ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING SERVICE, DEPARTMENT OF LABOR, ACCOMPANIED BY CHARLES S. CICCOLELLA, DEPUTY ASSISTANT SECRETARY, VETERANS' EMPLOYMENT AND TRAINING SERVICE, AND RON BACHMAN, REGIONAL ADMINISTRATOR CHICAGO/DENVER, VETERANS' EMPLOYMENT AND TRAINING SERVICE

Mr. JUARBE. Thank you very much, Mr. Chairman. Good afternoon, Mr. Chairman, Congressman Smith, and members of the committee.

I have with me the Deputy Assistant Secretary, Chick Ciccolella, and the Regional Administrator for Veterans' Employment and Training Service, Ron Bachman.

I welcome the opportunity to appear today to give you an update on the state of veterans' employment and how the Veterans' Employment and Training Service is progressing with its implementation of the Jobs for Veterans Act.

I would like to extend the thanks of Labor Secretary Chao and myself to you both and to former Chairman of the Benefits Subcommittee Simpson and former Ranking Member Reyes and all the members of the 107th Congress for their efforts in passing this timely and important law.

I also want to take this opportunity to welcome and congratulate the new members of the committee and, on behalf of America's veterans, express our appreciation for your willingness to join in the very critical mission of assuring this Nation's provision of services to the men and women who have stood in harm's way and those who do so today in order to ensure the freedoms we all enjoy.

If I may, Mr. Chairman, I would like to digress for a moment and address the concern that Congressman Ciro Rodriguez raised earlier concerning the availability of the minority and women veterans' employment statistics.

I was under the impression that we had provided that information, but I apologize if that was not provided. I will ensure that the committee receives that and that Congressman Rodriguez does, also.

If there are any questions, I do have those numbers available to offer to the committee.

A point that you asked me to address, Mr. Chairman, is the implementation of the transition assistance program overseas.

Let me begin by stating that this issue has received the highest attention in the Department of Labor, as reflected yesterday, Mr. Chairman, by Secretary Chao. I recognize and appreciate the fact that Department of Defense has been providing this service to military members overseas for years and it is time for the Department of Labor to provide this service directly. After exploring various options, we have a plan to implement TAP overseas. The best alternative that we have explored is on-site provision of TAP services through contracts, primarily with military spouses and retirees residing overseas, which addresses the concern of this committee of providing employment opportunities for spouses, military spouses.

Of the various options that we have considered at this time, this is the most expedient and cost-effective way of ensuring the quality of this program. We will continue to explore other options, such as

distance learning, among others, until we can provide on-site services for all military members overseas.

The primary consideration in the development of our plan, which is shared by my colleagues at DOD, has been to ensure that we offer the same level of services to our services members who separate overseas as we currently provide to separating members in the states.

In more specific terms, I would like to start, at a minimum, in this coming year, at three sites. In fact, members of my staff met with our TAP partners today to discuss the best locations and how to best phase in our operations.

I intend to personally meet with senior DOD officials to develop the final agreement. I assure this committee that the Department of Labor is committed to begin offering TAP overseas, and I am confident that we will get it done.

We have also focused on implementing the Jobs for Veterans Act with a great sense of urgency. The Jobs for Veterans Act gives the Labor Department a 21st Century blueprint from which to build effective employment and training services for America's 21st Century veterans. The law fits neatly into Secretary Chao's mandate for all Labor Department agencies to address the needs of the 21st Century workforce, a workforce in which veterans play an important role.

Using the skills, cross-training, and motivated work ethic honed during their military service, today's veterans comprise a 21st Century-ready workforce.

Let me repeat that, Mr. Chairman. Today's veterans comprise a 21st Century *ready* workforce, with expertise and experience that readily translates into many of the skills gaps now confronting employers.

After all, America invests well over $14 billion annually to train servicemembers to accomplish all sorts of technical, professional, and administrative tasks, as well as combat readiness.

As I see it, our job at VETS is, along with our state partners, to help veterans to make full use of these skills and move quickly, seamlessly, and successfully into the labor force.

The Jobs for Veterans Act gives us the tools to do this better than we have ever been able to do so before.

Prior to President Bush signing the bill into law, VETS was already assembling work teams that include staff from Labor Department agencies, like ETA, Employment and Training Administration, our state partners from the National Association of State Workforce Agencies, and the state employment service systems, with the task to prepare for the implementation of the Act.

As you are well aware, this law makes significant structural changes to the department's employment and training systems. We are approaching the implementation in a comprehensive manner that ensures a smooth transition under a realistic time frame.

In the interest of time, Mr. Chairman, I will address some of the most important issues now. All of your questions are fully addressed in my written testimony which has been submitted for the record.

One major provision, priority of service for veterans in all Labor Department job training programs, is moving ahead and its imple-

mentation is being coordinated by a senior level multi-agency team within the department.

Reconciling priority of service within specific programmatic eligibility requirements is a complex issue. However, we have a focused and dedicated team drafting the plan for this provision. We expect to be able to share an implementation plan with this committee in the near future.

State funding formula is also a major provision to which much attention has been given. Because the legislation was enacted after the fiscal year began, we are managing the current DVOP and LVER grants under the provisions of the old law.

Since the new formula will be based on the number of veterans seeking employment as opposed to the previous total veteran population-based formula, all funding models we have explored so far will create major shifts in the traditional state funding levels.

We are further along with new roles and responsibilities for DVOPs and LVERs, because we already had working groups on this issue responding to several recent GAO reports.

As you may recall, Mr. Chairman, we published the new roles and responsibilities, which were previously identified at prototype performance standards, for DVOPs and LVERs last September. Those very same roles and responsibilities will be included in the new policy guidance that will be incorporated into our state grant planning guidelines that will be issued in late May or early June.

In the area of performance measurement, we agree with the committee that it must be the true test of the effectiveness of any program or service. Our performance measures for the states became effective last July. Performance measures for the DVOP and LVER programs, which parallel the provisions of the Workforce Investment Act, will be implemented on July 1, 2003.

We are also reviewing several methodologies that may be applicable to establishing a national employment threshold. In total, we have more than 20 work groups addressing every provision of the Jobs for Veterans Act, and we are moving aggressively toward its full implementation.

As soon as we have our implementation plan, we will ensure that we coordinate with the committee to provide this information.

You also asked for us to establish and provide the committee with performance baselines by which we can benchmark our performance under the Jobs for Veterans Act. These numbers are contained in my written testimony.

Before concluding, Mr. Chairman, I would like to remind the committee that the activities I have outlined are being carried out while VETS continues to maintain and even expand upon its full range of current programs and services.

This includes embarking on the demonstration project of incarcerated veterans, authorized by the Homeless Veterans Comprehensive Assistance Act of 2001, Public Law 107–95, which you, Mr. Chairman, sponsored, and developing a disabled veterans hiring initiative in support of Executive Order 13–078, which is increasing employment of adults with disabilities, and Executive Order 13–163, increasing opportunities for individuals with disabilities to be employed in the Federal Government.

One of our priorities, the homeless veterans reintegration program was energized by Public Law 107–95. A particular initiative has been the establishment of a new category for homeless grants that will set aside funding specifically for organizations applying for the first time.

As our Nation continues on its war on terrorism, the activation of thousands of Reservists and National Guard members has made providing technical assistance to them and their employers one of the highest priorities for VETS.

We are in the process of developing for the first time comprehensive regulations on USERRA, the Uniformed Services Employment and Re-employment Rights Act.

Regulations will provide clear and consistent guidance for all parties concerned. Most importantly, our military personnel can serve secure in the knowledge that their civilian jobs will be awaiting them when they conclude their active service.

In the meantime, we are continuing to use a variety of means to make sure that all effected parties understand their rights and responsibilities under USERRA, including webcasts, internet advisories, and articles in the business, trade, and union publications.

It is imperative that we as a Nation do all we can to make sure that the men and women we are asking today to stand in harm's way, whether in the active armed forces or in the Guard or Reserves, have every opportunity to provide for themselves and their families when they enter or return to the civilian labor force.

Mr. Chairman, what I am talking about here is veterans succeeding in the 21st Century workforce. This is our vision and the standard by which we measure success.

It is also the standard which guides our stewardship of the VETS mission to maximize veterans' employment opportunities, to protect their employment rights, and to meet the labor market demands with qualified veterans.

I hope my presentation today has given the committee some understanding of how we intend to proceed.

Thank you for this opportunity, Mr. Chairman. I will be glad to answer any questions that you or members have.

[The prepared statement of Mr. Juarbe, with attachments, appears on p. 116.]

The CHAIRMAN. Mr. Juarbe, thank you very much. As I indicated in introducing you, you have been here many times before and all of us have a great deal of respect and admiration for the work that you do. So we feel confident that the vision, and it was articulated again yesterday by Secretary Chao, is a good one and we want to be as helpful as possible to expand in any area where we all feel there are deficiencies.

You mentioned HVRP, which is a very good program. My understanding is for every applicant, there's a couple that don't get funded. Obviously, that happens in every federal program where worthy potential recipients don't get funded, but we had envisioned about $50 million per year, $250 million over 5 years in the Homeless Veterans' Assistance Act.

I am glad that in the President's request he is asking for an increase. I would just encourage you to work with us and the appropriators to get as close to that $50 million authorization level.

As we found out during all of our work, Lane and I, all of us on this committee, on that homeless bill, and have done so for years, at the end of the day, if there is a job developed, the likelihood of success and a non-recurrence of homeless or worse, ending up in jail or some other problem like that, is reduced significantly.

So if we can work together on that, the $19.5 million you've requested is more than last year. We're grateful for that, but hopefully it becomes a floor upon which we can add some additional millions this year.

We did have that discussion and I know that you will do everything you can.

You mentioned the priority service plan. I hope you could tell us perhaps when it will be in place. I don't think I heard a date, but the sooner we can get it, to implement that legislation, the better.

I know it takes time, interagency work. I know how hard it is here to get a bill into law, with conference committees and multiple jurisdictions, but the sooner the better on that. I would strongly encourage you.

I would like to point out, maybe you would want to comment on this, but we're putting together legislation that I hope to introduce very soon and it really came out of the task force for veterans' entrepreneurship, co-chaired by Rick Weidman and John Lopez of the Association of Service-Disabled Veterans. It would, one, allow veterans independence to use VA education benefits to enroll in non-credit small business startup concerns, usually offered by federally funded small business development centers at colleges, and, secondly, would allow disabled veterans enrolled in school under VA's vocational rehabilitation program to declare entrepreneurship as a vocational objective and start a small business upon graduation from college.

I know SBA and others will be working that, but obviously knowing that you are concerned about the overall status of veterans and their employment or re-employment, perhaps you could weigh in on that legislation with support, as well. Maybe you would want to speak to that now.

Finally, we're talking about whether or not we should have mandatory versus discretionary on the 3 percent goal. We also have been talking about legislation that would deal with sole sourcing, not unlike we have in the Small Business Act, where women owned, businesses, we've had this with the 8–A set-aside program for years for minority contractors, are guaranteed a certain number of contracts, and I would appreciate your view on that, as well.

Mr. JUARBE. Well, Mr. Chairman, I think Mr. Renzi said it earlier much more eloquently than I could say, and that is that veteran entrepreneurs hire veterans, and that is the one thing that has motivated us to work very closely with the Small Business Administration.

In fact, at the first training conference that the entire veterans' employment and training staff in the field has had together in a number of years, which we had last year, the Small Business Administration were key presenters at that conference to acclimatize

our federal staff to the importance of focusing on not just getting veterans jobs, but introducing veterans to the opportunities to become entrepreneurs.

So we certainly are very much interested in supporting any efforts that provide expanded opportunities for veterans. We work with the Veterans' Corporation to develop ideas as to how we can enhance the opportunities for veterans to develop business opportunities.

The CHAIRMAN. Are we likely to see TAP personnel deployed from DOL to Korea and Europe any time soon?

Mr. JUARBE. I beg your pardon?

The CHAIRMAN. Are we likely to see TAP personnel from the Department of Labor sent overseas to Europe and to South Korea or other places where our servicemen and women are deployed?

Mr. JUARBE. As I indicated before, Mr. Chairman, we have found the most effective approach to this is by contract service. Now, I do intend to have members of my staff go overseas and determine the best locations and the best place, the best way to initiate this.

There has to be a transition, because those services are currently being provided, as you know, by the Department of Defense. Under the current memorandum of understanding that we have on TAP jointly with DOD, with VA and the Department of Transportation, which will soon be under the Transportation Safety Administration, we have made available the training to the military personnel to provide those TAP services overseas.

So there has to be a transition in how that is being done.

The CHAIRMAN. Are they likely to do it the same way they do it here with the 3-day conference and that kind of format?

Mr. JUARBE. Yes.

The CHAIRMAN. You expect pretty much the same package.

Mr. JUARBE. We are fully committed to ensuring the same quality level of services. I also mentioned before that we are going to explore other ways.

The Jobs for Veterans Act identifies the importance of use of technology through the virtual one-stop through the internet. We need to take advantage of all available technologies and use that technology to the advantage of our military personnel overseas, also.

So we want to explore all possible ways of doing it.

The CHAIRMAN. Mr. Evans.

Mr. EVANS. Thank you, Mr. Chairman. By all accounts, and you've indicated this in your remarks today, the homeless veterans reintegration program is an effective program in achieving the goal of ending homelessness among veterans in the next 10 years.

Why did this administration fail to fully fund HVRP at the authorized $50 million level? Are you not aggressively advocating for this program within the DOL budgetary priorities? Have you had that kind of cut?

Could you respond to those allegations?

Mr. JUARBE. I appreciate your question, Mr. Evans. It quite simply has been a matter of prioritization. We are a Nation that has been going through some extensive economic difficulties. There have been needs for special funding of emergency grants to cover the high level of unemployment that has occurred over the past

couple, 2 years, and particularly since September 11, 2001, and the focus by our Nation on national defense, on homeland security, and, quite simply, it is a matter of the resources not being available to do that.

However, even with the budgetary constraints, the Department of Labor is firmly committed to at least seeing the program continue to grow, and that is how the additional funding that is being requested for fiscal year 2004 has resulted.

That is, I think, an important factor, Mr. Evans, perhaps not to the satisfaction of the committee and to yourself, but the trend line in the funding of this program is up. It is growing incrementally.

And there is a very positive point that I would like to make, also. Last year, we did what is called bridge funding. We took resources that would have been available to award for the program year beginning July 1 and we used some of those resources, approximately a third of those resources, to bridge fund grantees that would have ended on December 31, 2001.

We bridge funded them from January 1sr to June 30th of last year. Now, that took a lot of those resources away from being able to award grants on July 1, but what we did is we placed all grantees on the same funding cycle.

So this coming year, the resources that we have will go much further than—or for this coming program year, which is July 1 and the new SGA that we will be announcing in the very near future, will go much further.

We will be able to provide more grants, and that is why we are able to set aside a specific amount to provide grants to those who have never received grants before, to assure that they can participate, also.

Mr. EVANS. Thank you, Mr. Chairman.

Mr. BUYER (presiding). Mr. Secretary, reviewing your testimony, under the caption of USERRA you said that you are moving forward with a plan to promulgate regulations. Give me a time line, please.

Mr. JUARBE. Yes. In fact, we are in the process of clearing it through the department. The Secretary has fully endorsed the support of it, and we are hoping to have those regulations through the comment period and all of that, to have the final rule-making by the end of this year.

It may stretch out into the beginning of the next year, depending on the number of comments and so forth, but we are confident that by early next year they should be out.

Mr. BUYER. Earlier, also, under TAP, in your testimony, you talked about how you are working diligently with DOD with regard to your plan and you said as soon as the departments finalize the plan, you can offer briefings to staff.

Can you give me a time line here?

Mr. JUARBE. It's not a decision that is made unilaterally by the Department of Labor, since we have to work with Department of Defense and they are our hosts, and the availability of those sites that we're looking at overseas, we are dependent upon them.

But I can assure you that my intent is to meet with my counterparts within the next several weeks and finalize that plan and I

would hope that sometime after that I can then report to this committee.

May I also add, Mr. Buyer, that the Department of Defense, with the tensions overseas——

Mr. BUYER. Don't worry. If you don't have a date, if you don't know what the time line is, I accept that.

Do you believe that the military personnel serving overseas deserve the same transition assistance as that which is available here in the United States?

Mr. JUARBE. Absolutely.

Mr. BUYER. A decision has been made to contract that in Europe, right?

Mr. JUARBE. Yes, sir.

Mr. BUYER. Do you believe that that same service should be contracted domestically?

Mr. JUARBE. Some of it is done here domestically.

Mr. BUYER. We have 2,500 individuals, DVOPs and LVERs. Should those positions be contract positions? It's a question. I'm just curious.

Mr. JUARBE. As it stands right now, we believe we have opportunities under the Jobs for Veterans Act to assure that they are provided the services and that they provide the services. If they succeed, then we should continue using that same system.

We should never rule out the possibility of competing. The administration had proposed the competing of those positions and those services.

Mr. BUYER. The reason I throw that out there is I don't know what the answer is. I've been here for 10 years. I've seen faces and names change in positions.

We've thrown on the table for a long time taking the VETS program out of Labor and putting it into the VA.

We've bantered back and forth even between political parties trying to search and find the right answer to be effective, and I don't even think we're there.

So I was most tolerant of your testimony, orally and in writing, and I applaud your eternal optimism, but I'm not affected.

I just want to be very frank with you. Let me yield. Does somebody else have questions? Go ahead, yes.

Mr. BEAUPREZ. Thank you, Mr. Chairman. If I heard correctly, in the beginning of your testimony, you indicated you did have those minority unemployment statistics.

Mr. JUARBE. Yes, sir.

MR. BEAUPREZ. If you don't mind, why don't you just recap all of them, if you would, briefly.

Mr. JUARBE. First of all, Hispanic veterans who are 20 and over, their unemployment rate for 2002 was 4.7 percent.

Mr. BEAUPREZ. Is that everyone?

Mr. JUARBE. Hispanic veterans.

Mr. BEAUPREZ. That is male and female.

Mr. JUARBE. Yes. Hispanic veterans, both male and female. Yes. Hispanic veterans age 20 and over was 4.7 percent. Comparing them with their Hispanic non-veterans, their unemployment rate was 6.4 percent.

For veterans, Hispanic veterans 20 to 24, their unemployment rate was 8.7 percent, which compares favorably with the Hispanic non-veterans age 20 to 24, which was 9.3 percent.

Black male veterans 20 and over, the unemployment rate was 7 percent. Black male veterans 20 to 24, it was 17 percent.

Women veterans 20 and over, unemployment rate of 5.01 percent. Women veterans 20 to 24, the unemployment rate is 13.3 percent.

Mr. BEAUPREZ. You don't have similar vet/non-vet statistics for Hispanics.

Mr. JUARBE. Those figures are available. I had the summary figures, but I can provide the full report that has all of those figures.

Mr. BEAUPREZ. That's fine.

Mr. JUARBE. I apologize, Mr. Beauprez. I was under the impression that had been provided to you.

Mr. BEAUPREZ. That's quite all right. And pardon me, I'm a freshman on this committee, so just learning, but I think my follow-up comment to you will be consistent with the gentleman from Indiana.

I was pleased to hear you acknowledge in your opening comments, I think the quote was "Today's veterans comprise a 21st Century workforce."

I recently visited two of our bases, both bases where we have some of America's best and brightest loading up to go to the Middle East, and I concur by every measure that I saw.

At every work terminal, at equipment, wherever I interacted with them, in cafeterias, on a sidewalk, they struck me as just that, America's best and brightest.

If that is the case, and being a businessman myself and having employed a great many people, it confounds me why we have a continuing problem with homelessness and employment for our veterans.

There is something seriously wrong in what we're doing to re-employ our vets, to get them back into the private sector.

The old saying if it ain't broke, don't fix it, well, the corollary to that would appear to be true, too. There is something not working and I am wont for an answer to that today, but I think that's probably the reason why we're all here today.

Mr. JUARBE. Mr. Beauprez, if I may, I think any of us who have had the opportunity to work with homeless veterans and homeless veterans' programs cannot help but to be forever affected.

That has been one of the things in my over 30 years of serving veterans that has touched me the most, but in the past year, in being able to work directly with grantees that I have responsibility for, I have become even more touched and more inspired by the effectiveness of the program.

The belief that we all have as veterans is never leaving anyone outside the wire and that is what the homeless veterans reintegration project is all about, and the success that I see in some of those programs that restore lives and it's by individuals who decide not to just try and try and try, but when they are frustrated in trying, they try once more and that is how they save veterans and that is the inspiration and the value of that program and that's why we put great stock in it.

Mr. BEAUPREZ. One last follow-up, Mr. Chairman, if I might. I also visited the Rocky Flats nuclear weapons site, which was a glorious experience. It is rapidly being decommissioned, appears that it will be cleaned up on time, perhaps even ahead of time, perhaps even ahead of schedule.

The public/private partnering of that is one of the beautiful testimonies to what can be done, and I was very taken when, during my visit, the president of the local Steelworkers Union came in with his vice president, side by side with the gentleman that heads up the HR division, and they are 3 years and more out from unemployment, these people working themselves right out of a job, are working with those people to transition into other employment.

It can be done and their mission is everyone. Everyone who wants a job gets a job, and they won't rest until it happens.

I think that ought to be our mission, as well, and hopefully we can get to that point very, very quickly.

Mr. BUYER. Thank you, Mr. Beauprez.

Mr. Renzi, you are recognized for 60 seconds.

Mr. RENZI. Just a quick comment. Thank you again for showing up and for your work. I think it's a real niche when you try to move people from a socioeconomic climate, being in the military and are veterans, to the business community.

I just want to make a comment that as you look at one-stop-shopping and as you look at technology and web pages and tape recordings and manuals, that we recognize together that under your leadership, what moves people is individual, personal human service, mentorship, coaching, helping when a person comes to you and says I can't. Yes, you can fill out that form, we can do it together.

So when our vets come in contact at your point of service, whether it be contracted out or whether it be under DOL, that there be an emphasis from the leadership and from the top down that job placement and success is of a higher rate when they come in contact with a good coach and a good mentor, and less technology.

Technology failed us in the intelligence community and I don't want to see, in my own comments, more technology. One of the things that you were kind enough to give me through your taxpayer contributions to our country is a new cell phone and one of the greatest things about it is I get a human operator now instead of a machine, and I would like to see our veterans get that human personal touch.

Thank you for your comments today.

Mr. JUARBE. Thank you, Mr. Renzi.

Mr. BUYER. Thank you, Mr. Renzi.

Mr. Secretary, thank you for coming, and appreciate the work of your staff.

This hearing is now concluded.

[Whereupon, at 4:25 p.m., the committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF CHAIRMAN SMITH

Good afternoon, and welcome to today's hearing on the state of veterans' employment. I can sum up the purpose of today's hearing in three words: "Jobs for Veterans." Veterans represent a unique national resource. Hiring them is patriotic, but I think even more importantly, hiring veterans is a good business decision due to the skills and discipline they bring to the workplace.

I also think we should remain mindful that a primary customer in the public labor exchange is the employer. If employers are not satisfied customers, then we have failed both employers and veterans alike.

Today's hearing will explore performance of government programs in three areas, each centered around federal and state responsibility in responding to veterans' job needs. What we want to know is, "How well are they serving veterans? What are the trends in performance? Who is accountable for results?"

Three-Percent Contracting Goal

First, we'll explore Federal implementation of section 502 of the Veterans Entrepreneurship and Small Business Act of 1999. This section established a Government-wide goal that not less than three percent of all Federal contract awards for each fiscal year should be awarded to service-disabled veteran owned businesses. The 3-percent goal is not a 'ceiling;' it's the bare minimum to meet compliance.

The smaller businesses of our economy are expected to continue to play a primary role in generating new jobs. According to Bureau of Census data, veterans own about 4 million of the approximately 22 million small businesses in America. Disabled veterans own about 800,000 of these businesses. I'm convinced we can increase these numbers simply due to the 'can-do' spirit of those who have worn the military uniform.

Implementation of the Jobs for Veterans Act

Second, we'll explore the Department of Labor's implementation of the Jobs for Veterans Act, Public Law 107-288, which was signed by President Bush on November 7, 2001. This legislation is intended to reform the state-based veterans' employment and training delivery system on four themes: incentives, results, accountability, and flexibility.

As I see it, the state of veterans' employment is not good when over the past four years roughly 7 of 10 veterans that used Job Service offices did not get jobs. In program year 2002, 2 of 3 veterans who visited Job Service offices did not get jobs from that source. This is embarrassing. The reforms the Congress has made in the new law have the potential to improve the delivery system substantially.

Last year, the Administration proposed transferring the national staff and responsibility for the Veterans' Employment and Training Service to VA. I think the jury is still out on the merits of that proposal, but it's one of several options to consider as the Committee monitors implementation of the Jobs for Veterans Act.

The Transition Process

Third, we'll explore the challenges of the transition process from military to civilian life. Last year, Benefits Subcommittee Chairman Mike Simpson and Ranking Member Reyes requested the Secretary of Labor to station job counselors at transition sites at our larger military installations in Europe and the Far East. The Department of Veterans Affairs has done so since 1992. Deputy assistant secretaries from each of the five service branches testified in support of this proposal.

Currently, the Labor Department furnishes military personnel or DOD civilians with a job preparation workbook and a jobs e-mail address. It's evidently not important enough for skilled counselors to help separating overseas servicemembers find jobs thousands of miles away. It needs to change. This is not world-class service. This is not good government. All the Committee is proposing is that the Labor Department go where its customers are.

Opening Statement of
The Honorable Lane Evans
Ranking Democratic Member
Committee on Veterans Affairs
February 5, 2003

Good afternoon Mr. Chairman. Thank you for holding this hearing to discuss the "State of Veterans Employment," as well as, federal procurement policy with respect to veteran-owned small businesses. These are clearly important and timely subjects, given the current poor economic situation.

Before we begin I want to welcome all the witnesses and thank you for your testimony today. I look forward to hearing from Mr. Joseph K. Forney, Chief Master Sergeant Elizabeth S. Schouten, as well as representatives from the Department of Labor, Office of Management and Budget, Small Business Administration, Department of Treasury, and the service organizations. I am, however, disappointed that Secretary Chao could not be here today to discuss these very important issues. I hope the next time Secretary Chao is invited to appear before this Committee she would find the time to do so.

I have become increasingly disappointed with this Labor Department under Secretary Chao's leadership, and do not believe veterans' employment is a priority for her. Rhetoric and flowery speeches only go so far in creating quality employment and training opportunities for the nations' veterans. I am concerned that while the nation appears to be preparing to create many new veterans, the arm of the federal government established to promote and protect veterans' employment and labor rights is failing.

Specifically, I am interested in hearing from Assistant Secretary Juarabe about DOL's implementation of the *Jobs for Veterans Act* (P.L. 107-288). A great deal of work went into crafting and passing that legislation, and I strongly encourage DOL, working with the states and this Committee, to efficiently and effectively implement the new law. I am also very interested in VETS' efforts to investigate veterans' employment complaints filed under either, USERRA, VEOA or VEVRAA.

Additionally, I would like to know about any progress DOL has made with respect to the Transition Assistance Program (TAP). Specifically, I am

interested in the efforts VETS has made to reach out to our overseas servicemembers, as well as develop an informational tracking tool to determine how well TAP actually works. Finally, VETS has responsibility for many important programs that can assist veterans to receive training, gain skills, and obtain quality employment. Among these important programs, which I look forward to discussing today, include Licensing and Credentialing, Homeless Veterans Reintegration Program, and Apprenticeship and On-the-Job Training.

On a different note, I am very interested in hearing today from the OMB and Treasury witnesses concerning the federal procurement process. In 1999 Congress passed the *Veterans Entrepreneurship and Small Business Development Act* (P.L. 106-50). This legislation established, among other things, government-wide goals to increase participation by service-disabled veteran small business owners within the federal procurement process. I look forward to hearing from OMB about its efforts to provide leadership and guidance to the federal agencies in reaching this 3% goal. Additionally, I am pleased that the Treasury witnesses could join us to discuss their specific efforts to reach out to veteran and service-disabled veteran small-business owners. I would expect other agencies could learn something from their efforts in this area.

Thank you Mr. Chairman.

STATEMENT OF
BOB FILNER

MEMBER
COMMITTEE ON VETERANS AFFAIRS

HEARING ON THE STATE OF VETERANS EMPLOYMENT
February 5, 2003

I want to thank our Chairman for holding this important hearing. Congress has indicated its support of veterans and disabled veterans through the passage of two employment bills in the past two sessions. Now we must be certain that the two new laws are implemented in a timely fashion and in a way that is most beneficial to the men and women who have served our nation.

I have read the testimony of the veterans' groups who are witnesses at this hearing. They do an excellent job of laying out the problems that have arisen in fulfilling the promise we have made to our veterans to provide 3% of federal contracts to disabled-veteran owned businesses through Public Law 106-50, and to improve veterans' employment and training services through Public Law 107-288, the Jobs for Veterans Act. I thank them for their on-going vigilance and their efforts to help us serve our veterans. We will work to address the

problems and obstacles that they have brought to our attention.

I would like to highlight a portion of the Jobs for Veterans Act which creates a "first-in-line" priority for veterans and many of their dependents for placement in all Department of Labor funded job training programs. This provision came from a bill that I introduced in the 106th session of Congress, so I am very interested in the successful implementation of this "first-in-line" priority.

In a way, I am sorry that we had to have this hearing. It would be so much better if the will of Congress, as expressed through the passage of laws, were implemented with greater speed and enthusiasm than we currently witness, especially laws that affect our veterans. But I do appreciate the renewed commitment expressed by Angela Styles, Administrator in the Office of Federal Procurement Policy, Office of Management and Budget, and of The Honorable Frederico Juarbe, Assistant Secretary for Veterans' Employment and Training Services in the Department of Labor to improving the employment opportunities for veterans. I fully expect that their verbal commitments will translate into measurable actions to improve

services to veterans, especially disabled veterans. And I appreciate the promise of Secretary Elaine Chao to provide face-to-face transition assistance for our military members overseas who are leaving service.

We look forward to working with you to improve our services to our veterans in a timely manner.

STATEMENT

of

Vietnam Veterans of America

Presented by

Richard F. Weidman
Director, Government Relations

Before the
House Committee on Veterans' Affairs

Regarding

The State of Veterans' Employment

February 5, 2003

Good Afternoon, Chairman Smith and Ranking Democrat Evans, I bid good day to you and your distinguished colleagues on this panel. My name is Rick Weidman, I currently serve as Director of Government Relations for Vietnam Veterans of America (VVA). On behalf VVA and our National President, Thomas H. Corey, I thank you for this opportunity to appear here today to present our views regarding several vital veterans issues.

As you know, VVA is strongly committed to all programs to assist veterans, whether medical programs, readjustment counseling, education, or any other program must be measured against the litmus test of how much, how effectively and efficiently does it help veterans particularly disabled toward autonomy and independence including having a decent income.

For veterans of working age, that means obtaining and sustaining meaningful work at a decent living wage. That could mean securing a job working for someone else and moving into a career track, or it could mean becoming successfully self-employed, or becoming a successful small business owner. But it does mean meaningful, sustained work that results in a veteran or disabled veteran being able to earn a living. Frankly, it is the job of the VA and other veterans programs (e.g., at the Department of Labor and Small Business Administration) to help all American veterans become taxpayers again. If that is not being done in an effective and efficient manner then it reduces the utility of the literally billions in taxpayer dollars spent on education, health care and readjustment counseling programs, all of which are ostensibly designed to help veterans reach the point where they can obtain and sustain work.

Public Law 107-288

VVA commends you and this Committee for your leadership and tenacity in achieving passage of this bill. The bill left the House was a landmark piece of legislation. For the first time states would receive money based on how well they did their job of helping veterans, particularly disabled veterans, recently separated veterans, and veterans at risk to actually obtain and sustain employment. It would also reward individual outstanding Disabled Veteran Outreach Program (DVOPs) workers and Local Veteran Employment Representatives (LVERs) with cash awards and other special recognition awards.

Unfortunately, the aspect of rewards to the states doing the best job was eliminated in conference with the Senate. This means that the Department of Labor, Veterans Employment & Training Service has virtually no hold at all over the State Workforce Development Agencies the entities that actually employ the DVOPs and LVERs. When they do a good job, the USDOL cannot reward them. When the state work force development agencies do a poor job of placing veterans and disabled veterans into permanent jobs, they cannot be sanctioned. (Theoretically, DOL/VETS can declare a state out of compliance and recoup all of the federal monies for this program and other DOL programs from that Governor. As a practical matter, that is as likely to happen as for me ever again being as thin or in as good shape as I was when I was in the military

thirty years ago. In other words, there are no meaningful sanctions.) If neither rewards nor sanctions are available to DOL/VETS, then there is no meaningful accountability system at all in regard to seeking better performance from the State Workforce Development Agencies.

The Department of Labor is working on defining "Veterans Priority" as it relates to all services provided within the Federal Employment and Training delivery system. VVA finds it somewhat disconcerting, if not outrageous, that the Assistant Secretary for Veterans Employment & Training (ASVET) was relegated to a secondary role in defining this benefit, i.e., the Secretary appointed someone outside of the Veterans Employment and Training Service delivery system as the lead person in developing the Department's interpretation of the law. That means that the Employment & Training Administration and the managers of the workforce development agencies and their concerns will predominate. Neither of these entities is known for any real concern for either the vital employment needs of veterans and disabled veterans, nor for being accountable in a meaningful way for their shortcomings. As a result, VVA is concerned that an effort is being made to dilute the intent of the law with regard to the issue of Veterans Priority.

During the 107th Congress, VVA was against eliminating the statutory requirement that all LVERs/DVOPs be veterans. My own experience illustrates the case. I took over as the State Veterans Program Administrator of the New York State Department of Labor in 1987 and stayed until 1995. This was prior to the change in Title 38, United States Code provisions that required veteran status for LVERs, resulting in 67 percent of the LVERs in the State being non-veterans. Unfortunately, veterans' preference laws in that state were regularly ignored and circumvented, even more than happens in federal government hiring and retention practices.

The reason for this phenomena was simple. New York's Civil Service Law gives extra points on examinations for veteran applicants but with regard to hiring under the "rule of three", a veteran would not receive any special consideration as would happen under federal civil service law. Thus, by numbers alone (veterans are outnumbered by almost 8 to 1 in any given catchments area) non-veterans had a better chance to get an LVER position than veterans. It is VVA's understanding that this same situation exists in other states. It is also our understanding that one state has already tried to hire non-veterans into LVER and DVOP positions because of the change allowed under this new law. But if you cannot find qualified veterans and disabled veterans to serve on your staff, do you deserve or are you competent to have a contract or grant to assist veterans, particularly disabled veterans, find work? If you won't hire qualified veterans, particularly disabled veterans, how in the world are you going to convince private employers to hire them? VVA believes that leadership by example is the most effective kind of leadership.

With regard to performance incentives allowable under the law, VVA continues to be a strong backer of a provision to reward states whose services to veterans are exceptional. This direct connection of cash with quality of performance by each state entity was at the heart of the original draft legislation that originated in this Committee. It

was modified to include all who met a minimum standard of performance, which in VVA's view would not be as effective, but would work. However, the final version of the law negated the original intent of these incentives. That intent was to give outstanding states some additional discretionary money to use in their veterans program as they saw useful. Without this hold over the state, DOL/VETS is left with no tool whatsoever to seek accountability.

VVA strongly recommends that the House take the lead in restoring the original language that was taken out in conference with the other body of Congress last year. The Jobs for Veterans Act will only real reform and improvement of the track record of placing veterans, particularly disabled veterans, when measurable performance is directly linked to money. VVA is grateful for your leadership on this issue in the past, but we must call on you again to pass legislation to correct the flaws in the bill that was finally enacted last year. All of us at VVA pledge our full support of these ongoing efforts to improve the effectiveness of job finding assistance for veterans.

Mr. Chairman, we are a mercantile nation. Our nation has been able to survive as a democratic republic only because we have a market economy that by and large rewards efficiency and quality performance. In other words, Americans value getting our bang for the buck in our private financial dealings. We should demand no less when it comes to how well our tax dollars are spent. That is what the Government Performance & Results Act (GPRA) was all about. VVA believes that programs performance under GPRA is a matter that this Committee and the entire Congress should focus more time and attention. However, GPRA as it currently stands begs the question of some sort of redress mechanism for the American people, through the Congress, to hold recipients of taxpayer dollars much more accountable. Only money linked to measurable goals will result in real improvement of performance.

The descriptive language under the law as finally enacted as Public Law 107-288 requires all incentives to be awarded solely to individuals, in almost all cases DVOPs and LVERs. VVA believes that this is a worthy effort, but only part of what needs to be done. It is the view of VVA that this provision standing alone is too restrictive and may result in favoritism or patronage at the state level. In addition to problems with state public employee unions, this individual performance does not encourage the managers of the "state partners" to make their whole system more effective in terms of actual job placement of disabled veterans, recently separated veterans, and veterans who are at significant risk.

A more sensible way to recognize and reward individual DVOPs and LVERs would be to establish a national award program, with non-DOL and non-state agency people making decisions as to who receives plaques or awards accompanied by a U. S. Savings Bonds. By establishing a national award that is based on actual placements (weighted heavily toward disabled veterans, veterans at risk, and recently separated veterans), the problems of ensuring the selection of line staff who have actually performed in an outstanding manner will be significantly diminished if not solved.

It is VVA's understanding that VETS is looking at several reorganization plans with regard to their field staff. It is VVA's hope that veterans' organizations will be consulted as active participants, at least at the discussion level. The unintended consequence of the new law, based on spotty reports, is that the State Directors of VETS may have been inadvertently weakened by what DOL is doing in the name of implementing the law. Other reports and rumors indicate that the position of State Director of Veterans Employment & Training will be significantly downgraded or possibly even eliminated. We know that this was not the Congressional intent, so it is an issue that bears watching by this Committee.

VVA is very surprised that DOL has taken no apparent steps to create the President's National Hire Veterans Committee and name members in order to move to an early start. Perhaps the most crucial problem in the effective operation of any efforts to assist veterans with employment in the last 30 years has been the lack of enough decent job listings. This newly created body has the potential to greatly assist in this effort at very little or no cost to the taxpayer. The lack of quick and decisive action on this front does lead one to wonder about the strength of real commitment to meaningful improvement of services to veterans at the DOL.

These are some of the major issues that are facing us right now in regard to improving veterans employment efforts. Much will have to wait until DOL develops and promulgates regulations for comment. VVA is given to understand that much of the work is done, and that DOL has consulted closely with state workforce development agencies and on some occasions with organized labor. DOL has consulted in an open and candid manner with the organized veterans community. The last meeting with veterans service organizations was in early August. Although there was a meeting of the Secretary's Advisory Committee on Veterans Employment and Training (ACVET) on October 17, 2002, that body is generally very structured, and apparently the details of the performance measures was not a topic.

We would note that DOL did publish Veterans Program Letter VPL 11-02 on September 16, 2002, that superceded the prototype performance standards that dated back to October 31, 1989. (See Appendix # 1) While updating the old prototypes is a good thing, very little in these standards translates into measurable or quantifiable objectives and measures. No DVOP or LVER staff person can successfully and effectively perform all of these duties in a given work year, even in the less-than-common cases where there is true support and encouragement of management at every level at the workforce development agency.

This is not a disparagement of the many fine persons who hold these positions. Indeed, some of the finest people I know are DVOPs and LVERs. There are many who do great jobs, going above and beyond to actually place veterans in decent jobs. I know many who work outside of the job and after hours on their own, using their own funds to help veterans. These people do extraordinary work, no matter how much they are punished. All of us at VVA marvel at their strength and their devotion to duty. What we need is a system that is as good as those DVOPs and LVERs who are getting the job done

in their local area. Currently we do not have such a national system (e.g., in every state), despite the strong leadership of this Committee. We hope some additional legislation can be passed in the 108th Congress to correct these problems.

Public Law 106-50, Section

Public Law 106-50 is not working well because most of this statute not only has not been implemented, but the Small Business Administration (SBA) and the Office of Federal Procurement Policy (OFPP) heretofore have not even really tried to implement the law, much less make it work.

The results for FY 2001 are abysmal (see Appendix II), with the government wide average only reaching 0.25% or one twelfth (1/12) of the 3% minimum goal. The latest figures available are for the first three quarters of FY 2002 (See Appendix III), and are even worse at 0.10 or one thirtieth (1/30) of the goal of 3% of all prime contracts and 3% of all subcontracts. As noted in the above remarks, VVA believes in leadership by example. If one looks at the performance of VA and the Department of Defense (DOD), the ones who should lead the way in purchasing goods and services from service disabled veteran-owned businesses, the results are very disappointing.

One should take the numbers and percentages in these tables with some skepticism, as there has clearly not bee the due diligence in collecting accurate data as required in the law. Some of the agencies that looked to be dong well may in fact have reported "soft" numbers, based on efforts by veteran advocates to verify these statistics. We have also heard of instances where the agency may not have taken credit where they have done the right and legal thing toward disabled veteran business owners. We would certainly hope that this is the case with the Executive Office of the President.

The Task Force for Veterans Entrepreneurship (TFVE) has met monthly and pushed hard for proper implementation of P.L. 106-50 since enactment of this law on August 17, 1999. TFVE consists of many veterans' organizations, private business owners, and other Americans committed to proper opportunities for disabled-veteran business owners. Please see attachment IV for a description of the Task Force origin and mission statement.

Twice the TFVE has prepared to go to court to force proper action. The first time was in the late summer/early fall of 2000, in order to compel that president's administration to publish implementing regulations regarding procurement. The other time was to force the current president's administration publish corrections to earlier regulations that were not in conformance with the law. In both instances, a major Washington law firm was engaged at considerable expense to TFVE participants, particularly Joe Forney, owner and CEO of VetSource, Inc., in California. Preparations were costly and time consuming. The briefs were prepared and ready to file and preparations being finalized for a press conference on the steps of the Federal Courthouse in Washington, D.C., when the regulations were finally published.

Some have suggested that we must be prepared to file suit to achieve implementation of every aspect of P.L. 106-50. Many veteran business owners and veterans' advocates are angry and weary of the fight. Many disabled-veteran business owners have gone out of business trying to secure contracts pursuant to the provisions of this law. If that becomes necessary, then we will take such action. It is, however, absurd that veterans disabled in military service to country should have to take their government to court to force officials to obey the law.

VVA is very grateful to the leadership and members of this committee who worked closely with then Chairman James Talent (R-MO) to secure passage of P.L. 106-50. It is clear now that additional legislation will be needed. VVA is strongly committed to a speedy enactment of legislation that contains all of the provisions of the "Quick Strike" bill unanimously approved by the Task Force for Veterans Entrepreneurship. (See Attachment V)

We need a way for procurement officers and decision-makers to more easily reach disabled veteran owned businesses. This could be by means of creating a "disabled veterans competitive reserve" or by sole source authority or by another means, but this issue needs to be addressed in all of its facets. You will note that the proposed provisions attached in Appendix V would do much to clarify the law. Frankly, it is also extremely important that all of the provisions currently contained in Title 17 (SBA) also be contained in a new Chapter 44 of Title 38. That would accord this body more direct standing on these issues, and reinforce that this is a key program for veterans and disabled veterans as opposed to just one more minor add-on to the SBA laundry list.

VVA believes that it is particularly important to strengthen the National Veterans Business Development Corporation, giving them more time and federal funding to make up for the rocky start of the Corporation, and therefore favor extending federal funding for two additional years at the $4 million level. The Veterans Corporation also needs additional explicit authority to get VA, SBA, and other obstructionist bureaucracies to help establish a proper database of veteran owned and disabled-veteran-owned businesses. Whether the obstruction, extreme delays, less than fully truthful excuses, and broken deals in making progress on this front is just a result of bureaucratic sloth and turf guarding or a deliberate attempt to prevent success in this area is moot. The Veterans Corporation must be given additional explicit authority to accomplish this task.

The National Veterans Business Development Corporation has done much in the last 16 months, after a very poor start. They have instituted the "Fast Track" program in association with the Kauffman Foundation that is providing hands-on practical business training to veterans in the field. A number have already taken place, and it is our understanding that more than 100 such efforts will take place this year. The appraisal of this experience by veterans who have completed the course, including one who was already moderately successful in business, has been that it is the most valuable investment of time and money to help them succeed in business that they have yet found.

The corporation is making special arrangements with banks and other lending institutions to secure better access to private capital for veterans. They have succeeded with a few banks, and are moving to attempt to ensure coverage in every state in the nation. The Corporation is also working on means to help veterans sell goods and services through their "E-scout" program. While both of these efforts need much more development, they are on the right track and moving quickly.

There are very high expectations for the Veterans Corporation for many reasons. First of all, it is the only entity of its type ever created, and it was a creative result of the best thinking of strong veterans advocates in and out of the Congress. Secondly, the SBA track record in the past three years has been abysmal. Although most of the Senior Executive Service managers at SBA were rated as Outstanding or Superior in FY 2001 (none were rated as unsatisfactory or needs improvement), the agency continues its poor performance.

SBA has not even tried to implement most of P.L. 106-50, which calls for veterans and disabled veterans to be at the fore in every program or effort by SBA or funded by SBA. A look at SBA's web site will reveal that there is no mention of veterans or disabled veterans anywhere except on the site for the Office of the Associate Administrator for Veterans Business Development. That Associate Administrator is by law supposed to report directly to the Administrator. All evidence indicated that there is no regular contact by the Associate Administrator with the current Administrator. One can only draw the conclusion that there has been a complete metamorphosis of the life-long effective veterans advocate who currently serves as Associate Administrator or that there is no opportunity for education of the current Administrator as to his special responsibilities toward veterans, particularly disabled veterans.

The current Administrator and his key people (other than the Associate Administrator for Veterans Business Development who occasionally attends TFVE meetings when specifically asked) have never made any effort to meet with the organized veterans community. The SBA has yet to name members of the Advisory Committee on Veterans Business Development, even though the law was enacted creating the committee almost three and one half years ago.

The only entity that has been really proactive in working with the veterans' community is the Office of the Small Business Advocate, led by the Honorable Thomas Sullivan. Mr. Sullivan is the first Advocate since President Reagan's first term to meet with veterans, and to our knowledge he is the first to initiate such a meeting. He and his people are indeed advocates, and been helpful to us in the effort to assist disabled and other veteran owned businesses. Some have suggested that this is because he reports, by law, directly to the President and not to the current Administrator and the current Chief of Staff.

The bottom line is that it has been more than four years since enactment of P.L. 106-50, and little has been done to implement the law. The procurement provisions are clearly ineffective and not taken seriously by contracting officers and contract decision-

makers. The leadership from the very top has been either lacking or thwarted by recalcitrant and seemingly unaccountable senior bureaucrats. Additional changes to the law are needed to ensure that disabled-veteran business owners can get their foot in the door to compete for business.

Some have suggested that there may be enough statutory authority on the books already, if only the President would exert strong leadership on this effort. Frankly, we have come to the conclusion that SBA will not do anything unless pushed hard by the White House (and then monitored carefully for follow up). If the president, with troops about to be sent into hostile fire, were to say clearly through word and deed that the 3% goal and all other aspects of procurement law will be used to achieve meaningful results on his watch as president, it would happen in a matter of months. The veterans' community has met with officials from everywhere we can think of to try to get traction on getting federal agencies to meet the requirements of this law. That includes representatives of the Office of Federal Procurement Policy (twice), but we have made little headway. Therefore, we again look to the distinguished members of the Congress to give us the additional tools with which to push for meaningful change.

Thank you for the opportunity to appear here today to share our views on these issues that are so vital to the well being of America's veterans. I will be happy to answer any questions.

RICHARD WEIDMAN

Richard F. "Rick" Weidman serves as Director of Government Relations of Vietnam Veterans of America. As such, he is the primary spokesperson for VVA in Washington. He served as a 1-A-O Army Medical Corpsman during the Vietnam war, including service with Company C, 23rd Med, AMERICAL Division, located in I Corps of Vietnam in 1969.

Mr. Weidman was part of the staff of VVA from 1979 to 1987, serving variously as Membership Director, Agency Liaison, and Director of Government Relations. He left VVA to serve in the Administration of New York Governor Mario M. Cuomo as statewide director of veterans employment & training (State Veterans Programs Administrator) for the New York State Department of Labor.

He has served as Consultant on Legislative Affairs to the National Coalition for Homeless Veterans (NCHV) and served at various times on the VA Readjustment Advisory Committee, the Secretary of Labor's Advisory Committee on Veterans Employment & Training, the President's Committee on Employment of Persons with Disabilities-Subcommittee on Disabled Veterans, Advisory Committee on Veterans' Entrepreneurship at the Small Business Administration, and numerous other advocacy posts in veteran affairs. Among those other responsibilities, he is currently serving as Chairman of the Task Force for Veterans' Entrepreneurship and Chairman, Task Force for Veterans Preference & Government Accountability, both of which are mechanisms for veterans' organizations and other Americans committed to justice for veterans to coordinate efforts on these vital issues.

Mr. Weidman was an instructor and administrator at Johnson State College (Vermont) in the 1970s, where he also was active in community and veterans affairs. He attended Colgate University (B.A., (1967), and did graduate study at the University of Vermont.

He is married and has four children.

VIETNAM VETERANS OF AMERICA

Funding Statement

February 5, 2003

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

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

For Further Information, Contact:
Rick Weidman
Director of Government Relations
Vietnam Veterans of America
(301) 585-4000, extension 127

APPENDIX 1

September 16, 2002

VETERANS' PROGRAM LETTER NO. **11-02**

MEMORANDUM FOR:	ALL REGIONAL ADMINISTRATORS (RAVETs), AND DIRECTORS FOR VETERANS' EMPLOYMENT AND TRAINING (DVETs), ALL STATE WORKFORCE AGENCY (SWA) ADMINISTRATORS ALL REGIONAL ADMINISTRATORS, EMPLOYMENT AND TRAINING ADMINISTRATION (INFO)
FROM:	FREDERICO JUARBE JR. **[SIGNED]**
SUBJECT:	New Roles and Responsibilities (formerly known as Prototype Performance Standards) for the Disabled Veterans= Outreach Program (DVOP) and Local Veterans= Employment Representative (LVER) staff.

I. Purpose: To introduce new Roles and Responsibilities (R&R=s) for DVOP and LVER staff.

II. References: Sections 4103A(a), 4104(b), and 4104A of Title 38 Chapter 41 of United States Code (38 U.S.C. 4103A-4104A), Public Law 100-323, and Code of Federal Regulations Parts 1001.123, and 1001.140.

III. Rescissions: Veterans Program Letter (VPL) 1-90 dated October 31, 1989.

III. Background: Public Law 100-323, passed May 3, 1989, amended 38 U.S.C., Chapter 4104 to read: AThe Secretary, after consultation with State employment agencies or their representatives, or both, shall provide to such agencies a prototype of performance standards for use by such agencies in the development of performance standards under subsection (a)(1) of this section.≅ In response to this requirement, the Assistant Secretary for Veterans= Employment and Training Service (ASVET) introduced the prototype performance standards on October 31, 1989.

Since 1989, there have been major changes in the employment service delivery system. In recognition of these changes, the ASVET saw the need for DVOP and LVER staff to have performance standards in place that are applicable within the new SWA service delivery system. To provide SWAs with updated guidance, VETS convened a workgroup that formulated recommendations for roles and responsibilities that States can use as the basis for setting DVOP and LVER performance standards in accordance with 38 U.S.C. 4104A.

IV. Development: In the Spring of 2002, VETS asked the National Association of Workforce Agencies (NASWA) for nominations of participants for this workgroup. The nominees consisted of a NASWA National Office representative, and two SWA administrators. In addition, two DVOP and two LVER local office staff were selected to participate in this workgroup. The remainder of this workgroup is comprised of one VETS National Office staff, four DVETs, a representative from the Employment and Training Administration, National Veterans= Training Institute staff, and contractor support.

The workgroup was given three objectives: 1) Develop and recommend to the ASVET new R&R=s that, in the evolving service delivery system, will provide SWAs, DVOP, and LVER staff the guidance and flexibility needed to function in an effective and efficient manner as they serve their veteran clients; 2) Develop and recommend performance measures for program staff that measure the functional responsibilities outlined in the new prototype performance standards. These measures are referred to as grant-based performance measures; 3) Ensure that the recommended R&R=s and performance measures are applicable under current provisions of Title 38 and any pending legislation introduced in the 107th or 108th Congress.

V. Concept: During the development of the R&R=s, the overriding consideration was to provide SWA administrators, DVOP and LVER staff with the guidance and flexibility needed to operate program(s) services in an effective and efficient manner in order to best serve their veteran clients. The R&R=s provide the States with a framework that includes two key elements: 1) required core roles for DVOP and LVER staff, and 2) listings of examples of responsibilities that are appropriate for each of the required roles. States have the flexibility to use any or all of the suggested responsibilities, and or add other appropriate responsibilities. This dual structure is intended to provide States with the opportunity to tailor DVOP and LVER performance responsibilities to reflect their service delivery environment. One significant restriction is that the roles and responsibilities assigned to DVOP and LVER staff must be within the parameters given for the particular program in Title 38 U.S.C.

VI. Implementation: States can begin implementation of the new R&R=s at any time. It is expected that States will have DVOP and LVER performance standards based on the R&R=s in place by the beginning of Program Year (PY) 2003, July 1, 2003. RAVETs, DVETs, and VETS National Office will be available to provide technical assistance as needed.

VIII. Grant-Based Measures: The workgroup will continue refining their recommendations on the proposed grant-based measures. The measures are planned to provide a means of linking the

R&R=s to the employment outcomes of individuals served by DVOP and LVER staff. Once the final recommendations are made, the proposed grant-based measures will be shared with stakeholders for comment via a *Federal Register* Notice or via VPL. It is expected that the grant-based measures will be approved and be implemented with the start of PY 2003.

IX. Actions Required:

A. SWA administrators are to have new DVOP/LVER performance standards in place prior to the beginning of PY 2003,

B. In developing these standards, the SWA=s shall take into consideration the enclosed Roles & Responsibilities, as well as the duties and functions specified in section 4103A(b), and section 4104(b)(1) through (12) of Chapter 41, Title 38 U.S.C. DVETs shall upon the request of the SWA, provide appropriate assistance in the development of the performance standards,

C. SWA=s shall submit to the DVET, their proposed standards for comment. DVETs will within 30 days from receipt of proposed standards, provide comments on the proposed standards to both the SWA administrator, and to their RAVET,

4. RAVETs will compile a listing of States that have implemented the new performance standards, and will submit the list to the Chicago Regional Lead Center prior to July 1, 2003.

X. Inquiries: State agency questions should direct their inquires to their DVET. Any questions that cannot be answered by the DVET should be directed through their RAVET to Miguel A. Hernandez at (202) 693-4708.

XI. Expiration Date: Until superceded

XII. Enclosures:

1. Roles & Responsibilities
2. Legislative Matrix.

APPENDIX II

4/16/02

FEDERAL PROCUREMENT DATA SYSTEM
SUMMARY OF ACTIONS AND DOLLARS ON SF-279 AND SF-281

FISCAL YEAR 2001

AGENCY NAME	DV ACTS	DV $$(000)	DV %	VOSB ACTS	VOSB $$(000)	VOSB %	ALL ACTIONS	ALL $$(000)
TOTALS	9142	554167	0.25	88833	558199	0.25	11254887	219573037
DEFENSE	2786	484857	0.34	2498	155463	0.11	7268698	142764938
STATE	156	17568	1.17	148	42710	2.84	129001	1501463
VETERANS AFFAIRS	5849	12961	0.22	83503	122607	2.1	2410488	5838519
TREASURY	58	10836	0.44	320	21276	0.85	40878	2489479
HEALTH AND HUMAN SERVICES	38	6315	0.13	261	44212	0.91	226711	4840797
GENERAL SERVICES ADMINISTRATION	98	5405	0.05	586	54172	0.51	169740	10656575
TRANSPORTATION	19	4032	0.16	168	28326	1.14	46282	2489626
AGRICULTURE	34	3702	0.1	158	10054	0.26	138669	3811840
ENERGY	12	1347	0.01	155	10423	0.06	16448	18598697
SOCIAL SECURITY ADMINISTRATION	12	1249	0.23	66	11461	2.13	184926	538292
COMMERCE	13	1060	0.09	122	457	0.04	32469	1188019
HOUSING AND URBAN DEVELOPMENT	2	881	0.11	8	1785	0.22	5970	815424
KENNEDY CENTER	3	638	3.64	3	28	0.16	351	17534
JUSTICE	5	610	0.01	150	9712	0.2	372472	4837722
INTERIOR	11	571	0.03	134	13676	0.64	57530	2145628
RAILROAD RETIREMENT BOARD	29	507	4.13	43	586	4.77	1497	12288
CONSUMER PRODUCT SAFETY	2	426	5.06	7	118	1.4	1801	8419
PEACE CORPS	2	390	2.36	0	0	0	1836	16496
EDUCATION	1	246	0.03	13	1206	0.13	7998	926071
NATL AERONAUTICS & SPACE ADMIN	2	178	0	59	16104	0.14	37067	11232435
EQUAL EMPLOYMENT OPPORTUNITY	1	119	0.26	0	0	0	6465	46513
FEDERAL TRADE COMMISSION	2	119	0.8	5	795	5.34	933	14892
SMALL BUSINESS ADMINISTRATION	1	75	0.1	13	527	0.74	1219	71511
OFFICE OF PERSONNEL MANAGEMENT	1	51	0.02	1	23	0.01	7432	284658
LABOR	3	11	0	18	6840	0.49	14664	1396604
SELECTIVE SERVICE SYSTEM	1	10	0.91	6	97	8.79	271	1103
NATIONAL SCIENCE FOUNDATION	1	3	0	4	24	0.04	1069	62438
OFFICE OF THE PRESIDENT	0	0	0	4	146	0.44	3714	33204
AGENCY FOR INTL DEVELOPMENT	0	0	0	0	0	0	4346	542587
AMERICAN BATTLE MONUMENTS	0	0	0	0	0	0	1958	229
BROADCASTING BOARD OF GOVERN	0	0	0	47	1080	1.97	7369	54880
COMMISSION ON CIVIL RIGHTS	0	0	0	0	0	0	41	45
COMMODITY FUTURES TRADING	0	0	0	0	0	0	890	13164
CORP FOR NATL & COMMUNITY SERVICE	0	0	0	0	0	0	236	2375

DEF NUCLEAR FACILITIES SAFETY	0	0	0	0	0	0	43	350
ENVIRONMENTAL PROTECTION AGENCY	0	0	0	295	535	0.05	17208	1105635
FEDERAL COMMUNICATIONS	0	0	0	0	0	0	923	17409
FEDERAL ELECTION COMMISSION	0	0	0	0	0	0	978	1591
FEDERAL EMERGENCY MGMT AGENCY	0	0	0	26	3255	1.06	1912	308427
FEDERAL ENERGY REG COMMISSION	0	0	0	0	0	0	310	21846
FEDERAL MARITIME COMMISSION	0	0	0	0	0	0	136	573
FED MEDIATION & CONCILIATION	0	0	0	0	0	0	212	1289
FED MINE SAFETY & HEALTH REVIEW	0	0	0	0	0	0	180	242
INTERNATIONAL TRADE COMMISSION	0	0	0	9	55	1.41	249	3894
MERIT SYSTEMS PROTECTION	0	0	0	0	0	0	624	1349
NATL ARCHIVES & RECORDS ADMIN	0	0	0	1	122	0.26	2408	46116
NATL ENDOWMENT FOR THE ARTS	0	0	0	0	0	0	91	895
NATL ENDOWMENT FOR THE HUMANITIES	0	0	0	0	0	0	1290	1458
NATIONAL GALLERY OF ART	0	0	0	0	0	0	1492	16443
NATIONAL LABOR RELATIONS BOARD	0	0	0	0	0	0	973	9662
NATIONAL MEDIATION BOARD	0	0	0	0	0	0	328	2873
NATL TRANS SAFETY BOARD	0	0	0	0	0	0	127	827
NUCLEAR REGULATORY COMMISSION	0	0	0	1	65	0.08	1383	78395
OCCUPATIONAL SAFETY & HLTH REV	0	0	0	0	0	0	19	58
SECURITIES AND EXCHANGE	0	0	0	0	0	0	1130	28784
SMITHSONIAN INSTITUTION	0	0	0	0	0	0	19854	102853
US HOLOCAUST MEMORIAL MUSEUM	0	0	0	0	0	0	790	4160
US SOLDIERS AND AIRMENS HOME	0	0	0	1	259	3.8	411	6809
US TRADE AND DEVELOPMENT AGENCY	0	0	0	0	0	0	377	556634

APPENDIX III

FEDERAL PROCUREMENT DATA SYSTEM
SOCIO-ECONOMIC DATA CUMULATIVE TO DATE - VET & DVET
Fiscal Year 2002 Through 3rd Quarter
ACTIONS REPORTED on SF279 and SF281

SB&S/DB | VSB&HZ | 8A&N8A | WOB&All | Socio-Economic Reports

	Veteran-Owned Small Business			Service Disabled Veteran-Owned Small Business		
	Actions	($000)	(%)	Actions	($000)	(%)
TOTAL FEDERAL	33,211	528,607	0.37	2,749	141,100	0.10
EXECUTIVE OFFICE OF THE PRESIDENT	0	0	0.00	0	0	0.00
DEPARTMENT OF AGRICULTURE	317	11,116	0.60	173	3,485	0.19
DEPARTMENT OF COMMERCE	133	2,999	0.27	19	189	0.02
DEPARTMENT OF DEFENSE	1,976	278,469	0.32	372	66,779	0.08
DEPARTMENT OF EDUCATION	7	3,079	0.50	0	0	0.00
DEPARTMENT OF ENERGY	89	7,019	0.05	7	485	0.00
DEPARTMENT OF HEALTH AND HUMAN SERVICES	306	24,096	0.89	11	3,265	0.12
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	31	741	0.11	5	1,180	0.18
DEPARTMENT OF JUSTICE	130	3,930	0.14	8	1,690	0.06
DEPARTMENT OF LABOR	16	5,667	0.57	0	0	0.00
DEPARTMENT OF STATE	57	3,479	0.46	29	3,955	0.52
DEPARTMENT OF THE INTERIOR	145	11,840	1.05	28	1,814	0.16
DEPARTMENT OF THE TREASURY	214	19,505	1.01	19	11,463	0.59
DEPARTMENT OF TRANSPORTATION	155	19,134	1.15	68	9,126	0.55
DEPARTMENT OF VETERANS AFFAIRS	28,398	67,873	1.96	1,808	17,726	0.51
AGENCY FOR INTERNATIONAL DEVELOPMENT	0	0	0.00	0	0	0.00
AMERICAN BATTLE MONUMENTS COMMISSION	0	0	0.00	0	0	0.00
BROADCASTING BOARD OF GOVERNORS	9	1,237	3.08	0	0	0.00
COMMODITY FUTURES TRADING COMMISSION	0	0	0.00	0	0	0.00
CONSUMER PRODUCT SAFETY COMMISSION	1	4	0.07	1	445	7.64
ENVIRONMENTAL PROTECTION AGENCY	4	249	0.04	0	0	0.00
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	4	30	0.08	0	0	0.00

FEDERAL ELECTION COMMISSION	0	0	0.00	0	0	0.00
FEDERAL EMERGENCY MANAGEMENT AGENCY	22	1,806	1.00	0	0	0.00
FEDERAL ENERGY REGULATORY COMMISSION	0	0	0.00	0	0	0.00
FEDERAL MARITIME COMMISSION	0	0	0.00	0	0	0.00
FEDERAL MEDIATION AND CONCILIATION SERVICE	0	0	0.00	0	0	0.00
FEDERAL TRADE COMMISSION	3	179	1.24	1	18	0.12
GENERAL SERVICES ADMINISTRATION	856	53,570	0.60	108	5,338	0.06
INTERNATIONAL TRADE COMMISSION	1	25	0.44	0	0	0.00
J. F. KENNEDY CENTER FOR THE PERFORMING ARTS	2	9	0.21	0	0	0.00
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	157	9,012	0.09	21	11,887	0.12
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION	0	0	0.00	0	0	0.00
NATIONAL ENDOWMENT FOR THE ARTS	1	4	0.46	2	214	24.43
NATIONAL ENDOWMENT FOR THE HUMANITIES	0	0	0.00	0	0	0.00
NATIONAL GALLERY OF ART	0	0	0.00	0	0	0.00
NATIONAL LABOR RELATIONS BOARD	0	0	0.00	0	0	0.00
NATIONAL MEDIATION BOARD	0	0	0.00	0	0	0.00
NATIONAL SCIENCE FOUNDATION	2	7	0.01	1	5	0.01
NATIONAL TRANSPORTATION SAFETY BOARD	0	0	0.00	0	0	0.00
NUCLEAR REGULATORY COMMISSION	6	340	0.51	3	31	0.05
OFFICE OF PERSONNEL MANAGEMENT	7	80	0.03	0	0	0.00
RAILROAD RETIREMENT BOARD	26	178	3.17	19	361	6.43
SECURITIES AND EXCHANGE COMMISSION	0	0	0.00	0	0	0.00
SELECTIVE SERVICE SYSTEM	1	5	0.86	0	0	0.00
SMALL BUSINESS ADMINISTRATION	5	307	1.02	0	0	0.00
SMITHSONIAN INSTITUTION	0	0	0.00	0	0	0.00
SOCIAL SECURITY ADMINISTRATION	129	2,618	0.71	46	1,644	0.45
UNITED STATES SOLDIERS AND AIRMENS HOME	1	0	0.00	0	0	0.00
UNITED STATES TRADE AND DEVELOPMENT AGENCY	0	0	0.00	0	0	0.00

ATTACHMENT IV

Task Force for Veterans' Entrepreneurship

8605 Cameron Street, Suite 400, Silver Spring, MD 20910
Tel: 301.585.4000 Fax: 301.585.0519

Association for Service Disabled Veterans
Association of Small Business Development Centers
American G.I. Forum of the United States
AMVETS
Azimuth, Inc.
Black Veterans for Social Justice, Inc
Blinded Veterans Association
Center for Veterans Issues
Data Force Associates
Disabled American Veterans
Enlisted Association of the National Guard
ESA, Inc.
Hi Tech Services
Ichiban, Inc
Jewish War Veterans of the USA
Korean War Veterans Association
Matelski and Associates, Inc.
National Association for Black Veterans
National Association for Uniformed Services
National Coalition for Homeless Veterans
National Gulf War Resource Center
National Organization for Competency Assurance
NY State Coalition for Fairness to Veterans Inc.
Non-Commissioned Officers Association of the USA
Paralyzed Veterans of America
Quality Support, Inc.
Reserve Officers Association of the United States
Retired Military Officers Association
The Keefe Group
The Retired Enlisted Association
The Veterans Advocacy Foundation
Veterans Benefits Clearinghouse
Veterans Business Network
Veterans Economic Action
Veterans of Foreign Wars
Vietnam Veterans of America
Vietnam Veterans of California, Inc

"QUICK STRIKE BILL"

TASK FORCE FOR VETERANS' ENTREPRENEURSHIP
LEGISLATIVE AGENDA FOR 2003
2003 "GI Bill of Business Rights"

1. Create the "Service-Disabled Veterans Competitive Reserve Program" that creates contract accessibility to service-disabled veteran-owned small businesses. The key to the program would be its prioritization of service disabled business enterprises as the highest ranking among procurement assistance programs, to receive a total of at least 5% of all prime contracts and at least 5% of all sub-contracts.

2. The legislation would include declaring service-disabled veteran-owned businesses to be automatically as disadvantaged business enterprises (DBEs) in federal contracts.

- Mandate methods to easily locate disabled veteran-owned businesses.
- Mandate Mentor Protégé programs for SDV businesses for all prime contractors.
- 10 point "Bid Price" adjustment for SDVBE
- Provide for a reliable certification/re-certification process to verify that a service disabled veteran(s) actually own and operate the business.

3. Vitally needed enhancements to the National Veterans Business Development Corporation (NVBDC).

- Extend for 2 years NVBDC funding authorization at a $4
- Million Level (through FY2006), due to late start of corporation.
- Mandate giving the National Veterans' Business Development Corporation full access to all Government databases, pertaining to Veteran and Service Disabled Veteran information as well as Small Business Data Bases. (Exclude Medical data)
- Amend Chapter 31, Title 38 to ensure service disabled veterans enrolled in a rehabilitation program are able to pursue self-employment goals, and benefit from inventory, equipment, and other small business start-up assistance from the VA without requiring the veteran to establish that he or she is unable to be employed in a regular job as current policy prescribes.
- Use the GI education rights to pay for credit and non-credit – non-degree Business education. Appropriate funds for transition assistance, for new vets to receive small business education.

4. Conforming amendments to put all of P.L. 106-50 and other veterans provisions into Title 17(SBA) as a new Chapter 44 of Title 38(Veterans); and to ensure that procurement goals and requirements for disabled veterans appear as Part 19 of the Federal Acquisition. Regulations (FAR).

ATTACHMENT V

Task Force for Veterans' Entrepreneurship

Mission Statement

Background: On August 17, 1999, The "***Veterans' Entrepreneurship and Small Business Development Act of 1999***," H.R. 1568 was signed into law, as P.L. 106-50. This piece of legislation is one of the most significant pieces of veterans' legislation to be passed in years, and is going to greatly expand and improve SBA's small business assistance services to veterans and disabled veterans. The enactment of P.L. 106-50 was the culmination of months of closely coordinated and integrated efforts by many various veterans' service organizations and other veterans grassroots groups. This group, presented a cohesive, united front to Congress and the Small Business Administration, and effectively advocated for the passage of P.L. 106-50. Without a doubt, the benefits of advocating as one unified front, in contrast to a disparate and uncoordinated effort by individual groups, paid off.

Purpose*: P.L.** 106-50 is now officially enacted. However, much work remains to be done. Veterans' groups and other interested groups must now work to ensure that P.L. 106-50 is ***properly implemented and enforced. Certain programs under 106-50 have yet to be implemented or to receive funding. The SBA Office of Veterans Affairs is currently developing initiatives and programs to be carried out under the auspices of 106-50, and the **SBA** Veterans Advisory Committee has also yet to be named. In order for 106-50 to be implemented in the manner that it was intended, it is imperative that veterans' groups and our friends take on a leadership role in the implementation process.

Mission: The ***Task Force for Veterans Entrepreneurship*** aims to once again present a strong unified veterans' voice in this critical process. All veterans and military groups, and veterans' advocates who wish to participate on this Task Force are encouraged to do so. The Task Force will meet on a fairly regular schedule to coordinate P.L. 106-50 activities; members will keep in close contact with one another and correspondence will be sent out on Task Force letterhead, listing all member groups. Actions of the Task Force will be taken by consensus, and hopefully augmented by efforts of the various participants.

If you have any questions or concerns regarding the ***Task Force for Veterans Entrepreneurship*** please call Rick Weidman at 301-585-4000 ext. 127, or Vernessa Franklin 301-585-4000 ext.118.

Testimony

of

John K. Lopez, SDV, Chairman
Association for Service Disabled Veterans
110 Maryland Ave., NE, Suite 100
Washington, DC 20002

To

Committee on Veterans Affairs
U.S. House of Representatives
One Hundred Eighth Congress
334 Cannon House Office Building
Washington, DC 20515

February 5, 2003; 2:00 p.m.

SERVICE DISABLED VETERAN PARTICIPATION IN GOVERNMENT PROCUREMENTS AND THE IMPACT OF SECTION 502 OF PUBLIC LAW 106-50.

In the four (4) years since the enactment of P.L. 106-50, the impact of section 502 has been negligible.

When the Federal Acquisition Regulatory Council (FAR Council) first reviewed section 502, in 2000, they misinterpreted the legislation and declared that there was no separate service disabled veteran owned business procurement goal of 3% for federal government agencies and prime contractors to meet. It required a furious and pointed response from the House and Senate Small Business

Committees to reverse the FAR's flawed interpretation so that the intent of the U.S. Congress would be realized by the federal government.

Subsequently, the agency community of acquisition and contracting officials has demonstrated a casual disinterest in the legislative direction to assist service disabled veterans to maintain their rehabilitation thru self-employment as federal prime or subcontractors.

The first release of data pertinent to agency procurement, the "SUMMARY OF ACTIONS AND DOLLARS REPORTED ON SF279 AND SF281 BY AGENCY" (report), issued by the FEDERAL PROCUREMENT DATA SYSTEM, reports minimal progress to the 3% legislated goal for disabled veteran participation. A telephone sample by ASDV of the method of calculation of that report reveals no assurance of accuracy of dollars, actions or appropriate categorization.Inevitably, this erroneous information misleads the U.S. Congress and subverts the intent of P.L. 106-50.

Additionally, the U.S. Small Business Administration, charged by legislation with the role of advocacy, has not integrated SDVBs into the numerous special assistance efforts of that agency.

Outreach materials, standard publications and routine announcements consistently fail to mention support and assistance for SDVBs.

This lack of effort and outreach has implied to the procurement community that there is no commitment by the Federal Government to assist service-disabled veterans seeking to maintain their rehabilitation by self-employment as owners and operators of small businesses.

This perceived lack of commitment has been reinforced to us several times by off the record comments of procurement officials such as: "SECTION 502 IS JUST A GOAL – IF THE CONGRESS HAD BEEN SERIOUS ABOUT HELPING SDVB, THEY WOULD HAVE LEGISLATED MANDATORY REQUIREMENTS, NOT UNACCOUNTABLE BEST EFFORTS."

While ASDV firmly believes that the Congress is serious about SDVBs, the notion gleaned by procurement officials contrasts sharply with the legislative intent of P.L. 106-50.

The commitment of the private sector prime contractors (PRIMES) is even more abysmal SDVB requests to participate as subcontractors (SUBS) have been met with negative responses.

As a routine course, PRIMES initially profess ignorance and protest that procurement officials never mention SDVB participationThis is followed by subsequent protestations that they are exempted from participation by variously invoked parsing of regulatory language, special procurement official dispensation or that they are performing contracts that are not subject to regulation.

As an example; multi-billion dollar contracts by PRIMES of the U.S. Department of Veterans Affairs (USDVA) have PRIMES asserting that USDVA exempts them from offering subcontract opportunities because of their position in a sequence of procurement actions. The U.S. Department of Defense allows PRIMES to write their own plans for subcontracting, which do not require participation by SDVB.

There are no clear villains in the failure to assist the SDVB of our nation, rather there is a need for more specific direction from the U.S. Congress, even at the risk of cries of "Congressional Micromanagement" by the Federal Bureaucracy.

It is imperative that the Committee on Veterans Affairs take the initiative in establishing the legislative actions that will permit our nation's disabled in service and prisoner of war veterans to participate more fully in the economic system they sacrificed to preserve.

The vocational rehabilitation provisions of 38 USC Chapters 37 and 31 were previously enacted for the purpose of assisting those service disabled veterans that wished to pursue "self-employment" as a means to independent living.

It is respectfully requested THAT THOSE PROVISIONS BE AMENDED AND EXPANDED TO PROVIDE AUTHORIZED, DIRECTED, SPECIFIC AND MANDATORY PARTICIPATION BY SERVICE DISABLED AND PRISONER OF WAR VETERANS IN ALL FEDERAL PROCUREMENTS" whether thru inclusion in the various set aside provisions of the Small Business Act of 1953 as amended, or in newly included Sections of that Act.

Only the active application of this Committee's authority will ensure that self-employment is an available rehabilitation alternative for those that sacrificed for the security and prosperity of our nation.

STATEMENT OF

BLAKE ORTNER, ASSOCIATE LEGISLATIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

BEFORE THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

ON THE STATE OF VETERANS' EMPLOYMENT

FEBRUARY 5, 2003

Chairman Smith, Ranking Member Evans, members of the Committee, Paralyzed Veterans of America (PVA) is pleased to present our views on the current state of veterans' employment. PVA would like to thank you, Mr. Chairman, for scheduling this hearing and including not only employment issues, but also Transition Assistance Programs and the challenges faced by veteran small business owners in their dealings with Federal procurement prescribed by P.L. 106-50.

PVA is the only national veterans' service organization, chartered by Congress to represent and advocate on behalf of our members and all Americans with spinal cord injury or disease. All of PVA's members, in each of the fifty states and Puerto Rico, are veterans with spinal cord injury or dysfunction. These veterans suffer from catastrophic injury and disease and face challenges every day in their quest to survive and function fully in society. Because of the unique nature of their disabilities, the challenge of employment for catastrophically disabled veterans is often seen as almost insurmountable. Our nation is

still strewn with barriers to those with disabilities. These barriers are not always the lack of curb cuts or working elevators in a metro station. The most embedded barriers are in the minds and hearts of individuals who see those with disabilities, and especially veterans with disabilities, as less valuable or deserving. This is a challenge the members of this Committee will have to overcome as you try to provide for our veterans. This is especially true as this Nation prepares once again to send men and women into harms way.

The challenges to those with disabilities are often due to barriers in the workplace, false perceptions of the potential costs to employers of hiring people with disabilities, and the perceptions many people still have about veterans. Veterans have earned and deserve consideration within the workforce. We hope that as P.L. 107-288, the Jobs for Veterans Act, is implemented, it will breakdown these barriers and promise much deserved opportunities in the workplace.

December 2002 unemployment figures released by the Bureau of Labor Statistics (BLS) demonstrate these challenges veterans face. While average employment in the Nation is approximately equal for veterans and non-veterans, some groups of veterans have much higher rates. The unemployment figures for December show over a 2% higher rate for total female veterans over 20 years old when compared to the same age group of female non-veterans. This is dramatically different when examining the age group 20-24. For this group, the rate is 13.7% for male and female veterans compared to an 8.8% rate for non-veterans in the same age group. But for females alone, the rate is 27.9%, over three times the level for female non-veterans. Though these numbers are not seasonally adjusted, such a disparity needs to be explained. PVA eagerly awaits the Calendar Year 2002 figures that will be released later this week.

Assisting veterans with job training and placement into employment following military service is an important benefit that all service members are entitled to and deserve. It is the responsibility of Congress to fund veterans programs and multiple federal agencies to prepare veterans to enter the civilian workforce upon leaving the military. It is unconscionable to use our veterans, pat them on the back and say thank you as we escort

them out the door. Never is this more important than today as we prepare for another conflict with Iraq and the continuing war on terrorism.

The Department of Labor (DOL) and the Veterans Employment and Training Service (VETS) continue to make efforts to help veterans find and keep gainful employment. But tight budgets limit the ability of VETS to expand programs to help veterans, especially disabled veterans, achieve employment. PVA is encouraged by news that the Administration's FY 2004 budget will show an increase for VETS. But it is only a start. More funding is necessary if we truly want to see our veterans served. For many years, those opposed to increased funding for veterans programs have justified it by pointing to the decreasing number of veterans in America, using statistics showing World War II veterans dying at approximately 1100 per day. As we mobilize more and more National Guard and Reservists for current and future crises, the number of veterans will increase dramatically. If we as a nation are willing to provide funding for our soldiers, airman, sailors and marines to fight, we must be prepared to provide for them after their service.

We must also ensure that our veterans have priority of service. As we move to increase the efficiencies of the employment system, we must be sure we do not leave our veterans behind. This is especially true for disabled and chronically unemployed veterans. This has been a concern of VSO's for many years. It is a continuing fight as we find ourselves advocating for the rights of veterans, even in the Department of Homeland Security. Veterans have been providing homeland security for over 200 years. It seems this is often forgotten as agencies look to streamline functions and look for efficiencies.

Although PVA applauds the efforts of the Department of Labor, the issue of priority of service for veterans remains. The requirement to provide job opportunities to veterans first, through DVOPs/LVERs at the Employment Service, is in many ways contradictory to the Employment Service's role of getting individuals employed. But the desire to provide services to as many as possible cannot overshadow the attention to the specialized needs of veterans, especially disabled veterans. Part of PVA's concern with allowing DVOPs/LVERs to be non-veterans is that these employees of the employment service will

have no connection to veterans and will only be beholden to the director of the employment service. The requirement for an annual report of non-veterans filling these positions is an empty gesture. PVA can understand the approach, and there are sufficient anecdotes to demonstrate the benefits for hiring the best-qualified individual. We simply fear the continued erosion of veterans' involvement in veterans' employment for the sake of efficiency alone. Perhaps this will be dealt with by a comprehensive performance accountability system to measure the performance of veterans' employment and training staff. The emphasis on placing severely disabled veterans and other veterans facing barriers to employment may help to prevent some forms of "cherry picking." Though it is unpleasant to accept, when someone's job is at risk, human nature may cause the employment specialist to select the easy placement, over the one requiring greater effort. This may be even more dramatic when that person has no connection whatsoever to veterans. As PVA stated during our testimony last year on H.R. 4015, which would become P.L. 107-288, "this is an evolutionary step in the veterans' employment system. We do not see this as an end, but rather as one more step in helping our veterans gain the opportunity for full employment."

Over time PVA and other veterans service organizations have pushed for legislation granting veterans increased opportunities for small business ownership. Members of the Committee were instrumental in helping push for the passage of P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999. But this was only the first step. Section 502 of the Act directed that a "Government-wide goal for participation by small business concerns owned and controlled by service-disabled veterans shall be established at not less than 3 percent of the total value of all prime contract and subcontract awards for each fiscal year." The result of this goal can only be described as a failure. Most agencies do not even reach a 1% level for contracts, and many are far worse. Of particular note in FY 2001, the Office of the President had a total of zero contracts for zero dollars toward service-disabled veterans' contracts. But perhaps even more distressing is that the State Department provided 1.17% of their contracts to service-disabled veterans while the Department of Defense provided only 1/3 of 1% (.34%). If any agency would provide greater numbers of contracts to service-disabled veterans, you would think it

would be DOD. There have been many excuses for why agencies have not reached their goals: they need more time; there aren't sufficient service-disabled veterans businesses out there; or that they are doing the best they can. All these explanations ring hollow as we prepare for a new war. To those who argue that it is so difficult to find opportunities for our veterans small business owners, PVA says it is time to try harder. There are no businesses in this Nation that are more deserving of government contracts then those who have been disabled as part of their military service. Only stronger requirements to provide contracts to disabled veterans businesses will overcome the intransigence of contracting officers comfortable with their current list of contractors. We thank members of Congress who are seeking legislation with methods and techniques to open new avenues for disabled veterans' business owners. We particularly thank Mr. Evans for introducing H.R. 5583 during the 107th Congress. We look forward to its reintroduction. PVA knows that there will again be obstacles placed in the way of this legislation. PVA fully supports you and will provide whatever support to help pass this valuable benefit for our nation's veterans and our citizens with disabilities.

The Transition Assistance Program (TAP) continues to be one of the most valuable programs for individuals leaving active duty. Changes to the program over the last several years including the addition of programs on self-employment and small business ownership have made this program one of the most successful transition programs to date. It provides departing service members with the information they need to hit the ground running as they enter their new civilian lives. This is important. Military service takes you out of the workforce. It is imperative that the nuances of the workplace unknown to an 18-year-old enlistee are made clear to them. The drive and motivation present in the recently discharged will serve them well, but only if they can get through the door of an employer. But we are still not reaching everyone. It has always been a challenge to serve those individuals on ships and those deployed overseas. We have to find effective ways to overcome those barriers.

The Department of Defense estimates potentially as many as 20,000 personnel are discharged overseas. There are many reasons for these discharges, but none of them are

justification for our service members not receiving the valuable training and services provided by the TAP programs. The challenge to VETS is how to fund these services that are vitally important to our overseas troops. PVA recommends VETS look at several options. One option could be direct funding of VETS employees overseas at major bases. Other options may include contracting with private providers or through joint DOD/DOL programs. Regardless of the method, VETS should immediately investigate an effective way to provide these services.

As we gear up for war and our economy continues to stumble, employment is becoming more of a challenge for all of our citizens. However we continue to have an obligation to ensure that those who have served this country can hope for a smoother and successful transition to civilian life when they return home. They deserve every assistance, whether in gainful employment or small business opportunities, expressing the thanks of a grateful Nation.

Mr. Chairman, I thank you and the Committee for its efforts to provide for our veterans. I would be happy to answer any questions that you might have.

Statement of

Joseph Forney

My name is Joseph Forney, I am a Service Disabled Veteran Small Business owner (SDVOSB) from the state of California.

I would like to thank Congressman Simpson and the other members of this committee for holding this hearing today.
I would like to submit my written testimony for the record, and then share with the committee my experiences and concerns regarding the 3% procurement goal for participation by Service-Disabled Veteran-owned small-business concerns in Federal contracting and subcontracting.

Public Law 106-50, (The Veterans Entrepreneurship and Small Business Act of 1999) was signed into law, 17 August 1999, by former President Clinton. The bill, H.R.1568, authored by Congressman Jim Talent had 57 co-sponsors and passed both bodies of Congress unanimously.

According to the Federal Procurement Data Center (FPDC), 29 out of 50 federal agencies reported spending "0" dollars with Service Disabled Veteran owned Small Businesses. Two of these agencies, the U.S. Small Business Administration (SBA) and the Department of Labor, are among the agencies specifically charged with fostering federal procurement opportunities for SDVOSBs per P.L. 106-50. In stark contrast to these Agencies' failed programs for SDVOSBs, they exceeded procurement goals for other targeted groups.

Another agency that stands out, the Department of Defense, the agency responsible for the creation of Disabled Veterans, reported spending less than 2/10 of 1 percent since the law was passed. The other and perhaps the most egregious statistic is the fact that the Department of Veterans Affairs, the agency charged with the care and well-being of Veterans, reported spending less than 0.25 percent. One other notable Federal entity that reported "0" participation was the Office of the President.

The inability to meet these modest procurement goals clearly shows that this committee needs to take immediate and decisive action.
If the commander-in-chief (Office of the Presidency), Small Business (SBA), and the Department of Labor, after nearly four years report that

all of their efforts have resulted in "0" procurement dollars spent with Service Disabled Veterans, more enforceable legislation is warranted immediately.

Procedures are needed to insure that Veterans rehabilitation programs will be enforced. To illustrate this lack of inclusion by eligible Veterans, in 2002, Lockheed-Martin was awarded the contract to build the F-35 Joint Strike Fighter, valued at $285 Billion and not one dollar was designated for subcontracting with SDVOSBs.

Today, thousands of America's finest men and women are massing on the Iraqi border for a potential armed conflict. Many more Americans in uniform are still patrolling areas across the world, bringing to justice those who have, and would, do great harm to all of America.

I respectfully request that this committee be the vehicle and catalyst for ensuring that the Federal Government realigns its priorities when seeking to render procurement and small business assistance to Veteran small business owners. It is time to correct this error. Mr. Chairman, I would like to again thank the committee for this opportunity to speak, and I stand ready for any questions that you and your colleagues may have for me.

STATEMENT

OF

CHIEF MASTER SERGEANT ELIZABETH S. SCHOUTEN
DEPUTY DIRECTOR OF OPERATIONS
UNITED STATES AIR FORCE BAND

BEFORE THE

SUBCOMMITTEE ON BENEFITS

COMMITTEE ON VETERANS AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

108TH CONGRESS

ON

TRANSITION ASSISTANCE PROGRAM

FEBRUARY 5, 2003

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE VETERANS AFFAIRS COMMITTEE

Good afternoon, Mr. Chairman, ranking member Evans and distinguished members of this Subcommittee. I am honored to appear before you today and have the opportunity to express my gratitude for the considerable efforts the members of Congress have put forth to enhance the military Transition Assistance Program.

I speak from personal experience on the rigors of the transition from military to civilian life. After hearing colleagues rave about the Bolling Air Force Base Transition Assistance Program seminars for two years, I decided to enroll

and get a first-hand experience. Many who had taken the course voiced the importance of taking it up to two years prior to retirement. The reason was simple; the program provided not just information, but a plan of action complete with tools and personalized follow up assistance every step of the way for departing service members. What an amazing program!

In the Air Force, we believe that "service before self" is an intrinsic core value. Men and women in uniform spend their time in military service putting their country and military mission first. It is truly difficult to shift gears and concentrate on yourself, especially when you have devoted over twenty-one years to active duty in our nation's military. For those like me who have remained in one specialty career field the entire time, the idea of finding gainful employment in the civilian sector can be daunting. A changing economy coupled with a highly competitive job market serve to further emphasize the need to be prepared. As a military professional and member of a generation accustomed to the concept of working for the same employer for many years, I must adjust my mindset. To complicate the matter further, I am at an age where I must consider not only post-military employment, but also the best options for supporting my precocious six-year old son, two beautiful step-daughters, one still in college, my spouse with medical problems and elderly parents with rapidly declining health and resources.

The beauty of the Transition Assistance Program is that it reaches out to everyone, regardless of circumstances. Whether they were unexpectedly medically retired or separated, decided not to reenlist, or just reached their retirement time, each person is offered the opportunity to explore career options at no cost to them. Rare are the businesses that invest in transition programs that offer skills assessments, resume writing, interviewing strategies and job search assistance to those who are leaving the company. I believe participation in TAP seminars will lessen the likelihood of jobless veterans living on our nation's streets. Perhaps the most powerful endorsement for TAP travels by word of mouth from those like me who have directly benefited from the seminar.

The military is a leader of transitional employment assistance, thanks in great part to the vision and vigilance of the members of this Subcommittee.

My work in transitioning to the civilian sector has just begun. I have barely scratched the surface of the vast resources the Departments of Defense, Labor and Veterans Affairs have afforded me. But the Transition Assistance Program charged us full speed ahead into the psychology of switching careers, complete with charts and exercises to bring focus to a myriad of choices. It gave us tools to help manage change and promote ourselves.

The interactive, participative atmosphere of the seminar was outstanding and we gained much insight through the experiences of others. Interestingly, the people I presented my practice sales pitch to included cutting edge space, intelligence and IT managers who said they'd like to work for me. The boost of confidence the exercises gave me was strong enough to propel me forward and to explore job possibilities outside my areas of expertise.

Two areas of particular interest to me were the information packed Veteran Affairs benefit briefing and the in depth and demystifying explanation of the post-retirement TRICARE medical system.

The Veteran Affairs briefing opened our eyes to the Rehabilitation and Employment Assistance Program (REAP), which includes a comprehensive three-day small group counseling program at no cost to the service member, the Executive Transitional Career Counseling program, as well as the Vocational Educational Counseling program. I have discovered that the Vocational Educational Counseling (VEC) program best fits my needs at this time and I'm in the exploration phase and this free, one-on-one counseling.

I had no idea of the scope of the transitional services available at no cost, and have encouraged separating members to take full advantage of these terrific Department of Veterans Affairs packages. Without the Transition Assistance Program, I would not have learned about these excellent programs.

Perhaps the most valuable tools presented dealt with a systematic method to organize my job search. The career catalog and source document require serious reflection and commitment. The source document is a compilation of

everything you earned money doing plus non-paid community, church and charity work, even as a child. Volunteer opportunities show accomplishments, education and training not usually found in paid positions. Before this seminar I would not have thought to include such community service in my resume material.

Although I've spent most of my life on a stage, the idea of marketing myself terrifies me. I can sell the merits of others, but when it comes down to packaging me, I cringe. The innovative approach and suggestions in the marketing plan material provided tangible ways to get me started. I'm less intimidated by Internet job search protocol and have a better idea of what recruiters are looking for on resumes.

My absolute favorite portion of the seminar was a panel discussion and networking session with various civilian sector corporate representatives. Four had military service experience and had successfully transitioned to the private sector. They described their personal experiences to us to include the various aspects of career change and job searching. We were able to meet one on one with these individuals to ask pointed questions in a totally safe environment. This unique approach allowed us to get a better feel for the kinds of challenges ahead in adapting to the culture of agencies within the public and private sectors.

They impressed upon us the importance of not selling ourselves short. The military has provided a wealth of supervisory, project management and oversight training that is sought after in the civilian sector. These corporate representatives spoke of current trends, the importance of setting our sights on a genuine second career, as well as benefits package negotiation techniques. My spirits were bolstered at the end of that busy day and I realized that yes, there is life after the military.

One full day was spent on resumes, cover letters and interviewing techniques. We were led through the maze of interview models and provided understanding on ways to ask and answer questions based on years of experience in human resource management. The insights on deportment at

tricky interviews included tips on how to read body language, how to handle a panel forum and how to sell your benefits. We were given seven full pages of questions to research and ask at the interview. These are very valuable tools for our job search repertoire. How many military members over the course of their career have had to interview for job? Very few. This information is invaluable!

We also received clear legal guidance on the establishment of a domicile, safeguarding the DD 214 retirement form, documenting disabilities, household good shipment claims, post-Government employment rules and restrictions, ethics answers regarding use of government property and e-mail during the job search, the Procurement Integrity Act, permissive TDY, Civil Service and Non-Appropriated Fund jobs, how we may gain permission to work a new job while on terminal leave, how to obtain permission to work for a foreign government and rules regarding retirement gifts.

Another day pieced together the government benefits puzzle. When it was finished, I felt better versed in how the components of the Survivors Benefit Plan, Social Security and Veterans Administration compensation work to provide an integrated benefits package. We wrapped up that day with salary negotiation strategies and were given the steps to follow to analyze our current financial status, how to research our worth based on supply/demand, geographic area, sector, industry, company, job and level of experience, and how to mentally prepare for the negotiation. We were armed with several pages of potential interviewee answers and questions as well as the usual employer objections. We were even provided some basic rules of negotiation. I believe that this segment will serve me well when I begin the interview process.

By the end of each day my head was spinning and I realized that I have a great deal of legwork to do to prepare for my transition. But I also felt reassured that experts were available to guide me every step of the way. I took copious notes and still couldn't write quickly enough. Fortunately, all of the briefings were included in the 11th Wing TAP resource book, with plenty of room to add information.

At the end of the five-day Transition Assistance Program seminar, my colleagues and I agreed that everyone involved provided an incredible service to departing members.

Mr. Chairman, it is clear to me that the Air Force has made great strides forward to promote and maximize the participation of every separating service member in the Transition Assistance Program. I am personally enriched as a direct result of TAP. I am heartened by your commitment to this vital empowerment program that provides the groundwork for our veterans to lead productive lives after military service and transition successfully into the civilian economy. Thank you for the opportunity to share my experiences with you today. I will be pleased to respond to any questions you may have.

STATEMENT OF ANGELA B. STYLES

ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY

BEFORE THE

COMMITTEE ON VETERANS AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 5, 2003

Chairman Smith and Members of the Committee, I am pleased to appear before you today to discuss the participation of service-disabled veteran-owned small business concerns in federal contracting and subcontracting. Specifically, you have asked about the implementation of section 502 of Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, ("the law"). This section of the law sets a 3 percent government- wide goal for participation by small business concerns owned and controlled by service-disabled veterans in federal contracting and subcontracting. Before addressing the specifics of how we are implementing this requirement, I would like to briefly discuss our small business agenda in the procurement arena.

Procurement and Small Business

This Administration is working hard to place the interests of small businesses and new entrants to the procurement system at the forefront of our policy agenda. We seek to create a dynamic atmosphere where competitive and innovative small businesses can flourish and apply their talents to the many pressing needs facing our government. We are exploring ways of

restructuring the system to allow for greater participation, competition and diversity of capabilities that spring from this underutilized segment of our economy. For small businesses, the primary issue is access to the federal marketplace and the opportunity to compete. And, for us, as policymakers, the issue is a dramatically reduced contractor base, and the mounting lost-opportunity cost of choosing among fewer firms with fewer ideas and innovations to deliver products and services at lower prices.

We have already taken a number of significant steps to establish a more competitive environment and one in which small businesses can flourish.

1. **Bundling**

We are increasing federal contracting opportunities for small businesses by eliminating unnecessary contract bundling. Contract bundling is the consolidation of agency procurement requirements into contracts that are unlikely to be suitable for performance by a small business because of the size or performance requirements of the contract. Although contract bundling can serve a useful purpose, the negative effects of contract bundling over the past 10 years cannot be underestimated. Not only are substantially fewer small businesses receiving federal contracts, but the federal government is suffering from a smaller supplier base. When small businesses are excluded from federal opportunities through contract bundling, our agencies, small businesses, and the taxpayers lose.

As we have broadened the scope of requirements into fewer and fewer contract vehicles over the past decade, small businesses have become increasingly marginalized. The pool of small business contractors receiving new contract awards has declined from 26,000 in 1991 to about 11,600 in 2001.

To aggressively resolve this problem, the Administration unveiled a strategy to address contract bundling at the end of October. With successful implementation of this strategy, we will have reduced a significant barrier to entry and, in doing so, allowed small businesses to bring their innovation, creativity, and lower costs to the federal table.

Currently, my office is heading an interagency task force to develop regulations that will amend both the Federal Acquisition Regulation (FAR) and Small Business Administration (SBA) bundling regulations to help implement the strategy. Proposed regulations were published in the *Federal Register* on January 31, 2003. Our office will continue to take a lead role in developing these regulations, through resolution of public comments and issuance of final rules.

Our "hands-on" involvement in this effort does not end with regulatory development.

To ensure agency accountability, we have asked agencies to report quarterly to the Office of Management and Budget (OMB) on the status of their efforts to address contract bundling issues. Our office will be monitoring agency actions, and we will provide additional guidance or revise reporting requirements as necessary.

2. Competitive Sourcing

We are opening the government's commercial activities to expanded competition between public and private sources. Today, most of the 850,000 full-time-equivalent employees that agencies have identified as performing commercial activities (i.e., nearly half of all federal employees) are insulated from the dynamics of competition.

To improve and expand competition for these activities, OMB has proposed significant revisions to OMB Circular A-76, the process to determine whether commercial activities will be performed by public or private sources. Among other things, the proposed revisions, which were publicly announced in November and are available at www.omb.gov, would eliminate exceptions that have permitted federal agencies to provide services to one another on a sole-source basis without considering the capabilities of the private sector. This step alone should benefit

small businesses. On average, small businesses receive more than 60 percent of the awards made to private sector firms through the A-76 public-private competition process.

3. Competition Practices

We are working to ensure that the benefits of competition are routinely applied in our everyday buys. At the request of the President, the Office of Federal Procurement Policy (OFPP) is leading an interagency working group to review agency competition practices. The review is based, in part, on recent evaluations conducted by the GAO, agency inspectors general, and agency management, that have looked at acquisition planning, pricing practices, and use of limited competitions among pre-qualified contractors. The group is in the process of developing recommendations to ensure that current procurement flexibilities facilitate access to the full range of marketplace capabilities -- especially those of small businesses -- and are used effectively to consistently reap good quality at lower cost to the taxpayer.

Implementation of Section 502

Now let me turn to your questions about the expansion of opportunities for service-disabled veteran-owned small businesses in the federal marketplace and, specifically, the implementation of section 502 of the law. To fully appreciate how the goaling requirement is being addressed by the Administration, it is useful to review the respective responsibilities of the SBA and my office for small business issues.

OFPP is responsible for providing overall direction of government-wide procurement policies, regulations, procedures, and forms for executive agencies and to promote economy, efficiency, and effectiveness in the procurement of property and services by the executive branch of the federal government. The SBA has responsibility under section 15(g) of the Small Business Act (15 U.S.C. 644(g)) for overseeing the federal small business procurement goaling process, including the government-wide, cumulative 3 percent goal for participation by small businesses owned and controlled by service-disabled veterans in federal contracting and subcontracting. OFPP's role in the goaling process is limited to gathering statistics and, if necessary, negotiating disagreements on goaling between SBA and the procuring agency.

OFPP worked with the Department of Defense, the National Aeronautics and Space Administration, and the General Services Administration to draft the federal regulations implementing section 502. Specifically, the FAR has been amended to (1) define the term "small business concern owned and controlled by service-disabled veterans"; (2) establish that service-disabled veteran-owned small businesses are afforded maximum practical opportunity to participate in the performance of contracts and subcontracts awarded by any federal agency;

(3) establish a 3 percent government-wide goal (based on the total value of all prime contract and subcontract awards) for participation by service-disabled veteran-owned small businesses; and (4) add data collection requirements for prime and subcontract awards to service-disabled veteran-owned small business concerns.

The agency-specific goaling requirements are implemented through goaling letters and guidance issued to the agencies by SBA. Goals are calculated as the result of a negotiation between SBA and a procuring agency based on what is intended to realistically reflect the potential of small businesses to perform contracts and subcontracts of the agency. SBA also reports to Congress and the President on each agency's progress toward achieving the goal in the previous year.

I have attached to my testimony detailed statistics from the Federal Procurement Data System (FPDS) covering the years since the start of the government-wide goaling requirement. These statistics, provided on a quarterly basis, cover participation in federal contracting by both veteran-owned small businesses and service-disabled veteran-owned small businesses for fiscal year 2001 and the first three quarters of fiscal year 2002.

In summary, the statistics reveal that during fiscal year 2001 service-disabled veteran- owned small businesses were awarded 9053 contract actions for a total of $554,554,000; this represents approximately .24% of the total dollars awarded by federal agencies during that period. During fiscal year 2001, service-disabled veteran-owned small businesses received $74,652,719 in subcontracts. For the first three quarters of fiscal year 2002, up to and including the third quarter, FPDS reports that service-disabled veteran-owned small businesses were awarded 2735 contract actions for a total of $143,611,000; this represents approximately .10% of the total dollars awarded by federal agencies during that period. Subcontracting numbers are not available yet for fiscal year 2002 because the numbers will not be submitted by the agencies until March 2003.

With regard to other veteran-owned small businesses, FPDS reports that in fiscal year 2001 these small businesses were awarded 79,419 contract actions for a total of $564,463,000; this represents approximately .244% of the total dollars awarded by federal agencies during that period. During the same period, veteran-owned small businesses received $533,029,664 in subcontracts. For the first three quarters of fiscal year 2002, veteran-owned small businesses were awarded 27,562 contract actions for a total of $526,055,000; this represents approximately .366% of the total dollars awarded during that period. I am encouraged by what appears to be a significant increase from 2001 to 2002 for veteran-owned small businesses. Again, subcontract numbers for fiscal year 2002 will not be available until March 2003.

Based on historical trends, we can anticipate a significant increase in spending during the fourth quarter and a commensurate increase in contract awards for service-disabled veterans. However, the statistics for the first three quarters of fiscal year 2002 as compared to fiscal year 2001 are troubling. For the first three quarters of 2001, firms owned by service-disabled veteran-owned small businesses received $297,643,000 in contracts. In comparison, for the first three quarters of fiscal year 2002, small businesses owned by service-disabled veterans received $143,611,000 in contracts.

Frankly, I find these numbers troubling. While numbers below 3 percent are not surprising for the first years after the statutory goal was established, we clearly have issues that we must resolve if the fourth quarter statistics for 2002 reveal a percentage decline from 2001 to 2002.

Conclusion

This Administration is committed to providing small business opportunities in our federal procurement system, particularly opportunities for the very people that have fought and suffered for the principles behind our competitive enterprise system. Although these goals may not be easy to accomplish, we must take greater advantage of the skills and ingenuity of our small business community. Whether unbundling contracts, opening the government's commercial activities to the synergies of the marketplace, or simply making sure competition is used more, we are determined to provide opportunities for the nation's small business contractors who are able and willing to supply quality goods and services at competitive prices.

I look forward to working with this Committee to ensure the availability of adequate opportunities for small businesses owned by service-disabled veterans. This concludes my prepared remarks. I am happy to answer any questions you might have.

SUMMARY
FY 2001 AND FIRST THREE QUARTERS OF 2002

2001	Veteran-Owned Small Businesses	Service- Disabled Veteran-Owned Small Businesses	Total
1	**4,806 Actions** $104,974,000	**711 Actions** $118,718,000	**5,517 Actions** $223,692,000
2	**8,357 Actions** $109,489,000	**885 Actions** $95,284,000	**9,242 Actions** $204,773,000
3	**2,200 Actions** $119,007,000	**1,031 Actions** $83,641,000	**3,231 Actions** $202,648,000
4	**64,056 Actions** $230,993,000	**6,426 Actions** $256,911,000	**70,482 Actions** $487,904,000
TOTAL	**79,419 Actions** **$564,463,000**	**9,053 Actions** **$554,554,000**	**88,472 Actions** **$1,119,017,000**
2002			
1	**5,672 Actions** $106,791,000	**479 Actions** $37,444,000	**6,151 Actions** $144,235,000
2	**5,944 Actions** $167,462,000	**830 Actions** $46,650,000	**6,774 Actions** $214,120,000
3	**15,946 Actions** $251,802,000	**1,426 Actions** $59,517,000	**17,372 Actions** 311,319,000
TOTAL	**27,562 Actions** **$526,055,000**	**2,735 Actions** **$143,611,000**	**30,297 Actions** **$883,778,000**

SUBCONTRACTS (WHOLE DOLLARS) AWARDED TO SERVICE-DISABLED VETERAN-OWNED AND VETERAN-OWNED SMALL BUSINESSES IN FY 2001

REPORTING AGENCY	Veteran-* Owned Small Businesses	Service-Disabled Veteran-Owned Small Businesses
Executive Office of the President	0	0
Agency for International Development	0	0
Agriculture, Department of	2,969,814	559,329
Interior, Department of the	1,117,865	428,355
Justice, Department of	6,934,516	87,159
Labor, Department of	924,218	8,415
State, Department of	0	0
Treasury, Department of the	2,209,629	122,648
Office of Personnel Management	0	0
Social Security Administration	1,106	11
Nuclear Regulatory Commission	162,443	162,443
Veterans Affairs, Department of	17,990,728	526,708
General Services Administration	29,789,589	2,225,443
Federal Emergency Management Agency	28,207	0
Environmental Protection Agency	1,367,374	895,988
Transportation, Department of	3,221,736	795,331
Health and Human Services, Department of	560,127	845
National Aeronautics and Space Administration	34,239,859	3,783,826
Housing and Urban Development, Department of	504,493	171,533
National Archives and Records Administration	10,317	0
Energy, Department of	7,827,912	78,202
Federal Energy Regulatory Commission	0	0
Education, Department of	0	0
Broadcasting Board of Governors	0	0
Defense, Department of	497,822,430	64,652,483
Grand Totals	**607,682,363**	**74,652,719**

*For the purposes of this chart only — veteran-owned dollars include service-disabled and veteran-owned small businesses.

FY 2001 SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
1ST QTR	AGRICULTURE, DEPARTMENT OF	6	1,929
1ST QTR	CONSUMER PRODUCT SAFETY COMMISSION	1	445
1ST QTR	DEFENSE, DEPARTMENT OF	424	101,103
1ST QTR	ENERGY, DEPARTMENT OF	1	792
1ST QTR	EQUAL EMPLOYMENT OPPORTUNITY OMMISSION	1	119
1ST QTR	FEDERAL TRADE COMMISSION	1	100
1ST QTR	GENERAL SERVICES ADMINISTRATION	5	191
1ST QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	1	99
1ST QTR	PEACE CORPS	2	390
1ST QTR	RAILROAD RETIREMENT BOARD	1	306
1ST QTR	SOCIAL SECURITY ADMINISTRATION	4	257
1ST QTR	STATE, DEPARTMENT OF	12	1,217
1ST QTR	TRANSPORTATION, DEPARTMENT OF	3	341
1ST QTR	TREASURY, DEPARTMENT OF THE	24	9,454
1ST QTR	VETERANS AFFAIRS, DEPARTMENT OF	225	1,975
	TOTAL 1ST QTR	**711**	**118,718**

FY 2001 SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
2ND QTR	AGRICULTURE, DEPARTMENT OF	4	371
2ND QTR	DEFENSE, DEPARTMENT OF	532	83,704
2ND QTR	ENERGY, DEPARTMENT OF	3	419
2ND QTR	GENERAL SERVICES ADMINISTRATION	16	1,334
2ND QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	2	1,226
2ND QTR	INTERIOR, DEPARTMENT OF THE	1	6
2ND QTR	JUSTICE, DEPARTMENT OF	1	443
2ND QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	1	49
2ND QTR	SOCIAL SECURITY ADMINISTRATION	3	616
2ND QTR	STATE, DEPARTMENT OF	41	3,799
2ND QTR	TRANSPORTATION, DEPARTMENT OF	5	1,491
2ND QTR	TREASURY, DEPARTMENT OF THE	20	1,213
2ND QTR	VETERANS AFFAIRS, DEPARTMENT OF	256	613
2ND QTR	COMMERCE, DEPARTMENT OF	1	2
2ND QTR	RAILROAD RETIREMENT BOARD	12	6
	TOTAL 2ND QTR	**885**	**95,284**

FY 2001 SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
3RD QTR	AGRICULTURE, DEPARTMENT OF	9	849
3RD QTR	DEFENSE, DEPARTMENT OF	540	69,690
3RD QTR	ENERGY, DEPARTMENT OF	2	28
3RD QTR	GENERAL SERVICES ADMINISTRATION	37	2,634
3RD QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	13	1,516
3RD QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	1	100
3RD QTR	INTERIOR, DEPARTMENT OF THE	2	15
3RD QTR	JUSTICE, DEPARTMENT OF	1	131
3RD QTR	LABOR, DEPARTMENT OF	2	8
3RD QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	1	129
3RD QTR	OFFICE OF PERSONNEL MANAGEMENT	1	51
3RD QTR	RAILROAD RETIREMENT BOARD	5	40
3RD QTR	SOCIAL SECURITY ADMINISTRATION	3	189
3RD QTR	STATE, DEPARTMENT OF	50	5,775
3RD QTR	TRANSPORTATION, DEPARTMENT OF	3	30
3RD QTR	TREASURY, DEPARTMENT OF THE	18	186
3RD QTR	VETERANS AFFAIRS, DEPARTMENT OF	343	2,270
3RD QTR	COMMERCE, DEPARTMENT OF	1	3
3RD QTR	J.F. KENNEDY CENTER FOR THE PERFORMING ARTS		
	TOTAL 3RD QTR	**1031**	**83,641**

FY 2001 SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
4TH QTR	AGRICULTURE, DEPARTMENT OF	19	1,598
4TH QTR	COMMERCE, DEPARTMENT OF	11	1,055
4TH QTR	CONSUMER PRODUCT SAFETY COMMISSION	1	-19
4TH QTR	DEFENSE, DEPARTMENT OF	1200	229,218
4TH QTR	EDUCATION, DEPARTMENT OF	1	246
4TH QTR	ENERGY, DEPARTMENT OF	6	108
4TH QTR	FEDERAL TRADE COMMISSION	1	19
4TH QTR	GENERAL SERVICES ADMINISTRATION	43	1,306
4TH QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	22	3,474
4TH QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	1	579
4TH QTR	INTERIOR, DEPARTMENT OF THE	9	556
4TH QTR	J. F. KENNEDY CENTER FOR THE PERFORMING ARTS	2	630
4TH QTR	JUSTICE, DEPARTMENT OF	3	36
4TH QTR	LABOR, DEPARTMENT OF	1	3
4TH QTR	RAILROAD RETIREMENT BOARD	11	155
4TH QTR	SMALL BUSINESS ADMINISTRATION	1	75
4TH QTR	SOCIAL SECURITY ADMINISTRATION	2	187
4TH QTR	STATE, DEPARTMENT OF	54	7,060
4TH QTR	TRANSPORTATION, DEPARTMENT OF	8	2,170
4TH QTR	TREASURY, DEPARTMENT OF THE	5	352
4TH QTR	VETERANS AFFAIRS, DEPARTMENT OF	5025	8,103
4TH QTR	SELECTIVE SERVICE SYSTEM		
4TH QTR	NATIONAL SCIENCE FOUNDATION		
	TOTAL 4TH QTR	**6426**	**256,911**

FY 2001 VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
1ST QTR	AGRICULTURE, DEPARTMENT OF	6	239
1ST QTR	BROADCASTING BOARD OF GOVERNORS	13	831
1ST QTR	DEFENSE, DEPARTMENT OF	202	41,712
1ST QTR	ENERGY, DEPARTMENT OF	28	807
1ST QTR	FEDERAL EMERGENCY MANAGEMENT AGENCY	10	1545
1ST QTR	FEDERAL TRADE COMMISSION	2	694
1ST QTR	GENERAL SERVICES ADMINISTRATION	32	4,448
1ST QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	22	9,306
1ST QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	1	1
1ST QTR	INTERIOR, DEPARTMENT OF THE	21	1,539
1ST QTR	JUSTICE, DEPARTMENT OF	21	1,117
1ST QTR	LABOR, DEPARTMENT OF	7	2,714
1ST QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	6	2,488
1ST QTR	OFFICE OF PERSONNEL MANAGEMENT	1	23
1ST QTR	RAILROAD RETIREMENT BOARD	1	166
1ST QTR	SMALL BUSINESS ADMINISTRATION	2	55
1ST QTR	SOCIAL SECURITY ADMINISTRATION	13	195
1ST QTR	STATE, DEPARTMENT OF	10	1,140
1ST QTR	TRANSPORTATION, DEPARTMENT OF	16	1,937
1ST QTR	TREASURY, DEPARTMENT OF THE	86	13,141
1ST QTR	VETERANS AFFAIRS, DEPARTMENT OF	4302	20,840
1ST QTR	ENVIRONMENTAL PROTECTION AGENCY	2	18
1ST QTR	FEDERAL MARITIME COMM	2	18
	TOTAL 1ST QTR	**4806**	**104,974**

FY 2001 VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
2ND QTR	AGRICULTURE, DEPARTMENT OF	16	250
2ND QTR	COMMERCE, DEPARTMENT OF	37	162
2ND QTR	DEFENSE, DEPARTMENT OF	480	48,344
2ND QTR	EDUCATION, DEPARTMENT OF	1	90
2ND QTR	ENERGY, DEPARTMENT OF	42	1,533
2ND QTR	FEDERAL EMERGENCY MANAGEMENT AGENCY	6	709
2ND QTR	GENERAL SERVICES ADMINISTRATION	121	9,888
2ND QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	101	7,471
2ND QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	4	279
2ND QTR	INTERIOR, DEPARTMENT OF THE	14	2,998
2ND QTR	JUSTICE, DEPARTMENT OF	29	4,511
2ND QTR	LABOR, DEPARTMENT OF	4	1,732
2ND QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	9	862
2ND QTR	SMALL BUSINESS ADMINISTRATION	4	248
2ND QTR	SOCIAL SECURITY ADMINISTRATION	19	1,173
2ND QTR	STATE, DEPARTMENT OF	24	2,326
2ND QTR	TRANSPORTATION, DEPARTMENT OF	44	7,047
2ND QTR	TREASURY, DEPARTMENT OF THE	85	2,952
2ND QTR	VETERANS AFFAIRS, DEPARTMENT OF	7295	16,689
2ND QTR	ENVIRONMENT PROTECTION AGENCY	3	189
2ND QTR	RAILROAD RETIREMENT BOARD	17	23
2ND QTR	FEDERAL TRADE COMM	1	8
2ND QTR	NATIONAL SCIENCE FOUNDATION	1	5
	TOTAL 2nd QTR	**8357**	**109,489**

FY 2001 VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
3RD QTR	AGRICULTURE, DEPARTMENT OF	34	1,621
3RD QTR	COMMERCE, DEPARTMENT OF	42	109
3RD QTR	CONSUMER PRODUCT SAFETY COMMISSION	1	62
3RD QTR	DEFENSE, DEPARTMENT OF	371	22,972
3RD QTR	EDUCATION, DEPARTMENT OF	1	60
3RD QTR	ENERGY, DEPARTMENT OF	47	2,622
3RD QTR	FEDERAL EMERGENCY MANAGEMENT AGENCY	5	155
3RD QTR	FEDERAL TRADE COMMISSION	1	159
3RD QTR	GENERAL SERVICES ADMINISTRATION	131	16,767
3RD QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	56	10,723
3RD QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	2	2,132
3RD QTR	INTERIOR, DEPARTMENT OF THE	31	3,948
3RD QTR	J. F. KENNEDY CENTER FOR THE PERFORMING ARTS	2	24
3RD QTR	JUSTICE, DEPARTMENT OF	42	1,482
3RD QTR	LABOR, DEPARTMENT OF	1	300
3RD QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	15	1,922
3RD QTR	NATIONAL ARCHIVES AND RECORDS ADMINISTRATION	1	122
3RD QTR	NUCLEAR REGULATORY COMMISSION	1	65
3RD QTR	RAILROAD RETIREMENT BOARD	8	242
3RD QTR	SELECTIVE SERVICE SYSTEM	1	54
3RD QTR	SMALL BUSINESS ADMINISTRATION	5	79
3RD QTR	SOCIAL SECURITY ADMINISTRATION	16	1,056
3RD QTR	STATE, DEPARTMENT OF	45	12,667
3RD QTR	TRANSPORTATION, DEPARTMENT OF	41	4,204
3RD QTR	TREASURY, DEPARTMENT OF THE	108	3,507
3RD QTR	VETERANS AFFAIRS, DEPARTMENT OF	1183	31,843
3RD QTR	FEDERAL TRADE COMMISSION	1	8
3RD QTR	INTERNATIONAL TRADE COMMISSION	4	31
3RD QTR	ENVIRONMENTAL PROTECTION AGENCY	4	71
	TOTAL 3RD QTR	**2200**	**119,007**

FY 2001 VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
4TH QTR	AGRICULTURE, DEPARTMENT OF	104	8,017
4TH QTR	BROADCASTING BOARD OF GOVERNORS	2	260
4TH QTR	COMMERCE, DEPARTMENT OF	43	186
4TH QTR	DEFENSE, DEPARTMENT OF	998	39,546
4TH QTR	EDUCATION, DEPARTMENT OF	10	966
4TH QTR	ENERGY, DEPARTMENT OF	38	5,461
4TH QTR	ENVIRONMENTAL PROTECTION AGENCY	286	257
4TH QTR	EXECUTIVE OFFICE OF THE PRESIDENT	4	146
4TH QTR	FEDERAL EMERGENCY MANAGEMENT AGENCY	5	846
4TH QTR	GENERAL SERVICES ADMINISTRATION	307	27,374
4TH QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	82	16,712
4TH QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	5	597
4TH QTR	INTERIOR, DEPARTMENT OF THE	72	5,312
4TH QTR	JUSTICE, DEPARTMENT OF	59	2,603
4TH QTR	LABOR, DEPARTMENT OF	6	2,094
4TH QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	29	10,832
4TH QTR	NATIONAL SCIENCE FOUNDATION	3	19
4TH QTR	RAILROAD RETIREMENT BOARD	17	155
4TH QTR	SELECTIVE SERVICE SYSTEM	3	56
4TH QTR	SMALL BUSINESS ADMINISTRATION	2	145
4TH QTR	SOCIAL SECURITY ADMINISTRATION	18	9,037
4TH QTR	STATE, DEPARTMENT OF	86	28,023
4TH QTR	TRANSPORTATION, DEPARTMENT OF	67	15,138
4TH QTR	TREASURY, DEPARTMENT OF THE	70	3,494
4TH QTR	UNITED STATES SOLDIERS AND AIRMENS HOME	1	259
4TH QTR	VETERANS AFFAIRS, DEPARTMENT OF	61726	53,351
4TH QTR	FEDERAL TRADE COMMISSION	1	23
4TH QTR	J. F. KENNEDY CENTER FOR THE PERFORMING ARTS	1	4
4TH QTR	INTERNATIONAL TRADE COMMISSION	5	24
4TH QTR	CONSUMER PRODUCT SAFETY COMM	6	56
	SELECTIVE SERVICE SYSTEM	3	47
	TOTAL 4TH QTR	64056	230,993

FY 2002 SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
1ST QTR	AGRICULTURE, DEPARTMENT OF	8	1,341
1ST QTR	DEFENSE, DEPARTMENT OF	99	12,645
1ST QTR	ENERGY, DEPARTMENT OF	2	16
1ST QTR	GENERAL SERVICES ADMINISTRATION	33	752
1ST QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	2	1,642
1ST QTR	INTERIOR, DEPARTMENT OF THE	6	859
1ST QTR	JUSTICE, DEPARTMENT OF	3	1,260
1ST QTR	NATIONAL ENDOWMENT FOR THE ARTS	1	210
1ST QTR	RAILROAD RETIREMENT BOARD	3	82
1ST QTR	SOCIAL SECURITY ADMINISTRATION	10	280
1ST QTR	STATE, DEPARTMENT OF	5	75
1ST QTR	TRANSPORTATION, DEPARTMENT OF	11	5,457
1ST QTR	TREASURY, DEPARTMENT OF THE	13	7,527
1ST QTR	VETERANS AFFAIRS, DEPARTMENT OF	281	5,276
1ST QTR	FEDERAL TRADE COMM	1	18
1ST QTR	NATIONAL HUMANITIES FOR THE ARTS	1	4
	TOTAL 1ST QTR	**479**	**37,444**

FY 2002 SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
2ND QTR	AGRICULTURE, DEPARTMENT OF	26	904
2ND QTR	COMMERCE, DEPARTMENT OF	3	145
2ND QTR	CONSUMER PRODUCT SAFETY COMMISSION	1	445
2ND QTR	DEFENSE, DEPARTMENT OF	128	23,655
2ND QTR	ENERGY, DEPARTMENT OF	2	303
2ND QTR	GENERAL SERVICES ADMINISTRATION	32	1,681
2ND QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	2	1,309
2ND QTR	INTERIOR, DEPARTMENT OF THE	6	467
2ND QTR	JUSTICE, DEPARTMENT OF	3	407
2ND QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	7	3,153
2ND QTR	RAILROAD RETIREMENT BOARD	6	257
2ND QTR	SOCIAL SECURITY ADMINISTRATION	13	907
2ND QTR	STATE, DEPARTMENT OF	8	5,586
2ND QTR	TRANSPORTATION, DEPARTMENT OF	28	2,415
2ND QTR	TREASURY, DEPARTMENT OF THE	1	468
2ND QTR	VETERANS AFFAIRS, DEPARTMENT OF	560	4,514
2ND QTR	NUCLEAR REGULATORY COMM	3	31
2ND QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	1	3
	TOTAL 2ND QTR	**830**	**46,650**

FY 2002 SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
3RD QTR	AGRICULTURE, DEPARTMENT OF	139	1,240
3RD QTR	DEFENSE, DEPARTMENT OF	145	30,479
3RD QTR	ENERGY, DEPARTMENT OF	3	166
3RD QTR	GENERAL SERVICES ADMINISTRATION	43	2,905
3RD QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	3	288
3RD QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	4	1,177
3RD QTR	INTERIOR, DEPARTMENT OF THE	16	488
3RD QTR	JUSTICE, DEPARTMENT OF	2	18
3RD QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	14	8,734
3RD QTR	SOCIAL SECURITY ADMINISTRATION	13	389
3RD QTR	STATE, DEPARTMENT OF	19	403
3RD QTR	TRANSPORTATION, DEPARTMENT OF	27	1,252
3RD QTR	TREASURY, DEPARTMENT OF THE	15	3,998
3RD QTR	VETERANS AFFAIRS, DEPARTMENT OF	967	7,936
3RD QTR	COMMERCE, DEPARTMENT OF	16	44
	TOTAL 3RD QTR	**1426**	**59,517**

FY 2002 VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
1ST QTR	AGRICULTURE, DEPARTMENT OF	38	3,648
1ST QTR	COMMERCE, DEPARTMENT OF	2	4
1ST QTR	DEFENSE, DEPARTMENT OF	336	38,117
1ST QTR	EDUCATION, DEPARTMENT OF	2	401
1ST QTR	ENERGY, DEPARTMENT OF	23	1,660
1ST QTR	ENVIRONMENTAL PROTECTION AGENCY	1	8
1ST QTR	FEDERAL EMERGENCY MANAGEMENT AGENCY	10	362
1ST QTR	GENERAL SERVICES ADMINISTRATION	317	15,067
1ST QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	33	7,065
1ST QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	1	75
1ST QTR	INTERIOR, DEPARTMENT OF THE	38	2,415
1ST QTR	INTERNATIONAL TRADE COMMISSION	1	25
1ST QTR	JUSTICE, DEPARTMENT OF	39	1,023
1ST QTR	LABOR, DEPARTMENT OF	6	2,964
1ST QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	30	2,416
1ST QTR	NUCLEAR REGULATORY COMMISSION	1	162
1ST QTR	OFFICE OF PERSONNEL MANAGEMENT	1	25
1ST QTR	RAILROAD RETIREMENT BOARD	3	97
1ST QTR	SMALL BUSINESS ADMINISTRATION	1	50
1ST QTR	SOCIAL SECURITY ADMINISTRATION	23	866
1ST QTR	STATE, DEPARTMENT OF	2	55
1ST QTR	TRANSPORTATION, DEPARTMENT OF	46	-2,843
1ST QTR	TREASURY, DEPARTMENT OF THE	92	8,431
1ST QTR	FEDERAL MARITIME COMMISSION	0	0
1ST QTR	VETERANS AFFAIRS, DEPARTMENT OF	4621	24,668
1ST QTR	EQUAL EMPLOYMENT OPPORTUNITY COMM	2	6
1ST QTR	FEDERAL TRADE COMMISSION	2	20
1ST QTR	NATIONAL ENDOWMENT OF THE ARTS	1	4
	TOTAL 1ST QTR	**5672**	**106,791**

FY 2002 VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
2ND QTR	AGRICULTURE, DEPARTMENT OF	67	3,472
2ND QTR	BROADCASTING BOARD OF GOVERNORS	5	727
2ND QTR	COMMERCE, DEPARTMENT OF	8	2,395
2ND QTR	DEFENSE, DEPARTMENT OF	598	89,100
2ND QTR	ENERGY, DEPARTMENT OF	32	2,444
2ND QTR	ENVIRONMENTAL PROTECTION AGENCY	2	231
2ND QTR	FEDERAL EMERGENCY MANAGEMENT AGENCY	7	1,147
2ND QTR	GENERAL SERVICES ADMINISTRATION	251	16,691
2ND QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	44	8,960
2ND QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	21	422
2ND QTR	INTERIOR, DEPARTMENT OF THE	42	4,444
2ND QTR	JUSTICE, DEPARTMENT OF	52	1,347
2ND QTR	LABOR, DEPARTMENT OF	6	1,607
2ND QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	23	1,542
2ND QTR	NUCLEAR REGULATORY COMMISSION	4	113
2ND QTR	RAILROAD RETIREMENT BOARD	12	55
2ND QTR	SMALL BUSINESS ADMINISTRATION	1	150
2ND QTR	SOCIAL SECURITY ADMINISTRATION	24	617
2ND QTR	STATE, DEPARTMENT OF	39	2,797
2ND QTR	TRANSPORTATION, DEPARTMENT OF	52	5,990
2ND QTR	TREASURY, DEPARTMENT OF THE	54	4,900
2ND QTR	VETERANS AFFAIRS, DEPARTMENT OF	4596	18,295
2ND QTR	FEDERAL TRADE COMMISSION	0	0
2ND QTR	NATIONAL SCIENCE FOUNDATION	0	0
2ND QTR	EDUCATION, DEPARTMENT OF	0	0
2ND QTR	J. F. KENNEDY CENTER	2	9
2ND QTR	EQUAL EMPLOYMENT OPPORTUNITY COMM	1	2
2ND QTR	SELECTIVE SERVICES SYSTEM	1	5
	TOTAL 2ND QTR	**5944**	**167,462**

FY 2002 VETERAN-OWNED SMALL BUSINESSES

QUARTER	AGENCY NAME	TOTAL ACTIONS	TOTAL DOLLARS(000)
3RD QTR	AGRICULTURE, DEPARTMENT OF	212	4,005
3RD QTR	BROADCASTING BOARD OF GOVERNORS	4	510
3RD QTR	COMMERCE, DEPARTMENT OF	123	600
3RD QTR	DEFENSE, DEPARTMENT OF	1042	151,252
3RD QTR	EDUCATION, DEPARTMENT OF	5	2,678
3RD QTR	ENERGY, DEPARTMENT OF	34	2,915
3RD QTR	ENVIRONMENTAL PROTECTION AGENCY	1	10
3RD QTR	FEDERAL EMERGENCY MANAGEMENT AGENCY	5	297
3RD QTR	FEDERAL TRADE COMMISSION	1	159
3RD QTR	GENERAL SERVICES ADMINISTRATION	288	21,812
3RD QTR	HEALTH AND HUMAN SERVICES, DEPARTMENT OF	43	6,040
3RD QTR	HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	8	241
3RD QTR	INTERIOR, DEPARTMENT OF THE	65	4,981
3RD QTR	JUSTICE, DEPARTMENT OF	39	1,560
3RD QTR	LABOR, DEPARTMENT OF	4	1,096
3RD QTR	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	52	4,746
3RD QTR	NUCLEAR REGULATORY COMMISSION	1	65
3RD QTR	OFFICE OF PERSONNEL MANAGEMENT	6	55
3RD QTR	SMALL BUSINESS ADMINISTRATION	1	80
3RD QTR	SOCIAL SECURITY ADMINISTRATION	40	799
3RD QTR	STATE, DEPARTMENT OF	42	3,393
3RD QTR	TRANSPORTATION, DEPARTMENT OF	54	15,971
3RD QTR	TREASURY, DEPARTMENT OF THE	55	7,882
3RD QTR	VETERANS AFFAIRS, DEPARTMENT OF	13820	20,651
3RD QTR	CONSUMER PRODUCT SAFETY COMM	1	4
	TOTAL 3RD QTR	**15946**	**251,802**

PERCENTAGE OF PRIME CONTRACTS AWARDED TO SERVICE-DISABLED VETERAN-OWNED AND VETERAN-OWNED SMALL BUSINESSES

	FY 2001		FY 2002	
AGENCY	Service-Disabled Veteran-Owned Small Businesses (%)	Veteran-Owned Small Businesses (%)	Service-Disabled Veteran-Owned Small Businesses (%)	Veteran-Owned Small Businesses (%)
Executive Office of the President	0	0.44	0.00	0.00
Department of Agriculture	0.1	0.26	0.19	0.60
Department of Commerce	0.09	0.04	0.02	0.27
Department of Defense	0.34	0.11	0.08	0.32
Department of Education	0.03	0.13	0.00	0.50
Department of Energy	0.01	0.06	0.00	0.50
Department of Health & Human Services	0.13	0.91	0.12	0.89
Department of Housing & Urban Development	0.11	0.22	0.18	0.11
Department of the Interior	0.03	0.64	0.16	1.05
Department of Justice	0.01	0.2	0.06	0.14
Department of Labor	0	0.49	0.00	0.57
Department of State	1.17	2.84	0.52	0.46
Department of Transportation	0.16	1.14	0.55	1.15
Department of the Treasury	0.44	0.85	0.59	1.01
Department of Veterans Affairs	0.22	2.1	0.51	1.96
Agency for International Development	0	0	0.00	0.00
American Battle Monuments Commission	0	0	0.00	0.00
Broadcasting Board of Governors	0	1.97	0.00	3.08
Commission on Civil Rights	0	0		
Commodity Futures Trading Commission	0	0	0.00	0.00
Consumer Product Safety Commission	5.06	1.4	7.64	0.07
Corp for National & Community Service	0	0		
Defense Nuclear Facilities Safety	0	0		
Environmental Protection Agency	0	0.05	0.00	0.04
Equal Employment Opportunity Commission	0.26	0	0.00	0.08
Federal Communications	0	0		
Federal Election Commission	0	0	0.00	0.00
Federal Emergency Management Agency	0	1.06	0.00	1.00
Federal Energy Regulatory Commission	0	0	0.00	0.00
Federal Maritime Commission	0	0	0.00	0.00
Federal Mediation and Conciliation Service	0	0	0.00	0.00

PERCENTAGE OF PRIME CONTRACTS AWARDED TO SERVICE-DISABLED VETERAN-OWNED AND VETERAN-OWNED SMALL BUSINESSES

	FY 2001		FY 2002	
AGENCY	Service-Disabled Veteran-Owned Small Businesses (%)	Veteran-Owned Small Businesses (%)	Service-Disabled Veteran-Owned Small Businesses (%)	Veteran-Owned Small Businesses (%)
Federal Mine Safety & Health Review	0	0		
Federal Trade Commission	0.8	5.34	0.12	1.24
General Services Administration	0.05	0.51	0.06	0.60
International Trade Commission	0	1.41	0.00	0.44
J.F. Kennedy Center for the Performing Arts	3.64	0.16	0.00	0.21
National Aeronautics and Space Administration	0	0.14	0.12	0.09
National Archives and Records Administration	0	0.26	0.00	0.00
National Endowment for the Arts	0	0	24.43	0.46
National Endowment for the Humanities	0	0	0.00	0.00
National Gallery of Art	0	0	0.00	0.00
National Labor Relations Board	0	0	0.00	0.00
National Mediation Board	0	0	0.00	0.00
National Science Foundation	0	0.04	0.01	0.01
National Transportation Safety Board	0	0	0.00	0.00
Nuclear Regulatory Commission	0	0.08	0.05	0.51
Occupational Safety and Health Rev	0	0		
Office of Personnel Management	0.02	0.01	0.00	0.03
Peace Corps	2.36	0		
Railroad Retirement Board	4.13	4.77	6.43	3.17
Securities and Exchange Commission	0	0	0.00	0.00
Selective Service System	0.91	8.79	0.00	0.86
Small Business Administration	0.1	0.74	0.00	1.02
Smithsonian Institution	0	0	0.00	0.00
Social Security Administration	0.23	2.13	0.45	0.71
United States Holocaust Memorial Museum	0	0		
United States Soldiers and Airmen's Home	0	3.8	0.00	0.00
United States Trade and Development Agency	0	0	0.00	0.00

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

For Release upon Delivery on
February 5, 2003

TESTIMONY OF KEVIN BOSHEARS
DIRECTOR, OFFICE OF SMALL BUSINESS DEVELOPMENT
DEPARTMENT OF THE TREASURY
BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS
FEBRUARY 5, 2003

Introduction

Chairman Smith, Congressman Evans, and Members of the Committee, I am pleased to appear before you today to discuss the Treasury Department's small business procurement program.

Background

Treasury's Office of Small Business Development (OSBD) supports the Small Business Act by stating in our small business standard operating procedures that it is the policy of the Treasury Department to provide maximum practicable opportunities in our acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.

The OSBD assists, counsels, and advises small businesses of all types on procedures for contracting with Treasury. Additionally, the OSBD works closely with each Treasury bureau to implement the Department's small business procurement assistance program. Each bureau has appointed a Small Business Specialist, located within the procurement office, to coordinate the program.

The OSBD focuses its efforts in four major areas:

- Information Dissemination – Internet and Hard Copy Publications
- Outreach
- Training
- Mentor-Protégé Program

Additionally, the OSBD, in conjunction with the bureaus, works closely with the Small Business Administration (SBA) to establish small business procurement goals on a fiscal year basis. The accomplishments are provided from the Federal Procurement Data Center to the SBA which prepares a report for Congress and the President.

Outreach Program

Treasury has a rigorous small business outreach program. In Fiscal Year 2002 (FY 02), we hosted 14 vendor outreach sessions. These events feature pre-arranged 15 minute

appointments for small business owners and representatives in a central location with Treasury representatives or Treasury large business prime contractor representatives. The following FY 02 listing provides a summary of these sessions:

Date	Activity	Location or Notes
October 15, 2001	Monthly Vendor Outreach Session	Oxon Hill, MD
November 2, 2001	Large Business Prime Contractor and Subcontracting Opportunities Vendor Outreach Session	Oxon Hill, MD
November 13, 2001	Service Disabled and Veteran Owned Small Business Vendor Outreach Session (in honor of the Veterans Day Holiday)	Oxon Hill, MD
December 10, 2001	Information Technology Program Manager Vendor Outreach Session	Oxon Hill, MD
January 22, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD
January 31, 2002	Texas Vendor Outreach Session (note: out of town vendor outreach sessions are planned for areas in which Treasury has a procurement presence)	Fort Worth, TX
February 19, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD
March 25, 2002	Women-Owned Small Business Vendor Outreach Session (in honor of Women's History Month)	Oxon Hill, MD
May 3, 2002	Large Business Prime Contractor and Subcontracting Opportunities Vendor Outreach Session	Oxon Hill, MD
May 13, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD
June 17, 2002	Information Technology Program Manager Vendor Outreach Session	Oxon Hill, MD
July 25, 2002	Indiana Vendor Outreach Session (note: out of town vendor outreach sessions are planned for areas in which Treasury has a procurement presence)	Indianapolis, IN
July 15, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD
August 19, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD

On a four point adjective scale of excellent, good, fair, and poor, 99.8% of all small business participants rated the sessions as excellent or good. We are continuing a similar pattern in FY 03; for example, on November 12, 2002 we hosted our 2nd annual Service Disabled and Veteran Owned Small Business Vendor Outreach Session.

Additionally, in our role as the chair of the OSDBU Directors Interagency Council outreach committee, Treasury took the lead for the fourth year in a row on the 12th Annual OSDBU Directors Procurement Conference which was held on April 23, 2002 at the Show Place Arena in Upper Marlboro, MD. This event featured over 300 exhibits, four seminars, and one-on-one counseling sessions modeled after the Treasury vendor outreach session. At one seminar, Treasury presented our service disabled veteran owned small business strategy. The day drew approximately 2,500 participants resulting in record-breaking attendance, and similar efforts are underway for April, 2003.

Further, in FY 02, we participated in approximately 15 other conferences such as SBA's annual conference in May and Minority Enterprise Development Week in September. Again, we have similar plans for FY 03. As part of our commitment to assist veteran owned and service disabled veteran owned small businesses, we work closely with the Department of Veteran Affairs Center for Veterans Enterprise (CVE) by joining forces on various outreach activities. For example, we have been invited to participate in CVE events and CVE joins Treasury for other events.

Service Disabled Veteran Owned Small Business Strategy and Current Accomplishments

In support of P.L. 106-50, we developed a plan to assist service disabled veteran owned small businesses. After internal analysis and meeting with several veteran organizations, we developed the following strategy:

In accordance with the Small Business Act, the statutory small business goals are as follows:

- 23 percent of prime contracts for small businesses;
- 5 percent of prime and subcontracts for small disadvantaged businesses (SDB);
- 5 percent of prime and subcontracts for women-owned small businesses (WOSB);
- 1.0 percent of prime contracts for HUBZone small businesses (HUBZSB) for FY1999 and not less than 1.5 percent for FY2000, 2 percent for FY2001, 2.5 percent for FY2002 and 3 percent for FY2003 and each year thereafter; and
- 3 percent of prime and subcontracts for service-disabled veteran-owned small businesses (SDVOSB).

In addition to the statutory goals, goals are also established for each agency in the following categories:

- 8(a) prime contracts
- small business subcontracts
- HUBZone small business subcontracts

Although veteran owned small business (VOSB) concerns are included in the policy statement, there is no statutory goal for VOSBs. However, agencies are required to collect data on VOSB procurement participation and large businesses must submit a VOSB goal in small business subcontracting plans.

Therefore, based on these considerations, Treasury is taking the following actions on an ongoing basis:

1) Outreach – host a SDVOSB/VOSB event each November (in honor of the Veterans Day Holiday); work with the Center for Veterans Enterprise and the Small Business Administration
2) Meet periodically with trade associations (such as the Association for Service Disabled Veterans) to exchange information, ideas, success stories, etc.
3) Introduce/refer SDVOSBs to other programs in which they qualify/have an interest [8(a), HUBZone, etc.]
4) Provide proactive inclusion/encouragement to SDVOSBs on small business set-aside acquisitions
5) Appoint a SDVOSB/VOSB Coordinator in the Treasury OSBD
6) Continue to promote SDVOSB participation in Treasury's Mentor-Protégé program
7) Continue to promote SDVOSB participation in Treasury's subcontracting program by making the subcontracting plan part of the evaluation criteria on major projects
8) Actively seek SDVOSBs from GSA's Federal Supply Schedule (by examining the SDVOSB category on the GSA website and Federal Procurement Data System internal database)
9) Promote the use of all available SDVOSB databases for market research and inclusion/consideration
10) Expand Treasury's waiver synopsis for small business set-asides (PIM #02-03; procurements for services over $25,000 up to $100,000) by soliciting 5 firms to include, if available, at least: 1 SDB; 1 WOSB; 1 HUBZSB; and 1 SDVOSB.

We continue to make progress toward the 3% goal for SDVOSB participation. A review of data from the Federal Procurement Data Center through the 3rd Quarter of FY 02 shows that among major federal agencies, Treasury ranks #1 in percentage for SDVOSB firms at 0.59% and #4 in total dollars at $11,663,000. We strongly believe, that over time, our outreach programs and strategy for veteran owned and service disabled veteran

owned small businesses will provide more opportunities and subsequent federal contracts and subcontracts.

Recent Awards

Treasury was presented with two prestigious awards from the U.S. Small Business Administration on May 9 and 10, 2002: the Frances Perkins Vanguard Award and the Gold Star Award.

The Frances Perkins Vanguard Award recognizes those federal buying activities, federal procurement officials, and companies that have excelled in their utilization of women-owned small businesses. The Gold Star Award recognizes federal personnel within a small business office who carry out aggressive goals and strategic initiatives that help ensure a role for small businesses in the Federal marketplace. In conjunction with the Gold Star Award, Treasury was awarded an Agency Goaling Award of Excellence.

Reasons for Treasury's Success

We attribute our small business success to a number of critical factors. These include: senior management support, commitment, a team approach, outreach, information dissemination, training, mentor-protégé/subcontracting efforts, and recognizing that we are part of a larger network that makes up the small business community (senior management, small businesses, large business prime contractors, Small Business Administration, Treasury procurement/program/small business staff, other federal agency small business offices, and small business trade associations). One illustration of this concept regards the placement of the SBA's Procurement Center Representative (PCR) assigned to Treasury. Treasury's OSBD provides office space for the SBA PCR, and the PCR's office is adjacent to the OSBD Director's office. By organizational design, this arrangement promotes teamwork and a genuine partnership that promotes a successful program.

Closing

It is often said that small businesses are the economic engine of our national economy. Accordingly, if small businesses represent the engine, then outreach is the engineer. This concludes my prepared remarks. I would be pleased to answer any questions you might have.

STATEMENT OF FREDERICO JUARBE JR.

ASSISTANT SECRETARY FOR

VETERANS' EMPLOYMENT AND TRAINING

SUBMITTED TO THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

February 5, 2003

Chairman Smith, Ranking Member Evans, and other distinguished members of the House Veterans' Affairs Committee:

The Department of Labor is pleased to have this opportunity to provide comments on the state of veterans' employment. We would first like to extend our greetings and congratulations to new committee members and to Chairman Smith, Ranking Member Evans, as well as the returning members of the Committee for a remarkable 107th Congress, which resulted in landmark employment legislation on behalf of our nation's veterans. I would also like to extend our thanks and congratulations to former Chairman of the Benefits Subcommittee, Mike Simpson, and the Ranking Member, Sylvestre Reyes, for their leadership in shepherding H.R. 4015 to Public Law 107-288, the Jobs For Veterans Act.

I will begin my testimony with an overview of the vision of the Veterans' Employment and Training Service (VETS), followed by a descriptive look at the questions presented in your invitation, and close by highlighting some milestone achievements by VETS during the past year. I also welcome any further inquiries you may have in regard to the services we provide and the results we obtain.

A New Vision for a New Century

At the beginning of this past year, Secretary Elaine Chao set a standard for all Department of Labor agencies to focus their efforts toward addressing the issues of the 21st Century Workforce. To this end, the Veterans' Employment and Training Service took an introspective look at our agency's operations, programs and services with the goal of making VETS a world class organization by setting priorities and embracing a vision congruent with the realities facing

veterans in the modern economy. We established a list of top ten priorities to focus our efforts and resources in a manner consistent with the guidance provided by the Secretary, the law, the needs of our partners, and the veterans we serve. In working through this process, our vision as an agency became clear: Veterans succeeding in the 21st Century Workforce.

We believe that U.S. veterans typify the attributes associated with success in the 21st Century Workforce. According to DoD, $14 billion in public funds are invested each year in the training and education of service members. At the point that they join the civilian labor force, these veterans are not only highly skilled, but extensively cross-trained and infused with the work ethic necessary to meet the demands for increased productivity in the modern economy. They are a 21st Century-Ready Workforce with expertise and experience that readily satisfies many of the skills needs that employers face. Thus, the Department of Labor has acted aggressively to gain insight from the attributes of this population to address the issues of the 21st Century Workforce at large.

Transition Assistance Program (TAP)

The Veterans' Employment and Training Service and our partners are continually working on ways to improve the delivery of TAP services and provide greater accessibility to this program, which has a proven track record of helping separating service members make a transition to civilian life. Providing TAP workshops overseas is a goal that requires combined resources and close partnership of the Departments of Labor and Defense. Secretary Chao and Secretary Rumsfeld met to renew their commitment to improve transition assistance for separating service members worldwide. Department of Labor personnel are working diligently to combine services with DOD to provide service members a distinct advantage when transitioning from military service to careers in the 21st Century Workforce. The primary concern of both DOD and DOL is to ensure that we provide the same level and quality of services to the 20,000 service members who are separating overseas each year as we provide to the more than 162,000 service members who separate annually in the Continental United States, Alaska, Hawaii and Puerto Rico. As soon as the Departments finalize the plan, we can offer briefings to members and staff.

We will continue our ongoing efforts to assure that all separating service members receive meaningful assistance. To that end, we combined and updated all of our web-based resources into a personalized Internet tool-kit called e-VETS. It is also referred to as the Transition web site, and its address is http://www.dol.gov/elaws/evets.htm. The Transition web site offers a wide range of helpful topics, such as job search tools and tips, career assessment, education and training information, civilian certification and licensing, personal financial assistance, employment opportunities, a military occupational specialty crosswalk and information on veterans' benefits. VETS will continue to provide the TAP Manual to those service members separating overseas.

Performance Benchmarks

In addition to the information on TAP, you requested information to establish a performance baseline (benchmark) by which the success of P.L. 107-288 may be measured. Establishing firm performance benchmarks in the inaugural years of landmark legislation is necessary for setting goals for, and achieving, significant improvements in program performance. By setting baseline figures for performance under previous statutes, we are better equipped to measure the success of the new law and to identify necessary course corrections early in the process.

- **Entered Employment Rates** (Attachment 1). You will note that the States reported an average Entered Employment Rate for the first three quarters for FY 2002 (October 1, 2001 - June 30, 2002) was 41%. Entered Employment Rates are being collected using a new, more accurate measure which began on July 1, 2002.
- **National Male Veteran Unemployment Rates by Age Cohorts** (Attachment 2). The 2002 data for national veterans' unemployment rates was released last week. This report reveals for 2002 there were 14,065,000 veterans age 20 and over in the labor force with an unemployment rate of 4.7%. By contrast, the nonveteran age 20 and over showed 120,746,000 in the labor force with a 5.2% unemployment rate. For the age group 20 – 24 veterans had an 11.4% unemployment rate and nonveterans a 9.6% unemployment rate.
- **Unemployment Statistics for Disabled and Special Disabled Veterans.** Employment estimates for disabled and special disabled male veterans are available from a supplement to the Current Population Survey (CPS) published by the Bureau of Labor Statistics (BLS), and cover August 2001. According to the BLS release, about half (50.7%) of all disabled male veterans were in the labor force in August 2001. By contrast, 57.8% of non-disabled male veterans were in the labor force at that time. The unemployment rate was 4.4% for disabled male veterans and 3.4% for their non-disabled counterparts. The unemployment rate for "special" disabled male veterans (rated at least 30% disabled by the VA) was 8.5%.

  According to this BLS release, less than two-thirds (61.4%) of all disabled male Vietnam era veterans were in the labor force in August 2001. By contrast, 78.6% of non-disabled male Vietnam era veterans were in the labor force at that time. The

unemployment rate was 4.6% for these disabled male veterans and 3.3% for their non-disabled counterparts. The unemployment rate for "special" disabled veterans was 9.9%.

- **Intensive Services Provided to Veterans.** As of Program Year 2002, intensive services are defined as personal case management provided primarily by a Disabled Veterans Outreach Program (DVOP) specialist which includes career guidance, referral to supportive services, job development, referral to training or any combination of those services. For PY 2001, the rate of disabled veterans provided intensive services by DVOPs was 16%.

Summary of Implementation of The Jobs for Veterans Act

You also requested a summary of the Department of Labor's efforts to implement the Jobs for Veterans Act (P.L.107-288). It is apparent that Congress recognized the importance of bringing VETS into the 21st Century by the passage of this law, which invigorates and validates a number of improvements already set in motion by this agency. More importantly, it removes significant barriers and provides increased flexibility to the Department. We have a focused and dedicated staff addressing the multitude of activities that are required by P.L. 107-288. Their activities are being coordinated and tracked to ensure their timely completion.

This legislation requires significant structural changes to the Department's employment and training systems. Change of this magnitude must be carefully managed to ensure a comprehensive, smooth transition under a realistic timeframe. For example, P.L. 107-288 was enacted after the new fiscal year began. Consequently, we must continue to manage the Disabled Veterans Outreach Program specialists and Local Veterans Employment Representatives (LVERs) grants under the current grant provisions.

Other changes include a new funding formula for State DVOP and LVER grants, phased in over a three-year period beginning October 1, 2002, and collection of new workload and performance data to be reported annually to Congress. Currently, the data collection system is based on a Program Year (PY), which is linked to the Employment Service reporting system, and must follow the requirements of the Paperwork Reduction Act. The mechanics of modifying States' software, making program changes, revising input documents and constructing instructional handbooks will all require additional time. This should be completed at the beginning of PY 2004 (July 1, 2004).

A significant amount of time is also required for effective implementation of other elements in P.L. 107-288, such as grant-based performance measures, entered employment thresholds, and performance incentives. This includes essential partner collaboration and the promulgation of regulations. Nevertheless, our goal is to have the necessary agreements with our State partners, and implement the new program elements by the beginning of FY 2004 (October 1, 2003). Issues currently being addressed include:

- **Veterans Priority:** The Jobs for Veterans Act, which creates a priority of service for veterans in the Department of Labor job training programs, will pose some implementation challenges, but we believe priority of service can be harmonized within existing statutory provisions. After passage of P.L. 107-288, the Department immediately established a senior level, multi-agency implementation team to assess, implement and begin administering this important programmatic provision. The Department expects to complete this initial process in the coming weeks
- **Disabled Veterans Outreach Program specialists (DVOPs) and Local Veterans Employment Representatives (LVERs) - (Roles and Responsibilities):** Prior to the passage of P.L. 107-288, a work group consisting of State Workforce Agencies, DVOPs, LVERs, National Association of State Workforce Agencies (NASWA), and VETS' staff was formed in response to recent GAO reports. This work group developed guidelines concerning the roles and responsibilities for DVOPs and LVERs consistent with the reports' focus on intensive services and employer outreach. We expect incorporation of the associated policy guidance, with minor adjustments, to ensure conformity with the Act's definition of intensive services, as part of our State grant planning guidelines to be issued in late May or early June of this year.
- **Performance Measurement:** The performance measures for the Public Labor Exchange (PLE) became effective July 1, 2002, for Program Year (PY) 2002. Grants based performance measures for the DVOP and LVER programs, which parallel the provisions of the Workforce Investment Act (WIA), are being developed and expected to be implemented on July 1, 2003, for PY 2003. DVOP and LVER programs are part of the Administration's common measures initiative for job training and employment programs. Accordingly, several new measures will be implemented for PY 2005.
- **National Threshold for Veterans' Entered Employment Rate**: VETS is reviewing several methodologies for the application of a national entered employment threshold, as required by P.L. 107-288. Due to the lengthy regulatory process, which invites public comment, we do not anticipate publication of a final rule until later this year.
- **State Funding Formula**: P.L. 107–288 recognized the need to provide funding to States based on the number of veterans seeking employment. In collaboration with the National Association of State Workforce Agencies (NASWA), our State partners, and BLS, we are analyzing a variety of data to determine the best data source of veterans seeking employment. This is fundamental to the State funding formula that was to be phased in over a three-year period starting October 1, 2002. Since VETS' grant period started on that date and the Bill had not been passed, the old State funding formula for DVOP and LVER programs was used for FY 2003. This requires States to reach their new funding levels based on the revised formula in two years rather than three. Unfortunately, all funding formula models explored to date show major shifts in State funding. We are considering using minimum and

hold harmless funding levels during the transition, as permitted by P.L. 107-288, to help reduce the impact of the resulting changes.

Work on other provisions of the law is also moving ahead. Work groups are addressing performance incentives, content of State plans, modification of reporting systems to track services provided to transitioning service members, revision of regulations under the Federal Contractor Program, working with the Office of Personnel Management (OPM) on the new elements of the Veterans Recruitment Appointments, development of one-stop employment services via the Internet and working out the details in establishing the "Committee to Raise Employer Awareness of Skills of Veterans and Benefits of Hiring Veterans."

Helping Veterans Succeed in the 21st Century

In light of so many changes, the Department of Labor would like to share with you a history of successes that began in this room and are linking your efforts and vision to individual veterans and service members across the nation and around the world.

e-VETS: VETS has developed an Internet-based tool, the e-laws e-VETS Resource Advisor, to help veterans and their family members maneuver through the vast amount of material available on the Internet at http://www.dol.gov/elaws/evets.htm. Based on the personal profile and various services selected, the Advisor provides active duty military personnel, veterans, reservists, National Guard members and their families, a list of web site links most relevant to their specific needs and interests. Users can choose from categories including job search skills and tools, employment opportunities through sites such as America's Job Bank, career job listing, assessment tools, education and training, entrepreneurship, veterans service organizations, housing and financial assistance, etc. The site is audited monthly by VETS and fully evaluated every 90 days to ensure accuracy.

PROVET: Promoting Re-employment Opportunities for Veterans is an employer directed job development and placement program. The program focuses on screening, matching and placing job-ready transitioning service members into available, career-building jobs in targeted industries with a recognized labor shortage and growth potential. The initiatives in Tennessee and

Ohio proved the concept workable, so additional projects are in the planning stages or underway in three other locations. For example, a San Diego pilot project in the health care field with Kaiser-Permanente as the primary employer "piggybacks" on a dislocated workers' program currently funded by the Employment and Training Administration (ETA). With both VETS and ETA involved, the project serves not only veterans and separating military members, but also spouses of military members. Another project in Georgia will explore the feasibility of allowing military spouses who work in large retail chains to transfer seniority and benefits from store to store, state to state, as the military member transfers from base to base.

USERRA: Today, the significance of the Uniformed Services Employment and Reemployment Rights Act (USERRA) is more important than ever, given the significant number of troop deployments; therefore, we are moving forward with a plan to promulgate regulations for this important law. USERRA protects the reemployment rights of service members who leave civilian jobs for military service, so that they may return to those jobs at the pay, benefits, and status they would have attained had they not been away on duty. We must show our support for these members of our military by providing clear and consistent guidance to them, and to their employers. Regulations will better clarify the rights and responsibilities of these employees and their employers, and help assure that members of the Reserves can serve, secure in the knowledge that their civilian jobs will be waiting for them when they conclude their service.

VETS continues its ongoing outreach efforts to familiarize Reservists and their employers with USERRA and the protections that it provides for job, pension, and health benefits, including recent guidance on how USERRA protects the Family and Medical Leave Act benefits of returning service members. Our on-line e-laws USERRA Advisor, http://www.dol.gov/elaws/userra0.htm, provides information and answers for both employers and employees, and is available twenty-four hours a day, seven days a week at no cost to the user. In addition, VETS is working closely with OPM to make federal agencies aware of the rights of our service members. We also have a successful outreach program to unions and business associations, including the U.S. Chamber of Commerce, and have fostered good relationships with these groups. These relationships enable us to emphasize the rights and

protections of USERRA to these groups through a variety of ways, such as meetings, web casts, and newsletters.

Other Program Improvements and Initiatives: We at the Department of Labor and the VETS are undertaking initiatives and making measurable improvements in programs and services that will make our organization world class and fully capable of a major role in managing change for the future. For example, VETS is using the Workforce Investment Act, Section 168, Veterans' Workforce Investment Programs (VWIP), to target our employment and training initiatives to populations that need help the most, including economically disadvantaged, homeless and/or disabled veterans. Many veterans within these populations have significant barriers to employment that require specialized services to attain self-sufficiency. VETS is undertaking a Disabled Veterans Hiring Initiative that will provide technical assistance to Federal agencies in recruiting and hiring veterans with disabilities, consistent with Executive Orders 13078 and 13163, thereby complementing efforts being made by the Department of Labor's newly established Office of Disability Employment Policy (ODEP). We will visit Federal agencies in the Washington, D.C. area and other major cities where Federal agencies are located in our efforts to promote increased hiring of disabled veterans.

As partners with other Federal, State, and local homeless service providers, such as HUD, VA, HHS, and Workforce Investment Boards, we are providing program grants through a competitive process under the Homeless Veterans' Reintegration Program (HVRP). These grants provide services that include occupational skills training, job search and placement assistance. During Fiscal Year 2002, a total of 102 grants were awarded. Of these, 43 went to non-profit organizations, 11 were awarded to faith-based organizations, and the remainder went to State and local public agencies. These grants resulted in the enrollment of 12,142 homeless veterans in the program. Of those enrolled, more than half -- 6,605 -- successfully entered employment.

Under the Homeless Veterans Comprehensive Assistance Act of 2001, the Department of Labor and VA partnered to develop a demonstration program to refer and counsel veterans who are making the transition from penal institutions and who are at risk for homelessness. We also formed an interagency work group including members from the Bureau of Prisons and the Small

Business Administration whose mission is to establish project objectives, goals, and locations for reducing unemployment, recidivism and homelessness for all qualified veterans who are or were incarcerated or institutionalized. We are also members of the Interagency Council on Homelessness. Prevention of homelessness is one of the key themes of the Council's work, and within that "discharge planning" is a key component ---- whether its military personnel making a transition to civilian life, prisoners being released from incarceration, or persons completing mental health or substance abuse treatment programs. Finally, we have met with potential service providers for incarcerated veterans to discuss funding for two specific demonstration projects that would begin in the spring of 2003. We also expect to launch a third project this fiscal year

Conclusion

Mr. Chairman and members of the Committee, this concludes my statement. It is important to ensure that this Country's veterans succeed in the 21st Century Workforce, particularly in this period of our Nation's history when we are once again asking our young men and women to step forward into harm's way. It is imperative that we provide the assistance they will require when they return from their military service. Together we will manage our programs and the taxpayers' resources to help improve the quality of our Nation's veterans' employment. I will be happy to answer any questions.

Attachment 1

Fiscal Year 2002 3rd Quarter Cumulative Data
Entered Employment Rate by State
Veterans and Other Eligible Persons

State	Applicants	# of EE's	EE Rate
Alabama	16,868	7,795	46%
Alaska	6,637	1,648	25%
Arizona	15,924	5,321	33%
Arkansas	9,498	3,360	35%
California	76,189	47,176	62%
Colorado	15,931	4,188	26%
Connecticut	9,098	2,138	23%
Delaware	2,392	223	9%
Dist. Of Columbia	966	53	5%
Florida	54,558	25,781	47%
Georgia	33,815	11,164	33%
Hawaii	9,926	813	8%
Idaho	8,470	3,196	38%
Illinois	25,073	10,666	43%
Indiana	23,466	8,766	37%
Iowa	7,099	4,849	68%
Kansas	7,358	1,394	19%
Kentucky	10,494	5,136	49%
Louisiana	3,699	1,400	38%
Maine	5,652	1,161	21%
Maryland	7,673	3,941	51%
Massachusetts	5,258	1,941	37%
Michigan	19,982	6,543	33%
Minnesota	14,048	7,001	50%
Mississippi	10,885	4,323	40%
Missouri	26,022	9,956	38%
Montana	4,449	2,015	45%
Nebraska	3,707	1,077	29%
Nevada	13,169	2,440	19%
New Hampshire	4,008	1,785	45%
New Jersey	8,392	2,616	31%
New Mexico	11,484	3,851	34%
New York	42,936	10,476	24%
North Carolina	40,634	21,443	53%
North Dakota	2,121	1,510	71%
Ohio	61,561	12,020	20%
Oklahoma	13,840	7,158	52%
Oregon	22,621	11,321	50%
Pennsylvania	27,689	5,505	20%
Puerto Rico	1,599	272	17%
Rhode Island	2,902	530	18%
South Carolina	16,922	7,660	45%
South Dakota	2,227	1,491	67%
Tennessee	15,225	12,595	83%
Texas	73,582	48,410	66%
Utah	8,041	2,077	26%
Vermont	2,104	812	39%
Virginia	25,817	10,996	43%
Virgin Islands	252	31	12%
Washington	28,933	5,172	18%
West Virginia	8,302	2,179	26%
Wisconsin	13,393	5,834	44%
Wyoming	3,408	1,381	41%
TOTALS	886,299	362,590	41%

**FY2002 4th Quarter data not available due to implementation of new data collection system.

Table 1. Employment status of persons by veteran status, age, race, Hispanic origin, and sex, Annual Average 2002 (based on CPS) — Continued

(Numbers in thousands)

Age	Civilian noninstitutional population	Civilian labor force					Not in the labor force
		Total	Percent of population	Employed	Unemployed		
					Total	Rate	
	Total veterans						
Total, 20 years and over	24,294	14,065	57.9	13,406	659	4.7	10,229
20 to 24 years	247	209	84.6	185	24	11.4	38
25 years and over	24,047	13,856	57.6	13,221	636	4.6	10,191
25 to 34 years	1,718	1,571	91.4	1,482	89	5.7	147
35 to 44 years	3,097	2,815	90.9	2,667	148	5.3	281
35 to 39 years	1,371	1,266	92.4	1,200	66	5.2	105
40 to 44 years	1,726	1,549	89.7	1,467	82	5.3	177
45 to 54 years	4,655	4,001	85.9	3,820	181	4.5	654
45 to 49 years	1,967	1,708	86.8	1,627	82	4.8	259
50 to 54 years	2,688	2,293	85.3	2,193	99	4.3	395
55 to 64 years	5,747	4,028	70.1	3,861	167	4.1	1,719
55 to 59 years	3,392	2,680	79.0	2,572	108	4.0	712
60 to 64 years	2,354	1,348	57.3	1,289	59	4.4	1,006
65 years and over	8,831	1,442	16.3	1,391	51	3.5	7,389
45 years and over	19,233	9,471	49.2	9,072	398	4.2	9,762
45 to 59 years	8,047	6,681	83.0	6,392	289	4.3	1,367
60 years and over	11,185	2,790	24.9	2,680	110	3.9	8,395

Table 1. Employment status of persons by veteran status, age, race, Hispanic origin, and sex, Annual Average 2002 (based on CPS) — Continued

(Numbers in thousands)

Age	Civilian noninstitutional population	Civilian labor force					Not in the labor force
		Total	Percent of population	Employed	Unemployed		
					Total	Rate	
	Total war veterans						
Total, 20 years and over	15,409	7,143	46.4	6,841	302	4.2	8,266
20 to 24 years	–	–	–	–	–	–	–
25 years and over	15,409	7,143	46.4	6,841	302	4.2	8,266
25 to 34 years	–	–	–	–	–	–	–
35 to 44 years	17	15	89.1	15	0	1.5	2
35 to 39 years	–	–	–	–	–	–	–
40 to 44 years	17	15	89.1	15	0	1.5	2
45 to 54 years	3,378	2,887	85.4	2,750	136	4.7	492
45 to 49 years	979	843	86.1	795	47	5.6	136
50 to 54 years	2,399	2,044	85.2	1,955	89	4.4	355
55 to 64 years	4,250	3,126	73.6	2,996	130	4.2	1,124
55 to 59 years	2,995	2,368	79.1	2,273	95	4.0	627
60 to 64 years	1,255	758	60.4	723	34	4.5	497
65 years and over	7,764	1,116	14.4	1,080	36	3.2	6,648
45 years and over	15,392	7,128	46.3	6,826	302	4.2	8,264
45 to 59 years	6,373	5,255	82.5	5,023	231	4.4	1,118
60 years and over	9,019	1,874	20.8	1,803	70	3.8	7,145

Table 1. Employment status of persons by veteran status, age, race, Hispanic origin, and sex, Annual Average 2002 (based on CPS) — Continued

(Numbers in thousands)

Age	Civilian noninstitutional population	Civilian labor force					Not in the labor force
		Total	Percent of population	Employed	Unemployed		
					Total	Rate	
	Total Vietnam-era veterans						
Total, 20 years and over	8,064	6,122	75.9	5,853	270	4.4	1,942
20 to 24 years	–	–	–	–	–	–	–
25 years and over	8,064	6,122	75.9	5,853	270	4.4	1,942
25 to 34 years	–	–	–	–	–	–	–
35 to 44 years	17	15	89.1	15	0	1.5	2
35 to 39 years	–	–	–	–	–	–	–
40 to 44 years	17	15	89.1	15	0	1.5	2
45 to 54 years	3,378	2,887	85.4	2,750	136	4.7	492
45 to 49 years	979	843	86.1	795	47	5.6	136
50 to 54 years	2,399	2,044	85.2	1,955	89	4.4	355
55 to 64 years	4,222	3,114	73.8	2,985	130	4.2	1,108
55 to 59 years	2,995	2,368	79.1	2,273	95	4.0	627
60 to 64 years	1,227	746	60.8	712	34	4.6	481
65 years and over	447	106	23.7	103	4	3.4	341
45 years and over	8,047	6,107	75.9	5,838	269	4.4	1,940
45 to 59 years	6,373	5,255	82.5	5,023	231	4.4	1,118
60 years and over	1,675	853	50.9	815	38	4.4	822

Table 1. Employment status of persons by veteran status, age, race, Hispanic origin, and sex, Annual Average 2002 (based on CPS) — Continued

(Numbers in thousands)

Age	Civilian noninstitutional population	Civilian labor force					Not in the labor force
		Total	Percent of population	Employed	Unemployed		
					Total	Rate	
	Total peacetime veterans						
Total, 20 years and over	8,886	6,922	77.9	6,565	357	5.2	1,964
20 to 24 years	247	209	84.6	185	24	11.4	38
25 years and over	8,639	6,713	77.7	6,379	334	5.0	1,925
25 to 34 years	1,718	1,571	91.4	1,482	89	5.7	147
35 to 44 years	3,080	2,800	90.9	2,652	148	5.3	280
35 to 39 years	1,371	1,266	92.4	1,200	66	5.2	105
40 to 44 years	1,709	1,534	89.8	1,452	82	5.3	175
45 to 54 years	1,277	1,114	87.3	1,070	45	4.0	163
45 to 49 years	988	866	87.6	831	34	4.0	123
50 to 54 years	289	249	86.1	239	10	4.1	40
55 to 64 years	1,497	902	60.3	865	37	4.1	595
55 to 59 years	397	312	78.4	299	13	4.1	86
60 to 64 years	1,099	590	53.7	566	25	4.2	509
65 years and over	1,067	326	30.5	311	15	4.5	741
45 years and over	3,841	2,342	61.0	2,246	97	4.1	1,499
45 to 59 years	1,675	1,426	85.2	1,369	57	4.0	249
60 years and over	2,166	916	42.3	877	39	4.3	1,250

Table 1. Employment status of persons by veteran status, age, race, Hispanic origin, and sex, Annual Average 2002 (based on CPS) — Continued

(Numbers in thousands)

Age	Civilian noninstitutional population	Civilian labor force					Not in the labor force
		Total	Percent of population	Employed	Unemployed		
					Total	Rate	
	Total nonveterans						
Total, 20 years and over	173,460	120,746	69.6	114,411	6,335	5.2	52,715
20 to 24 years	18,988	14,493	76.3	13,098	1,395	9.6	4,496
25 years and over	154,472	106,253	68.8	101,314	4,940	4.6	48,219
25 to 34 years	35,139	29,260	83.3	27,537	1,723	5.9	5,879
35 to 44 years	40,857	34,183	83.7	32,638	1,545	4.5	6,675
35 to 39 years	19,732	16,432	83.3	15,642	790	4.8	3,300
40 to 44 years	21,126	17,751	84.0	16,995	756	4.3	3,375
45 to 54 years	34,379	28,034	81.5	26,925	1,110	4.0	6,345
45 to 49 years	19,000	15,868	83.5	15,233	635	4.0	3,133
50 to 54 years	15,379	12,166	79.1	11,692	474	3.9	3,212
55 to 64 years	19,919	11,839	59.4	11,385	454	3.8	8,080
55 to 59 years	11,156	7,597	68.1	7,307	290	3.8	3,559
60 to 64 years	8,763	4,242	48.4	4,078	164	3.9	4,521
65 years and over	24,176	2,937	12.1	2,830	107	3.6	21,241
45 years and over	78,476	42,810	54.6	41,139	1,671	3.9	35,666
45 to 59 years	45,535	35,631	78.3	34,231	1,400	3.9	9,904
60 years and over	32,941	7,179	21.8	6,908	271	3.8	25,762

SERVING
WITH
PRIDE

Statement for the Record

of

RICHARD "RICK" JONES
AMVETS NATIONAL LEGISLATIVE DIRECTOR

before the

COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

on

THE STATE OF VETERANS' EMPLOYMENT

Wednesday, February 5, 2003
2:00 P.M.
Room 334
Cannon House Office Building

A M V E T S

NATIONAL
HEADQUARTERS
4647 Forbes Boulevard
Lanham, Maryland
20706-4380
TELEPHONE: 301-459-9600
FAX: 301-459-7924
E-MAIL: amvets@amvets.org

MR. CHAIRMAN, RANKING MEMBER EVANS, AND MEMBERS OF THE COMMITTEE:

On behalf of AMVETS National Commander W.G. "Bill" Kilgore, AMVETS is pleased to offer this statement to the House Committee on Veterans' Affairs. For the record, AMVETS has not received any federal grants or contracts during the current fiscal year or during the previous two years in relation to any of the subjects discussed today.

Mr. Chairman, AMVETS shares your committee's commitment to seeing that our veterans receive all the employment benefits to which they are entitled and deserve. A cursory viewing of recent unemployment figures published by the Bureau of Labor Statistics shows a close parity between veterans and non-veterans in job activity. However, a more detailed review shows areas of concern. For example, among the age group 20-24, recent statistics show that nearly nine percent of non-veterans are without work, but almost fourteen percent of veterans that age are unemployed. More alarming are figures regarding female veterans, aged 20-24, showing an unemployment rate approaching twenty-eight percent. Percentages such as these point to a clear need for effective employment and training services for younger veterans.

The membership of AMVETS applauds your action last year in passage of Public Law 107-288, the Jobs for Veterans Act. We believe this measure will go a long way toward reforming systems in place to assist veterans in finding good jobs following their military service. We remain, however, disappointed that certain provisions included in the committee's bill were not made part of the final measure. For example, we think incentives serve an important function in rewarding successful programs. Unfortunately, incentives to States running successful Disabled Veterans Outreach Program Specialist (DVOP) and Local Veterans Employment Representative (LVER) programs were not included in the final bill. Another concern we have is the option given to States, following "their best effort to hire a veteran," to hire non-veterans as DVOPs/LVERs. AMVETS would have preferred that veterans serve in these positions. For decades, DVOPs/LVERs have been the cornerstone of employment services for veterans throughout the United States employment service system. Part of the reason is that these individuals were veterans advocating for veterans.

Mr. Chairman, as a member organization of the Task Force for Veterans Entrepreneurship (TFVE), AMVETS is also concerned about the implementation of the Veterans Entrepreneurship and Small Business Development Act, Public Law 106-50. We strongly support this law because we believe it can help remedy many of the inequities veterans face when looking for small business assistance. This law is important because it ensures our veterans the resources and access to capital needed to start or expand a small business.

However, we have some concern about the implementation of this important measure. Among the provisions of the Veterans Entrepreneurship and Small Business Development Act was the establishment of a modest 3 percent goal for service disabled veteran involvement in federal procurement contracts. Unfortunately, in the three years since its passage, dismally little has been accomplished toward this goal. Those injured fighting for their country have not broken through the opportunity to government contracts. Statistics for the first three quarters of fiscal year 2003 show only one-tenth-of-one-percent of federal procurement contracts are held by companies owned by disabled veterans.

Mr. Chairman, we as a nation must keep the promises we have made to those who served in our Armed Forces. If we do not keep our promises to veterans, we suffer more than shame and dishonor. How we treat veterans directly affects not only the lives and the families of veterans but those currently on active duty as well. It also affects the recruitment of capable men and women to serve in the future.

While AMVETS does not support, at this time, mandating a set-level of involvement for disabled veterans in federal procurement contracts, we do recommend continued oversight of the job the administration is doing in incorporating the recommendations of this law. Improvement by the administration in the area of government contracts will help restore faith in those who served our country and remedy some of the inequities that our disabled service men and women face upon their return to civilian life.

In one other area, Mr. Chairman, with our nation at war against terrorism on many fronts, AMVETS is concerned about the employment rights of the large number of Reservists and

National Guard members being called up for service. As you know, the Uniformed Services Employment and Reemployment Rights Act (USERRA) was enacted to protect the employment status of Guard and Reserve members called to active military duty. When our nation calls these individuals to active duty, the last worry on their minds should be the prospect of returning from service, and possibly combat, to find their job gone. With all they do for us, ensuring that USERRA functions as intended is the least we can do for them.

AMVETS looks forward to working with this committee and others in Congress to ensure we help meet the needs of America's veterans and their families. As we find ourselves in times that threaten our very freedom, our nation must never forget those who walk the point to ensure our freedom endures. Thank you, again, for the opportunity to present our comments on this important issue.

STATEMENT OF
BRIAN E. LAWRENCE
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
FEBRUARY 5, 2003

Mr. Chairman and Members of the Committee:

On behalf of the more than 1.2 million members of the Disabled American Veterans (DAV), I appreciate the opportunity to comment on the state of veterans' employment.

The DAV was founded on the principle that the nation's first obligation to veterans is rehabilitation of its wartime disabled. Along with quality health care and adequate compensation, this principle envisions gainful employment as a primary step toward rehabilitation.

Veterans, especially those who became disabled while serving our nation, have historically faced significant challenges in obtaining suitable employment after separation from the military. Numerous surveys and studies have concluded that, for a variety of reasons, veterans and disabled veterans are disadvantaged in pursuing civilian employment and careers. Department of Labor statistics released in December 2002 showed that, while some progress has been made in bridging the gap, disabled veterans still face higher unemployment rates than non-veterans. Until the inequity has been resolved, the DAV will continue fighting to win a greater commitment to veterans' employment and training programs, particularly those aimed at disabled veterans.

The Transition Assistance Program (TAP) and the Disabled Transition Assistance Program (DTAP) provide the initial, and perhaps most important opportunities to assist veterans in their search for gainful employment. The transition from military service to civilian life is, for most veterans, a period of uncertainty. Years of structured routine and job security end abruptly upon discharge from the military and are replaced by an enormous array of decisions regarding career options. TAP and DTAP were created to offer guidance and help veterans secure meaningful civilian careers.

The DAV is pleased with the overall effectiveness of TAP/DTAP. Since 1990, hundreds of thousands of veterans have benefited from TAP/DTAP counseling and assistance in identifying and obtaining educational and employment opportunities. TAP and DTAP programs provide an obvious benefit to veterans and their families, but they also benefit our entire national economy. With shorter time spent in the transition process, veterans quickly become contributors to the gross national product and drain fewer resources through utilization of unemployment benefits.

Despite the benefits associated with TAP/DTAP, Department of Veterans Affairs (VA) data indicate that many veterans leave military service without attending pre-separation counseling. Section 302 of Public Law 107-103, the "Veterans Education and Benefits Expansion Act of 2001," which was enacted in December 2001, provides all active duty service members the opportunity to attend TAP/DTAP programs prior to retirement or discharge. The Department of Defense, the Department of Labor, and VA must make concerted efforts to ensure military units and discharge facilities adhere to the attendance provision in Public Law 107-103. Additionally, TAP/DTAP programs should be standard for all facilities. However, because TAP/DTAP is conducted at such a large number of facilities, variations in the length and scope of the programs abound. Some facilities host week-long TAP/DTAP programs, with mock employment interviews and extensive counseling, while other programs are only one-day general information seminars. Military facilities with excellent programs should be used as models for other facilities hosting TAP/DTAP. In addition to bolstering and lengthening inadequate programs, all TAP/DTAP programs should be enhanced to include information regarding certification and licensing requirements in civilian occupations. TAP/DTAP seminars are excellent opportunities to provide information that can help veterans overcome credentialing barriers, such as Federal programs to assist military personnel in acquiring licenses required for civilian employment.

Further efforts should be made to enhance civilian awareness of the quality and depth of military training and to eliminate unnecessary licensing requirements and employment barriers.

TAP and DTAP programs also present ideal opportunities to recruit individuals for Federal employment. The DAV is pleased that the Office of Personnel Management (OPM) is taking steps in that direction. OPM officials have begun attending TAP/DTAP programs on a limited basis. We encourage OPM to expand their role in TAP/DTAP. OPM participation is beneficial to separating members as well as to Federal agencies that require dependable personnel who have established favorable work traits, and who can easily pass security background checks.

The DAV was encouraged last year when H.R. 4015, the Jobs for Veterans Act, became Public Law 107-288. The Committee's efforts in passing this important law to improve veterans' job training and employment services signifies to veterans that their dedicated military service to our country is noted and appreciated. We are pleased that this bill establishes priority of service for veterans in job-training programs funded by the Department of Labor. We are also encouraged that, in addition to establishing priority for veterans, this bill also establishes performance standards to evaluate whether veterans are receiving priority service and if the job training programs are effective.

Another important aspect of Public Law 107-288 is that it seeks to increase employer awareness of veterans' skills and the benefits of hiring veterans. Many employers in both the public and private sectors are unaware of the high level of skills and leadership abilities offered by veterans. Most veterans have received managerial and technical training that far surpasses their civilian counterparts. Yet, some employers erroneously perceive veterans as uneducated, non-thinking GI's who merely follow orders. Efforts should be made to dispel this incorrect notion and raise the level of awareness among employers as to the value both disabled and non-

disabled veterans bring to the job. By virtue of their honorable service, veterans have established that they are dependable, drug free, and patriotic. Each year at our National Convention, the DAV honors a large and small employer with an award for efforts made to hire disabled veterans.

Despite federally mandated provisions to assist disabled veterans in overcoming barriers to gainful employment, many employers remain unable to accommodate some of the most severely disabled for a variety of reasons. For example, some veterans require frequent medical treatments that prohibit them from maintaining regular working hours. These veterans often choose to operate their own businesses where they need not conform to the demands of set schedule. Many other disabled veterans choose entrepreneurship as a form of livelihood as a matter of preference.

Service-disabled veterans face greater economic challenges in establishing businesses than non-veterans. To help them overcome such challenges, Public Law 106-50, the Veterans Entrepreneurship And Small Business Development Act Of 1999, established a goal that 3 percent of Federal contracts would be awarded to small businesses owned and operated by service-disabled veterans. This law was passed to address the challenges veterans face in the commercial environment.

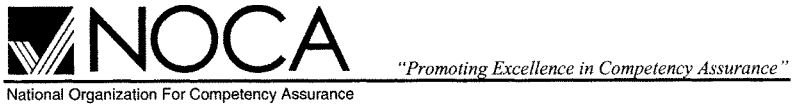
Unfortunately, efforts to meet the three percent goal have been a dismal failure. The Federal Procurement Data Center recently reported that 29 out of 50 Federal agencies have awarded zero contracts to Service-Disabled Veteran Owned Small Businesses. The 21 federal agencies that have contracted with these businesses, have fallen far short of the three percent goal. Clearly, further legislative action is needed by the Committee to change the three percent criteria from a goal to a requirement. A goal is symbolic; a mandate is substantial. Disabled veterans surely have earned and deserve this consideration, which has been extended to other targeted groups.

Additionally, as a member of the Task Force for Veterans' Entrepreneurship, the DAV, along with other participating veterans service organizations, seeks to extend the current funding levels for the National Veterans Business Development Corporation for two years.

The DAV would also welcome and support legislation allowing a service-disabled veteran enrolled in vocational rehabilitation program to pursue self-employment goals and receive assistance from the VA in establishing a small business, without having to establish that he or she is unemployable in the regular job market. Additionally, veterans should be able to use GI Bill education benefits to pay for non-degree business education programs.

Mr. Chairman, thank you for the opportunity to present our views on the state of veterans' employment. Clearly, the DAV's mission to improve the lives of disabled veterans is shared by this Committee. We appreciate your efforts and look forward to working with you in the future on issues important to disabled veterans.

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



Statement for the Record

Submitted by
The National Organization for Competency Assurance (NOCA)

To the
Committee on Veterans Affairs
U.S. House of Representatives
Washington, DC

Regarding its Oversight Hearing on
The State of Veterans' Employment

February 5, 2003

2025 M Street, NW ■ Suite 800 ■ Washington, DC 20036
PH 202/367-1165 ■ FAX 202/367-2165 ■ www.noca.org

About the National Organization for Competency Assurance (NOCA)

NOCA, the oldest and largest organization representing certification agencies, testing companies, consulting firms and individuals involved in professional certification, was created in 1977 as the National Commission for Health Certifying Agencies (NCHCA) with federal funding from the Department of Health and Human Services. Its mission was to develop standards for quality certification in the allied health fields and to accredit organizations that met those standards. With the growing use of certification in other fields, NCHCA's leaders recognized that what is essential for credible certification of individuals in the healthcare sector is equally essential for other sectors. With this vision, NCHCA evolved into the National Organization for Competency Assurance. NOCA is a non-profit, 501(c)(3) organization and remains committed to serving the public interest by ensuring adherence to rigorous certification standards.

NOCA's membership is composed of more than 300 organizations responsible for credentialing specific skill sets and knowledge bases of professions and occupations at the national and international level. Through certification, NOCA members represent more than 6 million individuals around the world and include certification programs of some 150 professions and occupations, including 57 healthcare professions. NOCA's members represent credentialing fields as diverse as construction, healthcare, automotive, and finance. A current roster of NOCA members is attached.

NOCA also brings the expertise of its internationally recognized accrediting arm, the National Commission for Certifying Agencies (NCCA). NCCA uses a peer review process to evaluate adherence to its standards by certification agencies and grants recognition through accreditation to those programs judged to have met those standards. These standards exceed the requirements set forth by the American Psychological Association and the U.S. Equal Employment Opportunity Commission and thus help to protect the health, safety, and welfare of the public. NCCA is the national accreditation body that provides this service for private certification organizations in all disciplines.

NOCA's mission is to promote excellence in competency assurance for individuals in all occupations and professions. No other organization has the presence in or commits the resources to the field of credentialing. NOCA is proud of its position as the international leader in competency assurance, as well as its role in promoting excellence in competency assurance for practitioners in all occupations and professions. As such, NOCA is in a position to bring experience, perspective and resources to efforts designed to enhance veterans' employment opportunities.

NOCA Remains Committed to America's Veterans

NOCA continues its steadfast commitment to work with and make its expertise available to federal agencies and the veteran's community to ensure that veterans have access to certification opportunities that will allow their post-military careers to flourish. NOCA is an active member of the Task Force for Veterans Entrepreneurship, a diverse coalition of veteran service organizations and other interested parties, for a number of years. The Task Force is particularly committed to advocating for job training and small business development opportunities for service-disabled

veterans and was instrumental in the passage of Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999.

NOCA has actively participated in the Professional Certification Advisory Board (PCAB) since its inception. Established by Sec. 202(a) of Public Law 106-50, the PCAB's mission is to advise the National Veterans Business Development Corporation (NVBDC) in the creation of uniform guidelines and standards for the professional certification of members of the Armed Forces in order to aid in their efficient and orderly transition to civilian occupations and professions, and to remove potential barriers in the areas of licensure and certification.

The Veterans Benefits and Health Care Improvement Act of 2000 (Public Law 106-419) expanded opportunities for veterans to use their Montgomery G.I. benefits to pay for professional certification tests. NOCA strongly supported this legislation and assisted the U.S. Department of Labor in developing standards for certification programs to achieve should they want their certification tests to be eligible for Montgomery G.I. reimbursement. NOCA continues to enthusiastically promote this program to its membership to ensure that as many certification organizations as possible are accessible to members of the armed forces through the assistance of these G.I. benefits.

NOCA Past-President Michael Martin also continues to represent NOCA on the Professional Certification and Licensure Advisory Committee (PCLAC). Established by Public Law 106-419, the PCLAC advises the Secretary of Veterans Affairs on the requirements of organizations that offer licensing and certification tests to veterans using their Montgomery GI benefits as payment.

NOCA has devoted additional resources to military personnel and veterans by redesigning its Web site. A special section on NOCA's Web site is specially designed to provide information to veterans about the various certification programs in the private sector, including a listing of certification programs by industry sector. NOCA has encouraged other interested organizations to link to its Web site. The site may be reached at http://www.noca.org/military/vets.htm.

Outreach to Veterans about Credentialing Opportunities Needs to Be Strengthened

Many federal agencies are still not maximizing the use of the Internet as a tool to reach the widest audience possible. Some agencies, however, have made great strides towards providing comprehensive, easy-to-use online certification resources. The Department of the Army's "Credentialing Opportunities Online" (COOL) Web site is an exceptional example of how the Internet can be used to reach out to service members and veterans. NOCA provided assistance and expertise to the Army as the COOL Web site was being developed. We continue to partner with the Army to share information and expertise so that Army personnel might benefit from COOL. The COOL web site provides an excellent model for other military branches interested in providing similar resources for their service men and women and veterans.

We have recommended that the full resources of the certification community be brought to bear when attempting to create more professional opportunities for military veterans. NOCA has attempted to reach out to all branches of the Armed Services and federal agencies to share information, ideas, and ingenuity. To date the Army has sought our assistance in developing its certification and licensure strategy. We continue to encourage the military branches to reach out to NOCA to access our expertise in identifying new and existing certification skill-sets and establishing pathways for military personnel to certification programs. To leverage the time and

resources devoted to the men and women in the armed services, their skills and training should have identified pathways to certification and licensure.

The Department of Labor's Veterans' Employment and Training Service "Use Your Military Experience and Training" ("UMET") Web site has been revamped recently. Unfortunately, little substantive content has been added to the site and the credentialing information has become even more difficult for an online user to find. UMET still only identifies 25 occupations that allow a service member to transfer military skills from the service to the civilian sector and the list of useful outside links previously provided has been pared down to only a few.

VETS has also been developing a new Internet resource called "e-VETS." The aim of the Web site is to provide a one-stop professional development clearinghouse for transitioning service members. There is little information pertaining to certification and licensure on the site at present; however, it is a new project and we remain optimistic that more information will be added in the future.

NOCA has continued to offer its expertise to the Department of Labor to reach the widest audience possible about credentialing opportunities. We have found Assistant Secretary for Veterans' Employment and Training Frederico Juarbe, Jr. to be especially willing to think creatively for ways to continue to provide veterans with the widest array of job training resources available. It is important that agencies involved in creating pathways to certification and licensure draw upon a broad range of voices in the certification community. Developing policies inside a vacuum will not best serve the veterans this Committee and Congress is rightfully trying to help. NOCA hopes that Congress continues to provide adequate levels of funding to VETS so that the agency has the necessary resources to carry out its important mission. Of particular value would be an extensive effort to identify the full universe of certification programs that may offer additional transition opportunities for service members. A "one-stop" listing of all certification programs, highlighting the education and training requirements and the administrative procedures for applying for and taking test requirements, should be a goal for creating the pathways NOCA envisions for transitioning service men and women and our veterans.

Previously NOCA identified the need for uniform standards to be created for armed services certification programs to ensure that military personnel receive the highest quality certification with maximum transferability to the private sector. We continue to feel that this is of the greatest importance. NOCA and similar organizations that have been appointed to the Professional Certification Advisory Board and the Professional Certification and Licensure Advisory Committee are working to bring a set of uniform standards to fruition. NOCA has developed standards for certification that can be used as a starting point for the development of quality uniform standards for certification programs. Professionals in a wide variety of fields work hard to earn their credentials and guarantee that their credential has value in their career. As NOCA has previously underscored, any effort to "dumb down" professional certification standards is a disservice to military veterans as well as the public that certification program standards are created to protect.

Conclusion

Improving the prospects for employment of service members when they leave the military will go a long way toward meeting recruiting goals, improving military morale, enhancing the quality of

our civilian workforce, and keeping our economy competitive. Maintaining the social contract with America's soldiers after their military service is even more important now, as vast numbers of military personnel are being mobilized for dangerous overseas missions. These brave men and women of the armed services deserve the resources that will help make the training they receive in service into marketable skill-sets in their post-military careers. As always, NOCA stands at the ready to assist in this mission.

Respectfully Submitted,

Wade Delk
Executive Director
National Organization for Competency Assurance
2025 M Street, NW, Suite 800
Washington, DC 20036
202.367.1165 Phone

APPENDIX

NOCA Organizational Members

NOCA's Organizational Members consist of associations, certifying organizations, customer groups, and government agencies that are interested in credentialing.

- AACE International
- ACNM Certification Council, Inc.
- Academy of Ambulatory Foot Surgery
- Academy for Certification of Vision Rehabilitation and Education Professionals
- Accrediting Bureau of Health Education Schools
- Aerobics and Fitness Association of America
- American Academy of Audiology
- American Academy of Nurse Practitioners
- American Academy of Otolanyngology - Head & Neck Surgery
- American Academy of Pain Management
- American Academy of Wound Management
- American Association for Medical Transcription
- American Association for Respiratory Care
- American Association of Critical-Care Nurses Certification Corporation
- American Association of Family and Consumer Sciences
- American Association of Medical Assistants
- American Association of Physician Specialists
- American Board for Certification in Orthotics and Prosthetics, Inc.
- American Board for Occupational Health Nurses
- American Board of Ambulatory Medicine
- American Board of Cardiovascular Perfusion
- American Board of Chiropractic Consultants
- American Board of Chiropractic Orthopaedists
- American Board of Chiropractic Sports Physicians
- American Board of Industrial Hygiene
- American Board of Nursing Specialties
- American Board of Opticianry
- American Board of Pain Medicine
- American Board of Professional Neuropsychology
- American Board of Surgical Assistants
- American Board of Transplant Coordinators
- American Board of Veterinary Practitioners
- American Certification Agency for Healthcare Professionals
- American Chiropractic Neurology Board
- American Chiropractic Registry of Radiologic Technologists
- American College of Forensic Examiners
- American College of Healthcare Executives
- American College of Sports Medicine
- American Compensation Association
- American Construction Inspectors Association
- American Council of Certified Podiatric Physicians and Surgeons
- American Council on Exercise
- American Fence Association, Inc.
- American Hospital Association Certification Center

- American Institute of Certified Public Accountants
- American Lung Association National Asthma Education Certification Board
- American Medical Technologists
- American Nurses Credentialing Center Commission on Certification
- American Occupational Therapy Association
- American Osteopathic Association
- American Payroll Association
- American Petroleum Institute
- American Physical Therapy Association
- American Podiatric Medical Specialties Board
- American Production and Inventory Control Society
- American Reflexology Certification Board
- American Registry of Diagnostic Medical Sonographers
- The American Registry of Radiologic Technologists
- American Society for Industrial Security
- American Society for Microbiology
- American Society of Anesthesia Technologists and Technicians
- American Society of Association Executives
- American Society of Military Comptrollers
- American Speech-Language-Hearing Association
- Aquatic Exercise Association, Inc.
- Art Therapy Credentials Board
- Associated Landscape Contractors of Colorado
- Association for Canadian Registered Safety Professionals
- Association for Death Education and Counseling
- Association for Investment Management and Research
- Association of Government Accountants
- Association of Medical Illustrators
- Association of Professionals in Business Management
- Association of Social Work Boards
- Association of Surgical Technologists, Inc.
- Association of Water Technologies, Inc.
- BICSI: A Telecommunications Association
- Behavior Analyst Certification Board
- Biofeedback Certification Institute of America
- Board for Certification in Pedorthics
- Board for Orthotist/Prothetist Certification
- Board of Certification for Emergency Nursing
- Board of Certification in Professional Ergonomics
- Board of Certified Safety Professionals
- Board of Environmental, Health & Safety Auditor Certifications
- Board of Pharmaceutical Specialties
- Board of Registered Polysomnographic Technologists
- California-Nevada Section, American Water Works Association
- California Water Environment Association
- Canadian Alliance of Physiotherapy Regulators
- Canadian Board for Respiratory Care, Inc.
- Canadian Chiropractic Examining Board
- Canadian Council of Professional Engineers
- Canadian Securities Institute
- Certification Board for Music Therapists
- Certification Board of Infection Control and Epidemiology

- Certification Board Perioperative Nursing
- Certification of Disability Management Specialists Commission
- Certified Financial Planner Board of Standards, Inc.
- Certified Fund Raising Executive International Credentialing Board
- Certified General Accountants' Association of Canada
- Certifying Board for Dietary Managers
- Certifying Board of Gastroenterology Nurses and Associates
- Clinical Nutrition Certification Board
- College of Massage Therapists of Ontario
- College of Medical Radiation Technologists of Ontario
- College of Occupational Therapists of Ontario
- College of Respiratory Therapists of Ontario
- Commercial Real Estate Education Foundation, Inc.
- Commission for Case Manager Certification
- Commission for Certification in Geriatric Pharmacy
- Commission on Dietetic Registration of the American Dietetic Association
- Commission on Graduates of Foreign Nursing Schools
- Commission on Rehabilitation Counselor Certification
- Computing Technology Industry Association
- Construction Management Association of America
- Consultant Services
- Convention Liaison Council
- Council on Certification of Nurse Anesthetists
- Council on Licensure, Enforcement and Regulation
- Council on Nutrition
- Defense Activity for Non-Traditional Education Support
- Dental Assisting National Board
- The Educational Foundation of the National Restaurant Association
- Examination Board of Professional Home Inspectors
- Hand Therapy Certification Commission, Inc.
- Healthcare Quality Certification Board
- Human Resource Certification Institute
- IEEE Computer Society
- ISA, the international society for measurement and control
- Infusion Nurses Certification Corporation
- Illinois Department of Professional Regulation
- Institute of Certified Management Accountants
- Institute of Hazardous Materials Management
- Institute of Real Estate Management
- International Air Filtration Certifiers Association
- International Association for Colon Hydrotherapy
- International Association of Healthcare Central Service Materiel Management
- International Association of Psychosocial Rehabilitation Services
- International Board of Lactation Consultant Examiners
- International Certification and Reciprocity Consortium/Alcohol & Other Drug Abuse, Inc.
- International Conference of Building Officials
- InterNational Electrical Testing Association (NETA)
- International Executive Housekeepers Association, Inc.
- International Society for Clinical Densitometry
- International Society of Arboriculture
- Joint Commission on Allied Health Personnel in Ophthamology
- Knowledge Management Certification Board

- Lamaze International
- Liaison Council on Certification for the Surgical Technologist
- National Aerobics & Fitness Trainers Association
- National Air Duct Cleaners Association
- National Association Medical Staff Services
- National Association for Subacute & Post Acute Care
- National Association of Alcoholism and Drug Abuse Counselors
- National Association of Boards of Pharmacy
- National Association of Forensic Counselors, Inc.
- National Association of Legal Assistants
- National Association of Mortgage Brokers
- National Association of Purchasing Management
- National Athletic Trainer's Association Board of Certification
- National Board for Certification in Hearing Instrument Sciences
- National Board for Certification in Occupational Therapy
- National Board for Certification of Registrars
- National Board for Certified Counselors
- National Board for Professional Teaching Standards
- National Board for Respiratory Care
- National Board of Certification for Community Association Managers, Inc.
- National Board of Examiners in Optometry
- National Board of Orthodontics, U.S.
- National Business Aviation Association
- National Center for Competency Testing
- National Certification Board for Diabetes Educators
- National Certification Board for Therapeutic Massage and Body Work
- The National Certification Board of Pediatric Nurse Practitioners and Nurses
- National Certification Commission for Acupuncture and Oriental Medicine
- National Certification Corporation for the Obstetric, Gynecologic, and Neonatal Nursing Specialties
- The National Commission for Health Education Credentialing
- National Commission for the Certification of Crane Operators
- National Community Pharmacists Association
- National Contact Lens Examiners
- National Council for Interior Design Qualification
- National Council for Therapeutic Recreation Certification, Inc.
- National Council of Architectural Registration Boards
- National Council of Examiners for Engineering and Surveying
- National Council of State Boards of Nursing, Inc.
- National Council for Therapeutic Recreation Certification
- National Council on Qualifications for the Lighting Professions
- National Dental Hygiene Certification Board
- National Examining Board of Ocularists
- National Glass Association
- National Ground Water Association
- National Healthcareer Association
- National Ground Water Association
- National Indian Child Welfare Association
- National Institute for Automotive Service Excellence
- National Institute for Certification of Healthcare Sterile Processing and Distribution Personnel
- National Institute for Standards in Pharmacist Credentialing
- National Phlebotomy Association, Inc.

- National Registry of Emergency Medical Technicians
- National Registry of Food Safety Professionals
- National Safety Management Society
- National Strength and Conditioning Association (NSCA) Certification Commission
- National Surgical Assistant Association
- North American Electric Reliability Council
- North American Registry of Midwives
- North American Technician Excellence
- The Nuclear Medicine Technology Certification Board
- Oncology Nursing Certification Corporation
- Ontario College of Pharmacists
- Ophthalmic Photographers' Society, Inc. Board of Certification
- Pharmacy Technician Certification Board
- Professional Photographers of America
- Project Management Institute
- Radiology Coding Certification Board
- Registry of Interpreters for the Deaf, Inc.
- Registry of Magnetic Resonance Imaging Technologists, Inc.
- Rehabilitation Engineering and Assistive Technology Society of North America
- Royal College of Physicians and Surgeons of Canada
- Sales & Service Voluntary Partnership, Inc.
- Society of Actuaries
- Society of Cable Telecommunications Engineers
- The Society of the Plastics Industry, Inc.
- Society of Tribologists and Lubrication Engineers
- Transportation Professional Certification Board, Inc.
- Washington State Department of Health
- Wound, Ostomy, and Continence Nurses Certification Board

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

CHAIRMAN SMITH TO U.S. DEPARTMENT OF LABOR

U.S. Department of Labor

Assistant Secretary for
Veteran's Employment and Training
Washington, D.C. 20210

The Honorable Christopher H. Smith
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Smith:

Thank you for the opportunity to respond to your additional questions following the oversight hearing on February 5, 2003. The responses to the additional questions are enclosed.

As you also requested, we have enclosed a listing of the federal staff assigned to work on the implementation of Public Law 107-288, the Jobs for Veterans Act.

Sincerely,

Frederico Juarbe Jr.

Enclosures

1. The Committee commends the Department for establishing a work group of state and federal officials within 30 days of enactment of P.L. 107-288, the Jobs for Veterans Act. The work group identified issues for implementing the law. Mr. Juarbe identified that the Department has 20 work groups. Please identify these work groups, including the members.

There are currently 20 operational work groups being led by staff from the Veterans Employment and Training Service (VETS). The federal staff assigned to each group is included as Attachment 1.

2. What is the role of the Assistant Secretary for Veterans' Employment and Training (ASVET) in drafting regulations for the veteran job training "first-in-line" priority embodied in section 2 of P.L. 107-288? What are the "implementation challenges" to which Mr. Juarbe refers to in his written testimony?

The Department is moving forward on implementing the priority of service provision of the Jobs for Veterans' Act as expeditiously as possible, and therefore, wherever possible, will issue policy guidance rather than regulations. Implementation presents a challenge because the precise manner in which veterans' priority is applied may vary between programs that differ in operational context and service delivery methodology.

All Department of Labor agencies with programs impacted by the priority of service provisions are developing program-specific policy guidance to assist service providers in establishing priority of service in their programs. In addition, priority language is being issued to outstanding grant agreements and is being included in new Solicitations for Grant Applications.

3. With respect to financial and non-financial performance incentive awards in section 3 of P.L. 107-288, has the Department consulted with the states and others? What types of non-financial awards does DOL contemplate?

The Department has consulted with states and other stakeholders, including disabled veteran outreach program specialists and local veteran employment representatives, on performance incentives. Although cash incentives will be emphasized where possible, non-financial incentives have also been identified, which include: recognition from either the Secretary of Labor or the Assistant Secretary of Veterans Employment and Training; lunch or dinner with the State's Commissioner of Labor; and a "scholarship" where an individual recipient could attend a seminar or other training intended to enhance job skills.

4. With respect to section 4 of the new law, what is the uniform national threshold entered-employment rate for veterans the Department will establish in regulations?

The Department is still in the process of exploring different methodologies for the establishment of a national threshold.

5. The ASVET states in his written testimony that the 3-year phase-in for the new funding formula in P.L. 107-288 will actually be 2 years because of the law's immediate effective date. Is this phase-in a serious program management issue? Does the Department have suggestions for addressing this situation administratively, or is a legislative fix needed?

As you know, the Act stipulates a phase-in of the funding formula over a three fiscal year period beginning October 1, 2002. That means the Department would have Fiscal Years (FY) 2003, 2004, and 2005 to phase-in the new formula. Because of its funding cycle VETS will lose FY 2003 leaving an actual phase-in of two years. This is not a major program management issue for VETS, but the states will have only two years to absorb any funding adjustments rather than the legislated three years. Some states will be impacted dramatically and the extra year would be beneficial to them.

6. Please state in more detail DOL's plans for implementing the President's National Hire Veterans Committee and for funding the Committee. Who will sign the Committee charter and when? When will members be appointed? What decisions has the Department made

regarding staffing the Committee? The Committee is modeled after the National Committee for Employer Support of the Guard and Reserve. Has the Department met with that organization?

Implementation of the President's National Hire Veterans Committee is ongoing. For this committee to succeed, it must have sufficient staff dedicated to the objectives of the Hire Veterans Committee. As such, the Department is working to establish the staffing structure of the Hire Veterans Committee. VETS staff have met with various organizations in order to identify the ideal structure, including the National Committee for Employer Support of the Guard and Reserves. As soon as the staff for the Hire Veterans Committee are in place, the Department will be able to provide you with a specific timeline that includes the date of the appointment of the members, the signing of the charter, and the date of the first meeting.

7. What meetings has the ASVET had with stakeholders, such as veterans' service and military organizations, who are interested in DOL implementation of P.L. 107-288?

The Office of the Assistant Secretary for Veterans Employment and Training has had ongoing conversations with representatives from veterans and military service organizations. Various briefings have been scheduled for these groups on the status of the implementation of P.L. 107-288. Several members of VETS' staff participated in the recent American Legion legislative conference as panelists on this issue, preceded by an address from the Assistant Secretary to the same group. Assistant Secretary Juarbe addressed the Veterans of Foreign Wars legislative conference and the Board of Directors of the National Coalition of Homeless Veterans on several issues including implementation of P.L. 107-288.

Assistant Secretary Juarbe and staff addressed the Veterans' Committee of the National Association of State Workforce Agencies (NASWA) and NASWA's Board of Directors. Additionally, he and staff members provided updates to the Advisory Committee on Veterans Employment and Training in October and, most recently, in March on the implementation of the law.

The Jobs For Veterans Act was also a topic of discussion at the stakeholder briefings on the proposed FY 2004 budget for the agency.

8. Please describe changes the Department is considering, if any, to improve job placement success of the Homeless Veterans' Reintegration Program (HVRP).

Several policy decisions have been made, which are designed to improve the success of the Homeless Veterans' Reintegration Program. In order to raise the quality of proposals, VETS has increased the amount of time available to potential grantees to submit a grant application from 30 days to 45 days. To encourage new service providers to enter into the HVRP process, thereby allowing the infusion of innovative strategies, VETS initiated a separate $1,000,000 competition for new applicants. This is an important step in ensuring the addition of potential grantees into this program. Additionally, HVRP grant awards this year increased from $150,000 to $200,000 for non-urban grants and from $250,000 to $300,000 for urban grants. We have also extended the funding cycle from two years to three years. The success of the program will be measured against a six-month employment retention rate to ensure that the veterans are being placed into quality jobs.

Experience with past conferences, held following receipt of grant awards and during the performance period, have shown that some grantees, particularly the first-time grant recipients, delay the initiation of their programs until after the conference. To minimize any delay, VETS will, this year, hold a conference following the notification of the grant recipients, but prior to the beginning of the performance period, where grant recipients can receive start-up strategies and information on best practices before the grant award date.

As you know, the Department is requesting $19 million in FY 2004. This represents a steady increase in the amount requested since FY 2001 and $750,000 over the FY 2003 appropriated level. We want to be deliberate in our approach to administering the program to ensure that we are able to build capacity, raise the quality of proposals, and provide the necessary oversight to effectively manage the program.

9. I recommend that DOL station veterans' employment staff overseas at the same locations as VA: Germany, Spain, Italy, Iceland, England, Korea, Okinawa, and Japan. This approach would produce coordinated, comprehensive and results-based transition services for separating servicemembers. At how many sites and countries have the Department of Defense and the individual service branches asked the DOL to establish a presence?

In discussing the various options for providing the Department's Transition Assistant Program (TAP) Workshops to the overseas locations, many suggestions have been offered. The most often suggested idea is for VETS to model their overseas program after the current VA initiative. The VA currently has six representatives assigned at six major locations in Europe and the Far East. From these locations, they are able to travel to other military installations, providing benefit briefings and one-on-one counseling.

The Department of Defense and military service branches have asked us to provide TAP workshops at all overseas sites and not just the ones where VA has a presence. The Department's plan to provide quality transition workshops overseas includes the identification and training of qualified military spouses on or near these overseas locations to facilitate the workshops.

10. Ms. Angela Styles, Administrator for Federal Procurement Policy, Office of Management and Budget, testified that the Department had contracted with service-disabled veteran-owned businesses in fiscal year 2001 in the amount of $8,415. I believe DOL is well positioned to produce robust contracting opportunities for such businesses. Is the Department satisfied with this figure? How will DOL improve on it? Please be specific.

The Department is not satisfied with the amount of contracting done with service disabled veteran-owned small businesses (SDVOSB). DOL holds Vendor Outreach Sessions on a bi-monthly basis in which DOL agencies are introduced to small and disadvantaged businesses interested in getting contracts with the Department. In FY 2002, two of the sessions were directed at SDVOSB. As a matter of fact, the March 13, 2003 DOL Vendor Outreach Session targeted service disabled veteran-owned small businesses.

The Department certainly is well positioned to provide contracting opportunities for service-disabled veteran-owned small businesses. In fact, the Department may be under-reporting the number of businesses with Department contracts. Problems have been encountered with identifying service-disabled veteran-owned small businesses. The Department is working to ensure that there is a better mechanism to account for every service-disabled veteran-owned small business with whom it contracts. Such a mechanism would likely demonstrate an increase in the number of contracts awarded by the Department with service-disabled veteran-owned businesses.

The Department's Office of Small Business Programs is pursuing this matter with the Small Business Administration, General Services Administration, and the Department of Veterans' Affairs. All of these efforts are designed to increase contracting opportunities for veteran and disabled veteran owned businesses and to provide the most accurate accounting of how the Department is doing in meeting its goal of contracting with such businesses. Assistant Secretary Juarbe will soon be meeting with the newly appointed director of the Office of Small Business Programs to explore additional opportunities for contracting with veteran owned businesses.

As of 4/22/03

Attachment 1

VETS WORKGROUPS
Implementation Plan

STATE PLAN
Joel Delofsky – Region V
Tony Smithhart – DVET, IA
Greg Mercer – ADVET, WA
Alfred Mendoza – ADVET, AZ
Robert Castillo – ADVET, MI
Ann Cole – ETA, Region VI

PERFORMANCE MEASURES
Mike Hernandez – National Office
Steve Guess – DVET, NC
Pam Langley – DVET, ID
Sam Parks – DVET, IL
Dave McNulty – DVET, WY
Stephanie Cabell – ETA, National Office

INCENTIVES
Mike Hernandez – National Office
Pam Langley – DVET, ID
Sam Parks – DVET, IL
Ron Drach – National Office
Stephanie Cabell, ETA, National Office

FUNDING FORMULA
Ron Drach – National Office
Stan Williams – DVET, DC
Stan Seidel – DVET, MD
Joseph Hortiz, RAVET, Region III

ADMINISTRATIVE COSTS
Bill Bolls – RAVET, Region IV
Bo Wroble – Region IV
Ed Gresham – DVET, GA
Hary Duany – National Office
Stephen Dewey – ADVET, GA
Steve Guess – DVET, NC
Hank Bean – ARA, Region IV

TRANSITION SERVICES
Kevin Nagel – VPS, CA
Ollie Smith – DOD
Jennifer Rechsteiner – USCG
Heather Higgins – National Office
Rob Wilson – National Office
Terry Schaefer – National Office

INTERNET SITE
Heather Higgins – National Office
Ron Bachman – National Office
Stephanie Cabell – ETA, National Office
Dave Morman – ETA, National Office
Barbara Dewart – ETA, National Office

Will Peratino – ASP, National Office
Karlyn Davis – ASP, National Office
Tony Dais – ETA, National Office
Allison Rosen – VA
Vicki Sinnett – National Office
Herb Schwab – DOD, ACAP

FEDERAL CONTRACTOR
Norm Lance, National Office
Lynne McGrail, National Office
Chris Durso, SOL

FEDERAL HIRING TASKS
Norm Lance, National Office
Pat Harvey, National Office
Raleigh Neville, OPM

DVOP/LVER ROLES & RESPONSIBILITIES
Mike Hernandez, National Office
Dave Mullis, National Office
Robert Wilson, National Office

VETS FUNCTIONS
RAVET Roles and Responsibilities
Ron Benson, National Office
David Houle, RA, Region I

DVET Roles and Responsibilities
Ron Benson, National Office
Carl Price, DVET, Ohio

VPA Roles and Responsibilities
Ron Benson, National Office
Karla Draper, VPA, Idaho

Define "Bonafide Resident"
Ron Benson, National Office
J. Muckelbauer, National Office

Determine Duties of Other Supervisory Personnel
Ron Benson, National Office
Kristine Alvarez, National Office
Robert Castillo, ADVET, MI

Design a new Annual Report Format
Ron Benson, National Office
Robert Wilson, National Office
Janice Holmes, National Office (SES Candidate)

ACCOUNTABILITY/MANAGEMENT CONTROLS
Hary Duany, National Office
Eric Rudert, National Office
Paul Briggs, National Office

NVTI
Hary Duany, National Office
Norm Lance, National Office
Rob Wilson, National Office

NATIONAL HIRE VETERANS COMMITTEE
J. Muckelbauer, National Office
Paul Briggs, National Office

STATE WORKFORCE ASSESSMENT

Heather Higgins, National Office
Rob Wilson, National Office
Dave Mullis, National Office
Shirley Skoien, VPS, Region V
Richard Wright, VPS, Region I
Ed Gresham, DVET, GA
Milt Gonzales, ADVET, CO

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

February 19, 2003

The Honorable Lane Evans
Ranking Member
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Evans:

Enclosed, please find the U.S. Small Business Administration's (SBA's) response for additional information requested during the Committee's Hearing on the State of Veterans' Employment, dated February 5, 2003. I respectfully request that the responses be included in the record.

Please let me know if we can provide anything further. I can be reached at (202) 205-6700.

Sincerely,

Richard Spence
Assistant Administrator for
Legislative Affairs

cc: The Honorable Christopher H. Smith (Chairman)
The Honorable John Boozman
The Honorable Michael Michaud

Enclosures

Federal Recycling Program Printed on Recycled Paper

Congressman Boozman to U.S. Small Business Administration

Congressman John Boozman (R-AR)

Please provide data on veterans and service-disabled veterans by state.

FEDERAL PROCUREMENT DATA SYSTEM
FEDERAL CONTRACT ACTIONS REPORTED ON SF279
VETERAN OWNED CONTRACTS IN FISCAL YEAR 2001

	TOTAL FEDERA		DISABLED VET		VOSB		TOTAL VET OWNED	
ST	ACTIONS	$ (000)	ACTIONS	$ (000)	ACTIONS	$ (000)	ACTIONS	$ (000)
AL	10,453	4,310,508	63	16,761	73	54,668	136	71,429
AK	4,146	1,090,455	23	3,362	51	19,336	74	22,698
AZ	8,378	5,131,779	78	11,307	102	24,378	180	35,685
AR	2,199	580,049	58	2,146	25	3,260	83	5,406
CA	59,983	27,725,444	199	37,282	139	16,622	338	53,904
CO	13,994	4,213,194	79	7,026	56	16,308	135	23,334
CT	7,037	4,571,109	30	5,898	12	460	42	6,358
DE	739	109,076	30	4,302	1	28	31	4,330
DC	34,446	10,323,844	88	20,525	256	27,419	344	47,944
FL	19,623	8,855,391	284	42,636	280	27,834	564	70,470
GA	13,849	7,002,265	118	18,566	174	15,631	292	34,197
HI	6,449	1,422,921	88	20,528	10	2,520	98	23,048
ID	3,416	1,157,464	10	1,868	18	833	28	2,701
IL	11,262	3,372,906	50	3,704	52	5,893	102	9,597
IN	8,280	2,473,436	7	567	21	876	28	1,443
IA	1,858	756,352	12	573	11	2,436	23	3,009
KS	3,586	1,209,897	9	419	15	677	24	1,096
KY	6,681	1,400,061	13	1,096	20	2,186	33	3,282
LA	5,910	2,448,115	38	2,039	30	3,519	68	5,558
ME	1,676	600,751	2	3,797	3	100	5	3,897
MD	36,695	10,581,302	126	15,499	212	33,635	338	49,134
MA	12,767	6,362,662	46	17,090	26	4,903	72	21,993
MI	10,159	2,880,980	17	1,199	39	3,064	56	4,263
MN	4,092	1,798,162	5	1,015	11	1,363	16	2,378
MS	3,948	1,779,438	35	7,372	29	4,247	64	11,619
MO	7,384	6,487,605	31	5,257	48	7,056	79	12,313
MT	2,643	333,884	5	544	30	1,882	35	2,426
NE	1,758	348,327	9	206	9	804	18	1,010
NV	2,022	962,881	122	12,274	23	5,476	145	17,750
NH	2,335	568,193	10	727	4	1,206	14	1,933
NJ	12,470	3,572,822	44	7,982	40	9,614	84	17,596
NM	5,402	5,057,564	56	9,350	49	13,812	105	23,162
NY	16,676	5,240,746	98	32,718	62	7,136	160	39,854
NC	11,583	2,570,282	66	10,453	49	3,121	115	13,574
ND	1,488	241,214	41	4,383	20	6,893	61	11,276
OH	14,142	4,540,344	46	12,460	134	20,230	180	32,690
OK	6,942	1,966,026	61	11,747	33	5,692	94	17,439
OR	5,268	819,714	14	976	69	3,641	83	4,617
PA	16,493	6,083,884	106	15,588	56	7,364	162	22,952
RI	2,660	328,830	5	729	15	704	20	1,433
SC	6,688	2,997,968	53	24,204	48	9,086	101	33,290
SD	1,949	263,092	21	2,156	23	3,361	44	5,517
TN	4,586	3,845,181	15	1,842	24	4,194	39	6,036
TX	31,589	15,356,049	188	61,846	165	29,503	353	91,349
UT	4,036	1,991,823	5	216	34	2,362	39	2,578
VT	798	383,602	1	1	6	392	7	393
VA	71,457	26,431,367	365	59,869	299	64,499	664	124,368
WA	11,812	5,221,599	85	5,950	57	12,617	142	18,567
WV	2,660	439,436	7	7,047	69	6,508	76	13,555
WI	9,666	1,639,612	16	1,665	25	3,874	41	5,539
WY	980	181,096	7	1,157	11	2,588	18	3,745
AS	29	11,843	4	19	0	0	4	19
FM	5	937	0	0	0	0	0	0
GU	984	216,898	18	10,372	0	0	18	10,372

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	TOTAL FEDERA		DISABLED VET		VOSB		TOTAL VET OWNED	
ST	ACTIONS	$ (000)	ACTIONS	$ (000)	ACTIONS	$ (000)	ACTIONS	$ (000)
MH	51	101,422	0	0	0	0	0	0
MP	30	8,929	2	502	0	0	2	502
PW	4	400	0	0	0	0	0	0
PR	1,401	418,435	15	816	5	285	20	1,101
UM	44	115,804	0	0	0	0	0	0
VI	78	10,445	0	0	0	0	0	0
98	605	200,341	0	0	0	0	0	0
*	22,201	8,124,800	1	283	17	1,175	18	1,458
Grand Totals:	572,545	219,240,956	3,025	549,916	3,090	507,271	6,115	1,057,187

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	TOTAL FEDERA		DISABLED VET		VOSB		TOTAL VET OWNED	
ST	ACTIONS	$ (000)	ACTIONS	$ (000)	ACTIONS	$ (000)	ACTIONS	$ (000)
AL	7,081	3,533,824	43	29,288	66	7,607	109	36,895
AK	2,718	651,742	1	144	66	6,506	67	6,650
AZ	6,177	4,447,744	6	221	94	9,047	100	9,268
AR	1,677	431,066	2	26	52	378	54	404
CA	43,227	18,092,924	53	7,487	270	42,551	323	50,038
CO	8,529	2,876,824	73	4,759	70	8,184	143	12,943
CT	5,641	3,171,179	1	24	26	7,583	27	7,607
DE	453	97,264	0	0	7	1,503	7	1,503
DC	20,159	6,513,356	48	12,929	131	15,825	179	28,754
FL	13,629	5,826,816	130	14,438	326	45,992	456	60,430
GA	8,690	4,839,701	10	1,116	229	29,395	239	30,511
HI	4,393	834,111	4	1,476	53	3,706	57	5,182
ID	1,930	752,835	4	50	28	1,554	32	1,604
IL	7,992	2,625,598	7	595	53	7,130	60	7,725
IN	6,070	1,659,124	6	1,661	15	4,996	21	6,657
IA	1,479	459,868	3	272	32	3,799	35	4,071
KS	2,831	916,549	4	-24	27	1,330	31	1,306
KY	4,048	1,767,973	2	330	52	2,084	54	2,414
LA	4,861	1,722,364	3	127	81	7,873	84	8,000
ME	1,203	255,151	1	185	6	233	7	418
MD	23,666	7,879,597	32	6,065	200	27,828	232	33,893
MA	9,198	4,229,633	15	352	58	14,359	73	14,711
MI	7,282	1,618,712	23	2,247	31	1,673	54	3,920
MN	3,125	1,063,218	1	3	18	1,081	19	1,084
MS	3,062	1,436,293	3	1,195	36	2,537	39	3,732
MO	5,114	3,037,264	33	1,158	83	9,262	116	10,420
MT	1,531	156,111	0	0	38	6,795	38	6,795
NE	1,295	320,034	0	0	11	651	11	651
NV	1,431	860,443	2	503	59	7,816	61	8,319
NH	1,833	495,828	1	3	17	1,063	18	1,066
NJ	9,087	2,468,814	13	1,205	59	798	72	2,003
NM	3,417	4,253,483	2	277	89	6,515	91	6,792
NY	11,888	3,813,333	11	1,934	116	12,229	127	14,163
NC	7,251	1,406,258	17	856	61	16,851	78	17,707
ND	741	135,014	1	42	24	1,500	25	1,542
OH	9,799	2,929,017	4	312	114	17,281	118	17,593
OK	5,483	1,354,956	3	146	59	4,104	62	4,250
OR	3,646	530,267	9	562	60	12,908	69	13,470
PA	12,010	4,237,589	8	488	101	13,039	109	13,527
RI	1,796	272,785	3	32	15	2,195	18	2,227
SC	4,548	2,167,312	14	2,004	68	6,619	82	8,623
SD	1,183	148,908	1	15	23	1,142	24	1,157
TN	3,477	3,177,575	3	494	30	3,056	33	3,550
TX	21,053	12,844,465	73	10,758	321	22,964	394	33,722
UT	3,381	1,299,311	2	77	36	1,464	38	1,541
VT	631	271,307	2	168	4	582	6	750
VA	49,293	14,347,165	129	20,166	415	74,136	544	94,302
WA	8,409	3,321,633	27	1,229	101	17,588	128	18,817
WV	1,774	280,157	4	10,674	20	1,119	24	11,793
WI	6,739	1,120,105	0	0	24	1,504	24	1,504
WY	536	80,282	4	160	10	291	14	451
AS	16	6,319	1	13	0	0	1	13
FM	6	945	0	0	0	0	0	0
GU	585	138,107	0	0	5	429	5	429

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ST	ACTIONS	$ (000)	ACTIONS	$ (000)	ACTIONS	$ (000)	ACTIONS	$ (000)
MH	34	129,081	0	0	0	0	0	0
MP	17	5,227	0	0	1	40	1	40
PW	7	577	0	0	0	0	0	0
PR	871	161,759	0	0	2	5	2	5
UM	29	99,991	0	0	0	0	0	0
VI	60	17,549	0	0	0	0	0	0
*	14,989	5,045,214	3	2,109	26	2,766	29	4,875
Grand Totals:	393,081	148,637,651	845	140,351	4,019	501,466	4,864	641,817

Congressman Michaud to U.S. Small Business Administration

Congressman Michael Michaud (D-ME)

Why after three years there have been no appointments made by SBA to the Veterans Advisory Committee?

Advisory Committee on Veterans Business Affairs

Since the change in Administration, SBA has been seeking appropriate candidates to fill the fifteen positions for the Advisory Committee on Veterans Business Affairs. SBA has extended its efforts to find candidates with the specific qualifications for membership to the Committee. To date, there have been 12 appointments, 3 since August 2002. SBA is currently searching for 3 more candidates.
The current appointments include:

Name	City	State	Criteria
John O'Brien	Coronado	CA	5-year term Small Business Owner Republican
Shane Walsh	Pearland	TX	5-year term Small Business Owner Republican
Ronnie Miller	Dawsonville	GA	5-year term Veteran Service Rep. Republican
Elvin C. Toppin	Edenton	NC	3-year term Veteran Service Rep. Republican
James E. Altmeyer, Sr.	Wheeling	WV	4-year term Small Business Owner Republican
Samuel Metters	Arlington	VA	4-year term Small Business Owner Independent
James G. Blair	San Diego	CA	4-year term Veteran Service Rep. Republican
David W. Haughey	Murray	UT	3-year term Veteran Service Rep. Republican
Bobby J. Archuleta	Montebello	CA	5-year term Veteran Service Rep. Democrat
Dennis DeMolet	Kettering	OH	3-year term Small Business Owner Independent
Jerry Caton	Pioneer	CA	5-year term Small Business Owner Republican
Joseph A. Wyant	Gainesville	GA	4-year term Veteran Service Rep. Democrat

○